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## **By William Greene - Discount retailers continue to attract, and are even retaining, newly introduced shoppers**

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We really do live in a discount world in today's economy. With unemployment staying at a higher level and consumer confidence remaining relatively low, we have settled into a new pattern as consumers. Back in the day, discount retailers served a specific demographic and a one dimensional clientele. But as the economy sagged heavily, these retailers took on a much more varied customer base and a much larger slice of the demographic in any trade area. As the economy steadied itself, we found that many shoppers that had been introduced to some of these discounters during the darkest days continued to shop these same stores even after the world righted itself. Retailers like Wal-Mart, Price Rite, Save A Lot, BJ's and the other warehouse retailers have held onto many, if not all, of these shoppers.

Similarly, most neighborhood retail deals being completed in today's market are discount oriented. Talk to any liquor store owner and they will tell you about the flight to value in the most prosperous world of wines. It used to be that a customer came into buy a nice bottle of wine before the recession and he/she would leave with a \$50-\$100 bottle of wine. In the fog of uncertainty, these same customers still employed, came in looking for the first time \$20-\$30 bottles instead of the higher priced stock. As a sense of normalcy returned to the American psyche and consumer confidence steadied, these consumers remained loyal to the \$20-\$30 bottles having learned that there were some great value wines at this more reasonable price point. The wine retailers have been perfectly willing to oblige this shift because they can make a good margin in this price point and might not have to carry as much high-priced inventory. This example is an appropriate microcosm of the larger retail world. Buyers have simply become more comfortable shopping for discount all across the retail landscape.

As a broker, I used to look for gold plated corners with strong incomes in the demographics to lease up or redevelop. In today's environment, give me an under-utilized strip center in a dense, low income market. Second generation space is cheap, available and flexible and there will be deals to do. All the discounters will be interested. Retailers such as AutoZone, Advanced Auto Parts, Dollar Tree and Family Dollar are all potential anchors for a strip, and Aldi and Save A Lot are interested if you can give them 15,000 - 20,000 s/f. 7Eleven, T-Mobile, Cash Advance and Metro PCS are all naturals and are all doing deals today. Subway, Taco Bell, Little Caesars and McDonalds continue to grow in the food category.

Because of the cost of development, there has been very little big box development in our market. It is cost prohibitive in the current climate. The warehouses and some of the discount markets might consider new stores if the land costs are reasonable enough, but today, there is a short list of retailers to talk to.

So, the question now is, will that wine consumer ever go back to the \$100 bottle of wine or will the

discount retailers continue to dominate the retail landscape? Only time will tell.

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