

Recovery and Opportunity



FLOCKE & AVOYER
Commercial Real Estate

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What a difference a year makes. As we eye the fourth quarter 2021 of what has been a largely positive, albeit “choppy” 2021, I often reflect on where we were at this point in what we can all agree was a miserable 2020. While we are still in the middle of a global pandemic that can’t go away quick enough, the conversations surrounding both our personal and professional lives have shifted dramatically in the last 12 months. The vaccine debate, kids returning to school, ongoing political rhetoric and the disappointing end to what was once such a promising season for my beloved Padres, have replaced much scarier and, at times, stunning discussions revolving around forced governmental shutdowns, PPP inefficiencies and unemployment.

In our business of leasing and selling shopping centers, representing expanding retail and restaurant businesses, and advising our clients as to how to react to an ever-changing retail environment, the focus is back to being on the future as opposed to the present. Yes, there are still COVID issues that landlords and tenants alike will have to deal with, but the outlook is certainly much brighter headed into 2022.



A year ago we were all focused on survival. Today we can start to focus on opportunity.

Much of our time and energy in today’s environment revolves around developing strategies to best allow our clients to thrive during a time of recovery. While assisting specific retail tenants with rent deferrals or lease restructures in an effort to maximize occupancy and cash flow is definitely still necessary in specific instances, our focus today is back to doing what we do best. Namely, finding the best merchandising mix and economic terms for our landlords, the best real estate for our tenants and developers and the perfect fit for the portfolios of our investors.

“Through mid-May of 2021, nearly 2,300 new businesses have applied for a license putting San Diego on pace to tie or break 2020’s record number of applications”
- NBC San Diego

Yes, there was a lot of pain felt by tenants and landlords alike since March of 2020. But for every failure, I can think of several more success stories. Retailers large and small adapted. Whether it

was through ecommerce, a shift in merchandising or margaritas to go, we saw the very best in the entrepreneurial spirit. While it was not fun to experience, it was amazing to watch and I am very proud of the way we responded as a society.

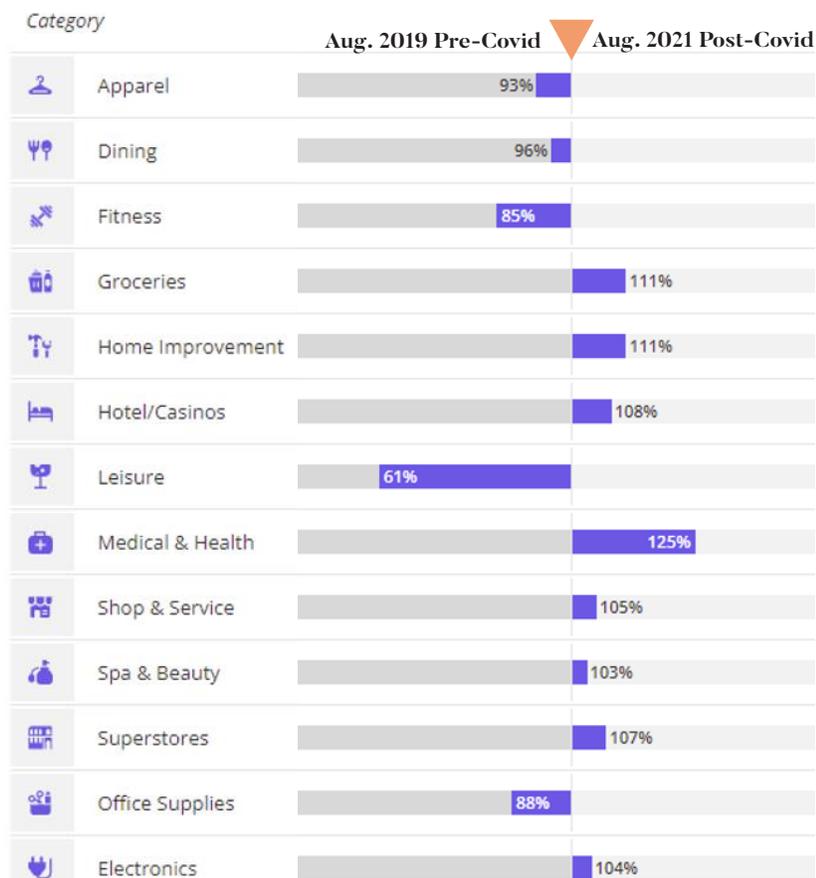
Questions remain as to what the future holds for experiential businesses such as movie theaters, fitness centers, sit down restaurants and other retail experiences centered around jamming as many people as possible into as small a space as possible. It will be interesting to see how much consumer habits have been permanently altered.

I've heard many people say much of the transition in shopping was already underway due to advances in technology and the pandemic simply sped up the process. However, many of those same people also named a seemingly endless number of retail businesses that would not survive the turmoil of 2020. Today, the overwhelming majority of those retailers are not only still standing, but are better positioned now than they were in 2019.

We are still in stormy seas, but I see land in sight. Keep your head down and your chin up. Strength comes from pain. Growth comes from adversity. We have all had plenty of both.

Retail Chain Foot Traffic Recovery has Reached Above Pre-Covid Levels in Most Categories

Aug. 2019 compared to Aug. 2021 | San Diego County



Retail Chains Foot Traffic Recovery compares visits to retail chain venues during the specified timeframe with visits during the equivalent pre-COVID timeframe.