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Spring Convention kicks off in Las Vegas

ICSC kicked off the Spring Convention on Sunday, with a record 50,000-plus delegates gathering in Las Vegas for the world's largest meeting of retail real estate professionals. This year's convention also doubles as a birthday party, as ICSC is celebrating its 50th year in existence. Over the past half century, the organization has grown into the largest body of retail real estate executives in the world. It now boasts some 70,000 members in roughly 80 countries. "Our industry has gone global in a way unlike any other property sector," said Michael P. Kercheval, ICSC's president and CEO, at Sunday's grand opening. "Today fine examples of world-class shopping centers can be found on virtually every continent."

Indeed, a record number of people from overseas attended this year — about 1,200 from 51 countries. That is up over 40 percent from last year, says Scott Harris, ICSC's staff vice president of business development in Asia, Latin America, the Middle East and Africa. Harris says the biggest contingent came from Mexico, followed by Japan, Australia, the United Arab Emirates, the U.K. and Brazil. "There is a lot more cross-border business being done," said Harris. "ICSC has offices around the world now. The greater focus on overseas growth is a natural process." To highlight the growing industry emphasis on global development, this year's convention features 13 sessions focused on specific world regions.

"The convention is seen as a get-together of the world's whole industry," said Carlos A. Lecueder, president of Estudio Luis E. Lecueder, a Montevideo, Uruguay-based development and consulting firm. Lecueder will be leading the Focus on South America session taking place Wednesday at 8 a.m.

"Retailers are growing in the world, and in that convention you can meet them and invite them to go to your market. You can also learn what is being done in the rest of the world to know where to go to see different kinds of shopping centers." This marks Lecueder's seventh Spring Convention. But it

is the very first for Konstantin Sakharov, the associate executive director of retail services at Cushman & Wakefield Stiles & Riabokobylo, in Russia. Sakharov will lead today's Focus on Russia-Ukraine session. Russians are still rare at the show, he says, though he thinks that will change. "If we talk about Russian participants, there will not be too many of them yet," Sakharov said. "Mostly, there will be developers trying to get U.S. retailers to Russia. If we talk about U.S. retailers, they will have a fantastic chance to discover that the country is much more interesting to develop retail operations than China, India or Turkey." Sakharov says he expects U.S. interest in Russia and Ukraine to grow sharply over the next few years. In just a year or two, he predicts, hundreds of people will be attending the Focus on Russia session. Where there is room to build, developers will come, says Harris. "When regions of the world become overdeveloped, the natural instinct is to look into uncharted waters for possible success."

For this week, though, the world's developers are in Las Vegas, where ICSC's famous Leasing Mall opened today. This year it is bigger than ever, with 1,200 exhibitors and thousands of professionals crowding its "streets" and "avenues" to negotiate and seal deals. The majority of leasing contracts signed between U.S. landlords and tenants in the course of a year are sealed at the Spring Convention. ICSC leased out the entire Las Vegas Convention Center this year for the first time, spreading itself out over some 2 million square feet. The events include educational forums and panel discussions on such issues as the careers of women and minorities in real estate, as well as various ceremonies. Tomorrow ICSC will announce this year's winners of the Hot Retailers Award, which are picked through a membership survey.

And then there are the lavish parties, at which delegates kick back and celebrate their accomplishments of the past year. After a year of continued strength in the retail sector, they surely have much to celebrate. But for all the festivities surrounding the anniversary, eyes are fixed firmly on the future. "In the next 50 years, our industry will continue to evolve, building on strengths, learning from mistakes, and ever changing with our world," Kercheval said. "As an industry, we will be increasingly conscientious about society and the environment. In both emerging world markets and in developing countries, bringing organized retail is one of the greatest catalysts for economic development."

Inland starts over in Southeast

Now that the **Inland Real Estate Group** of Cos. (C196 K St.) has sold its **Inland Retail Real Estate Trust** to **Developers Diversified Realty Corp.** (N31 B St.) for \$6.2 billion, the firm is starting over from scratch with a new subsidiary called **Inland Atlantic Development Corp.** Inland Atlantic, staffed by many of the same executives that oversaw the development activities of Inland Retail Real Estate Trust, will operate out of Atlanta and develop new neighborhood and mixed-use centers in the Southeast. "We are a dynamic group with an impressive track record and are excited to continue working as a team," said John DiGiovanni, the unit's president, who had headed the Inland Retail development division. "Within three years working at Inland Retail, we developed a pipeline of more than 1 million square feet of retail space, worth as much as \$500 million." The team's projects with Inland Retail, all of which Developers Diversified acquired with the deal, include a planned, 300,000-square-foot, **South Fulton** mixed-use lifestyle center in Atlanta, which is expected to contain hundreds of apartment units and town homes, and a mixed-use center in Brandon, Fla., with about 200,000 square feet of retail, 180,000 square feet of office space and hundreds of apartment and hotel units. The COO of Inland Atlantic

Development is Barry Lazarus, who until recently was CEO of Inland Retail Real Estate Trust. Joining Lazarus and DiGiovanni will be former Inland Retail employees Randy Josepher, as executive vice president, and Christi Karp and Joel Murovitz, as vice presidents.

Limited sells majority stake of Express chain

Limited Brands will sell a majority interest in its **Express** brand to private capital firm **Golden Gate Capital** for about \$548 million. Limited will retain 33 percent of the chain, which posted \$1.7 billion in sales last year at 631 stores. Limited is also seeking a buyer for its sales-challenged **Limited Stores** chain, which posted \$493 million in net sales at 253 stores last year. These decisions are the latest steps in the company's strategic shift away from apparel. "Over the last decade, we have changed a lot, putting greater emphasis on intimate apparel, personal care and beauty," Chairman and CEO Leslie Wexner said on a conference call. Future growth avenues include the international expansion of the recently acquired **La Senza** lingerie chain, square footage increases at the **Victoria's Secret** stores and the opening of more off-mall **Bath & Body Works** units.

Web retailer store Epicenter moves ahead

Sheldon Gordon's **Epicenter Collection**, a concept to provide Web-based retailers with physical selling space inside malls, is closer to becoming reality. Gordon has formed a partnership with **Federated Department Stores** called **Convergent**



Retail to operate Epicenter Collection. Convergent has secured the concept's first location, a 181,000-square-foot unit in a former **Lord & Taylor** store at **General Growth Properties' Christiana Mall**, in Newark, Del. Federated, soon to rename itself **Macy's Group**, leased the store to Epicenter in exchange for a stake in Convergent. The unit is scheduled to open sometime in the middle of next year. Federated still owns about 10 vacant mall anchor stores that could be converted to Epicenter Collection units, sources say.

Within the Epicenter stores, about 60 merchants will operate their own branded retail sites, measuring between 400 and 5,000 square feet. No merchants have signed on yet, but Gordon says Convergent is in discussions with the likes of **Esprit**, **Seven For All Mankind** and **Under Armour**. "In a multichannel world, consumers expect merchants to have retail stores," said Antony Lee, Convergent's CEO. "We will be able to provide our merchant partners with a complete systems package to make their entry into retailing as effortless as possible." It will also be a cheaper entry point into malls than currently exists. Epicenter Collection merchants will spend about \$55 per square foot to build their boutiques, compared with the \$300 or more that traditional mall stores cost, says Lee. And these tenants will sign shorter leases, three years on average, versus the 10-year standard for malls.

The first Epicenter will form part of a redevelopment of Christiana Mall. In 2011 a two-level **Nordstrom** will join current anchors **Macy's** and **JCPenney**. General Growth is also building a 200,000-square-foot, open-air lifestyle component onto the mall. Gordon says mall owners are highly receptive, though further openings may depend on the success of that first unit. **Glimcher Realty Trust** was originally scheduled to open the first Epicenter Collection, in a former **Kauffmann's** store at its **Polaris Fashion Center**, in Columbus, Ohio. But the landlord decided to add an open-air lifestyle component onto the mall instead.

ICSC rings New York Stock Exchange bell

Last week ICSC members rang the New York Stock Exchange closing bell to celebrate the organization's 50th birthday.

FROM LEFT TO RIGHT: **Robert M. Mallia**, COO, ICSC; **Gary D. Rappaport**, SCMD, SCSM, CLS, president, The Rappaport Cos.; **Noreen Culhane**, executive vice president, NYSE Global Corporate Client Groups; **Michael P. Kercheval**, president, CEO, ICSC; **Milton Cooper**, chairman, Kimco

Realty Corp.; **John M. Ingram**, president, Ingram Realty Advisors; **Kathleen M. Nelson**, president, KMN Associates; **Glenn J. Rufrano**, CEO, U.S., Centro Properties Group



TRANSACTIONS

Birmingham, Ala.–based **Colonial Realty** sold the 131,655-square-foot **Colonial Promenade Bear Lake** shopping center, in Orlando, Fla., to Hollywood, Fla.–based **American Federated Title** for \$20.6 million.

A northern California private investor sold a 161,555-square-foot retail property in Palo Alto, Calif., containing the **Palo Alto Bowl** and a **Motel 6**, for \$14.9 million to an undisclosed buyer.

Beverly Hills, Calif.–based **StarPoint Commercial Properties** purchased the 89,000-square-foot **Interlochen Village**, in Norcross, Ga., for \$14 million from **Ivillage**.

Colorado Springs, Colo.–based **Kraft Real Estate Investments** sold a 7,500-square-foot retail building occupied by **Hollywood Video** and **Saxby's Coffee** in Windsor, Colo., to an Arizona-based private investor for \$2.7 million.

THE COMMON AREA

If you don't get to see any of Las Vegas' world-famous shows during Spring Convention, you can always catch the floor show at the booth of Abu Dhabi–based development firm **Aldar** (S425 U St.). The sound, light and dance show provides a treat for the senses and showcases Aldar's **Yas Island**, a 2,500-hectare development that is starting construction this year on the edge of Abu Dhabi City. The development will contain the world's first **Ferrari** theme park, a water park, a motor sports racetrack, and some restaurants, hotels, residential units, golf courses, marinas and polo clubs. A three-level, 3.2 million-square-foot retail center will contain a fitness center, a bowling alley, a spa and some video arcades.

Australian investment firm **Babcock & Brown** agreed to buy **Gregory Greenfield & Associates**, a U.S. regional mall operator. The price was not disclosed, but Greenfield has acquired 28 centers since 1998 for a total \$1.5 billion. This is Babcock & Brown's third U.S. real estate investment.

A private investor won shareholder support to force U.K. supermarket group **Tesco** to discuss an independent audit. Tesco agreed to consider the audit,

which would look into whether workers at its suppliers are getting “fair” wages.

In a move to increase environmental awareness, U.K. supermarket chain **Waitrose** removed carrier bags entirely from one store. Customers at the store, in England’s Saffron Walden, will have to furnish their own bags for the next two weeks.

U.S.-based **Oak Investment Partners** formed a \$200 million fund for India-based retail startups, the first fund of its kind.

Real estate will fuel Russian economic growth, according to Cushman & Wakefield’s Moscow director. Property investors are putting significant amounts into real estate, which Cushman & Wakefield calls the “new oil.” Russia’s second-richest man, Oleg Deripaska, is set to invest \$2 billion in a new resort in Sochi, on the Black Sea.

Note from the editor

SCT Week will not be published the week of May 28, 2007 because of the Memorial Day holiday. The next issue will be published on June 4.

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