

Neighborhood Centers Provide Protection From The Internet

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CHICAGO—E-commerce may have hit many retailers hard, but smaller, service-oriented centers continue drawing in tenants and investors.



4600 N. Harlem Ave. in Harwood Heights, IL.

CHICAGO, LAS VEGAS—**ICSC's RECon** event began yesterday in Las Vegas, and even though the challenge presented by internet sales is on the minds of many, there is also a lot of confidence.

"I think the mood here is upbeat," **Marc Blum**, president of Skokie, IL-based **Next Realty, LLC**, tells GlobeSt.com. "It's very similar to last year. People are not talking doom and gloom at all."

One of the methods that Next uses to insulate itself against the internet challenge is a focus on neighborhood malls. These smaller properties typically rent out spaces to service providers that don't have to worry about internet competition.

"The internet is not going to replace the nail salon," Blum says.

The company has just completed, for example, the sale of 4600 Plaza, a 31,900-square-foot neighborhood shopping center at 4600 N. Harlem Ave. in Harwood Heights, IL, about 12 miles northwest of downtown Chicago. Next acquired the center in February 2015. Financial terms of the sale to a private investor were not disclosed.

"The property was tired and needed an upgrade," Blum says. During the hold period, Next completed an upgrade to the physical premises, improved the tenant mix through leasing efforts and increased rental rates.

"We have focused on neighborhood centers for a long time," Blum says. That experience helped the company recognize that this was a superior infill location. It is in a densely-populated area along a major retail corridor that has an average daily traffic count of 35,500 vehicles per day.

Developed in 1988, the L-shaped, single story center features spaces for 18 retailers. In February, 2015, when Next purchased the center, 4600 Plaza was approximately 95% leased. At the time of disposition, Next had increased the occupancy to 100%. Tenants currently include Mattress Firm, Once Upon a Child, Wing Stop and Plato's Closet, among others.

The seller and the purchaser were represented by Danny Spitz and Greg Dietz, both managing directors with Baum Realty in Chicago, in an off-market transaction.