

BREAKING GROUND

Federal Realty crafting plans for CocoWalk, Shops at Sunset Place

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Federal Realty Investment Trust made a splash this year by acquiring two of Miami-Dade County's most prominent open-air retail centers – CocoWalk in Miami's Coconut Grove and the Shops at Sunset Place in South Miami – but the real headlines could be about what happens next at the properties.

Dawn Becker, executive VP and COO of the Rockville, Maryland-based company (NYSE: FRT), recently visited Miami to check out the properties it acquired in partnership with local firms Grass River Partners and Comras Co.

What about the South Florida market prompted Federal Realty to make such big investments here? Federal Realty has been focused in the primary Northeast/Mid-Atlantic corridor from New York to Washington, D.C., and also Southern California. And we've looked for what are the other markets in the country that are very much like those markets, with good household incomes and high barriers to entry. South Florida and Miami attracted our attention. They had dynamics that bode well for retail.



FILE PHOTO
Shops at Sunset Place in South Miami

Why did you bring local partners into the deal, and is that typical of what the company does?[No], but what we know well from our 50-plus years of history is real estate is a local business. In those other markets, we have local offices and we understand them. Given the size of the local investments and size of the assets we bought, there's no way to do that without expertise in the local market – and we were lucky to partner with Comras and the Grass River team.

What are your plans to redesign CocoWalk and bring the occupancy up? They are still in process. We are coming closer to having a plan that we think will work. We're spending our time as we work with Comras and Grass River as we see what are the demands for retail. If we can pull off what we want, we can make CocoWalk a central part of the Grove and more of a community partner than it is today. There are certainly some physical changes we are talking about. It's a tough physical configuration as it stands today We are hoping to take some shots with pop-up tenants. It's all part of our testing game. That's part of the process. It's a no harm, no foul for both sides. If things work, they can be longer-term tenants. Having more tenants at a property makes the property feel more active, more alive.

What changes are you considering at Shops of Sunset Place? We aren't quite as far along [there]. We are taking this in stages now. We did painting, new landscaping and we put new lighting on Sunset Drive. We are evaluating the larger physical changes we may be able to accomplish. We've been spending time on due diligence. We are going to need a good 12 months or more to really have some truly clear vision of what's possible at the property. It's a complicated one. One of the things we do extremely well is research and understanding what the neighborhood wants. What does this property want to be? Then you figure out how to bring that in We brought in [high-end home furnishing company] Frontgate. They wanted to test the Florida market with their first store in Florida. That will give us an idea what kind of retail will work at Shops at Sunset on a long-term basis.

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