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Wilder Cos.' Thomas Wilder

By Ian Ritter

LAS VEGAS-The Boston-based Wilder Cos. were busy here last week at the International Council of Shopping Centers' Spring Convention. The firm had just purchased a portfolio of 10 centers in New England from the Flatley Co. for about $500 million. The company marketed this portfolio to retailers at the event, which doubled in size to two-million sf and had a record attendance of about 50,000 people. Thomas Wilder, a principal of the firm took time from his schedule to discuss changes at the convention and the new acquisition.

GSR: How has the expanded convention changed how you've done business this year?

Wilder: It wasn't a dramatic change because it's in our backyard and was a well-established portfolio. It's also a very stable portfolio, but there's an opportunity to enhance value. We manage 25 centers in New England, so from a management point of view, it was really seamless in terms of the transition.

A lot of our properties are large enough where we've had an on-site staff, so it wasn''t starting from zero. We''ve been working on the properties for close to two months, so we know where the opportunities are. We know who the retailers are that we want to target.

For this first trip to Las Vegas with these properties it was a very productive last couple of days. We got to meet the tenants and specifically talk about their properties and how they perform. Where we think there is value in this portfolio is to be very proactive with successful tenants and even some of the weaker tenants.

We'll work with the successful tenants to continue to enhance their sales and success. But also if there are weak tenants, look for opportunities to buy it back or re-merchandisethe contract; that's where we've made our specialty in terms of merchandising, creating those opportunities.

GSR: Did you find that you had more meetings?

Wilder: We had meetings every half an hour for the last two and a half days, so not really. A lot of the tenants are based in Boston. In the last two weeks we've had meetings with Shaw's, Stop & Shop, Home Depot, T.J. Maxx. Here you get 20 minutes, and with the way we're spread out, sometimes less time because people are having trouble making it to some of these appointments.

GSR: How did the expansion impact you?

Wilder: It didn''t really impact us, but it really impacted a lot of the retailers who were coming to see us. The comments that I heard were that it was a little more walking, but next year they'll group appointments by hall. They weren't quite aware if they were booking in the South Hall or the Central Hall. A couple retailers went back and forth three and four times and they ended up being a little bit late to some of the meetings.

GSR: But other than that, was it business as usual for you?

Wilder: It was a little bit more than that because we're bringing another 2.3 million sf of existing, plus we have another four million sf of developing. So I would say this is the most active we've been in years.

What's exciting is that we have great product. Usually there's a "C" center that you're trying to push, but all of the Flatley properties are great properties. All of the new stuff under development is also in very high demand.

GSR: What was the bidding process like to buy this portfolio?

Wilder: It was a package that was on the street, so we were in a group of 15 to 20 potential buyers that could handle that size of a transaction. There were a number of rounds. It was definitely aggressive pricing. We were competing with a lot of the national players, both private and public companies.

I think in the end we saw something a little bit different with a little more opportunity. On the surface they look like fairly stable, core assets with maybe not a lot of upside. But we saw these properties every day and the trends in the marketplace and we were able to attribute a little more value to some of the opportunities.

We have a real strong sense of the barriers to entry in these particular markets. There's a tremendous amount of value in owning these regional centers in some of these markets where it's very difficult to build in.

GSR: Are there any more sizable portfolios to buy?

Wilder: There are other portfolios. There''s another one on the market today that you'll hear about soon. I think somebody has it under contract. It's three different portfolios. One is a single-tenant portfolio with Stop & Shop. One is a grocery-anchored center portfolio. One is mostly neighborhood centers. I think there's one group now that has all three under contract.

But even that is very different from Flatley. What makes that portfolio unique is that they are regional centers. Even though we have grocery anchors in six of the centers, the co-tenants are regional, like Dick's Sporting Goods. With the exception of one of them, the other ones all have grocery stores as part of a regional center.

We have a mall which is 500,000 sf with a Stop & Shop, but there is also Sears, Lowe's, Dick's, DSW and TJ Maxx. You have the grocer driving the everyday traffic, but you also have the regional tenant.

GSR: Are you seeing more of a mixture of service and regional tenants that you weren''t seeing before?

Wilder: We do that. We like the everyday traffic of the grocery store mixed in with the regional draws. It's really a reflection of how people shop today. People are time poor. If you have a regional center, then you're able to have those people cross-shop between the grocery anchor and the power tenants. It's that much more potent.

GSR: Does it have anything to do with being in the New England area and not having very much land, so you have to group more different types of stores together?

Wilder: I don't think so. This is what has evolved from the malls. There are very few malls being built today. What's being built today are these open-air centers.

You may have a department store or two, but you bring in other power tenants, like Dick's, Michaels and Old Navy. It's a reflection of people's changing lifestyles and shopping patterns. They cross shop between the department stores, the power tenants and the specialty tenants.

What we're doing and what you see all across the country is more of a hybrid. You're able to offer that merchandise mix and the price-point mix to the customer. It reaches a very broad demographic. The days of four department-store malls are rare. There are really only a few markets today that will support that type of development.