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Capstone Advisors guiding tenants through pandemic

By Thor Kamban Biberman

The current environment is challenging for retail tenants and landlords alike.

Realizing its interests as a landlord are similar to its tenants, San Diego-based Capstone Advisors has teamed up with retail and restaurant consultant Angel Cicerone to help tenants navigate their way through the pandemic.

Capstone Advisors hired Cicerone, founder and president of New York City-based Tenant Mentorship, to mentor its tenants using her business support program called PowerTrain.

The program provides education and recommendations that help tenants create holistic and sustainable success all while navigating the pandemic's ever-changing landscape.

PowerTrain has also been designed for landlords to get the most out of their underperforming centers.

According to PowerTrain, an underperforming shopping center typically many small shops and independently owned restaurants that just aren't cutting it; lots of whining and complaining from tenants; poor rent health ratios; and rent relief requests.

"These centers are always a challenge," the PowerTrain presentation stated, "but before you start investing in re-tenanting, high-ticket marketing programs or even worse, doing nothing, consider this opportunity to improve tenant performance."

PowerTrain is an annual program, with webinar or in-person sessions delivered monthly. Plus, it offers the added benefits of follow-up discussions and feedback along with capitalizing on the "group think" dynamic, allowing tenants to help each other reach not just their individual goals, but achieve the common goal of center-wide success.

"After nearly a decade of working with struggling retail and restaurants on behalf of the country's largest landlords, I know exactly what they need to move their businesses forward," Cicerone said.

"Success is data driven," she added, arguing that even when indoor dining isn't allowed, a restaurant can be successful with the proper marketing and modeling. "You have to understand the customer's avatar."

Cicerone said she has managed to increase restaurant profits anywhere from 10 percent to 200 percent. In many places, restaurants have been allowed to reopen, but indoor dining has remained closed.

"Here in New York it has worked great because people want to be outside," she said.

At San Diego's North Embarcadero, a majority of restaurant seats at the Portside Pier development on the old Anthony's Fish Grotto site are outside anyway.

Cicerone declined to reveal the names of the tenants she has been working with due to privacy concerns.

Different businesses have different issues. Cicerone said a nail salon may be able to bring tables outside. It's different for a hair salon that needs electricity.

Cicerone, who also has worked with Capstone on search engine and social media support, said she likes Capstone's approach to its business with regards to its tenant relations, and has so for many years.

"I admire the fact that they (Capstone) want to be as cutting edge as they can -- not just during the pandemic, but always," she said.

Capstone president and founder Alex Zikakis said he realized the restaurants, nail salons, cleaners and other businesses in his centers needed help with rent abatement and rent deferments to make it through the crisis, but he also wanted to ensure they would be as profitable as possible so they wouldn't have to be completely subsidized.

Some of the things that Capstone has done along with Cicerone's efforts is provide its restaurant tenants with banners and other signage to show the restaurants are open for delivery and takeout.

"She (Cicerone) is providing info and coaching to our tenants that's specifically geared to smaller retailers," Zikakis said, adding that the topics run the gamut from mask wearing to providing barricades to protect outside diners.

"We pick up the (consulting) charge for our tenants," he said.

Capstone Advisors is a diversified real estate investment, development and asset management company.

The firm said it understands "the success of its tenants drives the success of its properties, leading the company to invest in resources and provide guidance to help each tenant grow their business."

Capstone said it aims to set an example for the positive impact a landlord can have both for tenants and as a member of the community.

Capstone invests for its own account and is an active joint venture operator, having partnered with some of the world's largest financial institutions and real estate investment funds.

"We are recognized for our ability to blend the vision, drive and flexibility of an entrepreneurial company with the sophisticated management capabilities valued by institutional real estate investors," the company stated. "Our consistent performance has made us a preferred and trusted real estate partner for investors, tenants and lenders."

Since its beginning in 1996, Capstone has:

- \* Served as advisor and asset manager for institutional investors in hundreds of complex real estate investment and development projects
- \* Purchased approximately 5 million square feet of multi-tenant retail, office and industrial properties
- \* Been the equity investor in more than \$2 billion of residential development projects
- \* Served as third party asset manager for a wide variety of distressed retail, office and land development projects
- \* Entitled land for the development of several million square feet of commercial properties and more than 30,000 residential units
- \* Developed a variety of commercial projects throughout Southern California

Zikakis said that his next project on the retail side will be the redevelopment of the El Camino Square strip center in Encinitas.

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