



December 6, 2010

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## MANAGEMENT

# Industry Bullish at ICSC New York National Conference & Dealmaking

BY DAVID BODAMER

In the wake of reports that the holiday shopping season is off to a torrid start, sentiments are high at the annual ICSC New York National Conference and Dealmaking.

The show is the second largest gathering of retail real estate pros aside from the annual RECon show in Las Vegas every May. Advance numbers indicated that attendance at this year's show would end up around 6,000—matching last year's total. But the mood is decidedly more optimistic than it was at the event the last two years.

“The bottom line is that the worst is behind us,” said Dana Telsey, CEO and chief research officer with New York-based Tesley Advisory Group. Telsey, along with Telsey analyst Joseph Feldman, spoke at the event's general session. The two said they had surveyed 25 top retailers on their Black Friday sales and thoughts on the season and found that the overwhelming tone from those conversations was that “It feels better.”

As a result, Telsey said she expects same-store sales to rise by between 4.0 percent and 4.5 percent for the holiday shopping season as a whole—a figure that exceeds projections many analysts made before the season started.

“Retail real estate is coming back,” said **Faith Hope Consolo**, Chairman of the Retail Leasing, Marketing and Sales Division of Prudential Douglas Elliman Real Estate. “We saw the worst of the worst and that challenged the industry to refocus. And it's done that.”

Anecdotally, attendees say that the show feels more crowded than the past two years and more of the conversations that are occurring are about transactions. There is less networking and more dealmaking. And retailers aren't asking for concessions. Instead, they are talking about expanding while developing more new concepts.

The lone hiccup for the conference stemmed from the fact that ICSC moved the registration area from its traditional home at the Hilton New York to the Sheraton New York Hotel & Towers. Despite advising attendees ahead of time, many still arrived at the Hilton expecting to get their badges only to be rerouted to the Sheraton to find a long, winding line that took 45 minutes or longer to navigate.

Overall, the sentiment is that fundamentals in the sector have stabilized and even begun to show improvements in some areas and that the situation will continue to get better in 2011.

However, there are still challenges. The market remains bifurcated, according to Andy Graiser, of DJM Realty. On the one hand, there are regions like the Northeast, where the barriers to entry for new retailers remain high and tenants are looking to sign new deals. People “are definitely in a deal mode, but they are cautious, they are more disciplined,” Graiser says. “They say ‘I want X, but I will only take X if I can afford it.’”

In Middle America, however, things are tougher. Consumers there have been hit harder by joblessness and their mindset still hasn’t changed from the value-oriented mode. That’s why Graiser expects that holiday sales this year will be either flat with 2009 or up only slightly.

More and more retailers are beginning to really tackle portfolio optimization, according to Graiser. The old rules of the game, where companies just looked at sales figures and rents before making a decision on where to open new stores or to close existing ones, no longer apply. Today, it’s all about determining where the chain’s core customers shop.

Another theme at the show is the continued embrace of technology in all phases of the retail real estate business. Smartphones and iPads are pervasive and increasingly are used as part of presentations during meetings. For example, W/S Development showcases information and graphics for all of its existing properties and developments on iPads and touchscreens.

Outside of dealmaking, industry pros are also continue to wrestle with how best to use social media. Forest City Enterprises, for example, plans to announce two mobile marketing initiatives later this year. There is also a need for more information about how social media networking and mobile marketing efforts are affecting sales.

Associate Editor Elaine Misonzhnik contributed to this story.