



## **Braus of Lee & Associates NYC: The boundaries are stretching**

November 24, 2014 - Spotlights

Name: Peter Braus

Title: Managing Principal

Company/Firm: Lee & Associates NYC

Year Founded 2011

Years in real estate industry: 20

Telephone: (212) 776-1203

Email: [pbraus@lee-associates.com](mailto:pbraus@lee-associates.com)

URL: [www.leeassociatesnyc.com](http://www.leeassociatesnyc.com)

Real Estate Associations/Affiliations: Former Chair, Real Estate Board of New York (REBNY) Retail Committee; board member, Alliance for Downtown New York; member, International Council of Shopping Centers (ICSC); Manhattan Community Board One (Chair of the Tribeca Committee); board member, Friends of Hudson River Park; and board member, Legal Information for Families Today (LIFT).

What are your expectations for the ICSC NY conference this year?

The New York conference has grown dramatically and this year's at the Javits Center is gearing up to be more like RECon, than the smaller, more intimate events of the past. There will still be plenty of opportunities for networking, but it will be on a much grander scale, for better or worse. The real business, as usual, will take place outside of the convention center at the parties!

Are investors finding the types of properties that they want right now? Are tenants happy with the sites available to them?

Investment opportunities in New York City are limited because demand far outweighs supply. But that's no surprise, really. What is a surprise are the opportunities for tenants, which are extending into the outer boroughs at astonishing rates and, ostensibly, recreating neighborhood corridors in many cases. Even in Manhattan, underused areas are becoming hotbeds of retail activity: from the South St. Seaport to the far West Side to Central Harlem and Northern Manhattan. The boundaries are stretching and that's a good thing!

In the current economic climate, what kinds of deals are out there and who is the typical buyer? Consumer?

The action is across the board. My Brooklyn team is signing deals for multi-national companies in Williamsburg, alongside privately-owned boutique operations and coffee shops. The luxury market is doing fine, driven by the continued strength of tourism in NYC, and fast fashion is really taking a larger and larger piece of the pie. All reports indicate that consumers are shopping again, across the board, and that's despite the fact that rents seem to be in the stratosphere in many areas,

How does your company use social media? Has social media been a beneficial tool in generating

more business? Our marketing team oversees the organization's social media for marketing agencies, deals, etc. In addition, individual brokers use it primarily through their own LinkedIn accounts.

Which segments of the retail market are delivering the highest returns for investors?

Opportunities for high returns in this market are hard to come by, so investors have to be careful and creative. For example, investing in buildings with underutilized grade level space, such as office lobbies or freight entrances; or basement spaces that can be converted from storage to retail, will create a higher rate of return. Another way is to purchase an empty retail condo at a higher cap rate, lease it at the highest possible rate for the long term and then sell it at a lower one, although finding any kind of bargain is highly unlikely.

What trends are you seeing in leasing?

Definitely, there is a flight to quality. Landlords are being asked to make investments in the retailers' spaces more than in previous years and so they are very credit conscious. They will "buy up" a lease - spending money up front to get a premium rent that enables a tenant to expend less capital. In addition, smaller retailers are following the recent surge in department store activity in the city and finding locations close to the big guy, e.g., Nordstrom's and Neiman's.

What challenges can the retail market in New York anticipate in 2015?

As long as the city remains safe and the economy holds steady, we'll see a retail market that has already significantly rebounded as of the third quarter. Weather may be a factor, as it was in the beginning of this year; and by all accounts, we are anticipating a particularly severe winter. But I think the biggest challenge continues to be unbridled rents. It's already difficult for luxury and national brands to be profitable in the premium districts in New York. For smaller and privately-owned retailers, the only alternatives may be to find undiscovered and underserved neighborhoods and implement such marketing tools as social media to incentivize a customer base.