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## **Will the retail market go up, down or sideways?**

July 22, 2009 - Retail

The opening quarter was desolate for most commercial brokers. It didn't matter if it was office or retail, almost no one was looking. Retail brokers were especially hard hit as tenants they had spent years building relationships with, began closing stores and completely halting expansion. Every broker's dream, big box locations and pricey high end downtown locations started coming available in numbers. The problem was that the dreams were no more, there were no 'new' tenants to place there whereas a year ago there were many. Almost totally, the retailers who had been waiting for 'any' availability in certain locations were no longer waiting; they were not funding new locations for 2009 or 2010.

Box spaces have been popping up as available throughout the most sought after areas of Fairfield County: in Norwalk along Connecticut Ave. there are Linen's, Circuit City, Comp USA; another Norwalk Linen's on Rte. 7 has also closed; in Fairfield a vacant Linen's on Rte, 1; previously choice locations are now sitting empty.

Sadly there are currently six empty storefronts on Main St. in Westport with two more closings pending. (for those of you who don't know, there are only 49 total storefronts on the street). Rental prices are not dropping in keeping with the current decline in same store sales from 2007 causing potential retailers to either reconsider or continue to wait. Other previously potential tenants for the 'high-end' streets are also rethinking the possibility of finally being over-stored in certain areas. Ann Talyor Loft, for example: located in Darien and Westport; the stores are only 8 miles and 14 minutes apart, even with average daytime traffic. Now Darien is closing and Westport's closure is not far behind. Simon Pearce has already closed its Greenwich store and their Westport space is being marketed.

Small regional retailers are also suffering by having expanded during the early/mid 2000s. I keep seeing evidence of tenants who opened two or three new shops and when this recession hit, they couldn't handle the decrease in sales and the high rents resulting in the failure of all the shops. Another factor hitting the Mom and Pops is the closing of the major who anchored the town or plaza or regional center where they were located, causing a sharp drop-off of traffic.

There is no way to hide it, first quarter 2009 was terrible. On the other hand, some companies and some savvy retailers have seen this first quarter blight as an invitation to get into Connecticut at better prices than could be had over the last ten years. I have been one of the lucky ones, when JD Essentials notified the landlord they would be closing, I had a terrific company waiting in the wings. Bluemercury, a magnificent cosmetics shop who had been wanting to penetrate lower Fairfield County for a while, finally got their chance. Bluemercury currently has 27 locations such as DuPont Circle and Georgetown, DC; Corte Madre, Calif.; Palmer Square in Princeton, N.J.; and Rittenhouse Square in Philadelphia and now 62 Main St. in Westport. With stores in the best 'high-end' locations in each area they choose, Westport was a perfect fit. The landlords, seeing all the vacancies on the

street, accepted a lower rental rather than become another blank storefront. I'm hoping other property owners will start thinking along those lines, too.

Another bright spot was the deal made with PC Richards to move into the Former Circuit City in Norwalk on a site shared with Sport's Authority. Although the tenants with household names are holding back right now, there are other companies expanding or Mom & Pops opening as rents in secondary locations like the Post Rd. drop significantly. Those with a vision are using this decline in market prices to either infiltrate the area or make expansions within the region. A new cleaner just opened on Post Rd. in Westport and Tina Dragon has relocated from a shopping center to a free standing building along the Post Rd. in the same area. Jon Litsky of SullivanHayes has also been busy first quarter with Pocket Communications, putting together almost 50 locations for them throughout the state as they break into this marketplace. Leslie Navarro has the assignment of growing 7/11 throughout Fairfield County until it is the convenience store of choice for this area. 7/11 continues its greatest growth push in its 82 year history not just in Conn. but in the tri-state region as well. Just recently, I leased a former Aerosoles location in downtown Fairfield to Raveis RE for a new office location. Raveis told me that over the last 18 months, they had opened 11 new offices including one in Rye.

So will the balance of 2009 and the end of the decade bring prosperity? We will have to wait and see.

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