

OBSERVATIONS AND CONVERSATIONS

RECon is the catalyst for refilling the pipeline of deals; it's as important to our industry as Christmas is to retailers. Make the most of it!

Ann O'Neal



Welcome to The Dealmakers' 30th RECon special edition! This week's issue has great leads and an excellent feature article breaking down the lease negotiation process and ideas of how to speed it up. Also this issue includes The Dealmakers' state of the industry report. A few of the notable findings in the report reflect a shift in the paradigm of industry standards. For me, the most interesting feedback from the survey is that retailers are pushing for shorter primary terms. It's a drastic change, with small shops negotiating for five-year terms and more regional and national chains signing 10-year deals, rather than the norm of 20 years. This is a nationwide shift and covers all retail sectors.

After digesting the results of the survey, I called a few friends to find out why retailers are changing their attitude and how aggressively are chains holding the line to call a longer primary term a deal breaker. Most of them feel as though this is a reaction by the retailers to hedge against a future economic downturn, and for the retailer to have more flexibility to relocate or renegotiate terms for a renewal rather than lock in at a steep predetermined increase. This change not only is affecting landlords of existing space, but also owners of new retail developments. It's also hitting the brokerage community hard by cutting their commissions in half and it has far reaching and long-term effects for owners with refinancing and determining accurate Cap rates.

Other nuggets of information from the survey include a look at forecasts for interest rates, land and construction costs, pipeline of acquisition opportunities and what the traditional shopping center tenant mix will be in the future. The results show that new development is sluggish and not because of lack of demand, but for lack of land to develop on. In turn, more developers are converting and redeveloping outdated retail and mixed-use sites.

The report highlights some of the most cutting edge chains marrying physical stores fronts with a virtual inventory. The survey also includes statistics on where retailers are growing, optimum footprints and what types of shopping centers are preferred. As expected, restaurant and food concepts have the highest projections for opening new locations than any other retail use. My take away after reading the responses and crunching the numbers is that everyone feels comfortable that for the next few years, we'll be okay, and it should be business as usual, barring a global catastrophe. The report is a long and dry read, but I promise you will learn something.

The best thing about RECon is the chance to catch up with old friends. Relationships will always be the core of our industry. It doesn't matter if it's your first year or if you've been in the business for decades, relationship building is an extremely important part of our industry and RECon is the perfect opportunity to forge life-long friendships. The cocktail parties and dinners with clients are as important as having your appointment schedule stacked with back-to-back meetings for three days straight.

I'm always amazed at how few exhibitors actually walk the convention floor. If you've committed that much energy and money

to get to RECon, you should block off some time to investigate what other companies are doing and what projects are being marketed. When you are an exhibitor, it's easy to get locked in a vacuum at your booth for the entire convention, especially if your boss counts the quantity of your meetings more often than the quality. It's a lot of ground to cover in three days, but it is so much easier than the old days when meetings were scattered throughout hotel suites. I've been exhibiting at the Vegas convention for so long, I remember when the ICSC launched the Leasing Mall in 1982. The one thing that hasn't changed about the convention is the tremendous work load that hits all of us during the month or two before RECon, just in preparation for a three-day event. It's worth the extra effort, no doubt. RECon is the catalyst for refilling the pipeline of deals; it's as important to our industry as Christmas is to retailers. Make the most of it!

Thankfully, The Dealmakers is still as relevant today as it was three decades ago. With the support of a great staff, devoted subscribers and loyal advertisers, The Dealmakers survived the sharp turns and thirty years later, it's better than ever. I was feeling nostalgic and pulled out a box back issues of The Dealmakers from 1991 to 1997. It warmed my heart to see so many advertisers from the good old days that are still running ads in The Dealmakers' 30th anniversary issue. I owe a special thanks to the folks at The Feil Organization for being our first advertiser and for their continued support. For the past 20 years or so, ARC Properties, Bennett Williams, Breslin Realty, Carolina Holdings, DLC Management, The Goldstein Group, Hallmark & Johnson, Hutensky Group, Kin Properties, Levin Management, RD Management and R.J. Brunelli have been advertising in The Dealmakers' RECon issue; thank all of you for helping us celebrate our 30th! I also want to recognize Excess Space for taking a leap of faith with me as the first customer when I launched our Eblast service. Back then electronic marketing was unheard of in our industry and Excess Space was willing to be a pioneer. Also, a special thanks to all of you that helped with your input for The Dealmakers' 2015 State of the Industry Report. My appreciation for all of you is beyond words.

I have to wrap it up. Stop by and see us at booth #283 in the South Hall on Q Street. We'll be giving away iPads and other fun prizes. Just drop off your business card at our booth to enter and hopefully, win. There will also be demonstrations in our booth of The Dealmakers' digital directories of retail, restaurant and freestanding tenants, so stop by if you need leads to lease your space or sell your pad sites. If I miss you on the floor of the show or at the cocktail parties, have a great convention!

Here's to making more deals,

Ann O'Neal, Publisher

