

Strip Centers Are Turning to Nonretail Tenants

A bid to counteract high vacancy rates in Suffolk.

By CAROLE PAQUETTE

IN attempting to stave off high vacancy rates, strip shopping centers in Suffolk County, which proliferate along its most traveled roads, are changing their appearance. Many of the strips, which average 15,000 square feet, have had to look for nonretail tenants to survive.

The strip centers make up nearly two-thirds of the 804 shopping centers in Suffolk County that are outside downtown business districts. Aside from the strips, there are four regional malls and 319 large shopping centers with anchor stores that range from 20,000 square feet to so-called big-box stores of more than 100,000 square feet.

The advent of large discount stores that sell a variety of items and the fact that more people are buying merchandise on the Internet have led many local retail shops to close. In turn, many of the strips traditionally containing local retailers like delicatessens and video and stationery stores have evolved into centers occupied in part by such businesses as dance studios, medical services and lawyers.

"Originally, the strips had been created by their owners with a certain synergy so the stores enhanced each other's business," said Ronald Kleinberg, a principal with Dale Staudigel in Tri-State Properties, a Melville-based commercial real estate broker specializing in the sale of investment properties. "Today, those strips are bringing in more service-oriented tenants in order to keep their stores occupied."

Alan Yaffe, a principal at Triangle Properties, a Melville-based real estate investment firm that owns 10 strip shopping centers in Nassau and Suffolk, added:

"Depending on the size of the center, there are only a handful of tenants you could fill it with. Our centers have evolved more to a service-type center with dance and



Ronald Kleinberg and Dale Staudigel, principals in Tri-State Properties, at a center on Route 110 in Melville.

cause nonretail doesn't create a lot of traffic."

Mr. Kleinberg added: "Retail establishments don't like the gyms because they use up the parking spaces. And, karate and dance studios don't usually get going until after school."

Strip centers are defined by planners as those averaging 15,000 square feet — but can range up to 30,000 square feet — with 4 to 10 attached similar-size stores. There is minimal parking and no anchor store. By comparison, a neighborhood shopping center, which ranges from 15,000 to 100,000 square feet, includes an anchor and ample parking.

BOTH kinds of shopping areas general-

Because of the size restrictions, strip center owners had to be more creative in keeping their stores occupied in the face of the high vacancy rates — attributed to overbuilding — that affected Suffolk's shopping centers in 1996.

While the larger centers could merge adjacent stores to form bigger spaces to accommodate national chain tenants, strip centers had to look beyond their traditional local retail shops to nonretail businesses to lower their vacancy rates.

Both solutions appear to be working. By 2001, vacancies in strip centers had decreased to 10 percent from 17 percent in 1996, and neighborhood center vacancies to 13 percent from 19 percent, according to a report published last year by the Planning

sprawl of the 1950's."

In 1960, there were 1.3 million people in Nassau, and there are about the same number today, Mr. Fedelem said. However, he added, in 1960, Suffolk had 667,000 people, "a number which, since, has more than doubled." By 1996, Suffolk had 481 strip and 229 neighborhood shopping centers, while Nassau had 143 strips and 199 neighborhood shopping centers.

While both counties serve approximately the same number of people, most of Nassau's strips have been absorbed into its established downtown business districts, Mr. Fedelem said.

Michael Sawka, a Garden City real estate investor, owns two strip centers, both of which are in Nassau downtowns. A 50-year-

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