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ICSC COVERAGE

Urban Retailers Call For More Transit, Less Parking

By *Jacqueline Hlavenka*



Panelists agreed that having a presence near public transit is a strong retail strategy.

NEW YORK CITY—As retailers continue to weave suburban concepts into the urban fabric, more brands—and big-boxes—are going vertical. But as the pendulum swings in favor of transit-oriented development, the nation’s top retailers agreed that the need for mass transportation is beginning to outweigh the need for traditional parking design, according to speakers during day two of the **International Council of Shopping Centers’ 2011 New York National Conference & Deal Making** event. The convention closed out at the Sheraton New York and Hilton New York Hotels on Tuesday afternoon, where total attendance exceeded 6,000 each day.

During the general session, much of the discussion revolved around the challenges retailers face, running the gamut from site selection, obtaining local approvals, expansion concerns and store formats. The panelists also addressed the paradigm shift of retailers like wholesale

clubs and supermarkets—two concepts borne out of the suburbs—that are finding equal strength in cities, especially near subway and bus lines.

“If we could be close to mass transit, it could be absolutely critical,” said **Patrick Smith**, vice president of real estate at **BJ’s Wholesale Club**, an operator of 192 clubs and 107 gas stations across 15 states. Smith explained that despite the bulk-quality of BJs merchandise, more city customers are taking the train to its stores. “More people are using mass transit and some people walk,” he said, noting that its parking garage at Bronx Terminal Market is vastly underutilized. “For a BJ’s customer, you may think that is absolutely ridiculous. We never expected people to use mass transit to shop at a wholesale club.”

The same goes for **Michael J. Shanahan**, vice president of real estate at **Burlington Coat Factory**, who said mass transit is “absolutely a requirement” when selecting an urban location. “When we opened at Rego Park I this last September, we are right off the subway stop,” he said, explaining that while the store opening started off slow, momentum began to build as foot traffic increased by the E, M and R trains. “We got the word on the street to get people up to the third floor.”

And while mass transit is reducing the need for the amount of parking, **Daniel Shallit**, director of real estate for the Northeast Region at the **Sports Authority**, said parking cannot be totally eliminated from the retail model. “Looking at the Philadelphias of the world or the Bostons or other large urban markets, we still need it,” he said, noting that parking changes would affect store sizes. “The logic is, if you buy a treadmill at a Sports Authority, you can’t take that on a bus or a train. You need a car or you need some way to access a car to get that product home.”

Using New York City as an example, Shallit said its Manhattan locations sell less hard goods (like weights and fitness equipment) and more soft goods (like clothing and shoes) due its ease of transport on a bus or train. “But we still want to be close to mass transit because it builds awareness,” he said. “The more people that see us by commuting know that we are there and that’s really, really important to us.”

Supermarkets are also facing similar issues. **Dennis P. Bachman**, senior real estate representative for **Wakefern Food Corp.**, said a large food shop could be difficult to do on a typical train or bus. “Cabs have certainly become a much more important factor,” he said. “Typically in a city store, especially if you have a lot of customers who would use mass transit, you would tend to have higher customer counts, greater shopping frequency and a lower average order size, so the per trip spend would be less, which

adds some additional complications to the business. Learning to handle those additional customers, staffing levels and things like that, parking is still an important criteria."

But some food retailers are paring back on parking altogether. **G. Lamont Blackstone**, principal of Mount Vernon, NY-based **GL Blackstone & Associates, LLC**, worked on the development and leasing of Harlem's largest Pathmark store. After battling over the normal requirement of parking spaces versus the constraints of the development plot, Blackstone put in 2.3 cars per 1,000 people, lower than the industry standard of five per 1,000. "We are blessed that we live in a democracy, but sometimes there are inherent tensions between the vetting and the public input requirements, particularly as it relates to land use decisions of urban democracies versus the execution of requirements for urban developers and urban retailers," he said. "That's why it is critically important for developers from day one right out the gate that they put the best face forward on their projects in order to minimize the potential issues that will come down the pike."

And due the large expense parking garages can bring, **Larry Rose**, principal, **RK Realty Advisors**, explained that urban retailers must understand their demographics before making an investment. Where parking at Bronx Terminal Market averages at 20% utilization, more shoppers are filling up spaces at Sky View Center in Flushing, Queens, where more residents own a vehicle. "Even though the site is at the end of the 7 line, half the people are driving and are beyond where mass transit is," he said.

Peter Ripka, partner at **Ripco Real Estate**, a retail firm serving New York City, Long Island, New Jersey, Westchester County and Lower Connecticut, explained that all forms of transportation play into what makes a site successful or not. Using its Target-anchored Sayville-Patchogue shopping center as an example Ripka said the property is centrally located on a major Long Island thoroughfare, Sunrise Highway. "People can easily come from long distances to those shopping centers, and mass transportation does the same thing in the urban environment," he said. "People are able to come from a large area, and therefore, parking is not as necessary."

While public transportation has become the "lifeline" for projects to happen, urban consumers should have choices, said panel moderator **Ken Narva**, co-founder and managing partner of White Plains, NY-based **Street Works**. "If you provide 30 teaser parking spaces at grade, that can make a store successful," he said. "It is the same thing that on-street parking plays, which is the quality of the space, the sense of convenience and the sense of activity."

But overall, Narva said the future of CRE investment is urban. "We live in an experience culture, and downtown is an experience where people interact with each other, and that experience is very important and is not going away," he said. "As electronic retailing continues to grow, consumers still need to get out and interface with each other."

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Jacqueline Hlavenka *Jacqueline Hlavenka, Northeast Region Reporter for GlobeSt.com and Real Estate Forum, is responsible for coverage of news and information pertaining to commercial real estate in New York City. Prior to joining ALM, she served as a municipal beat reporter for Greater Media Newspapers in central New Jersey. Her work has also been published in The Asbury Park Press, The Village Voice, Interior Design Magazine and Condé Nast's Cookie Magazine. [Contact Jacqueline Hlavenka.](#)*

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