

## Retail Development Branches Out in Connecticut

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*In Old Saybrook, Conn., the newly constructed Max's Place is anchored by Kohl's and Big Y, which occupy more than 100,000 square feet at the 127,000-square-foot center.*



Jason Wuchiski, RHYS

Large-scale new retail development in Connecticut has historically been relegated to super-regional markets or traditional retail nodes — north of Fairfield County, for the most part. It's really a simple formula: strong national and regional retailers typically want to be surrounded by dynamic retail synergy, and if there's a great enough demand for a specific market, developers jump on the opportunity to capitalize. It's happened in Manchester/South Windsor, it's happened in Milford and it's happened in Danbury. From time to time we see pockets of development in less traditional markets but overall, developers stick to "less risky" markets where demand is imminent and the municipalities are of the pro-development variety.

Recently, though, larger-scale developments in smaller towns are starting to appear more frequently and retailers and brokers seem to be slowly embracing the emerging trend. Are we running out of developable land in the super regional markets? I don't think this is the case. I think developers are recognizing that well-placed, large-scale retail projects in smaller towns are garnering significant interest from national brands of all sizes. Developers have had

success getting the ever-important anchors to these sites, and that is more than half the battle. -Smaller-format retailers follow in nicely. The formula remains the same but the geography changes.

For example, Max's Place is a newly built 127,000-square-foot shopping center in Old Saybrook, Conn., directly off exit 66 on I-95. Kohl's and Big Y anchor the project, taking up more than 100,000 square feet, with smaller retailers such as Ulta, Pet Valu, Supercuts and Five Guys filling out the two out-parcels. I'm sure Lyman Development would tell you that this project did not just magically appear one day. Ron Lyman was in and out of town hall for years, trying to obtain the necessary approvals. Lyman was planning something that Old Saybrook isn't exactly used to. In cases like this, it's not simply the retail demand that the developer has to account for, but it's the municipalities and the restrictions they will put in place as conditions to obtain project approvals. The hard work has paid off: Max's Place is open and its retailers are performing well.

Another good example would be the 140,000-square-foot Guilford Commons in Guilford, Conn. Much like Old Saybrook, Guilford is a small, coastal Connecticut town that isn't used to this sort of project. Demonstrating high demand in a small town, DDR Corp. has its approvals and has three anchors lined up and is also at lease with other mid-size and smaller national brands. DDR is expected to deliver space to retailers in late 2015.

In Cheshire, Conn., WS Development has been pre-leasing The Outlets at Cheshire for some time now and is finding success. This 480,000-square-foot shopping center will feature mostly outlet format retailers. The center's location in the middle of the state means it is likely to draw shoppers from the entire state. Regardless of its more destination-driven patron, this is yet another example of a large-scale development in small-town Connecticut.

For the most part, these smaller towns where development is occurring have 1 million square feet of retail GLA or less compared to the super-regional markets that typically boast over 5 million square feet of retail GLA and in some cases as much as 8 million square feet. It's far less risky for a retailer to set up shop in these larger markets for obvious reasons.

Make no mistake, the national brands are extremely sophisticated groups who don't decide on new locations easily. So how did Lyman Development, DDR and WS Development attract these retailers to their small town developments? Besides having top-notch leasing representatives, the geography of each project is ideally located off major roadways making its access very easy to surrounding trade areas. No national brand would ever make a deal in Guilford if they thought it would only trade from Guilford and Guilford alone. The ease of access to Guilford Commons opens up the trade area significantly. Convenience is typically the fastest way to success in the world of retail.

This trend toward exploring smaller markets also speaks to the health of the economy; I don't think any of these developments would have been started in 2009 or 2010, although developers may have been laying the groundwork with municipalities as they began to think outside the box of major markets.

— *By Jason Wuchiski, Senior Vice President & Principal, RHYS. This article first appeared in the November/December 2014 issue of Northeast Real Estate Business magazine.*

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