



nerej

If you need ideas on how to reinvent your property, consider contacting a retail center consultant

January 22, 2015 - Retail

For retail real estate owners/managers, it is not the best of times, it is also not the worst of times. Retail real estate: malls, shopping centers, downtowns/neighborhood centers and retail stores are in transition. All competing, all challenged, and owners/managers are trying to figure out: What to do? When? How?

Industry-wide issues include:

- * Overbuilding
- * Outdated department store anchors
- * Outdated/oversized chain stores
- * Shopper boredom with store selection, appearance and claustrophobic indoor design
- * Economic recession
- * Millennials and other demographic groups changing lifestyles and shopping patterns
- * Mid-market retail store doldrums
- * The Internet/mobile shopping technologies

On the upside, stores and some centers are successfully changing to attract and accommodate the new shopper and there are still many more dollars spent at physical stores than on virtual ones. Most shoppers still want to come to a store and a center to socialize, to try merchandise, and to be entertained. Despite the tough times, some centers will change and grow and new ones will develop that successfully serve the current market and economy.

If you have property and need ideas on how to reinvent it consider contacting a retail center consultant(RCC).

RCCs, including my own Todreas Hanley Associates, help those responsible ask and answer crucial questions and recommend implementable solutions. RCCs assist communities and property owners turn their retail holdings into profitable real estate.

Questions you may have will sound like this:

Market?

How is the market changing and how does it impact retail tenants? What can I do to understand and serve the market in my trade area?

New people move into neighborhoods with different needs and wants than previous residents. Other demographic changes occur as residents age in place, staying in the same unit, but going from being a couple to a family with kids to a family with kids in college, to grandparents, maybe with live-in children and grandchildren. More people are working at home while fewer are stay-at-home parents.

Who are these people and what do they want from their neighborhood retail center? How can the center bring in better uses and activities to attract them and cause them want to spend more time

and money in the center? Should it be more restaurants and, if so, what kind? How can new entertainment be introduced? Is parking adequate? What type of stores carry the right kind of merchandise? Are the rents in keeping with nearby neighboring competing retail centers? The RCC will examine the current market using analytic tools, working with the community, and talking informally and surveying individuals and groups of shoppers to find detailed information, including where and why they typically shop elsewhere.

To reinvest or not?

Many property owners question reinvesting in their property. This is often especially difficult for owners who have inherited their property. The RCC is able to advise on matters of redesign as it relates to the current and future market as well as to competition in the trade area. Many properties can be updated to bring in sunlight, be more accessible, open, and inviting; while others may not be worthy of investment. Properties that merit investment are then ready to improve their tenant mix, which segues into the next question about tenants and tenant mix.

Tenants?

Once the force of the market has been identified positively, and plans for improvements are underway, it is crucial to address re-tenanting. Market characteristics and tenant qualifications inform the selection. Finding and binding tenants who can serve and excite the shoppers is most challenging. What types and who are the best tenants? Eateries? What kind? A wine bar, pub, microbrewery? Stores? A small Target, Staples, or Best Buy? Medical Offices or Yoga, TaiChi, and Kendo Center? What are the rents, rental structure, and incentives? The RCC studies this and knows trends, best mixes of uses, and tenants. The RCC identifies categories of merchandise and stores with the greatest demand and least competition, evaluating brands, price points, and tenants who will attract the consumer, and compete favorably in the trade area.

Other?

Other areas that RCCs can assist with are updating zoning, licensing (especially liquor licensing) and other dated government regulations. RCCs also provide valuable assistance with perhaps the most difficult, question: Does your center have too much retail space for the market and trade area? What transformation needs to occur to give the shopper the most interesting and exciting experience? Today's time-starved shopper desires a dense, intimate environment with distinctive spaces and customized shops. An experience where it is easy to mingle and inviting to be. This is what they want and RCCs can bring it home.

Carol Todreas is a principal at Todreas Hanley Associates,
Cambridge, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540