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Battle over
short-term
rentals begins
anew in Fla.

Zac Anderson
USA TODAY NETWORK-Florida Capital Bureau

Vacation rental companies again are seeking to block Florida cities and counties from imposing local regulations on them, a move opposed by many property owners in parts of the state where short-term home rentals in single-family neighborhoods can be a noisy, disruptive nuisance.

The battle over short-term vacation rentals has become an annual tug of war in Tallahassee.

Top lawmakers are sympathetic to arguments advanced by the industry that such rentals are a vital engine for Florida’s tourism-driven economy, and also should be protected because of property rights concerns.

But efforts to limit local rental regulations have faced fierce opposition, particularly from beach towns that have seen a proliferation of large rental homes in recent years. Residents complain that living next to the rental homes is equivalent to living

See HOME RENTALS, Page 15A

Justices take school choice case
Supreme Court to hear about tax credit that helped religious schools. 25A



Nicklaus still active at almost 80
Golf legend uses gym regularly, plans to stay connected to tournaments. 1C

Transformation brings trauma for
some and big opportunities for others

Laura Layden Naples Daily News | USA TODAY NETWORK – FLORIDA

Retail apocalypse. ■ Those are the words often used to describe the closing of countless stores across the country over the past decade, especially by big chains. ■ But what does the trend with bricks-and-mortar stores really mean? And how does that translate in Southwest Florida?

■ The region has lost its share of stores and retailers, just as the nation has waved some good-bye forever. Some of the retailers that have disappeared in the past decade — locally and nationally? Toys R Us, Sports Authority and Payless Shoesource. See SHOPPING, Page 4A

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Retail renewal

Shopping

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Remember Orchard Supply Hardware? It’s gone too, not just in Southwest Florida, but everywhere. How about Dress Barn? Stores closed permanently last year, including one in Estero at Miromar Outlets in August.

Other large chains have gone belly up or drastically reduced their footprint, closing thousands of stores here and across the country.

Sears shuttered its Naples store at the Coastland Center mall in November 2018, and its store at Edison Mall in Fort Myers will soon go dark. Why? The merchant said it’s faced “a difficult retail environment and other challenges.”

Closer to home, Fort Myers-based Chico’s FAS, a national women’s retailer, announced a “retail fleet optimization plan” a little over a year ago that will shutter 250 of its stores across the country by 2022.

Pier 1 Imports and Macy’s are some of the latest retailers to announce plans for closures. It appears their locations in Southwest Florida will be spared — for now — seen as a good sign for this market.

Some retailers are shutting stores in Southwest Florida to change locations, such as Chico’s FAS, which will relocate its Chico’s, White House Black Market and Soma boutiques from Bell Tower Shops to Daniels Parkway in Fort Myers, at the end of the month.

“We look forward to joining the other great retailers in the plaza and welcoming our customers to our new location, while delivering the most amazing personal service that we’re known for,” said Pashen Black, the company’s director of corporate public relations and social marketing, via email.

In 2019, American retailers announced more than 9,300 store closings, up nearly 60% from 2018, according to Coresight Research. That’s the



A crew works Aug. 27 on demolishing a building that Sears had occupied at the Coastland Center mall in Naples.
ALEX DRIEHAUS/NAPLES DAILY NEWS

highest number since the global research firm began tracking the data in 2012.

So is physical retail dying? Local and national experts say that’s not the case — especially not in growing, affluent markets, such as Southwest Florida, where there’s plenty of purchasing power — driven by residents and tourists alike.

Based on U.S. Census data, Collier County — or the Naples-Marco Island area — has consistently ranked as one of the top areas in the country for personal income, which includes income from all

sources, from wages to investments to government benefits. Per capita — or average income — in the county stood at \$87,829 in 2017, according to a statewide report.

The retail industry remains one of the top drivers of the local economy, as one of the leading employment sectors.

“There is a misconception that retail is dying. And that’s not true. Retail is changing,” said Stan Stouder, a founding partner of CRE Consultants in Southwest Florida.

Case in point? Go to any Costco, Stouder said, and “they’re all mobbed,”

especially on the weekend.

“You can hardly get a parking space,” he said.

In fact, the Costco in Naples is expanding, with plans to add at least 9,632 square feet, according to county records.

Not ‘cataclysmic’

When Stouder sees big box stores going dark, he doesn’t view it as “cataclysmic,” he said.

Continued on next page

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Retail renewal

Continued from previous page

“When I see a box go empty, I don’t correlate it to dynamics within a specific market, like Southwest Florida,” he said. “It’s a national chain. It’s a nationally based decision based on how we as consumers are changing our habits.”

Retail isn’t just about selling products anymore. There’s been a shift toward what’s been dubbed “retailtainment,” as customers demand better shopping experiences, from wine tastings to educational talks.

Stouder points to Dave & Busters — a restaurant and video arcade — as an example of the trend. Since replacing the former Saks Fifth Avenue store at the Bell Tower Shops, the family-friendly chain has offered a new experience that’s made the open-air shopping center more popular, bringing in new customers and generating more repeat traffic, he said.

Dave & Busters is just one example of major chains that are expanding nationally — locating in prime locations left behind by other retailers, such as Saks Fifth Avenue and Sears.

While more people shop online these days, it doesn’t mean they don’t want to go to shopping centers anymore, Stouder said.

“People starve for community,” he said. “A shopping experience is not just a shopping mission. It’s a way to be immersed in society.”

While a dizzying number of stores have closed in Southwest Florida, many others have opened in their place.

Some more recent examples?

■ In July 2018, El Dorado Furniture opened in place of the Sports Authority in Naples, at the northeast corner of Airport-Pulling and Pine Ridge roads. An El Dorado outlet also opened in a former Sports Authority location in Fort Myers.

■ About a year ago, Ollie’s Bargain Outlet replaced the former Sports Authority in Fort Myers on Ben C. Pratt Parkway in Colonial Square.



El Dorado Furniture replaced Sports Authority at Airport-Pulling and Pine Ridge roads in North Naples. The store has a purple glow at night, as seen in this photo taken Jan. 15. LAURA LAYDEN/NAPLES DAILY NEWS

■ In September, a JoAnn Fabric & Craft store took the spot of the old World Market at Coconut Point in Estero.

■ About a month later, a Ross Dress for Less store opened in the Tarpon Bay Plaza between Panera Bread and World Market in North Naples, replacing Staples.

At Granada Shoppes, sitting at the corner of U.S. 41 and Immokalee Road in North Naples, two empty spots will soon fill up, with the addition of Jersey Mikes Subs and Sports Clips.

The former home of Orchard Supply is still under lease and it’s being marketed for sublease, said Rod Castan, president of leasing and management services at Courtelis Co., the shopping center’s developer.

“The center continues to perform well,” he said in an email.

In some cases, stores are getting demolished to make way for new uses. That’s what happened with Sears at Coastland Center, where a new upscale theater is rising called CMX Cinebistro.

Some of the empty retail space in the region has been converted to medical and professional offices, as well as housing.

While there are still some large spaces sitting empty in Southwest Florida, most have been backfilled, evidenced by the low vacancy rate for retail in the region.

“I find that there are new names on old buildings,” Stouder said.

Vacancy rates low

In Southwest Florida, retail vacancy rates have been in the single digits since

the Great Recession ended, despite the exit of major retailers and the addition of new neighborhood shopping centers too numerous to count.

The rental rate stood at 5.1% at the end of last year for Lee, Collier and Charlotte counties — up a half a percent from 2018, but still signaling a healthy market, Stouder said.

Retail rents declined 2.5% in 2019, he said, but that shouldn’t trigger any concern.

“If it went down 10%, that would be cause for some digging,” Stouder said.

Rental rates are a key factor for retailers, as it’s typically one of the highest costs of doing business, said Nelson Taylor, a veteran appraiser and market research director with LSI Cos. in Fort Myers.

With the exit of long-time retailers, he said, the market is seeing tenants take their place that don’t have as much of a history in Southwest Florida — and they’re paying higher rents because they come with more risk, which could weaken their staying power.

“They may not be able to stay as long as a typical tenant, which is about a five-year lease term,” Taylor said. “They’re meeting today’s consumer- ships, but will it be the same three or fours years from now?”

In this day and age, retailers need to be more nimble to stay alive, so long-term leases are no longer as attractive, or common, said Justin Thibaut, LSI’s president.

Southwest Florida remains an attractive market for retail shops, he said, because it continues to add “rooftops,” or more homes, at a rapid rate and to lure in new residents thanks in big part to Florida’s business- and tax-friendly environment. For those reasons, some big-box retailers are keeping stores open here, while pulling the plug on them elsewhere.

“We are different in that we continue

See SHOPPING, Page 6A

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Retail renewal

Shopping

Continued from Page 5A

to have an influx of new buyers entering our market at an exponential rate,” Thibaut said. “Without that we would probably be looking at a different story.”

The in-store experience remains crucial and some retailers have made big strides in that direction. A good example of an experience-driven shift, Thibaut said, is the revamp of Comcast’s Xfinity stores, which offer a much more inviting and interactive way to discover and optimize its TV, phone and internet services, allowing customers to touch and feel the products before making a choices.

Scott Shalley, president of the Florida Retail Federation, couldn’t agree more. In an emailed statement, he said the state’s retail industry is thriving because retailers are “adapting to meet the needs and demands of consumers.”

“What we’re seeing among successful retailers in Florida is that they’re blurring the lines of their businesses,” he said. “No longer are retailers dividing food and drink and shopping into separate silos. They don’t consider in-store and online shopping to be different platforms.”

The retailers that are succeeding are “breaking down the barriers between products and services to make shopping a more engaging experience for the consumer,” Shalley said.

One of the ways retailers are blurring the lines of their business? More are offering the ability for customers to buy items online and pick them up in the store, often within an hour. Curbside service is also growing, taking convenience to a whole new level.

In grocery stores, customers can sip a cocktail while they shop, offering them a more relaxing experience.

Strong momentum

While there are winners and loses in the market, there’s still strong momentum in the retail industry overall.

Retailers saw a healthy holiday season with sales growing 4.1% nationally to more than \$730 billion in 2019, compared with 2018, according to the National Retail Federation. Those numbers include online and other sales made outside of stores, which increased 14.6% over the year — growing to nearly \$168 billion.

“These numbers validate continued optimism for increased investment and opportunity in the retail industry,” said Matthew Shay, the national federation’s president and CEO, in a news release Thursday.

“This is a consumer-driven economy, and by any measure, the consumer has put the economy in a solid position for continued growth,” he said.

Other winners in retail? Discount merchants, including more affordable grocery stores. Consumers remain hungry for bargains — and for good, healthy food.

Speaking of food, Southwest Florida has seen a grocery store boom, with niche players such as Sprouts, Aldi and Lucky’s Market entering the market and expanding at a rapid clip across the region. Some stores are opening in new locations, while others are snatching up vacant spots left behind by other retailers.

Discount grocer Aldi recently closed on the purchase of 2.33 acres at the northeast corner of Six Mile Crossing Boulevard and Six Mile Cypress Highway in Fort Myers, claiming the two remaining outparcels at the Springs at Six Mile Cypress. Many of the commercial development’s concepts are — or will be — new to the Southwest Florida, including Tiger Woods’ forthcoming “PopStroke” entertainment complex.

This year construction crews are expected to break ground on Topgolf, another golf-centered entertainment venue, on land off Colonial Boulevard near Interstate 75 in Fort Myers.

The changing landscape of retail shopping has transformed the look of Pine Island Road in Cape Coral, near Pondella Road.

The North Point shopping center lost an A.C. Moore and a Circuit City, but it has since picked up a Bed, Bath & Beyond, a Five Below and an Aldi. Nearby, at the Coral Walk shopping center, Bur-



The Edison Mall in Fort Myers recently was sold for \$33.4 million. AMANDA INSCORE/THE NEWS-PRESS/USA TODAY NETWORK - FLORIDA



An outside view of the new Five Below store at Carillon Place off Airport-Pulling Road in East Naples. LAURA LAYDEN/NAPLES DAILY NEWS

lington moved into the former Sports Authority spot in 2018.

Southwest Florida has seen a surge in the construction of a different kind of retailer — gas stations. Wawa, known more for its high-quality, inexpensive food and freshly brewed coffee than its gas, made company history in October when it opened Collier County’s second store — its 200th in Florida.

Following a national trend, Southwest Florida has seen the opening of more discount stores such as Five Below, Dollar Tree and Dollar General over the past few years. These stores have continued to thrive, despite the growing might of e-commerce.

Last year, e-commerce behemoth Amazon surpassed Walmart as the world’s largest retailer, topping Walmart on Forbes’ Global 2000 list of the biggest public companies.

Still, most sales in the U.S. happen in actual stores. In fact, Amazon continues to expand upon its own bricks-and-mortar presence after taking a leap in that direction with the acquisition of Whole Foods, one of the nation’s leading natural and organic foods supermarkets, in 2017.

Location, location, location

Locating in the right spot — and in the right kind of shopping center with diverse offerings from dining and entertainment venues to lifestyle and fitness operations — is key to the success of more traditional retailers, said Brandon Isner, a leader of market research and insights for CBRE in Florida.

“Retailer developers have done a really great job at making these great retail centers, especially here in Florida,” he said. “Shopping can be an activity where you go out early and end up having lunch.”

The shopping centers that perform

best offer everything their customers are looking to do in one place and a unique experience that helps build a sense of place, which could include everything from trampolene parks to yoga studios, Isner said.

“Authenticity is a word that is getting used a lot lately,” he said. “People want authentic experiences.”

Top-performing retailers have found ways to deliver what customers want on all platforms, from their bricks-and-mortar stores to their websites, Isner said.

“Stores have taken on a whole new role,” he said. “They aren’t just places to buy things anymore. Now it’s a showroom. You can go in there and you can touch and feel what you want to buy. You can go online if they don’t have your size and buy it.”

Closures have hit outlet malls too. Like more traditional shopping malls and shopping centers they continue to lure in replacement tenants in Southwest Florida.

While Miromar Outlets has lost a handful of stores in recent years, the shopping center not only continues to bring in new ones, but the departure of larger retailers has given other tenants room to expand, said vice president Jeff Staner.

“We find the retail market continues to be strong in this area, due to the fact that Southwest Florida is a vacation destination and shopping always ranks among the top three things people do here,” he said.

Traffic at Miromar Outlets has risen consistently over the past two decades. The center saw roughly 8 million shoppers last year, including year-round and part-time residents from the area, as well as visitors from out of town, including international ones, Staner said.

Nearly a half a dozen retailers expanded at the outlet mall last year. That

includes Levi’s, Michael Kors, Sketchers and Under Armour.

Bath & Body Works is in the midst of adding to its space, Staner said.

Stores that have recently opened at the mall — or are about to — include Travelpro, Sperry, Aerie and Salt Life.

New restaurants have come to the shopping center too, while others have expanded, filling empty spots.

There continues to be strong consumer demand for good, quality products at a more reasonable price.

“Customers want something that is going to last, but they don’t want to have to pay a lot for it,” Staner said.

The future

What will the future hold for retail in Southwest Florida and elsewhere?

Gary Tasman, CEO of Cushman & Wakefield Commercial Property Southwest Florida, has some ideas.

As for the grocery store wars, he sees them continuing to heat up with additional products and services offered to try to get ahead of the competition, such as free delivery. Tasman pointed to Amazon’s recent decision to expand its free two-hour delivery service for groceries to all of its Prime members.

“It’s new and it’s going to change the landscape a lot,” he said.

He expects to see more stores close and get repurposed and for more customers to start reaching their shopping destinations by using ride-hailing services, such as Uber and Lyft, leading him to wonder what will become of the huge parking lots that he suspects will no longer be needed in Southwest Florida.

“I think what you are going to see is more product being delivered to the market via different and more creative ways, like pop-ups,” Tasman said. “I would envision that wherever people aggregate, there will be pop-ups when they are there, and they will be gone when they are not there. That’s a big trend in retail.”

He sees the demand for retail space slowing in the not-too-distant future.

“The idea that you need ‘x’ number of square feet per hundred people, that number is going to go down,” Tasman said. “We just don’t need as many square feet of retail.”

Tasman anticipates big shifts in how retail stores draw their customers in, including offering more fun and educational events and entertainment. He sees the day when he’ll walk by a store and glimpse a hologram of himself showing how he’ll look in a trendy sports jacket displayed in the front window.

Retailers using artificial intelligence and other smart technology are the ones that will be more likely to win the retail race, he said.

“Bricks-and-mortar will not die,” Tasman said. “There is always going to be a place in the economy for it.”