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Retail pop-ups rise in popularity in South Florida despite market upheaval

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COURTESY OF JOZY DEFORD

Renegade Rustlers opened in late October at 804 Lincoln Lane N. in Miami Beach.

While on a walk, [Jozy DeFord](#) came across an ad for vacant space at a Terranova Corp. development on Lincoln Road.

That day, she decided to finally open her first brick-and-mortar store after years of waking up at 3 a.m. to sell her retro wares at various markets across South Florida.

She called the number and three weeks later on Oct. 23 opened her antique clothing concept, Renegade Rustlers, in a 348-square-foot pop-up space at 804 N. Lincoln Lane.

"There is one area of my life that I know I'm really good at, which is my business and my eye," she said. "It's like all that has been validated now that I have my own store."

Entrepreneurs like DeFord stand to benefit as retail landlords turn to short-term, pop-up leases to attract more spending at their properties amid a wave of closures caused by Covid-19.

Prior to the pandemic, the number of small operations like hers had steadily declined from busy strips like Lincoln Road, where rents for retailers were most expensive. Now, these small operations help attract more customers amid the economic downturn.

Low risk, high reward

Renegade Rustlers signed a three-month lease for its first storefront and DeFord has already renewed it for another three months. Renegade Rustlers will open in a larger nearby space also owned by Terranova in March or April.

[Stephen Bittel](#), founder and chairman at Miami Beach-based Terranova, said the company took a gamble on a business owner who had never owned a storefront prior, and but it paid off once DeFord become a long-term tenant with her store's soon-to-open larger space.

He called it a best case scenario and a reason why retail landlords should consider unconventional tenants because due to the many extreme changes Covid imposed on the retail industry.

"When it works, everybody is super happy. And sometimes it doesn't work, and that's okay too, because it's better to have tried," Bittel said. "We think it'd be sad for [these tenants] to have never gotten the chance."

Pop-ups not new, but more popular

[Beth Azor](#), founder and CEO of Weston-based [Azor Advisory Services](#) Inc., has been championing short-term leases for years for this exact win-win scenario seen with Renegade Rustlers.

She recalled driving to a shopping center in 2010 when she came across a sign in the road advertising a University of Miami fan apparel store in a nearby warehouse area. She tracked the owner down, Azor said, and a year later she offered him a 1,000-square-foot retail space at one of her centers, but he had to take it as-is.

They negotiated a pop-up deal. His retail sales tripped. Ultimately, the retailer signed a long-term lease with Azor.

"I have been a believer in pop-ups forever, but a lot of people in the industry did not," she said.

However, she said landlord views changed with the arrival of the pandemic. So much so that she's begun to organize nationwide virtual networking forums for landlords to connect with potential pop-up tenants across the country.

Azor's next online pitch event will take place Thursday night through the invitation-only group meeting software Clubhouse. Over 50 landlord organizations have signed on to participate, including industry giants like [Simon Property Group](#), Westfield Group, Brookfield and Kimco.



She added that while many landlords have increasingly adopted the practice of signing pop-up tenants, only time will tell if the trend sticks around post-pandemic.

Once market activity ramps up again, she suspects many brokers will turn their attention back to national chains ready to sign 10-year leases in deals that yield larger payouts.

Landlords will need to create dedicated teams to find short-term tenants, she said, to see continued benefits from signing deals for pop-ups.

Some prominent landlords, like New York-based Brixmor Property Group (NYSE: BRX), have done just that, Azor added. The company more than tripled the size of its brokerage team specializing in short-term leases.

"The pop-up business is only going to keep growing if owners keep a long-term view of it," Azor said.



Matthew Arrojas
Reporter
South Florida Business Journal