

AUSTIN BUSINESS JOURNAL

WHERE AUSTIN CAPITALIZES ON BUSINESS

May 15-21, 2009

Volume 29
Number 10

All work, little play at ICSC due to slump

Low turnout at 'Super Bowl' for shopping centers expected

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Local retail experts planning to attend the International Council of Shopping Centers' retail real estate convention in Las Vegas anticipate aggressive deal-making and room for new ideas, despite expecting a smaller crowd this year.

This year's convention has 26,000 confirmed attendees, said ICSC spokeswoman Erin Hershkowitz. That's a significant drop from the roughly 50,000 who attended in 2008 and 2007, although it is close to the organization's 2006 numbers.

The number of booths this year is down too, from about 1,900 leasing mall and trade expo booths in 2008 to about 1,500 this year.

Among those missing are some notable retailers. Simon Property Group Inc. (NYSE: SPG) is not exhibiting this year, although General Growth Properties Inc. (Pink Sheets: GGWPQ) is, Hershkowitz said.

But most of the roughly 20,000 people scheduled to attend will be there for the action rather than the experience, said Eric DeJernett,

a senior vice president in retail brokerage with CB Richard Ellis' Austin office.

That's a departure from prior years, in which the ICSC convention had become an event with parties, wining and dining — attracting “a lot of people there who didn't need to be there,” DeJernett said. “And the retail market, looking back at it, was in a bit of a frenzy. There was money for development and for leveraged buyouts of retail chains, so there was a lot of momentum for expansion that is gone.”

He expects people attending this year to get down to business, which could include more discussion about distressed asset sales.

Jolie Schooler, a retail specialist with NAI Austin, said it's possible business done at the convention this year will be more efficient than ever because many companies can only afford to send top-level people.

“Whoever is there will need to do really big deals,” Schooler said. “It is an opportunity to get in direct contact with the decision makers.”

Lance Morris, president and director of brokerage for the Weitzman Group's Austin office, said his company has already scheduled hundreds of meetings “with retailers and landlords throughout the three days of the show.”

While he acknowledged activity at the convention was projected to be down quite a bit, he said many still see Texas as a safe haven.

DeJernett said some segments of the retail market in Central Texas are faring very well, including fast food and the ethnic market.

“The other things I'm seeing out there are new ideas that are just now getting funding,” DeJernett said. “I think as you see the price of real estate come down, you'll see ... some entrepreneurial ideas come into the real estate market that are new concepts.”

Although he declined to give details on projects, citing confidentiality agreements, DeJernett said some of those concepts may use Austin as a test market to expand from if they become successful.

And in recent weeks, Morris added, there's been a glimmer of optimism in the industry.

“We've heard ... that people who planned to sit this one out are now changing their minds and making reservations,” Morris said. “Nationally, we're seeing a greater sense of optimism, just based on recent jobless reports and a slight increase in April chain-store sales. I think that will translate to a more upbeat convention than we could have expected, say, two months ago.”



Schooler



DeJernett