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## PROPERTY REPORT RETAIL REAL ESTATE SHOWCASE

### REITs Lead with their Strength and Quality

By Joseph Dobrian

Publicly traded real-estate investment trusts own many of the world's most prestigious shopping centers, and they typically employ a slightly different strategy from that of private entrepreneurs to attract investors. Lately, REITs have been focusing on making the most of their trophy assets, and sometimes shedding assets that aren't the best fit for their portfolios.

Joseph Coradino, CEO of Pennsylvania Real Estate Investment Trust in Philadelphia, says he's excited about the redevelopment of The Gallery in downtown Philadelphia, an infill project located over one of the city's transportation hubs, which serves 22 million commuters a year.

"Retail REITs are focusing on experiential retailing, not just shopping," he says. "We aim to create an experience for any number of potential customers. The Gallery sits between the Philadelphia Convention Center and the Independence Hall area.

"People who come to those venues are ripe for an experience that includes shopping, dining and entertainment," Mr. Coradino explains. "It's a 'gotta go' destination."

#### REASONS TO VISIT

"This is the common strategy among publicly traded REITs that own the quality assets," agrees Brian Smith, president and chief operating officer of Regency Centers, a REIT based in Jacksonville, Fla. "Every day, you have to have a reason for shoppers to come to your center and spend more time there."

Margaret Caldwell, the managing director of Chicago-based JLL, says retail REIT stocks in general have great growth potential, largely because of an ongoing lack of new construction and thus great potential for rent growth.

"There's so much investor demand for quality retail properties, and this is driving values to historic highs," she says. "Retail REITs are motivated by safety. They want to



Retail REITs focus on more than shopping.

buy core product: high-street urban centers, trophy malls, or grocery-anchored centers. REITs have been selling their lower-performing assets—many have completed that process—and are redeploying their proceeds from these sales to improve and grow their existing assets. They're bringing in better tenants, which will attract more shoppers and increase store sales. This all adds to why investors should consider retail REITs."

Which REITs to invest in depends on your goals, says Faith Hope Consolo, chairman of the retail group at Douglas Elliman Real Estate in New York.

"If you're looking for growth, consider a REIT that's building," she advises. "If you're looking for income, other REITs are solid operators of neighborhood centers, which never go out of style.

"The key is to find great companies, because cycles rise and fall, and the best-managed REITs will survive."

Joseph Dobrian is a freelance writer specializing in real estate.