



Retail acquisitions: Keeping the focus during a market downturn is a key to weathering the storm

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I am often asked how I am keeping busy and staying focused as a director of acquisitions for a prominent shopping center Real Estate Investment Trust during a period of modest transactional activity? Truth be told, I am busier than ever. At the end of this vicious economic cycle (I make no timeline predictions), those of us who remain disciplined in our approach and have the fortitude and reserves to weather the storm, will reap the benefits. Only the strongest retailers, brokers, landlords, lenders, title insurance companies and related tradesmen will survive. Unquestionably, this will be a very painful process for many talented people, but the outcome will result in a healthy streamlining for our industry.

Now is the perfect opportunity to cement existing relationships and to foster new associations within our industry. I find that, in the absence or slowdown of transactions, people have more time to communicate. The recession has been an equalizer of sorts and everybody (from Mel Simon to junior brokers) wants to either give an opinion or listen to your opinion as to future market conditions and trends. This certainly was the case at the recent ICSC convention in Las Vegas. Although attendance was dramatically down, those of us who attended were able to spend quality time with relevant, senior members of the industry. Previously, these same people had been severely insulated by layers of booth protection. We sent our full leasing and acquisitions departments to the convention and came away pleasantly surprised at the intensity of the meetings. Yes, "deal-making" is down, but relationship enhancement and communication is more critical than ever and will better distinguish those of us that can take advantage of this.

The industry no longer supports specialization. Our acquisitions officers all have retail leasing and management experience and often transition amongst the various disciplines as conditions warrant. Similarly, our leasing officers and property management/construction department always get involved on the "buy" side as we underwrite deals. We all wear several hats and can no longer stand on ceremony. I preach versatility to the industry newcomers which provide an important hedge during unpredictable cycles.

Current market conditions will force many real estate companies to reevaluate their strategic program. Our concentration has been acquiring fundamentally sound grocer-anchored shopping centers in the metropolitan-New York region. We have always believed that service-oriented retail (versus discretionary) in markets that we understand will provide us the most protection and limit downside. We become more vulnerable when we may be tempted to deviate from this program. Consequently, in these uncertain times, we must always remind ourselves what works for us and commit ourselves to remaining disciplined-especially as we now begin to see more buying opportunities as seller motivation and expectations change.

Although deal making has clearly slowed for the moment, this is an exciting and busy time for those

of us who allow themselves to remain relevant with the ability to react quickly. Now bring me a deal!

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