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## **U.S. shopping center net operating income grew 3.6% in 2012**

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U.S. shopping centers strengthened their net operating income last year by cutting expenses and growing sales, according to data from ICSC and the National Council of Real Estate Investment Fiduciaries. Overall, NOI at U.S. shopping centers grew by some 3.6% year on year, according to NCREIF's database of 1,000 retail centers. Income rose 2.3% last year versus 2011, and expenses were down by 0.1%.

"Retail was the best performing property type in the NCREIF index for the fourth quarter and the year," said Jeffrey Havsy, NCREIF's research director. "The strong returns were driven by improved fundamentals. Both NOI and occupancy improved from 2011 levels."

Fourth-quarter operating income for U.S. shopping centers on a s/f basis grew by 3.6% from the comparable quarter a year ago, while operating expenses increased by 2.4%. As a result, NOI per s/f posted a strong 4.3% gain quarter on quarter, atop a very strong 6.3% year-over-year gain in the third quarter.

Regionally, fourth-quarter NOI for the industry was strongest in the east, which saw a year-on-year gain of 8.6%, followed by the West, which saw NOI rise by 4.4%. NOI for shopping centers in the south rose by a modest 1.7% in the fourth quarter, while NOI in the midwest slipped 1.8% relative to a year ago. Powers centers led the pack, with fourth-quarter NOI growth of 7.7% year on year. Meanwhile, fourth-quarter super-regional mall NOI grew by 4.6%, and the neighborhood and convenience center sectors both posted NOI growth of 3.8% year-on-year for the quarter. Regional malls posted the smallest fourth-quarter gain, with NOI growing 0.4%.

"The U.S. shopping center industry as a whole performed well in 2012, but regional malls and community centers were sector laggards," said Michael Niemira, ICSC's chief economist and vice president of research. Niemira said he anticipates continued NOI improvement this year on improved sales.

Compiled by the staff of Shopping Centers Today. International Council of Shopping Centers.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540