



## Industry Hunts for Opportunities Despite Economic Slowdown

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If the mood at this week's ICSC Mid-Atlantic Idea Exchange in Washington, D.C., is indicative of the national picture, the industry has come to grips with the economic slowdown; but it is far from pessimistic about the prospect for continued growth.

The pace of deal making at the show, which was attended by about 2,000 retail real estate pros, was slower than a year ago. Developers have quickly become cautious about announcing or breaking ground on new projects. However, centers that were being built when the credit markets turned last year and slated to open later this year or early 2009 are moving ahead. Even at a time where the ranks of retailers announcing bankruptcies, closing stores or slowing expansion plans are swelling, there remain more than enough firms looking to expand to keep leasing activity going.

Furthermore, the pullback has been so sharp, that it means there are no projects scheduled to debut 24 to 30 months from now. So developers looking to take a chance that the economy may have recovered by then might consider breaking ground today.

"Look around Washington and you'll see all the new construction. About 85 percent of that is delivered. Of the rest, about 95 percent will be delivered in the next 12 to 14 months. There are no new starts," said Doug Olsen, head of leasing for Monument Realty. "If you have the opportunity to come on line in 24 to 30 months, you may want to take it." Everything in the works today will have two years to fill up.

There are areas that represent huge opportunities. "If you own a site on the edges of the suburbs, don't build it. But if you're in Arlington or Washington, I say, 'Go,'" Olson said. One example of where it might make sense to pursue development, even in the current climate, is Southeast Washington, D.C., in the areas around where the Washington Nationals' new stadium will open next month. "Where else in a major metropolitan city can you take 30 metro blocks and rip it down and start from scratch?"

Developers insist that there are still ways to grow, especially by targeting underserved markets. For example, the boom in immigration in the last decade has created a huge opportunity for ethnic retailing. Patrick Phillips, president and CEO of Washington, D.C.-based Economics Research Associates, pointed out that cities such as Dallas, Chicago, Minneapolis, New York and Boston owe

almost all their population growth between 1990 and 2000 to immigration. During that time period, Dallas' population grew 18.1 percent. If immigrants were stripped out, however, the city's population would have only grown by 1.7 percent.

The challenge in serving ethnic markets, however, is that retailers and developers will need to look to new marketing channels such as U.S.-based foreign language newspapers and television stations. Monique Tapie, corporate communications manager for Global Advertising Strategies said there are 862 in all. That can sound daunting, but the key is to find the right ones for the ethnic group targeted. A benefit is that advertising rates for such publications and television stations is generally much cheaper than buying space in national English-language media.

--David Bodamer