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Efforts to boost Puerto Rican retail market under way

The recession has been hard on Puerto Rico's landlords and retailers as the island struggles with a \$3.2 billion budget deficit and rising unemployment, aggravated last year by the layoffs of 20,000 government workers. "The island's economy has been taking a beating during the past couple of years," said Fernando Toro, president of real estate services firm Property Concepts Commercial, who will speak about the challenges for retail expansion in Puerto Rico at today's ICSC Puerto Rico Idea Exchange.

"Factors such as higher than our normally high unemployment rate, the government's inability to put its house in financial order, and higher energy costs have weakened the consumer ability to continue its spending habits," said Toro. "On the other hand, the market did not experience retail overexpansion, so this has helped soften the blow. This is going to be a flat year."

Still, there is interest in investing in Puerto Rico's retail industry, where some retailers, including **J.C. Penney Co.**, say they get their highest sales per square foot. Also, at least two major new malls are earmarked for the Greater San Juan area, and retail chains that have arrived during the past two years, such as **Best Buy**, **Burlington Coat Factory**, **Ihop** and **Krispy Kreme**, continue to expand.

The island of nearly 4 million residents, a U.S. commonwealth, is part of ICSC's Latin America division, and this is reflected in a mix of U.S. and Latin American conference speakers, including mall consultant Mario Castro, and Alfredo Cohen, director of **Sambil Group**, one of Venezuela's main mall developers and operators. Sambil plans to open a **Sambil Mall** in Guaynabo, Puerto Rico. "The broker of the future needs to think outside the box and, in our case, outside the island," said one of the featured speakers, Arnaldo Oliveras Fernández, planning committee chairman for ICSC Puerto Rico and a collections specialist at **Developers Diversified Realty Corp.**, one of Puerto Rico's main mall operators.

At press time 225 people were registered for the meeting, of which 73 are from outside Puerto Rico. "ICSC wants to be more active in Puerto Rico with a series of programs and, more importantly, the industry will start to see a new ICSC there, one that speaks Spanish, too," said Jorge Lizán, ICSC's director of business development in charge of Latin America. This August, for instance, ICSC will hold its John T. Riordan Global School for Professional Development in San Juan and has plans to hold a Caribbean Conference next January, in lieu of the Puerto Rico Idea Exchange.