

# Halpern Ready To Seize Opportunity

*Atlanta-based shopping center developer sets up for long-term success.*

*Randall Shearin*

Atlanta-based Halpern Enterprises is thinking ahead. For years, the company has been as stable as they come. During the go-go 2000s, Halpern didn't go out on a limb to finance properties, and it didn't go on a buying spree, despite being well capitalized. In many ways, it was not — and still isn't — a typical shopping center owner. That's why the company sees so much opportunity in the market today.

Since the company's founding in the 1950's, the Halpern family has retained the majority of its commercial properties, most of which are located in the Atlanta area. The company grew its holdings as the city itself grew, and changed the tenant mix in its properties as the surrounding markets evolved over time.

## HISTORY

The company was founded by the late Bernard Halpern, a Polish immigrant who came to the United States at the age of 16. His career grew from owning a single grocery store to building apartments in the Atlanta area to developing strip shopping centers. Today, the company still has centers in its portfolio that Bernard developed in the early 1960's. Throughout the second half of the 20th century, Halpern followed Atlanta's growth, building a concentration of centers in what were then the city's suburbs — areas such as Doraville and Smyrna — as well as in intown neighborhoods and outlying cities such as Griffin and Covington.

Bernard Halpern died in 1980. His

son, Jack Halpern, ultimately became CEO and Bernard's daughter, Carolyn Oppenheimer, became executive vice president. In recent years, the company brought in Bill Brown, an experienced industry leader, to serve as President and to help Halpern Enterprises grow its portfolio and profitability.

Over the past 30 years, the company has continued to prosper. A team of 25

being a fair, reliable landlord.

"Our low leverage has given us tremendous flexibility with our tenants, and enhanced our ability to work with them," says Oppenheimer. "We want to keep our tenants in business and help them through difficult times. Our success is based on their success."

The company is very hands-on with its properties, and since the 1970s, has

maintained its corporate headquarters in an office building located behind one of its shopping centers on Buford Highway in Doraville. "We have developed good relationships with a variety of tenants over time," says Jack Halpern. "In particular, we know tenants who can backfill second and third generation space. We have the ability to put capital into our properties in order to customize them for new tenants, which has been an advantage in the



Halpern Enterprises has owned and developed centers in Atlanta for more than 50 years and continues to grow throughout the Southeast. Shown above is Newton Plaza in Covington, Georgia, east of Atlanta.

associates now run leasing, operations, acquisitions, development, and property management. Today, the company owns more than 3 million square feet of retail space spread across 30 shopping centers. All the properties are located within a 1-hour drive of Atlanta, with the exception of one center in Brunswick, Georgia, on the Atlantic coast.

## LEASING STRATEGY

In the Atlanta market, Halpern Enterprises has a well-earned reputation for

current tenants' market."

Halpern Enterprises is also known for the quality of its centers, re-investing in its properties to keep their value up with the market. Its renovation of Pinetree Plaza in Doraville, provides as a good example.

"[Pinetree's renovation] was money we invested into the center to make it a better property; it didn't necessarily generate new rent dollars in the short term," says Brown. "It was an owner taking care of its property."



Halpern maintains strong anchors at its centers, which has helped the company succeed over time. From left to right are Village at New Georgia in Dallas, Georgia; North Griffin Square in Griffin, Georgia; and Old Orchard Square in Ellijay, Georgia.

Halpern is also known for serving a large ethnic population with its properties along a 1-mile stretch of Buford Highway in Doraville. The company owns more than 500,000 square feet in the area, most of which it has owned since the 1960s and '70s, well before the area became known as Atlanta's international corridor.

When the demographic change started to occur along Buford Highway in the late 1980s and early 1990s, rather than sell its centers, Halpern embraced the evolving market forces. Jack Halpern visited California to see how centers there had adapted in areas with multiple ethnic populations, and applied what he learned in order to better serve the needs of Atlanta's increasingly diverse international community.

"The market came to us," says Brown. "We've found that the mom-and-pops who serve the market make excellent tenants. This is their livelihood and they take care of their businesses the right way."

Because the company has such a diverse tenant base, it has earned a reputation as a landlord who isn't afraid to take chances, and is willing and able to help new-to-retail entrepreneurs open their first stores.

"Because we are small and family owned, we can adapt to changes more easily," says Oppenheimer. "The reality is, this business was started by an immigrant, so we tend to be open minded and fair in our dealings with every tenant. That's the company attitude."

"Since our father started in the grocery business, we felt that we have always understood what the business was like from a tenant's perspective," adds Jack Halpern. "We understand that the tenant has to be able to make a living if he is going to pay the rent."

#### DEVELOPMENT

Steve West, vice president of development and Acquisitions, believes that Halpern's long-term success comes from fundamental principles established during the early days of the business. The company always picked good locations for its centers, and the sites that many of the company's properties sit on are coveted for their land value.

"If you pick good real estate, it will always be good real estate," says West. "Some companies ride on the strength of an anchor with a poor location. The center's success will rise and fall with the anchor's success. For us, it is the quality of the real estate that is most important. It is all about location. If you do a good job on the front end, a property can reinvent itself over the years. You can own a center for 40 years and completely change its face several times, but it will still remain a good property."

Bernard Halpern and his children have always had a long-term view of real estate and the Atlanta market. The company made smart buying decisions, buying and holding properties in town, even when in-town wasn't hot, and buying in nearby suburban communities with a strong employment base.

For example, Halpern has owned a property now known as Amsterdam Walk in Atlanta's Midtown neighborhood since the 1980s. It was an industrial project at the time Halpern purchased the site, and in the 1990s Halpern converted the buildings to retail. Many of Atlanta's most successful independent home furnishings retailers had their start at Amsterdam Walk, and a number of tenants have inhabited the center for decades. In years to come, a different future can be envisioned for the property, since it lies adjacent to Atlanta's Beltline.

"In the future, Amsterdam Walk will probably morph into some kind of mixed-use project," says Brown.

Similarly, Halpern has owned property on the corner of Windy Hill and Atlanta Roads in Smyrna, Georgia, for more than 40 years. When it opened for business in the 1950s, Belmont Hills was one of the largest shopping centers in the Southeast, containing over 400,000 square feet. About a year ago, Halpern demolished the center to make way for its future redevelopment. The company is patiently waiting for the market to return and is working closely with the city of Smyrna to bring a major mixed-used project to this site.

#### GROWTH PROJECTS

Because of the company's financial strength, Halpern has been approached by a number of lenders holding title to distressed retail and mixed-use projects. When SCB visited, Halpern was in the midst of negotiations to take over two such projects in the Atlanta area.

"[Distressed] is an area that we're going to continue to pursue," says Brown.

With its growth strategy, Halpern Enterprises is looking to acquire existing centers with strong anchors in primary and secondary markets in the Southeast. Like its existing portfolio, it wants well-located centers, but is broadening its geographic reach.

"The Atlanta market is very saturated, and has been slow to recover with new tenants," says Brown. "The areas in the Southeast outside Georgia appear to be coming back more quickly, particularly North Carolina. Today, those markets appear to have more opportunities for acquisitions."

Halpern looks for strong, infill locations, as well as suburban locations where

its center will be in the path of growth.

"We've had success in both types of locations," says Oppenheimer. "The fundamentals of location drive our success; we have a strong leasing and management team to operate the properties on a day-to-day basis."

While Halpern wants to leverage its expertise in small shop leasing and management as it grows, it also plans on hiring local market expertise as its acquisitions get further from Atlanta.

"As we extend our portfolio out from Atlanta, we expect to acquire larger assets so that we can leverage the amount of management time we spend on the property," says West.

With retail development nearly at a standstill in many markets, Halpern is seeking to acquire centers where its management expertise and strong financial base can make a difference.

"It is hard to develop at present, and there are better opportunities for us to buy existing properties right now," says West. "We're seeking locations that need what we provide, which is hands-on management and leasing. We're very picky; we buy centers that we'd be happy

keeping forever."

"We look for anchored centers or centers that can accommodate a new anchor tenant," adds Jack Halpern. "We are looking both inside and outside of Atlanta because we think it's important to diversify."

Halpern has made a few acquisitions recently, though most of them were small properties adjacent to centers the company already owns. Last year, Halpern invested, along with Blue Ridge Capital, in a shopping center located in Commerce, Georgia.

In addition to growing its portfolio, Halpern is growing and strengthening its internal organization as well. At corporate headquarters, three of Bernard Halpern's grandchildren are now active in the business. Cary Halpern, who has been with the company for 9 years and in commercial real estate for more than 15 years, was recently promoted to director of acquisitions and development, charged with helping to identify potential properties for the company to acquire. Benjamin Halpern and Matthew Oppenheimer, sons of the company's principals, are now working in property

management.

So while many companies have suffered from the rollercoaster ride the retail real estate industry can often create, Halpern has weathered the recent downturn in relatively good shape, and expects to build upon its long history of success through smart growth and investment in the months and years to come. **SCB**

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