

2024 ICSC RECAP



Fifteen attorneys from Benesch's Real Estate and Environmental Practice Group recently attended the annual ICSC LAS VEGAS convention held from May 19-21 in Las Vegas. The convention is the premier global gathering of shopping center industry professionals, and more than 35,000 people attended this year. During the convention, the Benesch team hosted approximately over 200 clients, colleagues and friends of the firm at our annual cocktail reception, which is the largest reception we have had the pleasure of hosting at ICSC to date. The Benesch attorneys in attendance had a very productive few days, meeting with dozens of clients, colleagues, and business acquaintances. While walking the convention floor and speaking with clients and friends, it was clear that everyone arrived to the convention with deal making in mind. By all accounts, brick and mortar retail is thriving in a way that it has not in several years. The Benesch team left with confirmed optimism.

For example, the retail sector has been steadily evolving to address the changing landscape, such as by continuing to incorporate more experiential concepts, while food and beverage remain strong. Further, bankruptcy announcements, such as the recent Red Lobster announcement, have not appeared to have the same impact on retail owners as they once did. With the current low availability of space, landlords are viewing unexpected vacancies of low-performing tenants as an opportunity, rather than a sign of a volatile market, with the chance to re-tenant those spaces with tenants with stronger financials. We note that the landlord-friendly changes in the market, including rising rental rates, have caused some landlords to hesitate in committing to longer-term leases and incorporating renewal terms into new deals. However, this does not appear to have slowed leasing activity down.

Additionally, capital remains available both on the debt and equity side. There are also a number of investors that have a strong appetite for retail acquisitions, but there has been some pricing dislocation

which has slowed transactional activity, due in part to lenders continuing to be conservative and cost of equity requiring higher returns. It appears, however, that the retail industry is moving toward acceptance of the current higher interest rates, although many continue to monitor Federal Reserve discussions and voiced concerns about the current volatility surrounding interest rate fluctuations due to speculation regarding interest rate cuts tied to the upcoming presidential election.

In summary, we walked away with a sense of optimism regarding the continued stability and growth of the brick and mortar retail sector, with sustained high rents due to low vacancy and continued high construction costs.

Benesch works with clients on retail real estate acquisitions, dispositions, recapitalizations (debt and equity), leasing matters, and development and redevelopment projects that they are pursuing.



To speak with someone further about Benesch's Real Estate capabilities, please contact:

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