

# **ECONOMIC CONCENTRATION IN THE SHOPPING CENTER AND RETAILING INDUSTRIES: *Past Patterns and Emerging Trends***

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## **Overview**

Over the past few years, shopping centers and their tenants, namely retailers, have faced severe economic challenges. Using trend analysis, efficiency analysis, and regression analysis, we seek to identify historical patterns in the economic concentration, efficiency, and performance of shopping centers and retailers. Our analyses span the period 1980–1994, and includes data on Real Estate Investment Trusts (REITs) that own shopping centers. We also study four categories of retailers (general merchandise stores, food stores, apparel and accessory stores, and miscellaneous retail stores). Results indicate that while REITs, on average, have grown at a rate higher than the growth rate for the U.S. economy as a whole, their profitability has not kept pace with their growth. The same results hold true for retailers. Efficiency analysis indicates that, in general, the average efficiency of retailers in converting labor, financial capital, and physical capital into net income is low. Regression analysis

shows that profits are related to size-related measures in these industries.



## ■ Introduction

Over the last decade, shopping centers and their traditional tenants (retailers) have faced wrenching challenges induced by significant economic and consumer trends. These include a major credit crunch, slower economic growth, decrease in consumer spending, changes in the nature and scope of competition in retailing, and shifting consumer expectations and attitudes regarding shopping centers and retailers. The selective influence of these factors on shopping centers and on retailers is described next.

### *Shopping Centers*

An analysis of factors affecting the type and pace of growth in shopping centers underscores the importance of sources of financing. Lenders generally provided direct financing to developers in the early 1980s, but the credit crunch of 1986–89 led to a deterioration in values of real estate held by developers, thus reducing their equity positions and increasing their leverage ratios. By 1989, banks, insurance companies, and limited partners were no longer inclined to finance developers, leading to a boom in initial public offerings (IPOs) in real estate investment trusts (REITs). The National Association of Real Estate Investment Trusts (NAREIT) estimates that the market capitalization for REITs went from about \$9 billion in 1990 to over \$50 billion in 1995. At this time, approximately 30% of the capitalization for REITs represents retailing and shopping center properties. This shift in financing preference from developers to REITs has increased economic concentration in the shopping center industry. Another factor that has fuelled concentration is the desire to harness scale economies through mergers. Although most of the large real estate companies have made the transition into REITs, others (e.g., Equitable and CenterMark mall portfolios) have been absorbed by other companies instead of being turned into REITs (Richards, 1995). Whether concentration is accomplished by mergers or by shifts in sources that provide access to capital, it is likely to engender greater ongoing business value for the shopping centers, as Fisher and Lentz (1990) have suggested.

## *Retailers*

Factors such as slow economic growth and decrease in consumer spending may have led to declining productivity for retailers in recent years, causing consolidation and/or store closures. For example, Woolworth closed over 1,800 stores since 1992, and The Limited is downsizing two of its divisions — Limited and Lerner's. Moreover, the emergence of outlet malls and category killers has redefined the type and scope of retailing competition; market shares of traditional shopping center tenants have suffered as a consequence.

A final major trend (that affects both shopping centers and retailers) captures shifts in consumer expectations and attitudes. Consumers are increasingly focusing on value (increased price sensitivity coupled with high quality expectations). They place a greater emphasis on precision shopping, i.e., the shopping trip is viewed as a functional task rather than a recreational activity. They are spending more on each trip, and they appear more focused and efficient. Consumers are more knowledgeable, expect more assortments, more service, and demand quicker checkouts. Moreover, the perceived convenience of non-traditional shopping (home shopping channels, Internet malls, and retail catalogs) has attracted a growing number of consumers. Home shopping channels have recorded significant sales and profit growth in the last decade. Internet-based shopping has received a boost with developing technology that assures privacy in credit-card transactions. Catalog shopping has reached new heights of popularity; nearly 15 billion catalogs — or about 60 per capita — were distributed in 1995. Traditional tenants of shopping centers — such as Federated through its Macy's name — are entering the catalog business.

Retailers have responded to the evolving macroeconomic and consumer trends by merging and acquiring other retailers, and by divesting marginally productive and/or non-productive stores and divisions. These measures focus on synergistic consolidation, and seek to halt declining productivity and improve financial performance.

The immense growth in the capitalization of REITs has resulted in new theoretical work (e.g., Brueckner, 1993; Ebrahim and Mathur, 1996) that seeks to explain the capital structure or financing patterns for REITs. The accumulation of shopping centers by REITs has attracted considerable research attention into the economic aspects of shopping centers (Fisher and Lentz, 1990; McMahan, 1994; Myer and Webb, 1994; Ownbey, Davis and Sundel, 1994; Ryan, Von Hohenbalken and West, 1990). Other studies have analyzed the productivity and profitability of retailing firms (Achabal, Heineke and McIntyre, 1984; Mathur, Grabowski and Mathur, 1996; Ratchford and Stoops, 1988).

Nevertheless, issues such as the role of REITs in the economic concentration of ownership of shopping centers and the effects of this concentration on profitability remain unexplored at this time.

## ■ Research Issues

The preceding discussion highlights trends toward economic concentration in both shopping center and retailing industries. The reasons underlying these trends are somewhat different for these two industries. Nevertheless, the pattern of increasing concentration is motivated by a common desire to enhance the efficiency with which firms translate economic inputs into outputs.

At the present time, no study has examined whether economic concentration has led to systematic gains in efficiency. Neither do we know whether the stock-market valuation and/or the financial performance of firms in the shopping center/retailing industries have changed significantly due to increasing economic concentration in these industries. The symbiotic nature of the relationship among shopping centers and retail chains makes it worthwhile to study these two industries together in greater depth. Our study addresses this research gap through a historical analysis. Specifically, our objective is to understand how the efficiency of firms, their market value, and their financial performance have changed as a result of growing economic concentration in these two industries. We analyze past patterns of economic concentration in the shopping center and retailing industries, identify the effects of economic concentration on the profitability of these two industries, and summarize the practical implications of our findings for shopping center practitioners.

## ■ Research Methodology and Data

Three different methodologies are utilized: trend analysis, efficiency analysis, and regression analysis.

### *Trend Analysis*

Trends in financial performance for the period 1980 to 1994 were analyzed to identify patterns of performance for the REIT/Retailing industries. In particular, we focused on trends in several average measures:

*Size measures.* Average size, average stockholders' equity, and average total assets for firms were analyzed.

*Financial Performance measures.* These included averages of net income, net profit margins (net income divided by sales), and return on assets (net income divided by total assets).

*Leverage and value measures.* Leverage captures the extent to which a firm is able to utilize borrowed funds to magnify its return on equity, and is defined as total debt to total assets. The value measure is computed as the ratio of the total market value of the firm's equity to its total book value. This ratio indicates the degree to which investors value a firm's ability to generate returns.

*Efficiency measures.* Two measures of efficiency were utilized in trend analysis. One is asset turnover, defined as sales over total assets. The second is inventory turnover, defined as sales over inventory.

## Efficiency Analysis

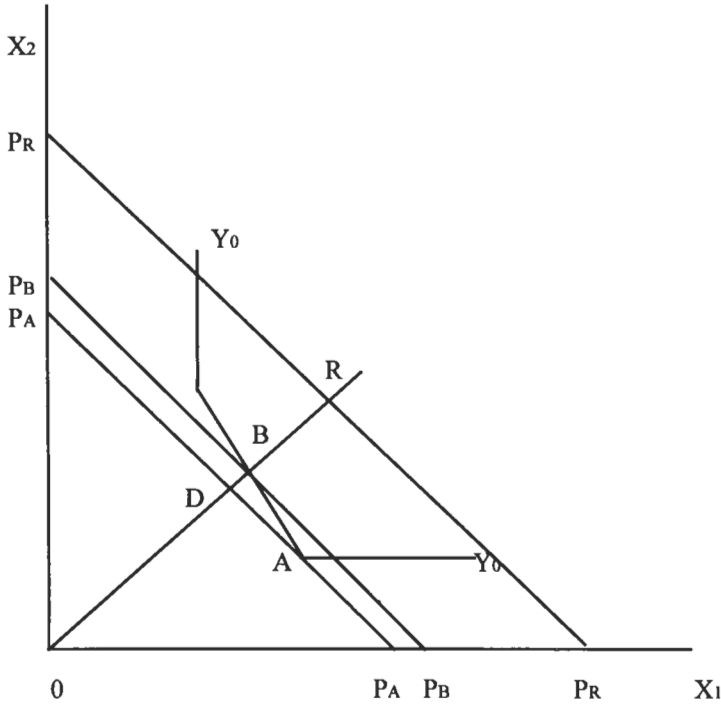
We estimated three efficiency components (overall efficiency, technical efficiency, and allocative efficiency) in the retailing industry for 1992. In particular, we focused on the efficiency of retailers in converting labor, financial capital, and physical capital into net income.

*Overall efficiency* refers to utilizing the optimal levels of inputs to produce the firm's outputs (e.g., Grabowski, Mathur and Rangan, 1995; Mathur, Grabowski and Mathur, 1996). *Technical efficiency* focuses on the maximum output possible given a pre-specified combination of inputs, while *allocative efficiency* involves the optimal combination of inputs that minimize operating costs for a given level of output.

*Assessing efficiency.* For presentation ease, assume that in the retailing industry there are two inputs  $x_1$  and  $x_2$ , and one output  $y$ . Three retailers A, B, and R each produce output level  $y_0$  shown as an isoquant in Figure 1. Overall efficiency reflects the utilization of optimal levels of inputs  $x_1$  and  $x_2$  to produce output  $y_0$ . Retailer A is the most efficient, since this firm can produce the output  $y_0$  at the lowest operating cost, represented by the line  $P_A P_A$  in figure 1 (for this reason, A is considered the "benchmark" retailer). Retailer R uses higher levels of  $x_1$  and  $x_2$ , as shown by  $P_R P_R$ , to product the same level of output, and is relatively inefficient overall when compared to retailer A. Overall efficiency of R is the ratio of A's operating costs to R's operating costs i.e., OD/OR in Figure 1.

Each point on the ray ODBR in Figure 1 represents the same proportional combination of  $x_1$  and  $x_2$ , although the cost levels increase as one moves away from the origin. ODBR intersects  $y_0$  at B. For this combination of  $x_1$  and  $x_2$ , there is no other retailer with a lower cost of producing  $y_0$  than B, whose costs are given by the line  $y_0$ . Retailer B is technically efficient, while retailer R is not (because the latter is not on

FIGURE 1  
OVERALL, TECHNICAL AND ALLOCATIVE EFFICIENCY



A is the best practice retailer. Retailer R's overall efficiency is  $OD/OR$ .  
 B is technically efficient. R's technical efficiency is  $OB/OR$ . R's allocative efficiency is  $OD/OB$ .

the output isoquant, although it uses the same combination inputs  $x_1$  and  $x_2$  as retailer B to produce  $y_0y_0$ ). Retailer R's technical efficiency can be measured as  $OB/OR$ .

Allocative efficiency refers to utilizing the optimal combination of inputs  $x_1$  and  $x_2$  to minimize operating costs for output  $y_0y_0$ . Retailer A is allocatively efficient with a cost level of  $P_A P_A$ . While retailer B is technically efficient, it is not allocatively efficient. The allocative efficiency for both B and R is given by  $OD/OB$ . This discussion shows that overall efficiency is the product of technical and allocative efficiency (e.g., for retailer B,  $OD/OB = [OB/OB].[OD/OB]$ ).

## ***Regression Analysis***

Three types of regressions were estimated to investigate the relationship between profitability and variables that influence it. The first regression takes the form:

$$NI_i = a + b \log(A_i) + c (TD/TA)_i + e_i \quad (1)$$

where  $NI_i$  = net income for firm  $i$

$\log(A_i)$  = logarithm of total assets

$(TD/TA)_i$  = ratio of total debt to total assets

The other regression models estimated are

$$NPM_i = a + b \log(A_i) + c (TD/TA)_i + d (S/INV)_i + e (S/AR)_i + g_i \quad (2)$$

$$ROA_i = a + b \log(A_i) + c (TD/TA)_i + d (S/INV)_i + e (S/AR)_i + g_i \quad (3)$$

where  $NPM_i$  = net profit margin (or net income over sales)

$ROA_i$  = return on assets (or net income divided by total assets)

$(S/INV)_i$  = inventory turnover

$(S/AR)_i$  = receivables turnover

## ***Data and Potential Limitations Imposed on the Scope of Analyses***

Our data sources included COMPUSTAT Plus and WORLDSCOPE. Data were obtained for two types of REITs (SIC code 6512 REITs and SIC code 6798 REITs) for the years 1980 to 1994. We also extracted data for four categories of retailers: (a) SIC two digit code 53 — [General Merchandise Stores], which includes department stores and variety stores; (b) SIC two digit code 54 — [Food Stores]; (c) SIC two digit code 56-Apparel and Accessory Stores], that includes establishments selling clothing and shoes; and (d) SIC two digit code 59 — [Miscellaneous Retail Stores], which comprised drug and proprietary stores, sporting goods stores, book stores, and jewelry stores.

It is important to note that our data limit the scope of proposed research analyses. Although researchers have investigated economic concentration using concentration indices such as the four-firm concentration ratio (Golan, Judge, and Perloff, 1996) and the Herfindahl index (Daskin and Wolken, 1989; Dickson, 1994; Kelly, 1981), the nature of our data precludes an accurate assessment of industry concentration trends with these traditional measures. For several reasons, our data do not capture the true size of each industry studied. First, our data are or-

ganized around primary SIC codes for firms, which present problems in interpreting sales data for firms whose activities span over multiple SIC codes. Second, firms with no information (or missing information) on the variables of research interest were eliminated from the sample. Third, COMPUSTAT may have changed the SIC that a firm is assigned on a retrospective basis, thus affecting the reliability of any concentration indices derived from COMPUSTAT data. Finally, our database included only firms that are traded on the NYSE, ASE, and NASDAQ markets. Thus, private firms, bankrupt firms, and foreign firms were not represented in our data. Given these problems, our assessment of economic concentration is forced to rely on trend analyses using averages of key variables. For example, one can surmise growing economic concentration in a relatively mature industry when growth rates for average size measures (at the firm level of analysis) increase at a faster pace than the overall rate of growth for the economy.

## ■ Results

### *Trend Analysis*

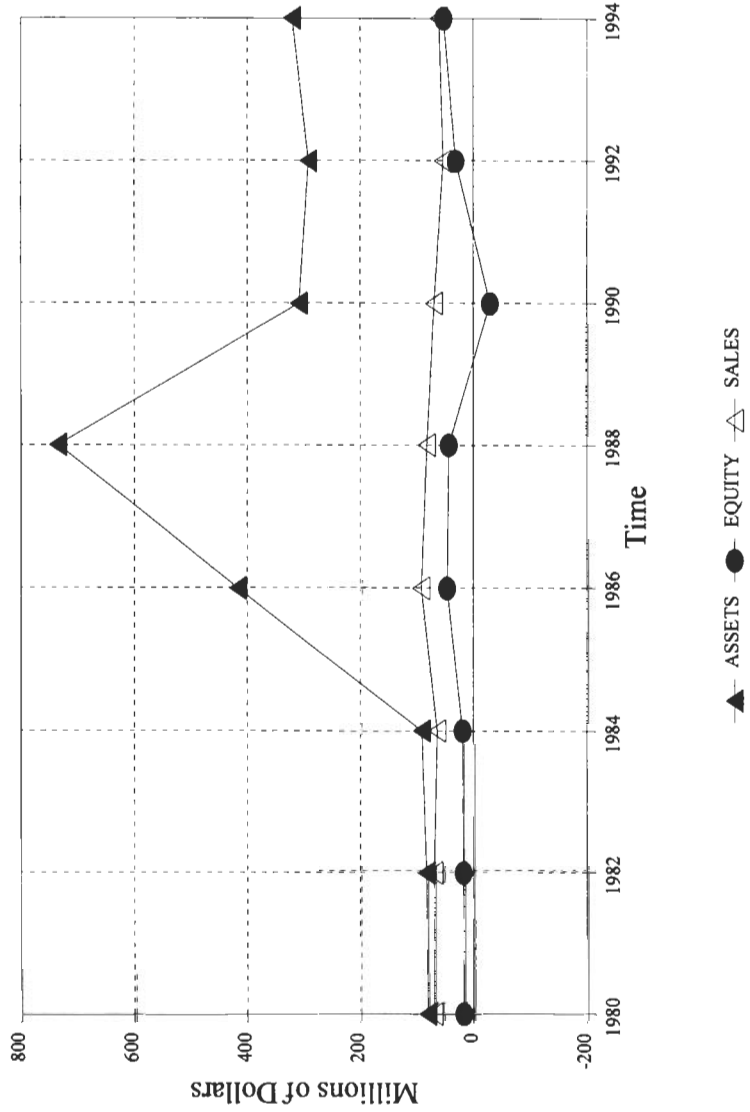
*Trend Analysis for two REIT categories - size measures.* The trends in average size variables for SIC 6512 REITs are shown in Graph 1. Although average annual sales remained relatively stable (in the \$60 million to \$70 million range) over the 1980–1994 period, average stockholders' equity rose threefold in this time-span from \$17 million to \$53 million. Average total assets have quadrupled from \$81 million to \$321 million, suggesting that SIC 6512 REITs have grown at a faster rate than the U.S. economy, a development that portends increased economic concentration in this industry.

SIC 6798 REITs have experienced about a 50% increase in sales. The mean equity level has more than quadrupled, going from \$31 million in 1980 to \$139 million in 1994. Average total assets have registered a similar increase from \$79 million to \$361 million (Graph 2). These REITs have experienced a compounded growth rate of 11.5% over the 1980–1994 period, suggesting a continuing flow of investment funds in REITs.

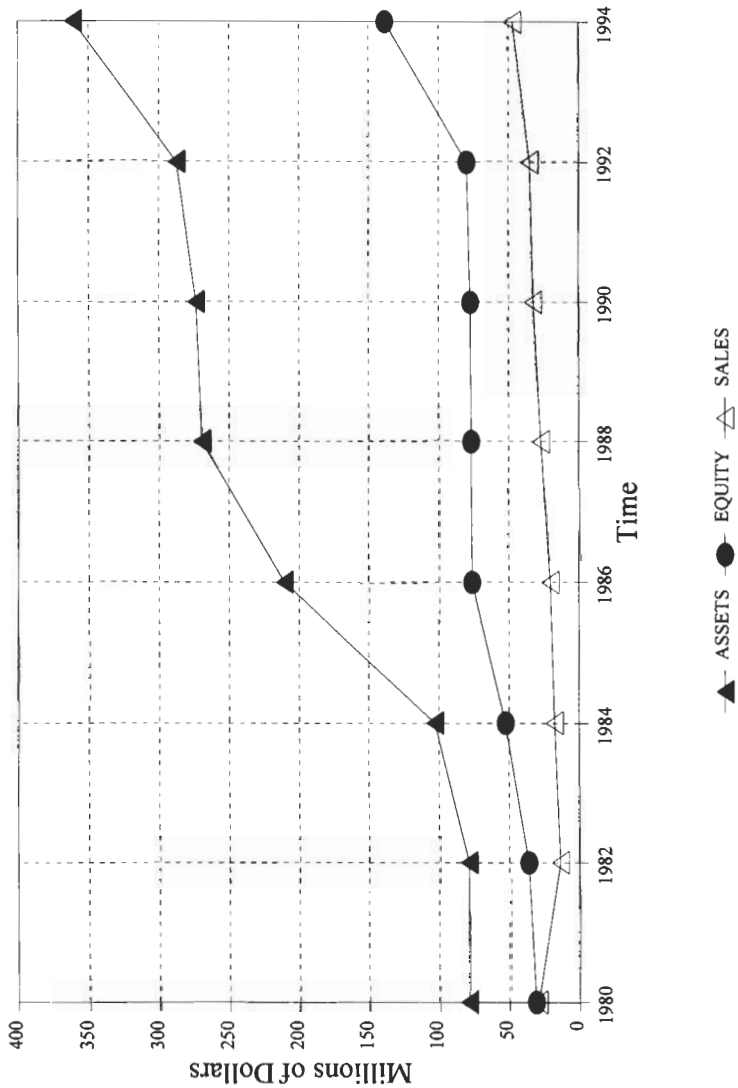
*Trend Analysis for two REIT categories - financial performance measures.* Graph 3 shows that net profit margins for SIC 6572 REITs have witnessed sharp changes over the 14-year period. Average net income has shown marginal improvement over time. Graph 4 indicates that average net income for SIC 6798 REITs has grown at a 7.4% annual com-



**GRAPH 1: SIC 6512 REITS**  
Trends in Average Size Measures



**GRAPH 2: SIC 6798 REITS**  
Trends in Average Size Measures



pounded growth rate, from \$3.4 million in 1980 to \$9.3 million in 1994. These results suggest that REIT profits have generally not kept pace with increase in size variables over the time period analyzed.

The average leverage measure for SIC 6512 REITs has been fairly steady (Graph 5), while it has declined slightly for SIC 6798 REITs (Graph 6). The value index for the former category of REITs has varied sharply over 1980–1994, while the latter category maintained a higher average level of the value index. Overall, these trend results suggest that REITs can take on more debt, and that they need a clearer focus on maintaining value.

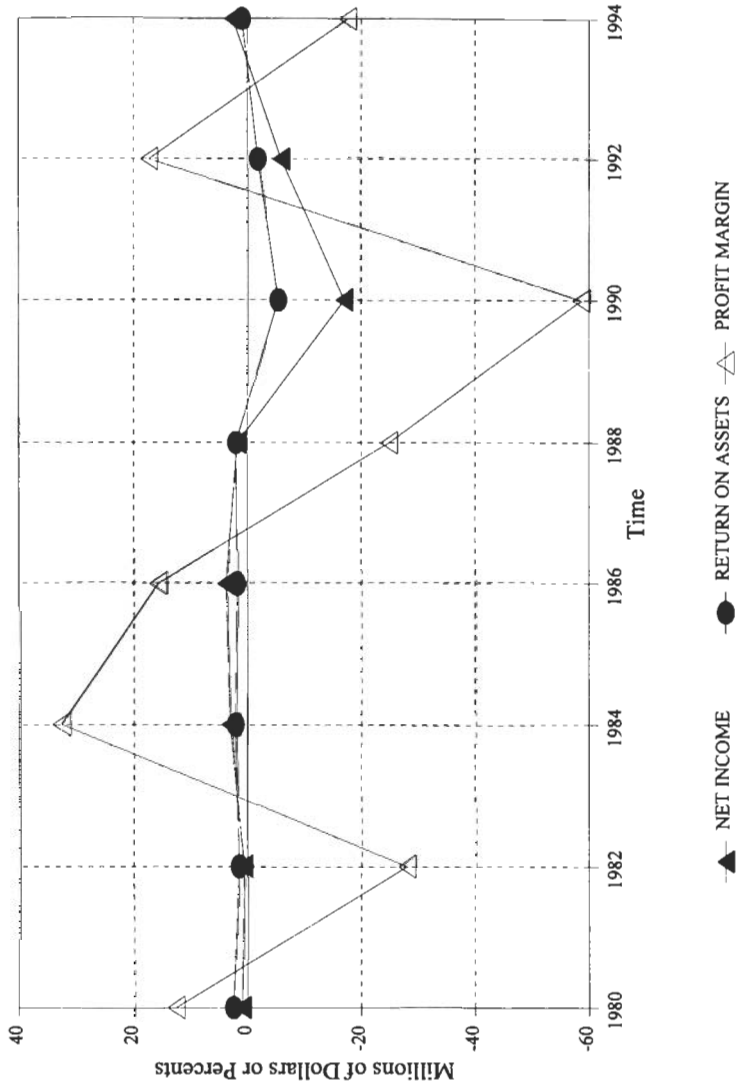
*Trend Analysis for two REIT categories - efficiency measures.* Mean levels of asset turnover and inventory turnover have declined over time for both categories of REITs (Graphs 7 and 8). Although these two efficiency measures may be less appropriate for evaluating REITs, the decline is nonetheless a matter of some concern.

*Trend Analysis for Retailer categories - size measures.* We extended the preceding trend analyses to the four retailer categories in our database. Graph 9 shows that general merchandise stores more than doubled in terms of average sales (from \$3.1 billion in 1980 to \$6.6 billion in 1994). To the extent that this growth exceeds the growth rate in the U.S. economy, it suggests an industry concentration effect. Note in particular that the sales trend accelerated after 1986. We also note a similar increasing trend with regard to average total assets. Stockholders' equity, however, has grown at a lower rate; this reflects increasing competition in the retailing industry.

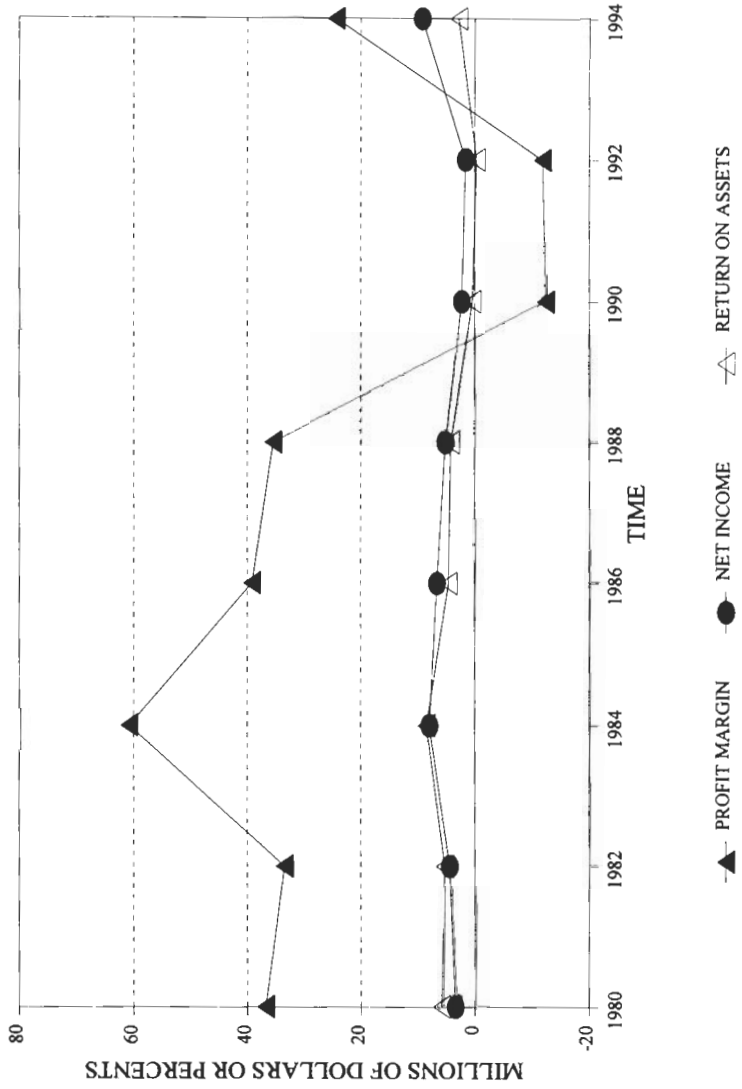
Graph 10 indicates that all average size measures for food stores (stockholders' equity, total assets, and sales) have increased steadily over the study period. Similarly, Graph 11 indicates impressive increases in average size measures for apparel and accessories stores. Average stockholders' equity increased from \$99 million in 1980 to \$272 million in 1994, which is a 7.5% annual compounded growth rate. Average total assets grew from \$190 million to \$534 million. Sales show a similar, and impressive, pattern of increase.

In contrast, the average size measures for the miscellaneous retail stores category (Graph 12) indicate below average performance (for example, average sales grew from \$675 million to \$960 million over 14 years, reflecting a 2.5% annual increase). Unlike the other retailer categories, this category presents no evidence of increasing economic concentration; one plausible reason is that this category, which includes miscellaneous units by definition, does not offer substantial benefits of synergy and cost reductions that typically encourage aggressive merger/acquisition activities among firms.

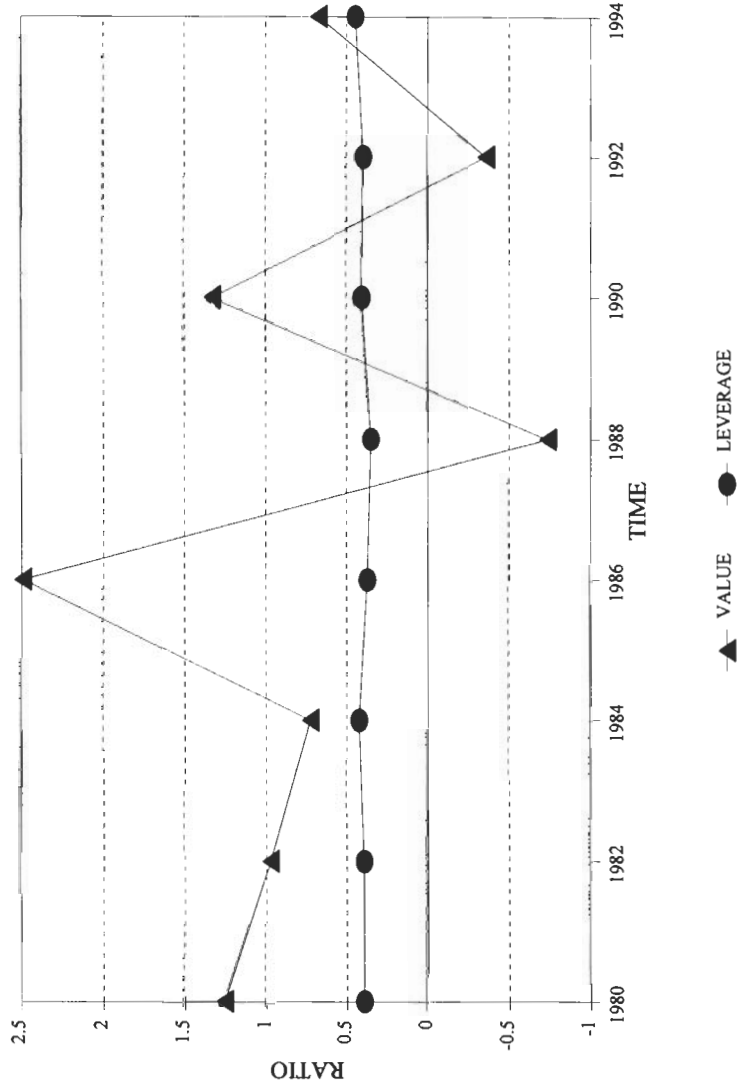
**GRAPH 3: SIC 6512 REITS**  
Trend Analysis in Performance Measures



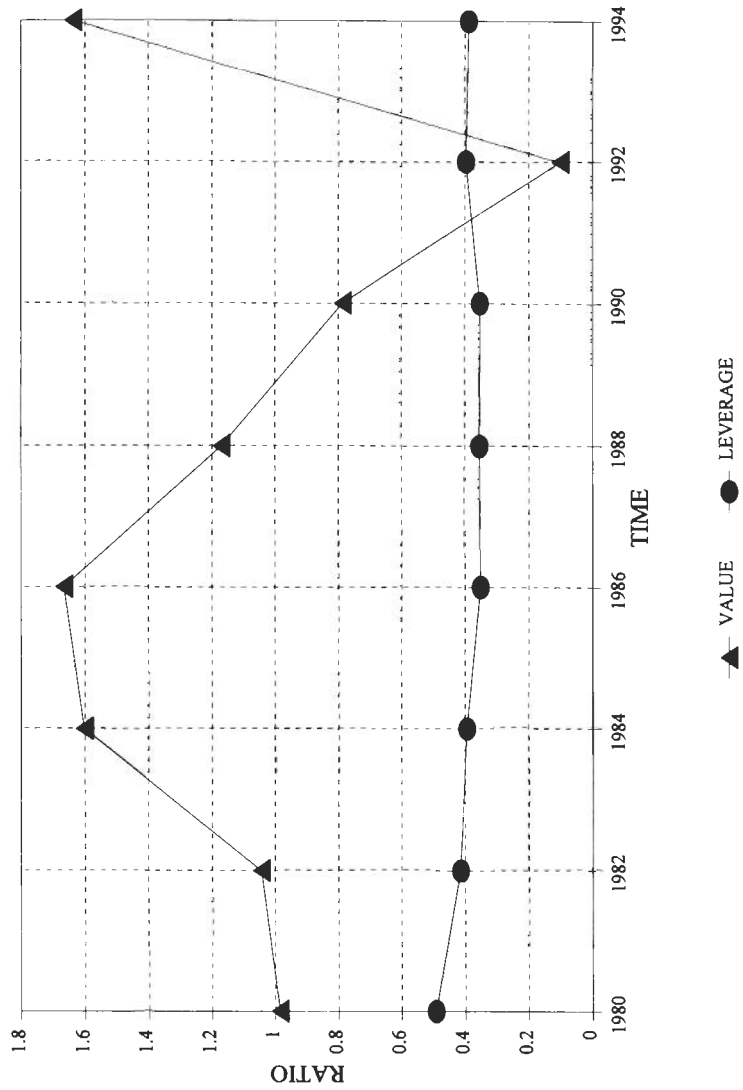
**GRAPH 4: SIC 6798 REITS**  
Trend Analysis of Performance Measures



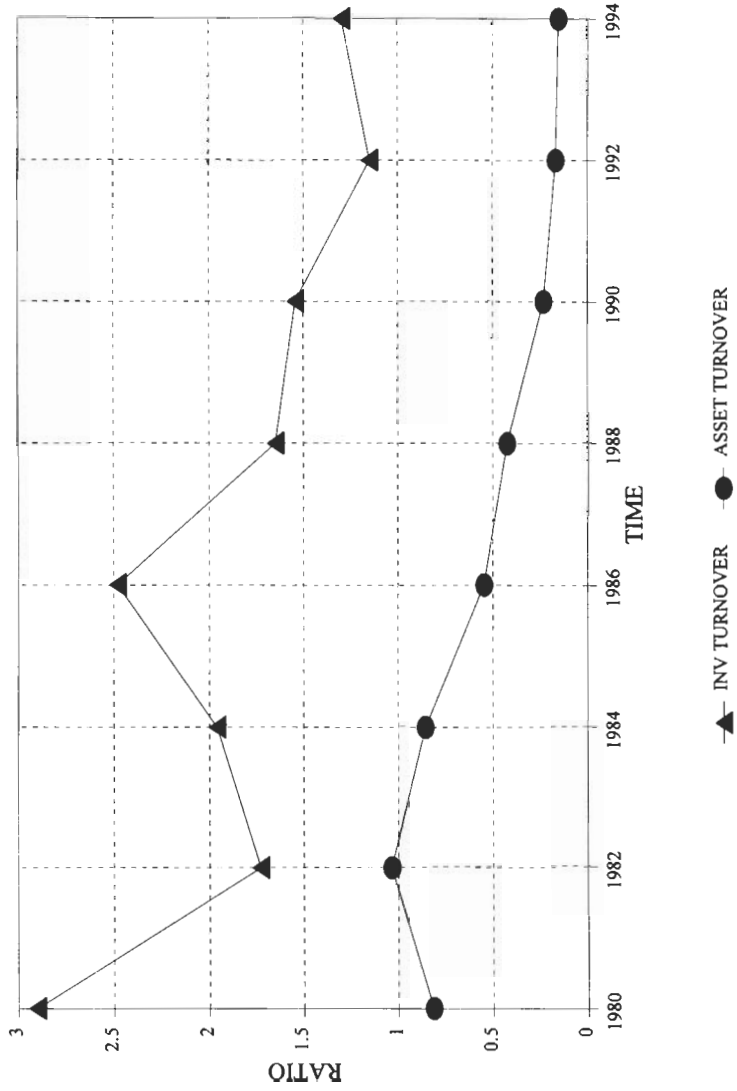
**GRAPH 5: SIC 6512 REITS**  
Trend Analysis of Leverage and Value



**GRAPH 6: SIC 6798 REITs**  
Trend Analysis in Leverage and Value

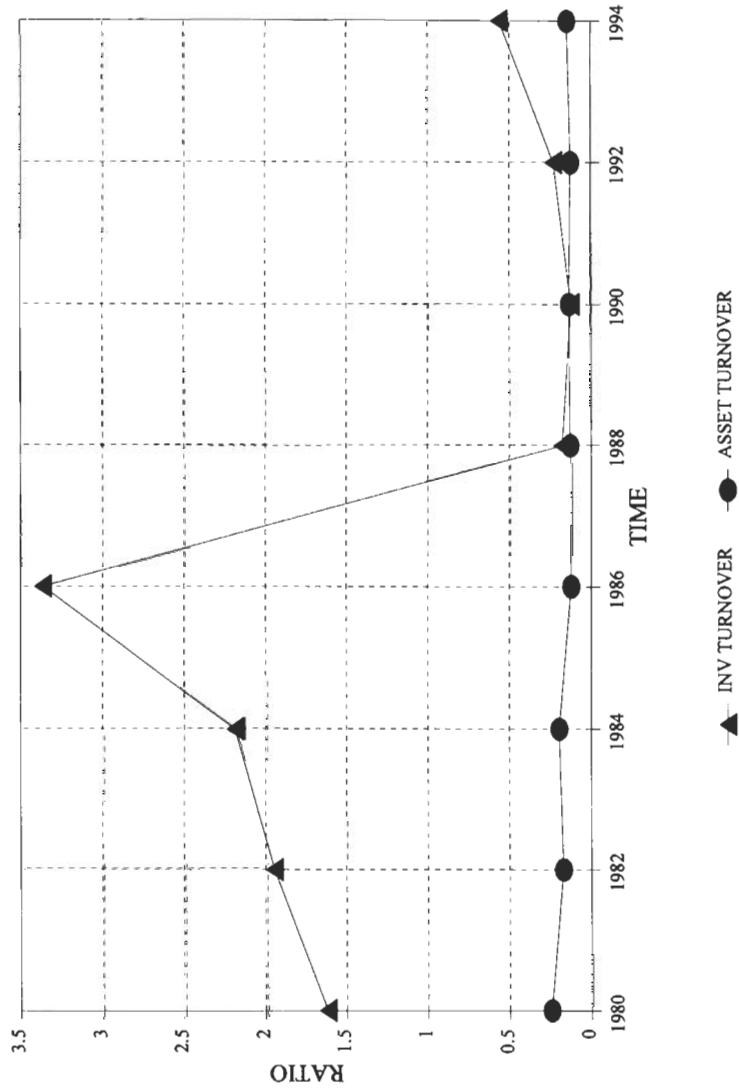


**GRAPH 7: SIC 6512 REITS**  
Trend Analysis of Efficiency Measures

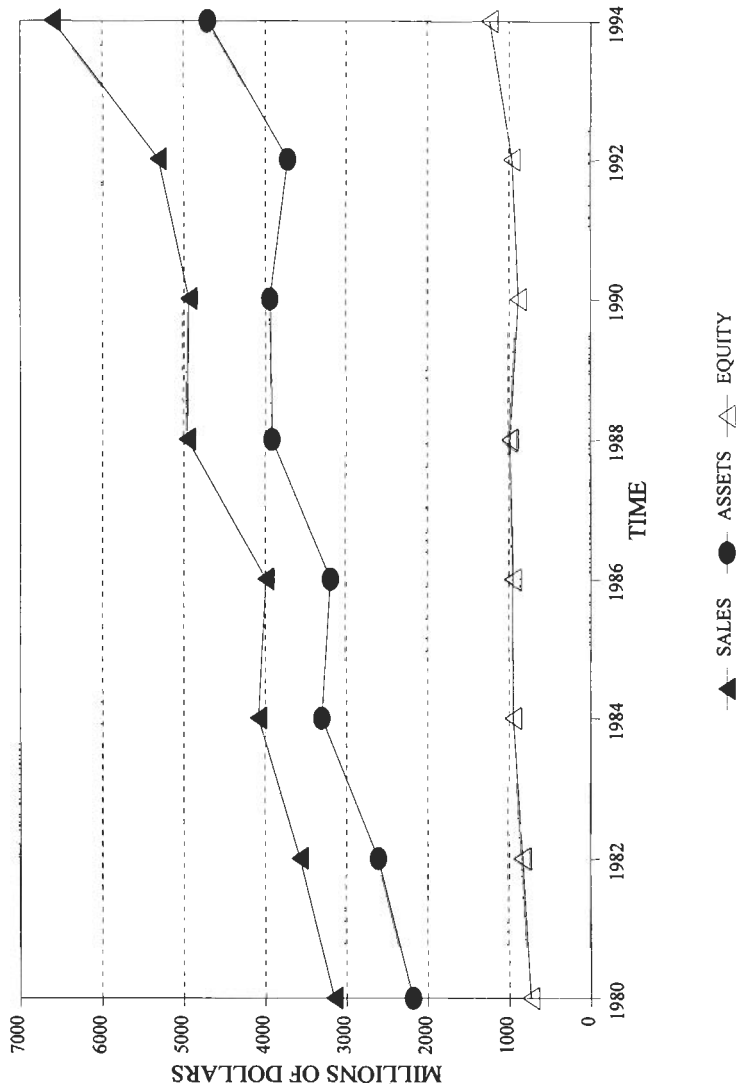




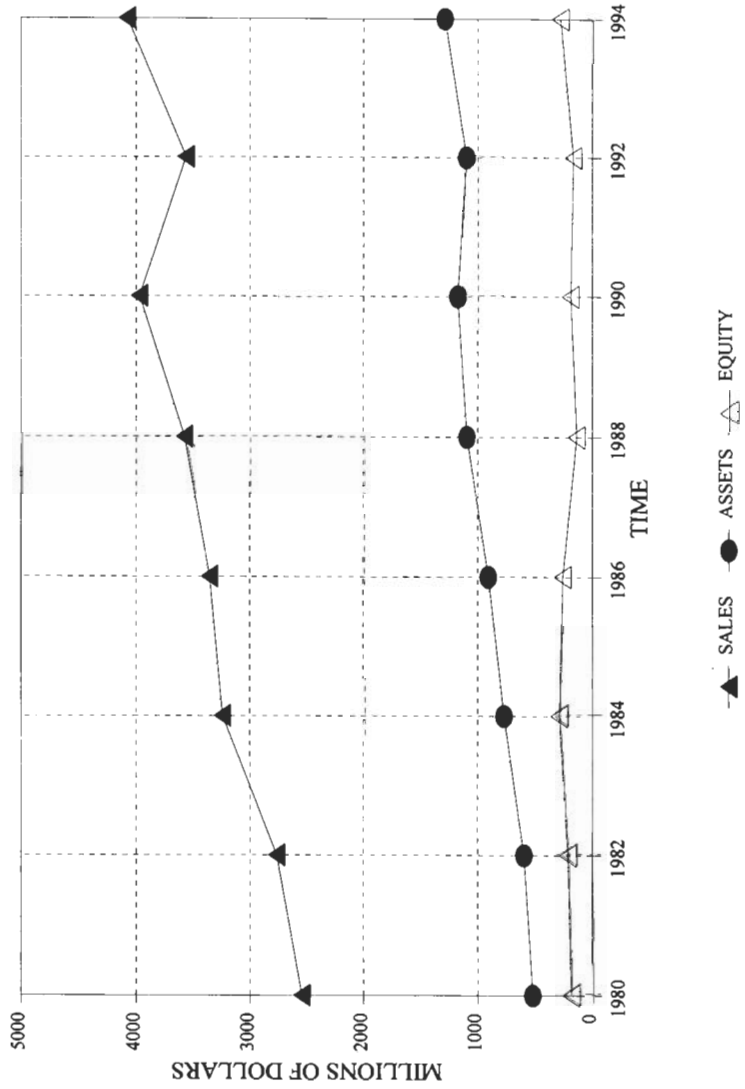
**GRAPH 8: SIC 6798 REITS**  
Trend Analysis of Efficiency Measures



**GRAPH 9: GENERAL MERCHANDISE STORES**  
Trend Analysis in Size Measures

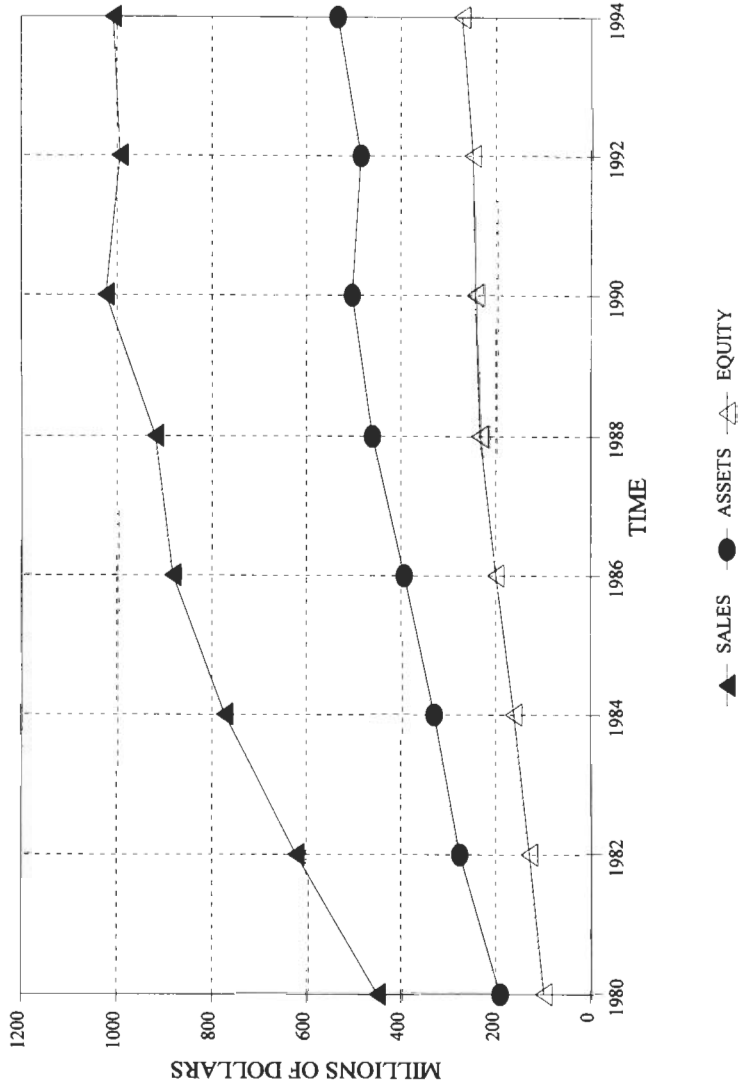


**GRAPH 10: FOOD STORES**  
Trend Analysis in Size Measures



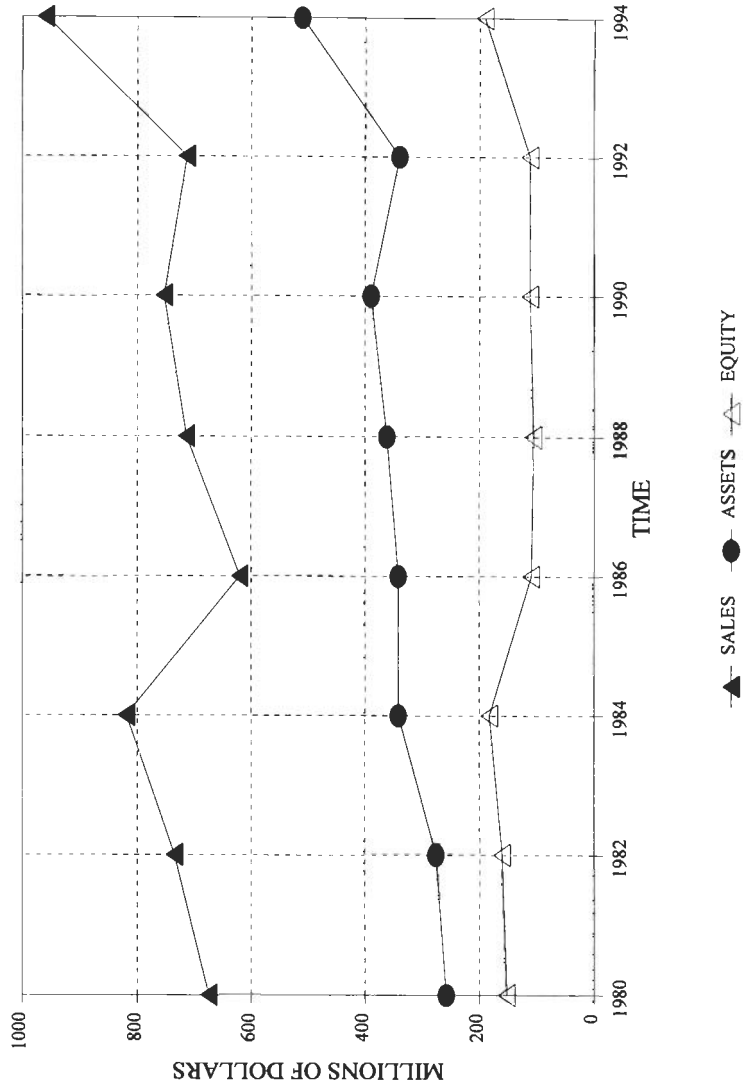
GRAPH 11: APPAREL/ACCESSORY STORES

Trend Analysis in Size Measures



**GRAPH 12: MISCELLANEOUS RETAIL STORES**

Trend Analysis in Size Measures



*Trend Analysis for Retailer categories - financial performance measures*

Average net income for general merchandise stores about doubled over the study period. Profit margins and return on assets remained reasonably stable, as shown in Graph 13. The return measures in Graph 14 for the food stores show a pattern that is fairly stable.

Graph 15 for the apparel and accessory stores reflects an industry under pressure. All measures of returns show a declining profile. The average profitability of these stores has not kept pace with the growth in their average size measures. The average financial performance measures for the miscellaneous retail stores (Graph 16) indicate a pattern similar to that for the previous category. Net income, profit margins, and return on assets have declined over the study period.

The leverage figures for the general merchandise stores (Graph 17) range around a modest 35%. The value index reflects better performance in 1994. Graphs 18, 19, and 20 (for food stores, apparel and accessories stores, and miscellaneous retail stores respectively) show low levels of leverage and good value indices.

Finally, Graphs 21 through 24 reinforce the patterns discussed earlier from the perspective of operational efficiency. In general, turnover ratios have declined for all four retailer categories over 1980–1994.

### ***Efficiency Analysis***

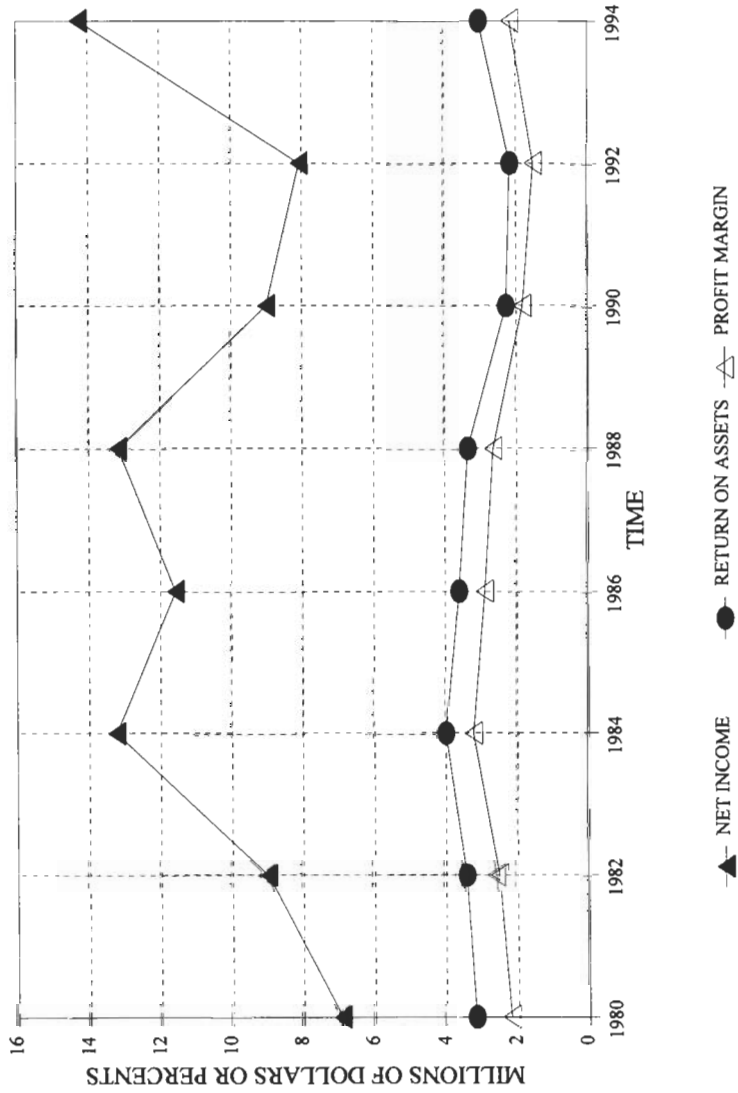
A piecewise linear programming algorithm was used to solve for the efficiency measures for retailers using data for the year 1992 (see Grabowski, Mathur, and Rangan, 1995, for mathematical details). Results indicate that, when compared to efficient retailers, overall efficiency for the average retailer is 34%. The technical efficiency measure is 43%, and the allocative efficiency is 79%. These figures may be understating efficiency because we only consider one year of performance, which may be affected by low profits for some firms in the retailing industry. Nonetheless, our analysis clearly shows that there is room for improvement in efficiency in the retail sector.

### ***Regression Analysis***

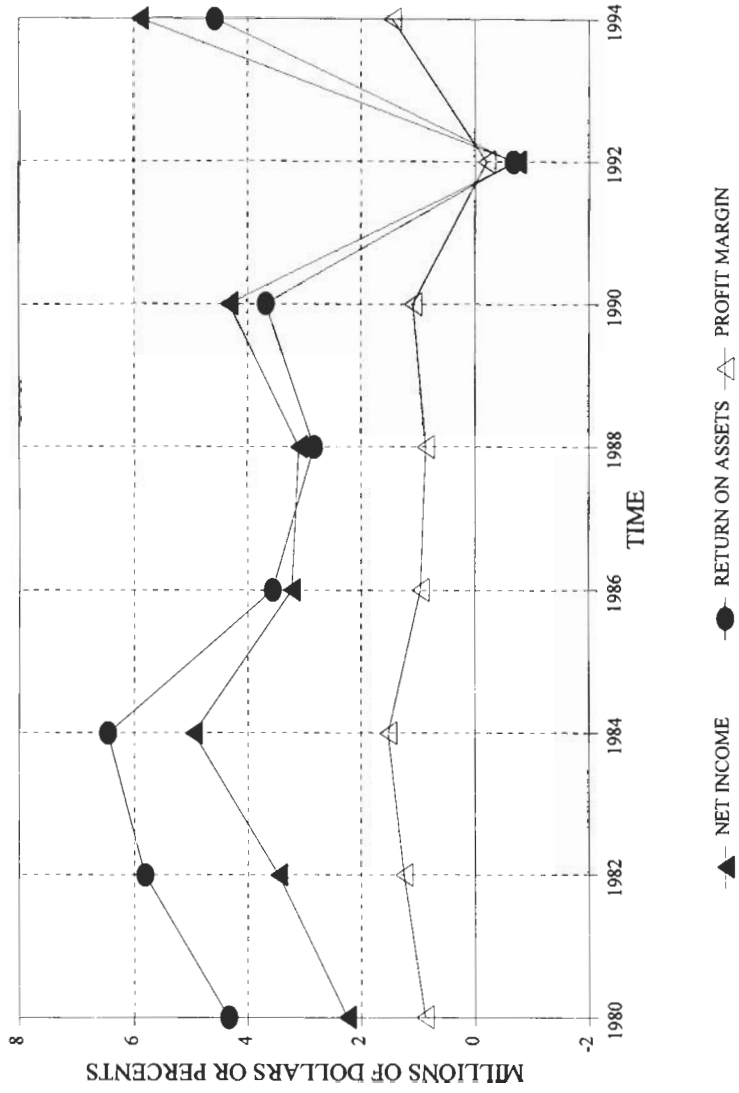
The regression results for the REITs are reported in Table 1. All three regressions show that profitability is directly related to size. Larger firms are, in general, more profitable. The results also indicate that a statistically significant negative relationship exists between profitability and leverage. This finding may be related to the cost of financing. REITs that pay out a large statutory portion of their incomes in dividends are ex-

**GRAPH 13: GENERAL MERCHANDISE STORES**

Trend Analysis of Performance Measures



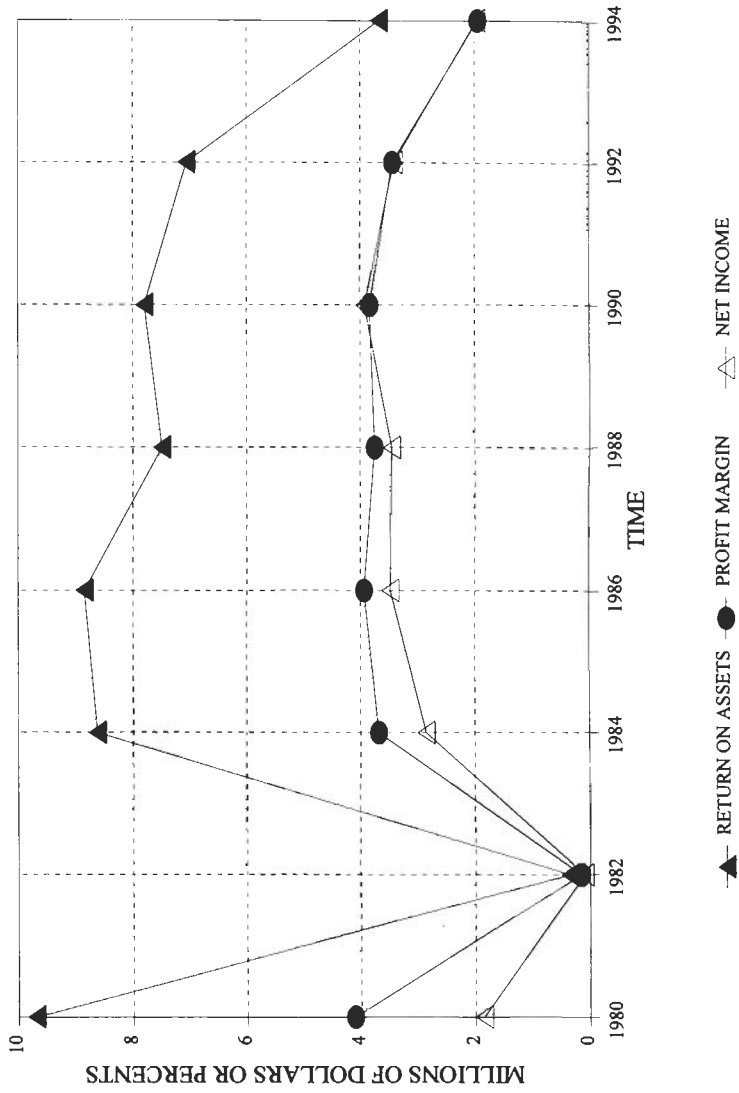
**GRAPH 14: FOOD STORES**  
Trend Analysis of Performance Measures





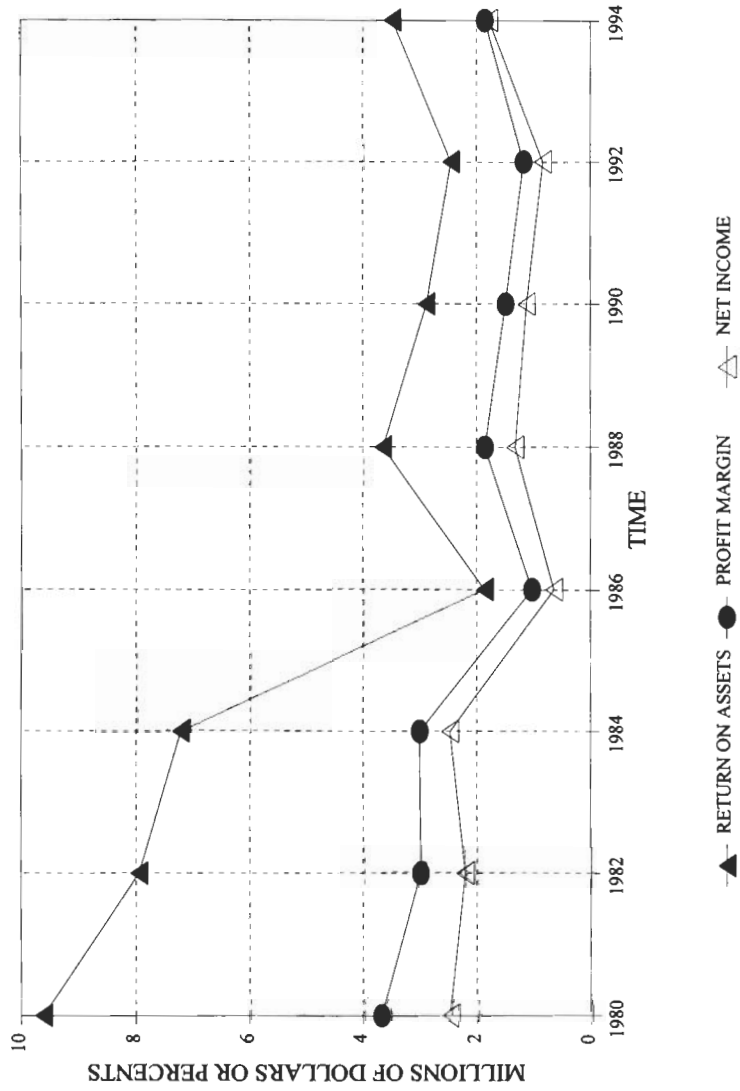
**GRAPH 15: APPAREL/ACCESSORY STORES**

Trend Analysis of Performance Measures

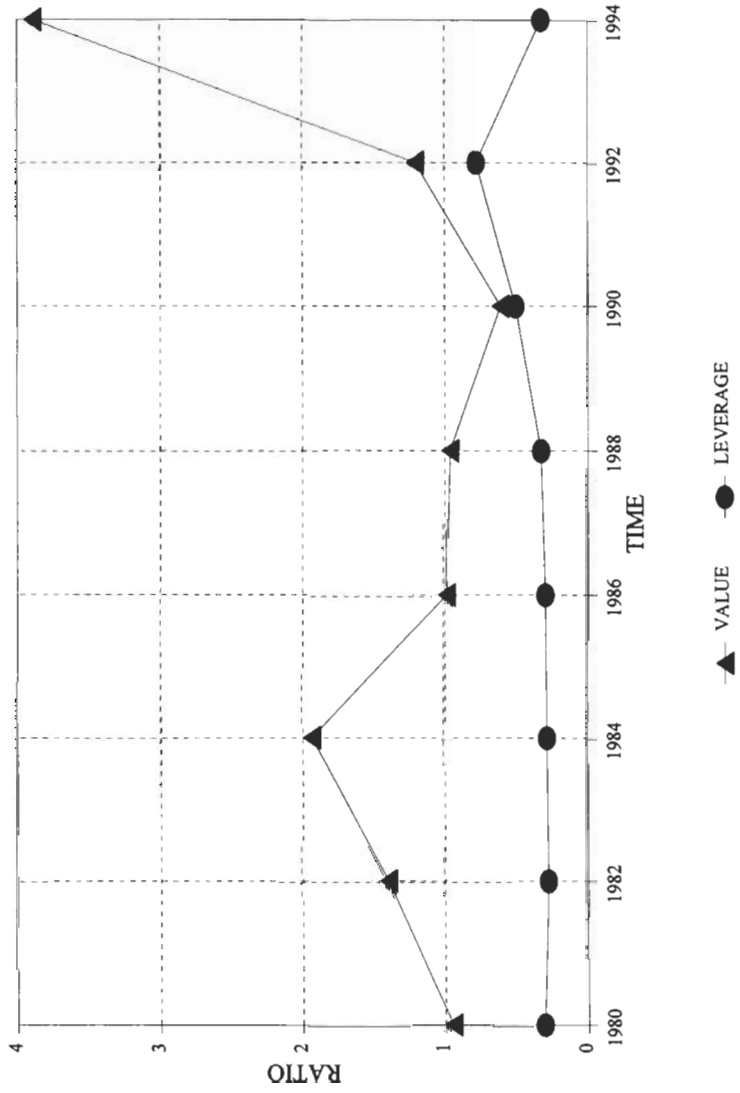


GRAPH 16: MISCELLANEOUS RETAIL STORES

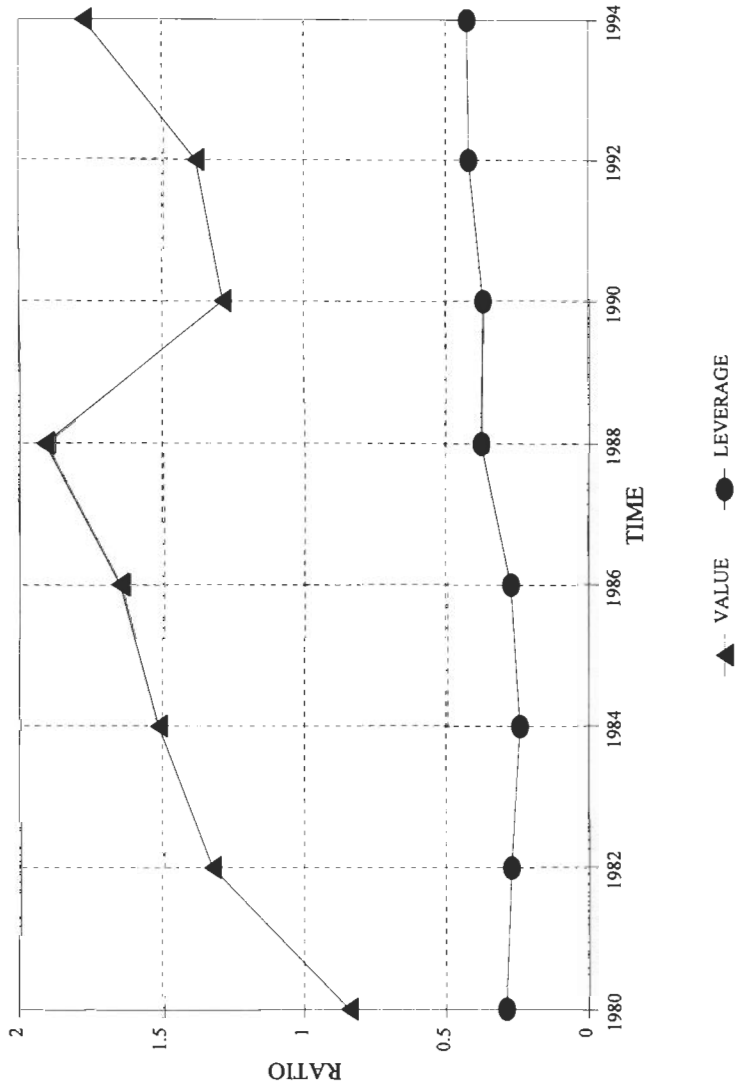
Trend Analysis of Performance Measures



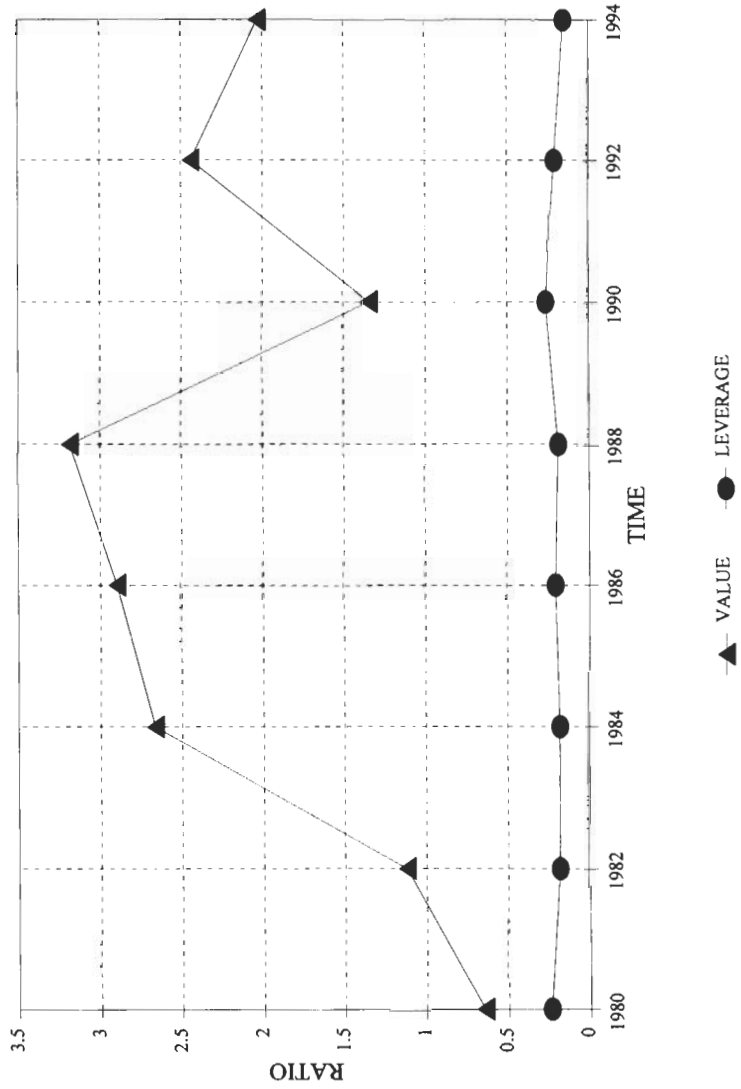
**GRAPH 17: GENERAL MERCHANDISE STORES**  
Trend Analysis of Leverage and Value



**GRAPH 18: FOOD STORES**  
Trend Analysis of Leverage and Value

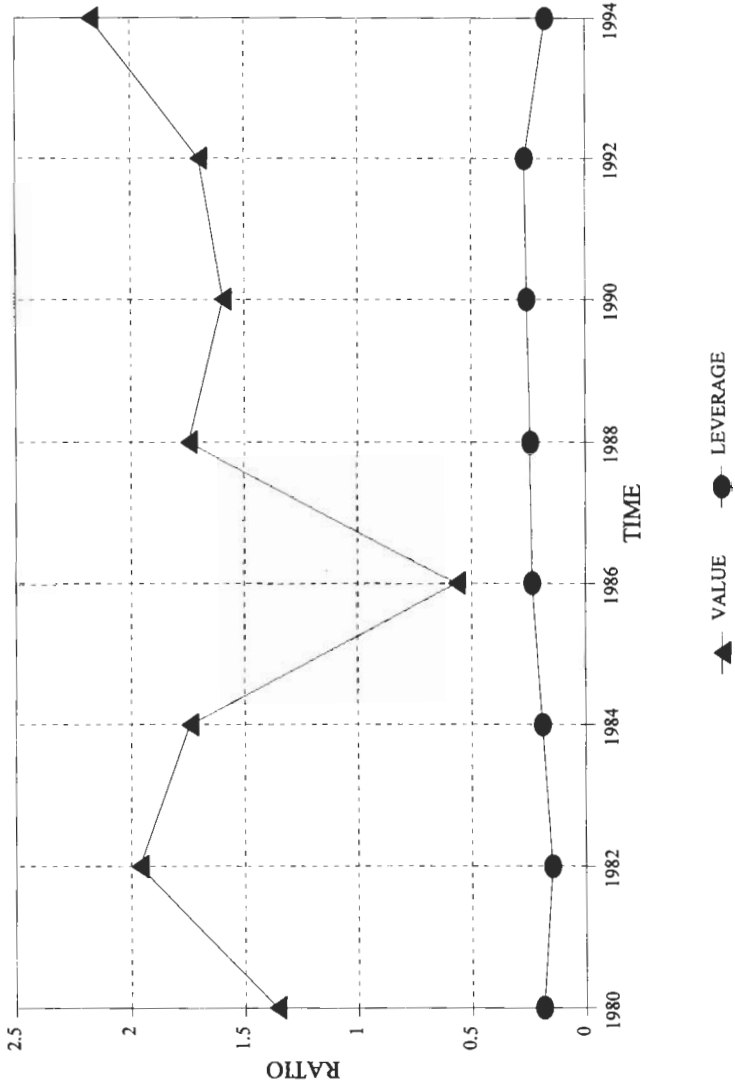


**GRAPH 19: APPAREL/ACCESSORY STORES**  
Trend Analysis of Leverage and Value



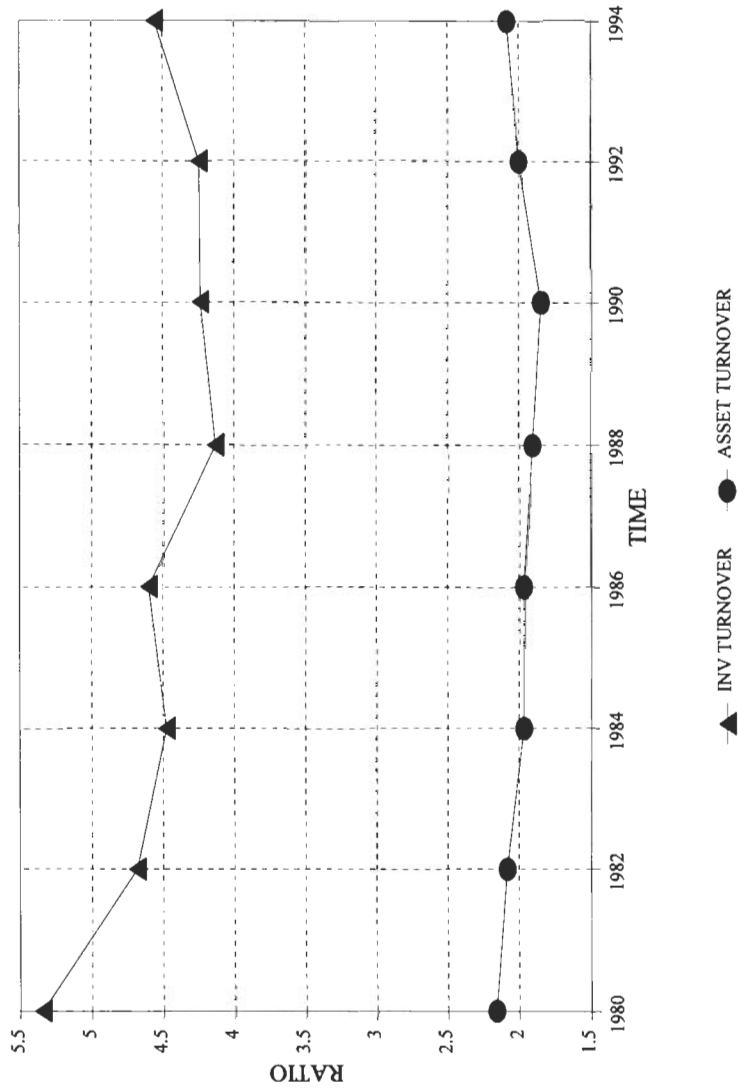
GRAPH 20: MISCELLANEOUS RETAIL STORES

Trend Analysis of Leverage and Value

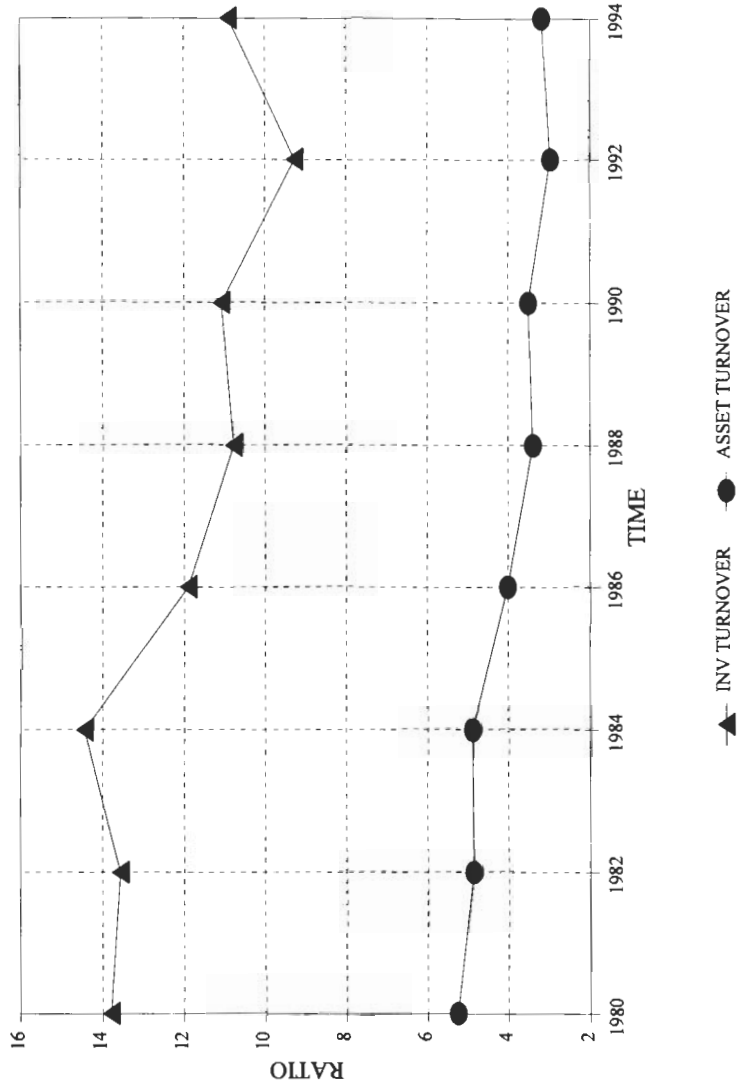


**GRAPH 21: GENERAL MERCHANDISE STORES**

Trend Analysis in Efficiency Measures

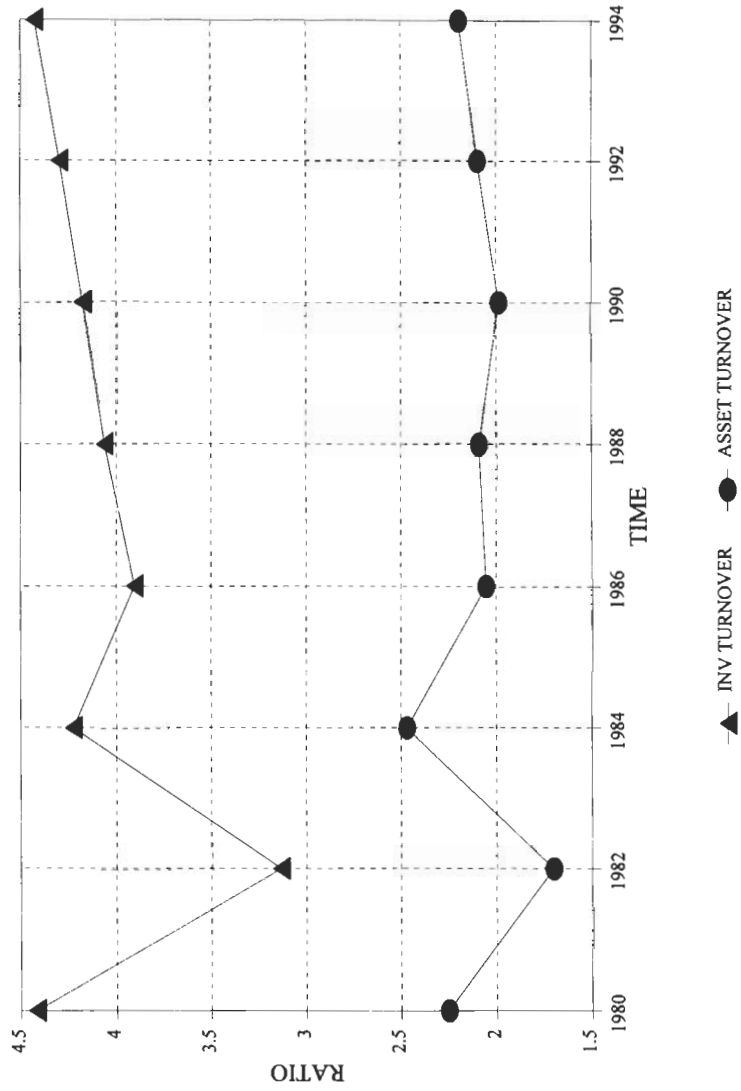


**GRAPH 22: FOOD STORES**  
Trend Analysis of Efficiency Measures





**GRAPH 23: APPAREL/ACCESSORY STORES**  
Trend Analysis in Efficiency Measures



**GRAPH 24: MISCELLANEOUS RETAIL STORES**

Trend Analysis of Performance Measures

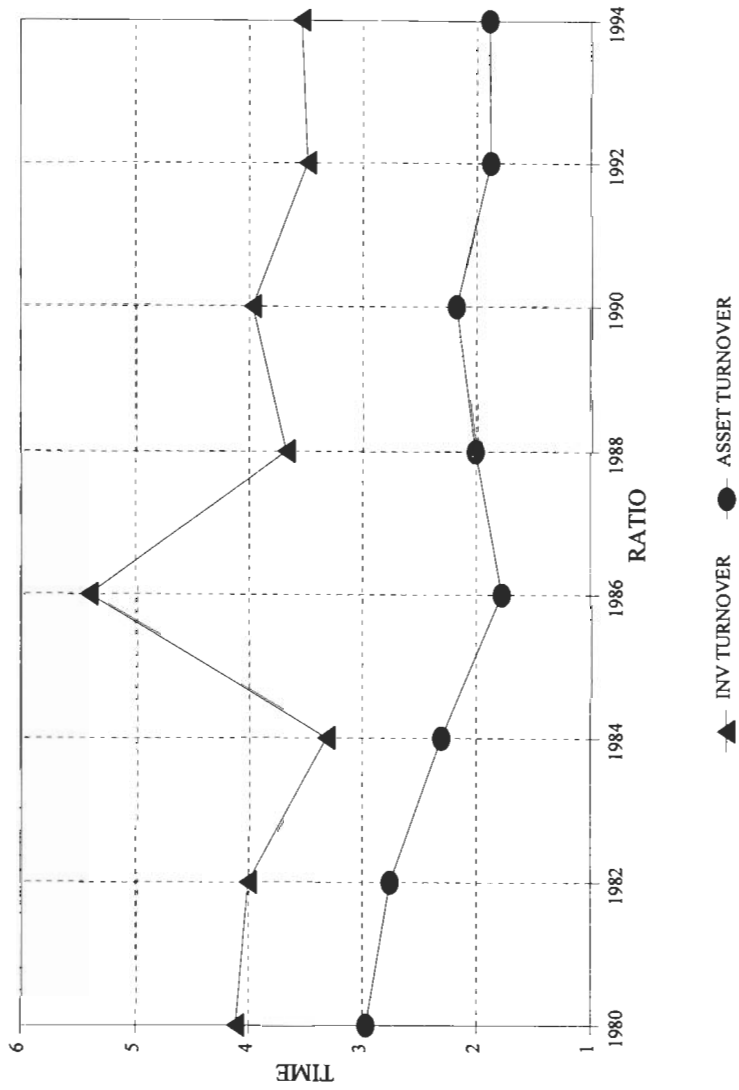


TABLE 1. REGRESSION RESULTS FOR REITS

Dependent variable	a	log (A)	TD/TA	Adj. R <sup>2</sup> (%)
1. NI	-18.15***	14.36***	-0.11***	34.78
2. NPM	-8.45	25.64***	-0.68***	3.30
3. ROA	-0.12	2.30***	-0.05***	5.00

\*\*\* significant at the  $p < .01$  level.

empt from taxes. Without the tax shield on interest deductibility, debt will be a more expensive proposition for REITs.

The regression results for the general merchandise stores are shown in Table 2. The first regression shows that net income and total assets are positively related. The leverage ratio is not statistically significant, however. The second regression indicates that size and net profit margins are positively related. This is plausible because larger firms are more likely to enjoy the benefits of market power and therefore have higher margins. Leverage is statistically significant with a negative coefficient. The third regression reflects the addition of inventory turnover to the previous model. The coefficient for this variable is statistically significant and negative, indicating that retailers choosing to emphasize service and higher priced items enjoy higher margins. Receivables turnover is added to regression #4, but it is not statistically significant. Regressions #5, 6, and 7 reflect a pattern of results (for return on assets as the dependent variable) similar to regressions #2, 3, and 4. Moreover, results for the three remaining categories of retailers are similar to the results reported in Table 2. In the interest of brevity, we do not present regression results for all retailer categories.

## ■ Conclusions

Our study analyzed data for REITs and for retail stores over the period 1980–1994. The analysis for REITs shows increasing concentration, with generally declining returns on invested capital. The results also show a high degree of variability from year to year in financial performance measures. Using the ratio of market value of equity to book value of equity as a measure of value, we show that REITs have not enjoyed high levels of value over the time span analyzed. These results suggest that, in order to provide a fair measure of returns to suppliers of financial capital, shopping center owners will have to follow two strategies ag-

**TABLE 2. REGRESSION RESULTS FOR GENERAL MERCHANDISE STORES**

Dependent variable	a	log (A)	TD/TA	S/INV	S/AR	Adj.R <sup>2</sup> (%)
1. NI	-621.00***	112.99***	1.16			25.9
2. NPM	-10.94***	2.63***	-0.26***			78.9
3. NPM	-12.93***	3.31***	-0.24***	-0.66**		81.0
4. NPM	-13.54***	3.42***	-0.25***	-0.68**	0.00	81.1
5. ROA	-53.85***	22.72***	-0.61***			41.4
6. ROA	-55.32***	27.34***	-0.57**	2.70**		47.0
7. ROA	-67.43***	29.60***	-0.47*	-3.11***	0.10	47.8

\*\*\* significant at the  $p < .01$  level.

\*\* significant at the  $p < .05$  level.

\* significant at the  $p < .10$  level.

gressively. First, they should continue to pursue the current acquisition trend to enhance their economic and bargaining power. Second, they need to look at the mix of tenants both to stabilize the stream of rents and to increase it.

Increasing economic power will place shopping center owners in a position to charge higher rents and to increase profitability. However, this enhanced power does not address the more fundamental issue of bringing more stability to the stream of rents. The latter goal calls for a rationalization of the tenant mix, and requires targeted growth that avoids saturated markets.

Our research also focused on retailer performance to identify factors that may contribute to stabilizing financial returns for shopping center owners. Analyses indicate that economic concentration has been beneficial to general merchandise stores. In contrast, this trend has not extended to food stores, despite their demonstrated growth in both size and profitability.

The message from our data on retailers is that general merchandise stores will continue to dominate in their traditional anchor roles. However, from the perspective of shopping center owners, food stores merit careful scrutiny. Perhaps demographic factors at work will discourage shopping center owners from giving serious consideration to food stores. However, anecdotal evidence from Wal-Mart super stores suggests that at least some experimentation with food stores as shopping center tenants is justified.

Finally, declining profit margins and profitability for apparel/accessory stores and for stores in the miscellaneous category suggest that

firms in these classifications are likely to be subjected to a shakeout. The net result could be a wave of bankruptcies and/or takeovers, perhaps as near as the next economic downturn. For this reason, shopping center owners should consider this retailer category as providing vital complementarity in their tenant mix. Simultaneously, however, they should develop contingency plans for vacated floor space if this shakeout actually materializes.

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