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## **2014 continues the steady run of retail leasing in Greater Boston and throughout New England**

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If the recent Boston ICSC is an indicator, 2014 has continued the steady run of retail leasing activity in Greater Boston and throughout New England that began during 2013. Tenant activity is brisk in many categories while development has continued its strong rebound putting the recession in our collective rearview mirror.

The grocery sector has spurred much of the development rebound and symbolizes retail real estate activity across the board. New players are entering the market both organically and through acquisition, some groups have had large-scale store closures, other existing players work to reinvent themselves, and all this while one of the most powerful operators in New England is on the brink of implosion.

Existing mid-market operators such as Stop & Shop, Shaw's, and Hannaford, have faced increased competition from all sides as both high-end and discount groups have continued to expand throughout Boston. Most notably, family-owned powerhouse Wegman's broke from company tradition and opened a comparatively small 80,000 s/f store in order to penetrate the affluent Chestnut Hill market. Already under construction with major projects in Burlington and Westwood, the company will again test new waters by keying the redevelopment at Fenway's Landmark Center in what will become the most urban store in the chain. Whole Foods has continued its growth after the acquisition of the Foodmaster portfolio with the opening of a new store in Lynnfield, building in Boston's South End at the Ink Block, and announcing new projects in Portsmouth, N.H., Bedford, N.H. and Shrewsbury, Mass. during the past few weeks.

In the fall of 2013, Stop & Shop announced that after several years of attempting to compete in southern NH, it was going to give up the territory and in the process close six relatively young stores. This decision instantly put more than 400,000 s/f of large-box space on the market. Two of the 6 stores were quickly absorbed by rival Hannaford, while discount retailers are poised to assume two others. The final two are in the late stages of being subdivided and assumed by smaller-format retailers. The pace at which these spaces were leased is encouraging for the broader market.

Shaw's and Star Markets, who has long been on most experts' watch list since their most recent wave of store closures, has seemingly managed to stabilize itself despite the increased competition and is even growing with the announcement that it will anchor the redevelopment of the Boston Garden. Family-owned boutique grocer Roche Brothers, who has probably been hit harder than most by the growth of Wegman's and Whole Foods, is seeking to re-invent itself by looking at more urban markets, highlighted by a new store in the Millennium Tower Boston - Downtown Crossing. Additionally, Roche Brothers is moving forward with an ultra-small concept, Brothers Market, in Medfield, Weston, and other in-fill opportunities.

No story of grocery in New England would be complete without mentioning the decades-long

Demoulas family struggle for control of Market Basket. The 71 store chain has opened several incredibly successful stores in recent years, and was poised to open 5 before everything ground to a halt. The Market Basket operation was quickly becoming the region's most dominant grocer. Now, after weeks of empty stores, competitors are capitalizing on the opportunity, at least temporarily. The next chapter will likely be as interesting as those prior.

On the development front, the most exciting projects are coming out of Boston's urban neighborhoods. Cranes pepper the skyline as much-hyped mixed-use projects, some decades in the making, are finally becoming a reality. Samuels & Associates recently celebrated the "topping-off" of their latest Fenway project, The Van Ness, anchored by a 160,000 s/f City Target. This will be promptly followed by the redevelopment of the Landmark Center, anchored by a new Wegman's. In the Seaport, several developers are following the success of Fan Pier with their own towers including W/S Development's Seaport Square, New England Development's Pier 4, and John Drew's Waterside Place. Boston Properties is finalizing its plans for a dynamic new project on the site of the former Boston Garden. Anchored by Shaw's Supermarket, this development will create a new entertainment district as well as a new concourse to the Boston Garden and North Station. Last, but by no means least, Millennium Partners have finally begun construction on the former Filene's in Downtown Crossing putting an end to the blight that has stymied growth in the heart of the city. Millennium scored a coup by bringing UK retailer Primark with its first and flagship US store to anchor the historic Burnham Building along with Roche Brothers.

These are just a sampling of the exciting developments and growth vehicles in Greater Boston real estate. With a multitude of new tenant concepts, large and small that are fueling development opportunities, the outlook is as strong as it has been in years.

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