



## **The Long Island retail sector has proven it's strength: An inside look at the 2007 market**

January 03, 2008 - Shopping Centers

With millions of dollars in retail real estate transactions occurring in the past year, Long Island real estate has proven its strength. Top investors and owners have met, shook hands and signed on the dotted line leaving the only thing to do is look back and analyze 2007.

Retail real estate on Long Island has experienced a transformation in the past year. Multi-national corporations which until recently have ignored the retail sector suddenly took notice. Shopping centers, strip malls and well known chains including Staples, Barnes & Noble and the like have experienced a very active year. With thousands of major retailers located Island-wide, the retail sector has been booming. Companies such as Cushman & Wakefield and CB Richard Ellis are so confident in Long Island's retail market they have decided to hire brokers specifically for the purpose of retail sales.

Traditionally, the owners of shopping centers, strip malls and triple net lease properties have turned to local firms to broker transactions. With the onset of multi-national corporations into the retail market, owners are faced with a new decision to make: hire a local commercial real estate broker or try the new kids on the block. Local brokers offer more local experience and knowledge of Long Island's retail market while the multi-national corporations bring their well known name to the table. Both have their advantages and 2008 will be sure to reveal the outcome of the buyers' and sellers' decisions.

Unlike many other sectors which have experienced difficulty in 2007, the retail sector has been growing in strength. Owners and developers have created savvy strategies to make the most of available space and land, which is rare to come by on Long Island. So rare in fact that occupancy rates throughout the retail sector of Nassau and Suffolk counties have climbed to 97 percent.

Average retail rent growth rose 2.9 percent in 2007 and is projected to increase 3.9 percent next year. In this retail market there are limited opportunities for new development since land is scarce. High rent rates and low vacancies create a unique situation here on Long Island. Developers are looking to revamp older shopping centers in an effort to take advantage of their prime locations.

Some notable properties which have undergone renovations in 2007 include The Country Glen Shopping Center in Carle Place, Philips Plaza in Lynbrook, Oceanside Plaza in Oceanside, Southport Shopping Center in Shirley and Deer Cross Shopping Center in Deer Park. These shopping centers were updated with impressive new façades and even more impressive anchor tenants who now proudly call these once outdated centers home. Staples, Barnes & Noble and Stop & Shop are among the major anchor tenants who have moved to the newly renovated shopping centers.

The forecast for 2008 expects to see more growth and activity throughout the retail sector and Long Island is well prepared. The next trend in accommodating the growth with limited space to develop is

the redevelopment of industrial properties. It seems the key to Long Island's real estate success is an innovative mind-set and approach.

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