



# nerej

## **Consumers are looking to be entertained and to socialize in their communities**

March 18, 2009 - Connecticut

"These are the times that try men's souls" from Thomas Paine's *The Crisis* in 1776 seems an appropriate quote as we work through this current downturn. After 1776, the American revolution followed and now we could use an economic revolution. Our economy is recently experiencing unprecedented difficulties from the rising unemployment data to the declining housing market to the dismal consumer confidence.

Consumers, whose purchases account for two-thirds of our GDP and who have kept the economy going for the past decade, are being more disciplined and are spending money based more on what they need than on what they want. When purchases are made, the consumer is hunting for bargains and trading down. Wal-Mart and McDonalds are in vogue, not Saks and Le Cirque. The most affected sectors of the retail industry seem to be apparel, home furnishing and home product retailers along with pricey jewelry and gift stores. The result is that regional mall vacancies are the highest in over a decade, retailer bankruptcies persist (e.g. Circuit City, Linens & Things, Fortunoff) and we are all looking for a silver lining.

In terms of a silver lining, consumers, although more disciplined, are still eating out and meeting out in their communities so restaurants and bars are not suffering the same downtrends as traditional retail. Additionally, consumers are gravitating toward entertainment experiences. Movie attendance and revenues are up 17% and 20%, respectively, in 2009, data which reflects what consumers are interested in during these current difficult times and such was also the case during the Great Depression. Other entertainment forums are also doing well such as high demand concerts and sporting events.

In this environment, the retail and restaurant real estate markets that will be least affected are those that have fewer tenant bankruptcies and closings, those that do not have rental rates that bubbled, those that are supported by stable industries and those that were not overbuilt. Given these criteria, a case can be made that downtown Hartford is well positioned to meet the challenges in the current market and succeed in the future.

Downtown Hartford has not suffered from the tenant bankruptcies and closings seen by the suburban regional malls, lifestyle and power centers. Downtown Hartford is ranked highly in its arts and entertainment offerings which draw people to downtown. It has a nucleus of quality restaurants with strong followings that survive in good times and bad.

Downtown Hartford has a stable industry mix which results in a healthy office market and strong daytime population. Unlike cities more closely tied to the collapse of Wall Street (many of which had rental rates that bubbled), Hartford's main industries are diverse and include government (State of CT), diversified conglomerate (United Technologies), insurance (various), health care (hospitals), utilities and education.

Downtown Hartford was not overbuilt. In fact, construction in recent years has primarily centered around projects that drive consumers and visitors to downtown Hartford. While many suburban communities are seeing low-to-no growth in their adult populations, there have been over 1,000 units of quality residential apartments built in downtown Hartford in the past few years that result in increased downtown buying power. On top of a growing downtown residential population, Hartford is developing major attractions in Adriaen's Landing just off I-91 that will bring significant visitor populations to downtown, as well as adding jobs to the local economy. The 540,000 s/f Connecticut Convention Center, which opened in late 2005, attracts over 250,000 visitors annually to downtown and attendance continues to grow every year exceeding initial projections. Ideally located adjacent to the Convention Center is the 409 room Marriott Hartford that opened in conjunction with the Convention Center. Soon to open next to the Marriott, in April 2009, will be the Cesar Pelli-designed Connecticut Science Center, which expects to attract approximately 400,000 visitors per year. The state-of-the-art Science Center will offer 200 exhibits in 10 galleries as well as educational labs and a 200-seat 3D digital cinema.

Across the street from these major attractions, a new restaurant, entertainment and retail development known as the Front Street District designed by Robert A.M. Stern will open in mid 2010 thereby buttressing the success of its surroundings. The Front Street District will include 65,000 s/f (in phase 1) and over 900 parking spaces and will provide a one-stop shopping experience for consumers and visitors to enjoy quality food, service, entertainment and nightlife.

Consumers, more than ever, are looking to be entertained and to socialize in their communities. Hartford is being well positioned to meet the consumers needs in this new economy.

Craig Way is vice president, director of leasing and acquisitions, HB Nitkin Group, Greenwich, Conn.

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