

NOTE TO MEDIA: Joseph McKeska is available as a resource for your stories on supermarket real estate, as well as the retail real estate and supermarket industries in general. See press contacts at end.

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FOR IMMEDIATE RELEASE

**SUPERMARKET VETERAN: IS GROCERY-ANCHORED REAL ESTATE
STILL A ‘SAFE HARBOR’ FOR INVESTORS?**

--In column for Real Estate Forum, Joe McKeska of Elkhorn Real Estate Partners cites need for higher level of analysis in sector disturbed by Amazon and other players.

CHICAGO (9/6/17) – Shopping center landlords and other investors have long thought of the grocery sector as a “safe harbor” rooted in the reality that “everybody has to eat,” but the time has come to let go of this reassuring conception, writes Joe McKeska, President of [Elkhorn Real Estate Partners](#), in the July/August issue of [Real Estate Forum](#) magazine.

“For anyone who invests in grocery-anchored real estate—whether a publicly traded shopping center REIT, private development companies, or your local neurologist and a few of his tennis buddies—it is important to recognize that the calculus required to maximize returns and minimize risk has changed dramatically from the simpler times that prevailed in preceding decades,” McKeska writes.

The 25-year grocery veteran headed real estate operations for Southeastern Grocers, LLC and Supervalu, Inc. prior to forming Elkhorn. A division of Melville, N.Y.-based real estate firm [A&G Realty Partners](#), Elkhorn focuses on helping retailers and investors maximize their real estate portfolio performance in alignment with their broader business strategies.

In the Investors Corner column (“Grocery: A ‘Safe Harbor’ No More”), McKeska cites Amazon’s \$13.7 billion acquisition of Whole Foods as well as the accelerating consolidation and general disruption that has marked grocery for the past few years.

To adapt, he cautions, developers and investors need to be more thoughtful and analytical about the types and nature of the grocery stores in their portfolios. “If picking winners in this sector used to be relatively easy—by, for example, closely watching financial strength and performance and new store growth and merger and acquisition trends—those days are gone,” McKeska writes.

In particular, he advises, investors should pay close attention to the ways in which different chains respond to these pressures. Importantly, many of the large, publicly traded chains in the United States are not spending less capital overall—they are simply spending less on net new store growth and focusing more on things such as cultivating ecommerce and digital capabilities or remodeling existing stores.

Longer term, the grocery-anchored sector is likely to confront many other changes, including so-called voice-activated and push-button retail; the rise of services such as Instacart or Blue Apron; and the continued proliferation of specialty channels, including hard discount, ethnic, and natural/organic, the advisor notes in the column.

“To keep pace with these tumultuous times, it is important for developers and investors to understand the market at multiple levels—macro, micro and everything in between,” McKeska writes. “They need to ramp up their overall level of analysis to make the right decisions about whether to buy, sell or hold.”

The goal should be to develop an integrated, data-driven pathway toward maximizing the value of all real estate assets and leases in the portfolio, he counsels, adding that strategic portfolio reviews need to happen much more frequently. “Armed with deeper insights from the use of ‘big data,’ forward-thinking developers and investors can have more confidence as they seek to determine when and how to respond to

the rapid changes taking place,” he concludes. “This entails marrying well defined strategy with grocery market and trade area dynamics and the possibilities and limitations that exist relative to any individual real estate asset, whether involving value-add, redevelopment, acquisition, or disposition opportunities.”

To read the full article, go to: http://www.reforum-digital.com/reforum/jul_aug_2017?pg=1#pg1

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