

REAL ESTATE WEEKLY

Retail REIT targeting New York market

By Konrad Putzier – December 11, 2013

After two years of downsizing, Cedar Realty Trust is back among the buyers. And the shopping-center REIT has big plans in Greater New York.



BRUCE SCHANZER

Last month, Cedar Realty bought a shopping center in Fairfield County, Connecticut, for \$34.5 million. It was the first acquisition since CEO Bruce Schanzer took over in 2011.

“When I joined Cedar Realty Trust in June 2011, the company had the worst performance of any shopping center REIT in the U.S.,” Schanzer recalled. The REIT was highly leveraged and has its properties spread out from Michigan over Pennsylvania to New York.



Cedar just bought the Big Y shopping center.

In order to bring Cedar Realty back on track, Schanzer started selling lower-quality shopping centers, bringing the number of assets down from about 140 to 68. He insists the selling-off was not just about reducing the debt load, but also about refocusing the company’s strategy.

Rather than own assets across the Northeastern U.S., Cedar Realty started to focus on higher-quality, grocery-anchored shopping centers near the coast between Washington D.C. and Boston.

“Now that we have cleaned up the balance sheet and have a company that’s much more focused on a single shopping-center type and a concentrated geographic footprint, it’s the right time to shift from defense to offense,” said Schanzer.

He added that the REIT will buy shopping centers in the metropolitan markets, of Washington D.C., Philadelphia, New York and Boston, while continuing to load off lower-quality assets further inland.

The newly purchased shopping center in Fairfield County, near Bethel, is symptomatic of this new strategy. Anchored by a Big Y supermarket, it is 100 percent leased and sports several national and regional tenants.

Schanzer said he is optimistic about the market for shopping centers in Greater New York, where the REIT already owns several centers in New Jersey, Connecticut and Long Island. "What we're seeing right now is that there's a reasonable amount of economic growth, and a dearth of new supply," he said, adding that this would continue to drive up demand for shopping centers around the Big Apple.