



October 2010

Local Website:  
[www.crew-sanantonio.org](http://www.crew-sanantonio.org)  
National Website:  
[www.crewnetwork.org](http://www.crewnetwork.org)

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[admin@crew-sanantonio.org](mailto:admin@crew-sanantonio.org)

## CREW-San Antonio

*proudly presents*

## A TEXAS UPDATE

**Institutional Equity & Private Equity with  
Susan Wallace, USAARealco  
&  
Rick Rodriguez with Magi Real Estate**

**Oak Hills Country Club**

**Tuesday, October 12, 2010**

**11:30 a.m. - 1:15 p.m.**

RSVP: Tracy Ballard at  
[admin@crew-sanantonio.org](mailto:admin@crew-sanantonio.org)  
or call 210-415-1300  
by noon on Friday, Oct. 8th  
Checks payable to "CREW-  
San Antonio" at the door

Members: \$25.00  
Non-Members: \$40.00  
**Seating is Limited, so RSVP Today!**  
All reservations are non-refundable unless  
cancellations are received within 48 hours

*Presented by: Padgett Stratemann & Co. LLP*

## 2010 Friends of CREW Spotlight



**Padgett Stratemann & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Padgett, Stratemann & Co., L.L.P. (PS&Co.) is one of Texas' largest, locally owned CPA and business advisory firms. In business since 1945, the firm is dedicated to professional excellence, integrity, and community service. Its experienced professionals provide a range of sophisticated accounting, audit, tax, and other business advisory services to publicly-traded and private companies.

PS&Co. understands the diverse needs of businesses and individuals, so the services extend far beyond just accounting, auditing, and tax. In addition to the traditional audit and tax services that PS&Co. can provide to the real estate industry, PS&Co. has resources to assist with entity selection, foreign real estate ownership, cost segregation studies, multi-state taxation, like-kind exchanges, and partnership taxation.

PS&Co. has two offices. The San Antonio office is located at 100 NE Loop 410, Suite 1100, in the One International Building. Our Austin office is located at 811 Barton Springs Road, Suite 550. Please contact Van Alston at (210) 828-6281 for your tax and accounting needs.

Visit the PS&Co. website at [www.padgett-cpa.com](http://www.padgett-cpa.com) for more information about our firm, services, and partners.



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**2010 Friends of CREW**

**DIRECTOR'S CORNER**

Kelli Maxwell  
DIRECTOR OF ADVERTISING



Thank you for your continued support of CREW. Even with the new challenges in the Real Estate Community, the membership continues to see the value in advertising and being a member of CREW. This unwavering support within our organization allows your advertising dollars to be spent efficiently and effectively.

The direct access to the entire membership allows sponsors to be linked into the heart of San Antonio's Real Estate Network.

In an effort to add value to the membership your Board has been hard at work delivering cutting edge information. We continue to provide new avenues through: Dine Arounds, Lunch and Learns and Tours. These have been amazing opportunities to get to know your fellow member, better learn your industry, or see from the inside some major developments in our city. These events are in addition to the events we all know and love, the monthly luncheon, new member breakfast, golf tournaments, and forum. These events listed as well as others are great opportunities to not only get involved and promote yourself among your peer, but promote your company.

In October we will open up to the membership the 2010 Friend of CREW advertising package. This package allows you to be spotlighted at a monthly meeting as the feature sponsor. This gives the sponsor visibility and also allows them to speak to let others know exactly what you can offer. You will also be highlighted throughout the year as one of our main sponsors at the luncheons, in the newsletters, and on the website. Giving you the exposure all year round.

Your support only allows the organization to grow and prosper to better serve the membership. I look forward to an outstanding 2011 year. With all of the chances to get involved I encourage each of you to use the support system of CREW San Antonio to assist you in getting to that next level.

If you have any question about the various advertising opportunities please contact me at [kelliwmaxwell@gmail.com](mailto:kelliwmaxwell@gmail.com), 979.219.1385, or we can chat at the various events. Thank you for your support.

## Congratulations to...

University of Texas at San Antonio Senior **Deborah Willson** is the recipient of the CREW San Antonio Real Estate Finance and Development Scholarship awarded September 28. Deborah, an Alamo City native, is majoring in Real Estate Finance and Development and plans to pursue her Master's degree in urban and regional planning. Past-President Jennifer Bailey presented the award at the UTSA Scholarship Reception.

## MEMBERS-ONLY REMINDER

*Register for your  
CREW BIZ Account and  
Create your Profile at  
[www.crewnetwork.org](http://www.crewnetwork.org)*

## Correction From Last Month

**Jennifer Millar, LEED AP**  
is now with  
**DIRTT Environmental Solutions**  
Tel: 210-860-4141  
[jmillar@dirtt.net](mailto:jmillar@dirtt.net)

**Interested in being a speaker at next year's  
CREW National Convention in Washington D.C.?**

**Submit your proposal!**

**Deadline is November 4, 2010.**

**See guidelines and details at:**

[http://www.crewnetwork.org/EVENTS/2011Convention/PROGRAM\\_SUBMISSION/index.php](http://www.crewnetwork.org/EVENTS/2011Convention/PROGRAM_SUBMISSION/index.php)

# CREW NEWS YOU CAN USE

## NEW FRONTIERS IN RETAIL



**By Barbara E. Champoux, Esq.**

Partner, Crowell & Moring L.L.P.  
NYCREW Network

*Barbara heads up the real estate team of her firm's Financial Services Practice Group. She has primarily concentrated her legal practice in a wide variety of commercial real estate transactions, as well as associated debt and equity financing, joint ventures, ownership structuring and reorganization, and work-outs and restructures. She has focused for many years on clients in the retail, lodging and leisure industries.*

**Retail** defines how we live, what we do for our health, safety and fun, and for many of us, our careers. Because it is such an integral part of our lives, and is so immediately impacted by Wall Street, Main Street and Cyberstreet, the retail industry is among the most volatile, fascinating and uniquely personal sectors of the economy. As described by Prudential Douglas Elliman's Retail Division Chairman, Faith Hope Consolo, retail is "close to people's hearts and constantly evolving and adapting to change."

Based on a survey of retail industry experts, there is cautious optimism about the industry and its recovery. Described below are several of the emerging trends in retail:

### 1. Back to Basics

- **Value** – The recent economic turmoil has forced most Americans to significantly reduce spending, and caused consumers to re-assess their budget priorities. Even the most upscale shoppers are hunting for bargains. Initially, this led to the expansion of deep discount stores. As consumers continued to insist on value in their bargain hunting, however, luxury retailers began taking their off-price operations out of the shadows and launching their most aggressive expansion plans in years - offering in their outlets many items currently available at their mainline stores, rather than just discontinued or outdated inventory. Both Saks and Nordstrom are expanding their outlet stores, and Saks is extensively re-branding existing mainline stores to Saks OFF 5th, its discount outlet store.
- **Inventory** – Retailers have learned to more effectively manage their inventory to meet consumer demand, both in terms of volume and in responding to changing consumer demands and preferences. Recognizing the multi-channel nature of today's consumers, more of their inventory is available via multiple channels (full-line stores, discount outlet, online and catalog).

### 2. Tech-Tail

- **Social Media** – Seeking more effective ways to use social media to grow sales, operators and retailers have developed customized online programs to drive traffic (both online and in stores and centers), build loyalty, integrate online and in-center experiences, track trends, develop targeted events, and solicit feedback. Looking beyond Facebook and Twitter, some retailers are also turning to emerging social network alternatives such as Foursquare, a geo-location-based network already being used by Starbucks, Pepsi, Tasti D Lite, Planet Hollywood and others, while others, like Developers Diversified, have launched their own social network.
- **Mobile Video** - By 2014, more than 500 million users will subscribe to a mobile video service. As most retailers pursue increasingly interactive campaigns to sell their products, integrating mobile video will enable them to engage potential customers wherever they are, in an environment which is not yet tainted or oversaturated.

### 3. Creativity

- **Pop-ups** – Pop-up stores are no longer simply seasonal or liquidation shops, increasingly being used by landlords to fight rising vacancies and diminishing rents, and by retailers to test markets and products. Strategic use of pop-ups can increase traffic and visibility, showcase space, boost sales, test new tenants, and lend an element of surprise and creativity to the shopping experience. Both landlords and tenants like the flexibility of pop-ups, and are developing more sophisticated ways to harness the phenomenon. For example, previously done online, "crowd sprouting," a mechanism by which progressive discounts are provided as more people tag an item for purchase, was recently tested on the "bricks and mortar" using a pop-up store.
- **New Specialty Categories** – The emergence of targeted retail specialties is also creating opportunities for retailers and landlords. Lingerie and maternity clothes (for professional women) are among those experiencing sales growth, resulting in the expansion by Bra Smyth, Intimacy and other lingerie retailers of both stand-alone stores, and their sections within the department stores.

## CREW NEWS YOU CAN USE, CONTINUED

- **Non-traditional Retail** – Operators are also being creative in seeking non-traditional, yet suitable, tenants, such as medical facilities, dance studios, day care, media outlets, educational and training facilities (e.g., cooking lessons, language courses, resume writing, etc.), and other professional service providers. In many instances, these kinds of tenants will agree to a 10-year lease, whereas the typical retailer signs a 5-year term, although the retailer will often accept a lower per square foot tenant improvement allowance. These alternative tenants also bring in potential new customers for the other tenants, and facilitate the landlord's integration into the surrounding community.
- **Adaptive Re-use** - Big-box and junior anchor vacancies remain a daunting problem, with the overall imbalance of supply and demand forcing operators to seek creative solutions for these empty spaces. Large empty buildings are being re-purposed for a broad range of uses, often more tailored to the local community. For example, movie theatres, military bases and big boxes have been converted to beauty salons, community marketplaces, life sciences centers and libraries.

### 4. It's a Small World

Declining market growth in the U.S. over the past few years, together with the influx of foreign retail chains (such as Zara and H&M), have prompted U.S. retailers to seek strategic expansion globally. Due to a dearth of capacity in the major urban concentrations, Canadian retailers are also actively exploring global growth opportunities. While many retailers, developers and investors consider the BRIC (Brazil, Russia, India & China) countries an integral part of their short-term international growth plan, others are attracted to smaller global markets in the Middle East, as well as other South American countries. Developed markets like Australia and Canada, have moved quickly into recovery, with a number of major mixed-use and other retail projects planned in Melbourne, Sydney and Toronto. It remains to be seen whether the fashions of some of the U.S. brands are sufficiently fashion-forward to successfully compete with European brands to succeed, however, U.S. retailers must better understand, respect and adapt to local cultural and style idiosyncrasies of such foreign markets.

### 5. Welcome to the Neighborhood

Retail growth is more locally driven now than before the recession, as consumers retrench, curb spending and nest in their neighborhoods. Today's lower rents and higher vacancies spell opportunities for knowledgeable local operators with adequate capital, solid concepts and local connections. Whether local or national, however, serving community needs has become paramount and leveraging local connections and expertise is critical. Consistent with that trend, operators are responding to increasing community emphasis on health and fitness in a variety of ways, including "going green," providing healthy eating options and conducting fitness activities appealing to the local community, such as "mall walking," skating rinks, bungee jumping, etc. Building on that trend, and in a further effort to differentiate their centers, many landlords are actively recruiting local restaurateurs, which have generally rebounded faster than other retailers. They both enhance community integration and add unique local flavor to a center.

### 5. Street Smart

Financial institutions, lenders and investors are finding the retail sector opportunistic and increasingly attractive, both in the United States and abroad. Top mall REITs and life insurance companies are aggressively pursuing new domestic and global retail opportunities. Diversified Realty, General Growth, Simon Property Group and Taubman Centers, among others, have invested heavily abroad, while Weingarten Realty Investors and Retail Opportunity Investments Corp. are among those who have acquired retail properties in the U.S. (primarily grocery-anchored shopping centers, seen as relatively recession-proof, particularly those with good operators in a stable market). Despite the challenges and continued trepidation facing CMBS financing, retail assets are emerging as one of the most attractive asset classes for CMBS originators and investors.

### 6. Regulation

The Financial Accounting Standards Board (FASB) and its international counterpart, The International Accounting Standards Board, are working on merging their respective accounting principles and standards. This merger is expected to result in a new set of standards enacted in 2013, which will significantly impact both landlords and tenants. Companies will be required to book their lease obligations as assets and liabilities on their balance sheets, removing the distinction between how leased and owned real property is treated for accounting purposes. As a result, among other things, more companies may buy their space, driving down the demand for leased space, and providing impetus to reduce term lengths.

Undoubtedly, the retail industry is still in recovery mode, vulnerable to periodic fluctuations in consumer confidence and government regulation. Nevertheless, the retail markets are increasingly opportunistic for savvy landlords, retailers, lenders and investors, who know their local markets (whether in the U.S. or abroad), understand underlying property fundamentals, are creative and adaptive, and are prepared to take some risk.

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Many thanks to the following retail industry leaders for their time, efforts, contributions and insights:

**Barbara A. Bees**, Vice President – Retail Operations, Redcliff Realty Management Inc. (Toronto CREW); **Melissa A. Breeden**, Senior Staff Attorney, Simon Property Group, Inc. (Indy CREW); **Faith Hope Consolo**, Chairman – Retail Leasing, Marketing & Sales Division, Prudential Douglas Elliman Real Estate (NYCREW Network/AREW); **Leslie Lundin**, Managing Partner, LBG Realty Advisors; **Anne S. Morash**, Vice President – Development, Primaris Retail REIT (Toronto CREW); **Lexi E. Moriarty**, Assistant Vice President, AEW Capital Management, L.P. (NEWIRE); and **Michael Niemira**, Vice President, Chief Economist & Director of Research, International Council of Shopping Centers, Inc. Among the other sources for this article are: Shopping Center Today (May 2010); ICSC, Retail Property Insights, Vol. 17, No. 1, 2010; Retail Traffic; Deloitte; The New York Times; The Wall Street Journal; and Market Watch.

**HERE ARE SOME  
REMINDERS OF THE  
SEPTEMBER  
LUNCHEON**



# COMING SOON:

**NOVEMBER 9, 2010**  
**MEMBER'S ONLY LUNCHEON**  
**Jodie Kirksey-HEB**

Elevated Tour of Alteza ~ Luncheon in the Grand Hyatt Ballroom

# MARK YOUR CALENDAR

**DECEMBER 14, 2010**  
**CREW Holiday Party & Awards Ceremony ~ Maggiano's**

**JANUARY 11, 2011**  
**Gordon Hartman - Morgan's Wonderland**

**FEBRUARY 8, 2011**  
**Economic Outlook with Ted Jones**

**MARCH 3, 2011**  
**2011 CREW Forum**  
**JW Marriott San Antonio Hill Country**

**LOOK UP MEMBERS  
IN THE DIRECTORY**  
[www.crew-sanantonio.org](http://www.crew-sanantonio.org)

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Tracy Ballard - Administrator - 210-415-1300

**GET INFORMATION  
READ NEWSLETTERS**  
[www.crew-sanantonio.org](http://www.crew-sanantonio.org)



## MISSION STATEMENT

CREW IS AN ORGANIZATION THAT PROMOTES WOMEN WHO ARE PROFESSIONALS IN THE COMMERCIAL REAL ESTATE INDUSTRY. OUR PURPOSE IS TO PROVIDE ADDITIONAL OPPORTUNITIES AND ADVANCEMENT FOR OUR MEMBERS THROUGH EDUCATION, NETWORKING, RECOGNITION AND LEADERSHIP.



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San Antonio, Texas 78280

### NETWORK NEWS

IS PRODUCED MONTHLY FOR  
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