

The Future of Bricks and Mortar Retail and Regency Centers

**By
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Mr. Hap Stein, Chairman and CEO of Regency Centers -- an S&P 500 company, -- presented on the future of retail real estate. His main points fell along 3 main themes.

First, is the ubiquity of *change*. With the travails of familiar corporate names such as Sears, change is apparent. Some business disrupters such as e-commerce and technology have accelerated disruptions.

Second, however, *the more things change the more they stay the same*. In reality, in almost all segments more stores and restaurants are opening than closing. And even online paragons such as Amazon seek a physical presence (e.g. the purchase of Whole Foods).

- There is a growing imbalance, in that successful retailers with healthy financials are separating from struggling ones.
 - Bankruptcies and store rationalizations should continue, correcting the excess retail supply in the U.S.

Third, is *optimism* about brick and mortar retail. Many shoppers still look for a physical space in which to interact with brands and with each other. Successful retailers will offer quality merchandise, good value, attentive service, and an enjoyable/novel experience.

- Most important for success is likely to be *capital* that's available to spend. Capital/ free cash flow is necessary to be able to quickly evolve in response to disrupters such as new technologies.

Looking ahead, more variety will define the future of retail real estate as emerging technologies, creative retail models, innovative food service offerings, entertainment, as well as non-traditional uses like healthcare and fitness, and residential and office components will join traditional retailers and restaurants who know how to stay relevant.

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