

# Real Estate Journal

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## Reposition and redevelop assets to make them competitive in today's marketplace



Kerry Wood, Centerplan Companies

We are all familiar with the hardships that this down economy has caused businesses in our industry. During the past two years, we've seen tumultuous credit markets, a drastic downturn in retail growth, and a tremendous swell in commercial lease space available to the markets. How can owners, developers, and landlords stay profitable and keep their real estate sustainable in this highly competitive market? To do this, we need to manage a combination of strategies that starts with strengthening core relationships and includes repositioning and redeveloping assets to make them competitive in today's marketplace.

At Centerplan, we are fortunate to have formed a relationship with a creditable tenant that continues to expand its retail opportunities, although not at pre-recession rates. We've garnered this relationship by constantly delivering key locations in highly sought after retail and traffic centers. This relationship opened doors to new and exciting opportunities, one being a repositioning of an outdated building in a downtown location. Our client needed a drive through, onsite parking, and a larger foot print. Centerplan not only found a location that provided these three components, but, after further assessment, it was concluded that this site could be further improved. As the economy began to tumble it would have been much easier to construct the customary building for our core tenant. However, after researching the market, we found there was a need for premium office space as well as quality retail space. With a site that delivered an abundance of onsite parking, high traffic counts, and downtown visibility, the decision was made to build a 30,000 s/f building that delivered for our client plus could fill in the gaps for commercial and retail offerings in the local market and set itself apart from the competition.

Landmark Square in Middletown, Conn. is a success to the local economy bringing not only a 14,000 s/f Rite Aid to the downtown, but two first class office tenants, completely filling the available office space and leaving 3,000 s/f of prime retail available. It's been a challenge to find retail customers but we have repositioned the asset to stand out from other properties in the market and are confident in its future success.

Strengthening relationships with our core clients has been successful because we've been able to focus our resources on delivering quality buildings in a timely manner. With our Rite Aid relationship, doors have opened for other opportunities that we might have missed had we not been so attentive of our clients' overall structure and demands. When we relocate Rite Aid to a more profitable location, there is often the opportunity for Rite Aid owned property to become available. This was the case recently in Middletown at Rite Aid's former address. Also a downtown Middletown location and on a signalized intersection, this asset was out dated and in need of environmental work. At Centerplan, we performed the due diligence necessary to determine that utilizing this building could create additional opportunities for downtown expansion to a company that had the requirements of this market. We pursued companies for this location and marketed the property through internal networks.

The company showing the most promise for repositioning this asset was DaVita Dialysis. DaVita, a Fortune 500 company, is one of the largest chains of outpatient dialysis centers in the country and already had a location in Middletown. Centerplan redesigned the building to include a protected patient entrance, a larger dialysis servicing area, and premium office space for moving their corporate offices from Avon to Middletown. In addition, Centerplan worked with local businesses, city officials, and members of the community to determine the best fit for this building in terms of design and future use. We were successful in our efforts to bring DaVita to this repositioned location. Additionally, Centerplan has upgraded the entire streetscape and will add 2,000 s/f of street front retail to a downtown building that formerly sat empty.

The examples mentioned demonstrate the importance of strengthening core relationships and the opportunities that have resulted from these relationships, but they also demonstrate the need to reposition assets, especially in an economy like that one we're currently witnessing. Centerplan has gone a step further in repositioning that includes sustainable technology. By adding features like solar panels to real estate to help reduce or neutralize energy costs, we not only help reduce the bottom line for our tenants but we significantly reposition buildings to compete and remain attractive in the marketplace for years and decades to come. Centerplan has started a photovoltaic solar company called Greenskies, a renewable energy company that installs solar panel systems.

We are determined to stay competitive in today's marketplace. We've taken costly yet critical steps to strengthen our core relationships and reposition our assets to keep them occupied by quality tenants and remain at the forefront of the competition.

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