



New anchors are making a big splash in today's retail real estate market - by Steve Gilman

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In the evolving world of retail real estate, the supermarket has always been the 'must have' anchor tenant for a community center. Supermarkets controlled the largest spaces, they drove daily traffic day, night and weekends. Such deals came with the ability to achieve co-tenant restrictions to ensure that whatever was adjacent continued to benefit a supermarket—never cannibalize it.

Landlords accepted such covenants because that traffic was more than sufficient to attract acceptable tenants in the unoccupied square footage, space often taken by the dry cleaner, the card shop, the liquor store, the bagel breakfast joint, and that cheap and cheerful Chinese your kids loved much more than you did.

Goldfish Swim in Garden City, N.J.

I'm hard pressed these days to find such a situation getting done these days on the Island mostly because the days of one-stop shopping for all of your grocery and household needs went the way of a CD player or the newspaper classifieds.

Food has narrowed its focus. From Traders Joes to Whole Foods and Fresh Market—each runs smaller operations with a tighter selection and fewer SKUs. At the same time, drugstores have expanded their offering to capture much more than just bread, milk and butter, as well as getting much sharper on pricing and leveraging digital promotions. And of course, Amazon is picking off that routine purchase, from paper towels to diapers. Even Walmart has expanded their food offerings.

Goldfish Swim in Garden City, N.J.

It's no wonder that the era of a Super Stop'n Shop, anchoring a suburban strip is no longer the slam

dunk it once was, but don't expect the traditional supermarket to disappear. The landscape evolves, as it always does. When Pathmark/Waldbaums packed it up, that created opportunity for others even as the sector consolidated. Best Market is being acquired by Lidl. Stop'n Shop has moved on King Kullen. Although no one can predict everything that will happen in this sector, it is clear that it's unlikely we'll be seeing 75,000 s/f markets opening anytime soon. Look more for 50, 40, 30, and even 20 as we march toward 2020.

Today we see all sorts of uses popping up in these centers, from gyms to cinemas, to experiential entertainment and specialty fitness uses. Examples include Goldfish Swim School, Aqua tots, Altitude Trampoline, Urban Air, Blink, Crunch and Planet Fitness—all can act as an anchor to a center that once was held by the mighty supermarket.

I put the first Goldfish Swim in Garden City about four years ago. I remember lengthy discussions with the developer Brixmor at the time about the viability of the concept. Reluctant at first, I took them to other locations so that they could get a true sense of their impact not only on the center, but the community.

The impact was dramatic. Brixmor experienced exponential traffic growth as thousands of parents took their kids each week for swim lessons. Goldfish was so successful there, Brixmor put them in several other centers across their portfolio in other states.

Landlords small and large have jumped on this opportunity too. Since then, Goldfish has backfilled a portion of a closed Waldbaums in Farmingdale in conjunction with a CVS and Blink Fitness, who took the balance of that space. We're talking 50,000+ s/f of former supermarket space now humming along as an A+ center.

There are other examples dotting New York. Blink Fitness and Fresenius Dialysis now anchor a former Sears location in Queens. Goldfish is currently expanding in Queens too. I recently did a Goldfish deal in a former Duane Read in Glen Oaks, anchored by a Key Food market and Burlington Coat Factory. I'm also doing a stand-alone unit with Goldfish in Astoria.

In North Babylon, another empty Pathmark space looks close to starting on a combination of a mini-storage outfit, Planet Fitness and Aldi coming in to revitalize the center.

And in Commack, Dick's took the bulk of an abandoned Pathmark on the Jericho Turnpike, and it was a Trader Joes that jumped on the remaining space, a scenario likely to play out not only here on the Island, but all over the United States. Also in Commack, a Target Superstore shuttered. Although no deals have officially been announced, several gyms are rumored to be kicking the tires there.

So what does this mean looking forward to the rest of this year and beyond? More of the same. Markets will get smaller. New, fresh concepts will emerge to cater to an evolving retail environment that still appears vibrant for concepts that cater to what consumers seek as we enter the third decade of the 21st century.

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