

1980: A year of challenge

Shopping centers see hope

By BARRY M. KLEIN

The year 1980 looms in the minds of most retailers and shopping center developers as, at best, a year of challenge.

In analyzing the sales volume performance of many retail stores in the metropolitan area shopping centers for 1979, we found that retailers by and large showed "slight" sales gains over 1978.

Although many retailers were buoyed by a last minute surge of Christmas sales for 1979, their overall December sales were generally slightly higher than those of 1978.

When inflation and rising leasehold costs such as utilities, mall maintenance and real estate taxes are taken into consideration, 1979 will be classified overall as a "flat" year for shopping centers and retailing.

The prognosis for 1980? Probably more of the same. As interest rates continue to climb and consumer credit continues to increase, all retailers are faced with marketing their goods to budget-minded consumers.

The unusually high amount of



Barry Klein is the vice president of shopping center development for Schostak Brothers & Co. Inc. of Southfield. He has been involved in the development, leasing and management of more than 35 shopping centers.

"sales" that were uncharacteristically prevalent in the 1979 Christmas season will likely continue through 1980.

Is there any good news? Yes, there is.

METROPOLITAN Detroit has always been an extremely strong market for retailing and shopping centers. There is still less shopping center space per capita in metropolitan Detroit than in many other urban markets in the United States.

Also, judging from the 1979 sales performance of such national chains as J.C. Penney, Sears, Montgomery Ward and many national chain specialty stores, metropolitan merchants did well by comparison.

Additionally, the critical gasoline situation should injure to the benefit of retailers in shopping centers because the consumer can accomplish more purchasing of goods by "one-stop" shopping.

Because of high interest rates, development of new shopping centers and retail properties has been some-

what blunted, thereby reducing the risks of additional competition for existing merchants.

Notwithstanding the "challenge to survive" presented by the 1980 economic climate, demand for existing retail space in established shopping centers for the metropolitan area remains excellent.

BY WAY OF illustration, our company is handling the leasing of a new shopping center located and Five Mile and Middlebelt in Livonia called "Mid-Five Center."

Anchored by A&P, Ace Hardware and Arbor Durgs, the developers are building an additional 22,000-square-foot of stores. All but 2,000-square-foot of these stores were committed within a 100-day period and approximately one-half of these stores are independent merchants.

In summary, 1980 will be a challenging year for shopping center retailers, but their ability to survive is greatly enhanced by very favorable marketing factors.

Recovery characterized by slow growth rate

(Continued from page 6)

deflator) is forecast to remain at the 1979 level of 8.9 percent for calendar 1980 as a whole. By year-end, however, we expect that inflation rates will have declined by about 4 percentage points from their 1979 and early 1980

levels. The combination of a real growth rate of negative .25 percent and an aggregate inflation rate of 8.9 percent produces a forecast increase in current dollar GNP of 8.6 percent to a level of \$2,571 billion. This compares to the \$2,366 billion now esti-

mated for 1979.

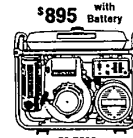
"Personal income is forecast to grow by 9.7 percent in 1980, compared to the 11.8 percent growth rate now estimated for the current year. A similar movement is forecast for

disposable income. Real disposable income, however, is forecast to remain virtually unchanged for calendar 1980 as opposed to an increase of 2 percent now expected for 1979. We note also that the forecast contains a slight fall in farm income for 1980.

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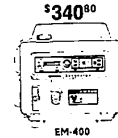
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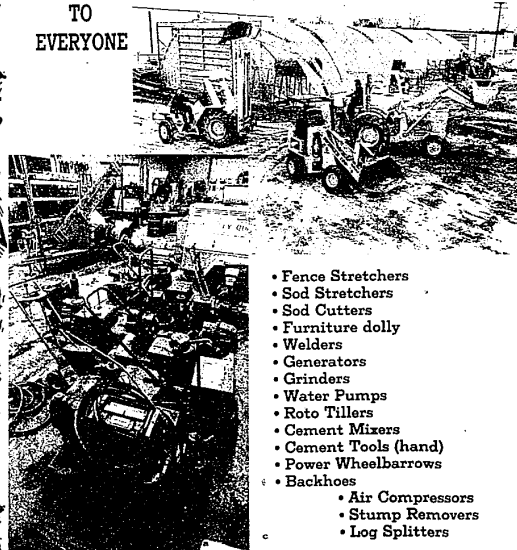
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