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Director Of Operations:
Albert M. Cerone
Regional Realty Associates:
Dan Warthen, Jr.
Jay Jurasek
Dave Kaytes
Peter R. Vidi
Louis A. Bonato
James Hanson
Associate Professionals:
Michael Cannon, P.E.
Bob McCook

CONSUMER BUYING HABITS & REAL ETATE

By
Albert M. Cerone, IFAS, FELLOW, CTA

Of Counsel:
Michael C. Paxton, Esq.

VISIONS OF THINGS TO COME-



Not the best news for a happy Labor Day weekend. Above are two malls in major metropolitan areas that have been closed. It's the trend already begun throughout the United States. It is estimated that there are between 1000 to 1,100 enclosed malls in the country as of 2014. However, there are about 47,000 shopping centers in the country. But let's stay with the enclosed malls, you remember, the place people could go to shop till you drop during any type of climatic occurrence. The place where you could find everything you could possibly want or need. They are great places to just get exercise during inclement weather and etc.

According to Cush and Wakefield there was a 50% decline in mall traffic between 2010 and 2013 and upcoming analyses will show an even greater percentage of mall traffic.

According to Howard, Davidowitz, chairman of Davidowitz & Associates, a nation retail-consulting and banking firm stated in an interview that about 15% of malls will be closed in the next 10 years. It appears that reference include all malls, interior and outside which according to the foregoing numbers could mean about 7,000 will be closed according to a survey by Green Street Advisors. Consider the economic impact on the supporting communities between greater travel distance to other facilities and of course of major concern the loss of more jobs. It is estimated that in order to put those people back to work will take 10 years. The consumers will also likely be paying higher taxes at various levels to compensate for the loss of revenue. **CON'T**

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Amerival

Tel. 732-286-3000

FAX 732-612-1400

Email & Web

myappraiser.amerival@ymail.com

<http://www.amerival.net>

CON'T- Making this even more disturbing is that the middle income level groups of our country will be hit the hardest and they are very much the employees which made those malls operate. Unemployment, welfare and other subsistence programs will be further taxed.

Macy's announced in mid August it will be closing 100 stores with JCPenny and Sears making similar statements on the heels of Macy's. Anchor stores will be hurt most because they relied very heavily on the mall traffic to reach their customers. The specialty stores will also suffer as they relied on that expensive location to sell out their products.

This affect was discussed in very recent editions of this newsletter as the writing was on the wall, so to speak: and this writer had to address it. As Americans we can't succumb to the ostrich syndrome because it doesn't stop the activity, it will still be there when we remove our heads from the hole.

Computers and social media are great inventions and it is unlikely there were many if any who thought this would be the result of these wonderful technological inventions and concepts. The Davidowitz firm said that "America has too many stores and more shut-downs are inevitable." And continue, "America has five times more square feet of shopping per person than any other country. We are so *overstored* it's ridiculous."

This week my wife and I were in Cape May for business and some pleasure. For those who know Cape May know it's a fun town on the ocean and offers many hotel accommodations, tons of restaurants and a fair number of specialty shopping stores, which we visited, yes, everyone. Remember I was with my wife. But everything is OK. I got a pretty good price for my car and the bus ride home was comfortable. Well, it was a plus, as I don't have enough room at home for what she bought and I can use the now vacant garage spot to store everything. She reminded me that she considered that in her shopping. Isn't she conscience?

THE EFFECT OF BREXIT ON U.S. HOUSING- One may find it difficult to perceive any affectation for simply one of our trading partners leaving the shell of economic existence. It's an interesting dilemma. Let's remember that the primary reason, ostensibly so, was the forced acceptance of virtually open borders throughout the EU. It's a matter of recognizing what is more important to a country, economic stability by being part of a larger economic base or being compelled to do as others tell you with regards to running and protecting your country. Britain made a choice which many believe was wrong. In my uneducated international affairs mind, I believe they did the right thing. On the heels of the terror that the world is experiencing one is easily driven to believe that "all lives matter"; which is to that the Brits responded by withdrawing from the EU. Economic security is certainly important but when you are near the top of those involved in the EU there is much less to lose; and, so, the withdrawal. A bit simplistic but it encompasses the primary concerns Britain faced.

Will it have an effect on our housing. Yes, any major move impacting so much of world economics, as previously stated here, we are now controlled by global economics, not simply "back yard economics". Our interest rates are not impacted yet, and may not be, depending on the trade with the parties to the EU and Great Britain that may change at any time in the future.

NJACTB- This week, I had the privilege of presenting a seminar on Highest and Best Use to the membership and other attendees at the annual NJACTB conference. I was fortunate to be accompanied by Peter R. Vidi and James M. Turteltaub, Esq. Peter is one of the most sought after real estate experts in the Washington DC, Maryland and Virginia areas, while Jim is a high profile trial attorney in North New Jersey specializing in real estate matters, i.e., tax appeals, land use and other real estate issues. Our 3 hour presentation was very well received by astute, attentive and cooperative attendees. I was asked by Marge Nuzzo to arrange for the seminar and she in her inimitable way did a fabulous job. The accommodations were well placed to allow for appreciation of that which Cape May has to offer. The facilities were excellent and the attentiveness of Marge and the others heading that association was incomparable. As presenters we received all that was needed; and, the association was generous to our needs and their appreciation they showed. They are a professional organization which runs successfully and financially sound and cuts no corners when it comes to those who present at their events. Overall, they made our stay seamless in the organizational assistance they provided, the attentiveness and their appreciation for our professional assistance. We would all do this again for them.