

# Reflecting on RECon:

## Reflecting on RECon: Texas CRE professionals weigh in on retail's biggest week

BY BRANDI SMITH

Beyond the extravagant booths and limitless networking opportunities, this year's ICSC RECon offered something even more valuable: excitement and optimism about the industry that has garnered so many pessimistic headlines.

"The attendees, from retailers to brokers to developers and other market players, were all upbeat and positive," says Marshall Mills, President and CEO of Weitzman, which has offices in Austin, Dallas-Fort Worth, Houston and San Antonio. "These are people on the front lines of our business, and that positive outlook reflects our own assessment that we're in the middle of a strong market for retail real estate."

JLL Houston Retail Land Brokerage Associate, Chris Bergmann, pointed to the attendance and attitude of ICSC as a clear indication that "retail is alive and well," while Simmi Jaggi, a Senior Vice President and Houston Retail Land Brokerage Lead for JLL, highlighted the "sheer energy and positivity of the entire conference."

"It seemed as though all 37,000 people in attendance were busy and actively pursuing a variety of opportunities," she says.

For Jennifer Pierson, Managing Partner of Dallas's STRIVE, the gathering was affirmation that "everything is happening exactly as it should."

"All is going to be better than OK," says the 25-year CRE veteran.

Majoring in real estate finance in college, Pierson says she never second guessed her chosen profession, which enticed her with the promise of straight commission.

"It put me on an even playing field with all the men. I could put up numbers just as high or higher than theirs if I wanted to. No one could tell me how far I could go," she says. "That was, and still is, very exciting to me."

Last year Pierson merged her owned-and-operated retail investment firm with another company dominant in the Dallas market, The Vitorino Group, to create STRIVE. She says that shifted her goals at RECon.

"My focus always comes from where I am sitting at the time, as is the case with everyone, I would imagine. We are in a strong growth mode at STRIVE, so my focus

this year was making sure our young brokers were well prepared for the show and soaking up every piece of knowledge they could," says Pierson. "I also had a keen eye toward seeking out new talent. We are interested in expanding our lines of business and deepening our bench."

What's exceptional about the ICSC event is that all attendees, depending on their role, location and expertise, can get something different out of it. For example, George Cushing, JLL's Managing Director of



Retail Investments within the Texas and the Southwest region, wanted to be able to gauge investor sentiment about the Houston Market.

"We found it to be positive," says Cushing. "We had several questions about the impact from Harvey, which while devastating to those directly affected, did not disrupt retail. Generally, we spread the word about excellent performance metrics for retail in the Houston market."

Cushing got his start in the industry more than 36 years ago, after his interest in working in a competitive business environment was sparked by a summer job managing a Texaco station and sailboat shop for a NASA engineer.

"When I graduated from the University of Texas, I took a job with a suburban real estate company selling land. It was a great fit for me and I never looked back," he



**Marshall Mills,**  
President  
and CEO,  
Weitzman



**Chris Bergmann,**  
Retail Land  
Brokerage  
Associate,  
JLL, Houston



**Simmi Jaggi,**  
Senior Vice President  
& Houston Land  
Brokerage Lead,  
JLL, Houston



**Jennifer Pierson,**  
Managing Partner,  
STRIVE, Dallas



**George Cushing,**  
Managing Director,  
Retail Investments,  
Southwest Region  
JLL Houston



**Jeff Harrison,**  
Senior Vice President,  
Retail  
The Signorelli  
Company



**Elizabeth Clampitt,**  
Senior Vice President,  
Land Brokerage  
JLL Houston

says. "I still get up excited for the day ahead. I like the people I work with and I like the chess game of getting a deal over the finish line."

CRE's variety is what excites JLL colleague Jaggi, who has logged three decades in the field after getting her real estate license at 18.

"Every deal is different. Every day is different. It's always new. It is also exciting to be part of the industry that changes and enhances the landscape of the city," she says.

Jaggi's team visit to RECon reinforced what she knew already: It's an exciting time to be in retail.

"The innovation and evolution of the sector means our retail team, be it investment sales, leasing, tenant representation or disposition services, is busy solving new challenges and creating fresh opportunities," she says.

While his overall goals for the conference have stayed the same for The Signorelli Company's Jeffrey Harrison -- strengthening relationships he'd had over the years, making new ones and learning as much as he can about the current and future needs of the retailers he plans to meet with -- how he approaches them has changed.

"I've become a much better listener," the company's Retail Division Senior Vice President says. "When I'm in meetings, I really try and find out what that retailer's specific needs are. I've learned a great deal by just asking good questions."

Those changes are what keep the 30-decade CRE veteran in the industry.

"I get bored very quickly and there's always something new happening in our business," says Harrison, who started off as an accountant for a large commercial real estate syndicator and is now manning the largest new retail development in the Houston area, Valley Ranch Town Center.

RECon can also be an excellent venue to build brand awareness, for a CRE firm or its portfolio of clients. That's something Weitzman seized on this year.

"We fielded a team of nearly 100 professionals at ICSC, and all of our professionals were prepared and had their own goals for the show, whether it was tenant reps meeting with landlords for potential new locations or project reps pitching their centers to potential new tenants," says Mills. "As a company, we supported the teams with research and other tools. We also marketed planned retail projects, because there is nowhere like ICSC RECon for the opportunity to meet with a "who's who" of active, expanding retail concepts."

That's something JLL's Bergmann knows well. In addition to many companies, he represents Greenspace Holdings, a Houston-based self-storage developer.

"Greenspace is looking to complete 50 new units of its self-storage facilities made from surplus shipping containers," he says. "My focus was making sure we met with sellers throughout the U.S. that might be the right fit for a new facility."

Four days of workshops, panels and networking provided an almost endless to-do list, one that might be overwhelming for newbies. For the veterans with laser-like focus, it's a 96-hour adrenaline rush loaded with highlights. Pierson, for example, says it was incoming 2018-19 ICSC Chairman Val Richardson's speech that stood out most.

"Val is a terrific human being with a strong moral compass and she has a keen business sense. I love seeing not just a woman in this role, but a very qualified woman. Her speech was spot on for where we are in our industry, and she was humble and heartfelt in accepting this very large responsibility," she says of the new ICSC leader. "There is a deep talent pool of women in our business, but not enough women rise to the top."



Similarly, Mills says the keynotes, including football great and Good Morning America host Michael Strahan, gave excellent and entertaining speeches.

"My overall takeaway from the sessions was that our industry has some great thinkers and doers," he adds.

Those thinkers and doers have always been good at another set of skills: adapting and evolving.

"My approach has always been to work hard and to pay attention," explains Pierson. "Things will always change, and the trick is to ride the wave in front of the change. It is a pretty fun ride if you are not afraid of it."

CRE professionals who've attended RECon over the years are part of the group riding that wave. As the industry has evolved, they've watched the event shift priorities as well.

"Our industry is constantly changing! It's really an exciting time where creativity and problem-solving skills are at the forefront," Harrison says. "Best-in-class retailers have really separated themselves from the rest of the pack by understanding their customers and integrating technology and e-commerce into their business models."

"You can see it in the attendees and the exhibitors. We see far fewer of the traditional retail concepts, such as apparel or fashion, and far more restaurants, fitness users, beauty concepts and medical or dental practices that like retail locations," says Mills.

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Food and beverage in general was a significant focal point at ICSC this year, according to Elizabeth Camplitt, JLL Houston's Senior Vice President of Retail Land Brokerage. She says consumers today, especially millennials, want an authentic, experiential relationship with the food they're purchasing.

"Retail owners and developers are looking to make the food component of their retail centers much more personal rather than a commodity. Food and beverage is widely regarded as a sustainable and simple way to make retail space more productive and a destination in and of itself," she says. "As a result, we're seeing the amount of space dedicated to food & beverage, specifically within the context of food halls, increase."

The pivot from traditional retail to experience or service-based retail is a direct result of consumers' increased reliance on e-commerce.

"Due to internet influence, we have to be more knowledgeable than ever about the retail industry because e-commerce impacts the real estate approach. You cannot just 'plug and play' in today's age and the exact same prototype no longer works in every market and location," Jaggi points out. "Today's retail environment demands more creativity and innovation from retailers, owners, developers and real estate professionals alike."

Luckily, Texas is packed with creative and innovative people who are excited by that challenge, which is why Mills says RECon helped bolster his optimistic outlook for the state's retail industry.

"We operate in all of Texas' major metros, and our professionals from D-FW, Austin, Houston and San Antonio were all busy," he says. "During the show, we scheduled more than 400 meetings, and we had some great walk-ins from small chains in other states who wanted to talk to us about entering the Texas market."

Along with the retailers who want to set up in the Lone Star State comes a stream of investors who see it as a place where they can cash in.

"Texas has historically had strong retail sales and because of that, developers, investors and retailers all

remain interested in the market," says Jaggi. "There is also a large pool of investors, specifically investment grade and foreign buyers, who seem more interested than ever in Houston and Texas."

Cushing, Jaggi's JLL colleague, adds that the state's largest city is enticing a healthy cross-section of well-capitalized private equity and institutional investors.

That was evident when Valley Ranch Town Center, one of the largest mixed-use developments underway in Texas, announced its next phase, Valley Ranch Outlets, at RECon.



"The northern Houston outlet trade area is not served, with a projected trade area population of 457,000, and projected population and income growth (2017-2022) of approximately 13 percent," Harrison explains. "The Outlets will be another complement to the retail, residential, entertainment, sports, office and medical uses at Valley Ranch. We have engaged The Outlet Resource Group (TORG) to assist us in the marketing and leasing of the outlets."

As for Dallas, Pierson calls it "white hot."

"We are now being viewed as a primary market and one of the brightest spots on the U.S. map. The fundamentals have never looked so good," she says. "We are experiencing an economic shift and there is no turning back."

So what does the next decade hold for the Texas retail industry? In short, Pierson says, it's about retailers finding their "new normal."

"They're right-sizing their presence in both mediums: brick and mortar and e-commerce," she says.

"Both have an important future."

Mills agrees, predicting the continued evolution of brick-and-mortar using e-commerce tools to become stronger.

"We're already seeing Amazon focus on brick-and-mortar to expand. While the marriage of the physical and the online store has been bumpy at times, I think it will also be rewarding in the long run," he says.

Keeping customers or guests at those brick-and-mortar locations for the longest period of time will be key, according to Harrison.

"For this reason, mixed-use projects will dominate," he says. "Executing on the right combination of retail, residential, office, and entertainment components will be the keys to success."

The team over at JLL also anticipates an increased emphasis on experience-based retail - from both the retailer and the owner/developer.

"Retailers will be more creative with their prototypes to create a better experience and entice consumers," predicts Jaggi. "On the owner/developer side, owners are evaluating ways to create an experience and keep people on property, be it entertainment, incorporating more green space and walkability into their designs, and/or creating a carefully curated food & beverage component."

Bergmann suggests Houston's urban core will also be more of a draw for retailers, who are watching the city's density increase.

"Limited land availability and rising land costs coupled with consumers' desire for a local, walkable shopping experience will drive more mixed-use and creative projects," he says.

As quick as things change in this part of the CRE industry, Cushing hedges his bets.

"It is hard to imagine what the retail landscape will look like in 10 years, but I will bet it will be exciting and great real estate will be an integral part of the picture," he says.

However, there's one thing on which he and his colleagues can agree.

"The best is yet to come," says Cushing. ■