



CELEBRATING  
55 YEARS

# nerej

## **Saugatuck Commercial Real Estate and the retail leasing business**

June 18, 2008 - Connecticut

When I was first introduced to the concept of retail leasing and retail tenant representation nearly a decade ago the prospect of working on retail real estate assignments was not inspiring. Many of the highly respected national real estate brokerage houses simply did not have the vision as to the importance/profitability of a retail team and were comfortable with strategic plans that did not include retail groups.

Saugatuck Commercial Real Estate was formed in 2004 and is concrete evidence of the viability of a small retail leasing brokerage house. SCRE is small and tight, managed lean and efficiently. The SCRE team works cooperatively to grow our business and work with tenants, landlords and developers through out New England. Service, passion, pride, hustle and more passion are the primary tenets of SCRE. A positive, professional and persevering attitude has earned trust and respect throughout the real estate industry.

Much has evolved and changed concerning retail during the last ten years- perceptions, reality and strategic plans. A significant portion of recent real estate development now includes, even features, retail components. While new office construction projects have recently slowed in pace, new retail concepts, such as lifestyle developments and urban mixed-use (retail and residential) have been driving development nationwide. National brokerage houses are actively seeking substantial involvement in the retail sector. Independent regional and local retail brokerage houses are proliferating around the country. And the stature of the retail leasing and investment broker - the retail tenant representative, the landlord's representative for retail centers, and the developer's investment advisor - has been elevated to front line and top tier in the real estate industry. The retail sector creates economic news, sets consumer expectations, and features strong, sharp and creative brokers.

The tools of the retail trade are distinct from those in office leasing. At the direction of our clients, we rely heavily on and are asked to supply demographic analysis, aerial photos of the market often including competitor information, preliminary concept plans and various site plan revisions, elevations and sign boards, zoning regulations and town meeting presentations. We typically deal with triple net leasing vs. gross leases for office use, carefully phrased use and exclusive use clauses, heavily negotiated sublet and assignment paragraphs, longer term leasing sometimes with options up to 40 years, logo identity packages, franchise addendums and more. As in most businesses, the real deal is in the details and the best in the business are able to separate minutiae from substance.

Another critical component to retail leasing is the ability to work with simultaneous multiple site searches, some of which involve smaller turf (within a county or two) and others which enjoy larger geographical territory (statewide, multiple state or even regional) searches. The benefits are

multifold - exposure in wider circles in faster timeframes, increased opportunities to close multiple deals, larger size total transactions per tenant which may counterbalance smaller size spaces.

The retail leasing business is fast-paced, time intensive, and people driven. The ability to multi-task is important, organization is critical. From the tenant's perspective, a high-quality full-service retail broker will analyze site requirements and target markets, educate the retailer on the market (comparative rents, available spaces, new developments, etc), drive the market with the tenant, select viable sites, prepare and negotiate offers and help close the transaction. When requested, the broker participates in strategic planning for brand roll-out and will often serve as the essential link between the retailer's in-house real estate team and the operations people in the field. From the landlord's and developer's perspective, a high-quality full-service broker will surface and analyze investment opportunities, help establish concept plans and co-tenancy options, counsel regarding lay-outs and design components, educate about the market (active tenants and their requirements, vacancies in the market, market rents, etc.), and market properties in appropriate media and at regional and national trade shows.

At SCRE we have experience working with small start-ups and larger nationals, single site searches and multi-state searches. We approach them all in the same way - understanding the need, educating the client and closing the deal. At the end of any transaction, all parties should feel good and enjoy the sense of win-win. Regardless of which side of the retail transaction we serve, it is ultimately with pride and excitement that we attend the opening of our clients' stores - for us, it's the satisfaction that comes with excellence and the thrill of victory....and then on to the next!

Penny Wickey is principal and owner of Saugatuck Commercial Real Estate, Westport, Conn.

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