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Customer service remains essential in retail commercial real estate

By Teresa Y. Warren

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The editor of CREW Corner recently spoke with CREW members Roberta Degener, RPA, FMA and Jill Hogan, RPA, of San Diego-based West Coast Retail Management Inc., a boutique real estate services company that specializes in shopping center management and leasing.

Q. What is the greatest challenge you see in retail commercial real estate today?

A. Adaptability. More than ever in today's environment, landlords have to remain flexible and open to creative solutions to maximize opportunities and also mitigate losses. With a continuously changing tenant base and a cautious consumer, retail assets must be adapted and reinvented to keep pace in a competitive environment where tenants and consumers have extensive choices.

Q. What creative solutions are retail property owners using to deal with these challenges? What specifically has West Coast Retail Management done?

A. We have carefully analyzed each property's tenant mix, tenant sales trends and vacancy exposure in order to identify strategies to best suit each individual asset. Often we will look for opportunities to creatively relocate and rearrange current tenants to put the landlord in a position to agree to requested rent reductions while simultaneously freeing up the more desirable and leaseable space for prospective new tenants. Careful future asset planning is more critical than ever, but not just from a financial performance perspective, also from an adaptability standpoint. All we can really ever count on these days is "change."

Q. How has your relationship with your retailers changed in recent years?

A. With the vast majority of our retailers, the relationships have strengthened as many of them have realized that we are partners in business and not adversaries. There is a greater understanding of the symbiotic relationship between landlords and tenants; it is always in both parties' best interest for the other to be successful. Proactive communication is the key!

Q. Have lease terms changed significantly in the last couple of years? If so, how?

A. There is no doubt that the declining economy has impacted the leasing environment, but each individual asset is affected differently, and some markets have been more insulated from the decline than others. In general, retailers are now in a better position to negotiate more favorable rental rates, abatement periods, construction allowances, etc., as they have more choices in the market and some landlords are willing to get tenants at any cost. However, certain assets and markets have remained very strong and have largely sustained their pre-recession lease economics. It is a continuous cycle.

Q. How is your job different today than it was one year ago (or two or three years)?

A. Since West Coast Retail Management was founded on a "back to the basics" platform, we have not had to make nearly as many adjustments as some of our competitors have in terms of staffing and policy changes. From a property management perspective, the current environment has necessitated more creative problem-solving efforts than in years past, but today, just as in the past, the most important part of our business remains customer service. It is through strong customer service and operating from a position of fairness that long-term relationships are built.

Q. What is your background?

A. Roberta: For over 20 years, I have worked on the management and leasing side of the real estate industry, having been associated with several of the area's largest companies before starting our company with Jill in 2009. Having held positions with varying responsibilities has taught me to be both visionary and strategic... two important skills in the field of retail management.

Jill: Like Roberta, my background is also in management and leasing. Anyone thinking of a career in this field needs to enjoy working with people and be hands on in terms of delivering services. And you must enjoy variety, as no two days are the same!

Q. What are the three most important traits those in your profession must have?

A. Patience, interpersonal skills and a solid understanding of the leasing process and how it impacts ongoing asset sustainability.

Degener is president and Hogan is vice president of West Coast Retail Management. CREW Column is edited by Teresa Warren, president of TW2 Marketing Inc.

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