

Retail Bus Tour Ready to Expand Nationally

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Gary Broidis and Larry Brooks

In just 16 months, Gary Broidis and Larry Brooks have taken the Boca Raton-based Retail Bus Tour from a networking alternative for local real estate professionals to a growing multistate operation.

Following the success of tours in Miami-Dade, Broward and Palm Beach counties, company co-founders Broidis and Brooks realized the concept — in which more than 150 retailers, brokers and property owners pack multiple buses and tour most of the large shopping centers in a particular market — could be applied to most U.S. cities. The duo has since hired regional directors in several markets beyond the tri-county area and scheduled 2012 tours in Orlando, Tampa, Jacksonville, Atlanta and Tennessee. They envision similar tours running annually in Chicago, New York, Washington, D.C., and elsewhere.

The next bus tour is scheduled for March 8 in Miami-Dade County. The tour begins and ends at the new Marlins Stadium, which will give brokerage Terranova a chance to promote the retail space in three parking garages owned by the city of Miami at the site.

Broidis and Brooks spoke last week with the Daily Business Review about the upcoming Miami-Dade bus tour, the company's expansion plans and the state of the retail sector. The interview has been edited for length and clarity.

Why has the tour resonated with the retail community so strongly and expanded at such a rapid pace?

Larry Brooks: The bus tour started out as an idea Gary brought to me one night when we were discussing how we can really reinvent ourselves from a brokerage standpoint. Like so many people in the business, we're trying to find new ideas on how to stay in business and make money.

The idea has evolved into more than just "let's get some people together and talk about the market" to an actual event where we're bringing together the real important aspects of the market, which are the dealmakers, the tenants and product itself. The event has a casual atmosphere, where people are comfortable talking with each other and not in the three-minute snippet you'll find at most networking events. This is an environment where [participants] spend all day with each other and learn more about themselves and the people they work with. They build relationships. That's how you make money in any business.

Gary Broidis: We provide opportunities for everyone in attendance to get up, introduce themselves and talk about their wants, needs and haves. It creates a much closer relationship so when you and I talk about a deal, now there's a little more rapport we can have with each other. There's a tremendous amount of information people gather.

You go to other trade organization meetings, often there are two or three panelists talking about a specific subject matter. You don't walk away with a real understanding of the market. With the bus tour, in one day you are introduced to 150 retailers and broker/developers. You get to know the operating rates, incentives being offered. I don't know how many days or months it would take for someone to gather that type of information.

Brooks: On the tour, you get a snapshot of what's around the corner from a shopping center, what's down the block, who's walking around the parking lot. You get a snapshot of the market itself. It's so much more valuable than a two-sided color flyer that tells you what's going on from a demographic standpoint.

Broidis: Retailers also thrive on information, knowing what's available in the marketplace. Numerous retailers have attended the bus tour, including Bealls, Subway and Baptist Health [South

Florida], which is more of an alternative use for retail space on the market. Baptist has been very successful in securing deals, Subway has been very successful. Some of the banks have secured deals.

What are your long-term plans for the company, in terms of the program itself and national expansion?

Broidis: The basic outline of the tour is going to remain the same. However, from each tour we learn some new things. We form a committee for each tour made up of anywhere from five to eight people in the industry. We get an incredible amount of feedback.

In order to enable more effective networking, at certain points we will have people switch seats. If you're sitting next to the same person the whole day, it doesn't matter how interesting someone is. You're missing a lot.

On a separate note, we've had interest from a couple of investors who want to put capital into the business. Luckily, at this point in time we don't have interest.

With regards to expansion markets, so far there has not been anyone who said they want to run the program as a franchise. We have structured it in a manner where it is just as profitable for regional directors, if not more, and supporting them in many different areas.

Brooks: Locally, Gary and I have a presence in this market and know who to communicate with. For regional directors, we want to find people who are able to run the tour, promote themselves and build their own networking in the business. People entrenched in markets are the best resources in those markets.

It's about making sure the bus tour is the fun day that we created here. We want them to create that there. It's not about control; it's about maintaining the integrity of the event. With franchising you relinquish some of the control. We've found the success, so we don't want to mess with that. We want to duplicate it.

Why was Marlins Stadium the choice to kick off the Miami-Dade County tour?

Brooks: It's an ideal choice, not just because it is a cool place everyone wants to see. It's also a very apropos venue. The stadium has garages with about 30,000 square feet of retail, and the city is trying hard to find tenants. They have hired Terranova to handle leasing and are ready to move forward with a clear path of what they want to do. Now they want to present it to the market.

What other real estate sectors would work for a bus tour?

Brooks: We stick with what we know. If we move into other areas, it may be problematic for us.

The actual idea and value behind it could be turned into any business. You can tie it to other products. I'm just not sure there's an audience.

Broidis: NAIOP [a real estate trade organization focused on office and industrial properties] has been conducting tours of office properties. It's a little bit more rudimentary in terms of the information and networking that goes on.

With regards to the residential sector, there are numerous brokers throughout the country running foreclosure buses. That has ramped up quickly over the last few years. I don't believe there is much of a demand to do the hotel sector.

What's your take on the state of South Florida's retail sector?

Broidis: We are certainly not at the bottom, but we have a long way to go to get to where we were.

Frankly, I don't know if we will get back to those points again. It was like a perfect storm, with a lot of national retailers being steam-rolled by Wall Street. A lot of people were building space all over the place because banks were loaning 90 percent, 100 percent of project costs. When the economy hit the skids and the public didn't have money to spend in these stores, that's when we started having all these vacancies. Now we have this hourglass effect. The low-price leaders, the Wal-Marts, Targets, Ross Dress for Less, TJ Maxx — they're doing well. At the top of the hourglass is the high-end. Luxury retailers, they're doing incredibly well. What happens is you have a big squeeze in the middle. All those middle retailers, the mom-and-pops of the world, have struggled tremendously. That's where all the vacancies are. Now landlords are becoming a little more realistic. They are starting to drop [rent] prices and giving a little more in incentives.

Brooks: From a people standpoint, deals are definitely getting done. The market has heated up a little bit in relation to getting back to where we were. We never will get back [to pre-recession levels] but for good reasons. The last few years spooked landlords. They don't want to put themselves back in that position. I think more people are coming to a realistic level in the business and understand what needs to be done to get deals done.