

GLBA DEVELOPMENT BULLETIN

Announcements to the Urban Development Community from G. L. Blackstone & Associates LLC

2nd Quarter 2011

A Small Store for Big Impact...

The past couple years have brought the downsizing of everything from loss-ridden 401(k) retirement plans to “201(k)s,” the downsizing of government travel budgets for attending important conferences to just logging on to industry webinars and, most important, the downsizing of development pipelines from waves of tax-generating activity to minor ripples. In this context, downsizing is bad and should be replaced with growth as soon as possible. This year also brings reports of the downsizing of major chain stores. But that offers a positive development for central business districts and inner-city retail corridors looking to attract traffic generators and destination uses to revitalize downtowns and underserved neighborhoods. In the news recently with announcements of smaller store formats are retailing category captains such as Walmart, Target, Staples and Best Buy. After decades of continuous progression of increases in store footprints, these and other retailers are rethinking the rules of the road as they apply to penetrating urban markets.



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However, public officials, economic developers and property owners should not forget that one powerful retail format has been operating for some time with a footprint smaller than the giants of big box retailing, i.e., the chain drug store. With modern, freestanding layouts over 14,000 square feet, drug stores can locate on sites as small as one to one and one-half acres at strong intersections. However, they are also increasingly relying on smaller urban footprints of 8,000 to 10,000 square feet without drive-through and onsite parking requirements in order to service dense urban environments with heavy pedestrian traffic. Although the benefits of supermarkets as downtown and neighborhood anchors are demonstrable, the size formats of drug stores allow them to go where full-service grocers typically can't, yet their size can accommodate a store that often will be one of the largest formats in a retail district. And drug stores sometimes are great replacement uses for older supermarkets decimated by competition from nearby grocery superstores. An example is that Mt. Vernon, NY has seen the redevelopment of an old supermarket into a new drug store and green grocer.

Modern pharmacies also serve a convenience retail function. The leading operators offer consumers essential items such as prescriptions, health and beauty aids, and a limited array of grocery items at pricing reflective of the scale economies of a major buyer. And since the year 2011 also marks the first wave of baby boomers turning 65, this retail category has a unique role in keeping boomers healthy as they head into retirement. Whether it's encouraging consumers to stick with the medicinal regimen prescribed by their doctors or keeping patients out of hospitals for minor ailments by providing in-store medical care through nurse practitioners, chain drug stores offer baby boomers and their grandchildren a marketplace for addressing many daily and weekly needs.

GLBA is assisting a major developer of drug store properties in its efforts to develop and redevelop sites in urban and suburban markets along the Eastern Seaboard. To vet a site for its development possibilities, contact us at (914) 656-6378.

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Turning Brown to Green...

GLBA is part of a multi-firm consulting team hired under a grant funded by the State of New York to evaluate redevelopment possibilities for a 150-acre area in Newburgh, NY. After conducting a public participation meeting designed to solicit community visions for the area, plans are in motion for a second public meeting. The industrially-zoned area (which is seeking a state Brownfields Opportunity Area designation) is strategically located near the nexus of two interstate highways (I-84/I-87). Located in the Hudson Valley Region, an area known as the genesis of multi-state warehouse distribution in the State, efforts are underway to determine the most likely development scenarios to arouse the interest of commercial developers and users including - potentially - operators in the renewable energy and waste remediation sectors.

ICSC: Connecting the Public Sector to America's Generators of Sale Tax Revenues...

On March 3, 2011, ICSC's New Jersey Alliance Program committee held a "Big Box Summit" before a packed audience of retail real estate industry and public sector professionals. Organized under the leadership of Taneshia Nash Laird of the Trenton Downtown Association and Marta Person Villa of Square Foot, LLC, the conference continued the successful track record of Alliance Programs in New Jersey and other states. The event featured discussions with site professionals representing major retailers such as Bed Bath and Beyond, Life Time Fitness and Wakefern Food Corporation. Reportedly, the attending mayor of one of the state's cities was able to make two supermarket operator connections in his effort to attract a grocer to his community. The program was held in partnership with the New Jersey Urban Mayors Association. Also, May 22nd to 25th will mark the reconvening of RECon, the shopping center industry's annual conference and exhibit in Las Vegas, NV. Elected officials and economic developers will not want to miss this opportunity to promote their communities and development sites to retailers and developers. For registration information, visit www.icsc.org. And be sure to stop by the booth GLBA shares with DLC Management Corp. at S - 2235 22nd Avenue & R Street in the Upper South Hall to discuss any potential urban retail development sites you may have. For appointments, email Lamont Blackstone at urbancorerealty@aol.com.

The Freedom of Energy Deregulation...

The notion of free markets and competition is intrinsic to our expectation of how the American economy works. Rarely, if ever, does a single office building, multifamily property or shopping center command such market power that it leaves commercial or residential tenants shackled with no alternative except to rent from that one landlord. Just as the tenants of commercial property owners have options to meet their business and residential space needs, so do building owners in the era of the deregulation of electricity and natural gas markets. However, many owners, as well as the commercial and residential tenants that occupy those buildings, are unaware of their freedom to purchase electricity and natural gas from vendors other than their local utility. Such arrangements will still rely upon the local utilities to deliver the energy to the user but substitute an open market of energy retailers or ESCOs to offer commercial and residential customers the efficiencies of a competitive market - just as deregulation of the telecommunications and airline industries have led to more competitive pricing and services. GLBA is now affiliated with a major energy retailer to assist office tenants, retailers and property owners with options for lowering and controlling their electricity and natural gas expenses. For more information, call (914) 656-6378.

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