



PLANTING YOUR VISION IN THE GROUND: GETTING GOOD PROJECTS TO PENCIL OUT

Building Livable Cities:
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HOW RETAIL IS EVOLVING

David Greensfelder

A VERY BRIEF HISTORY OF RETAIL

- In the early 20th century, without cars, no need for shopping centers.
- By mid-Century, most towns had downtown shopping districts.
- Towns had their own homegrown department stores which sold a wide category of goods.
- Post-war suburbanization gave way to malls, which replaced downtowns in an increasingly decentralized urban landscape.
- Discounters like K-Mart began to erode department store market share, and traditional department stores even began to enter this world (Dayton Hudson → Target).
- More efficient “big box” and “category killer” retailers were the next step in retail evolution... more convenient, with everyday low prices.
- Regional Malls began to contract – commodity vs specialty was born. Lifestyle centers were born.
- Traditional department stores (Kohl's) began to abandon malls and join the category killers.
- Today's environment is about convenience/price vs experience.

TYPES: COMMODITY RETAIL

A retailer selling goods and services which are consumed without emotional connection by the consumer and for which the consumer's primary motivation is price and convenience.

Examples include grocery and drug stores, mass merchants such as CostCo, Target or Wal-Mart, office supply stores such as Staples or Office Depot, or electronics, books and music.



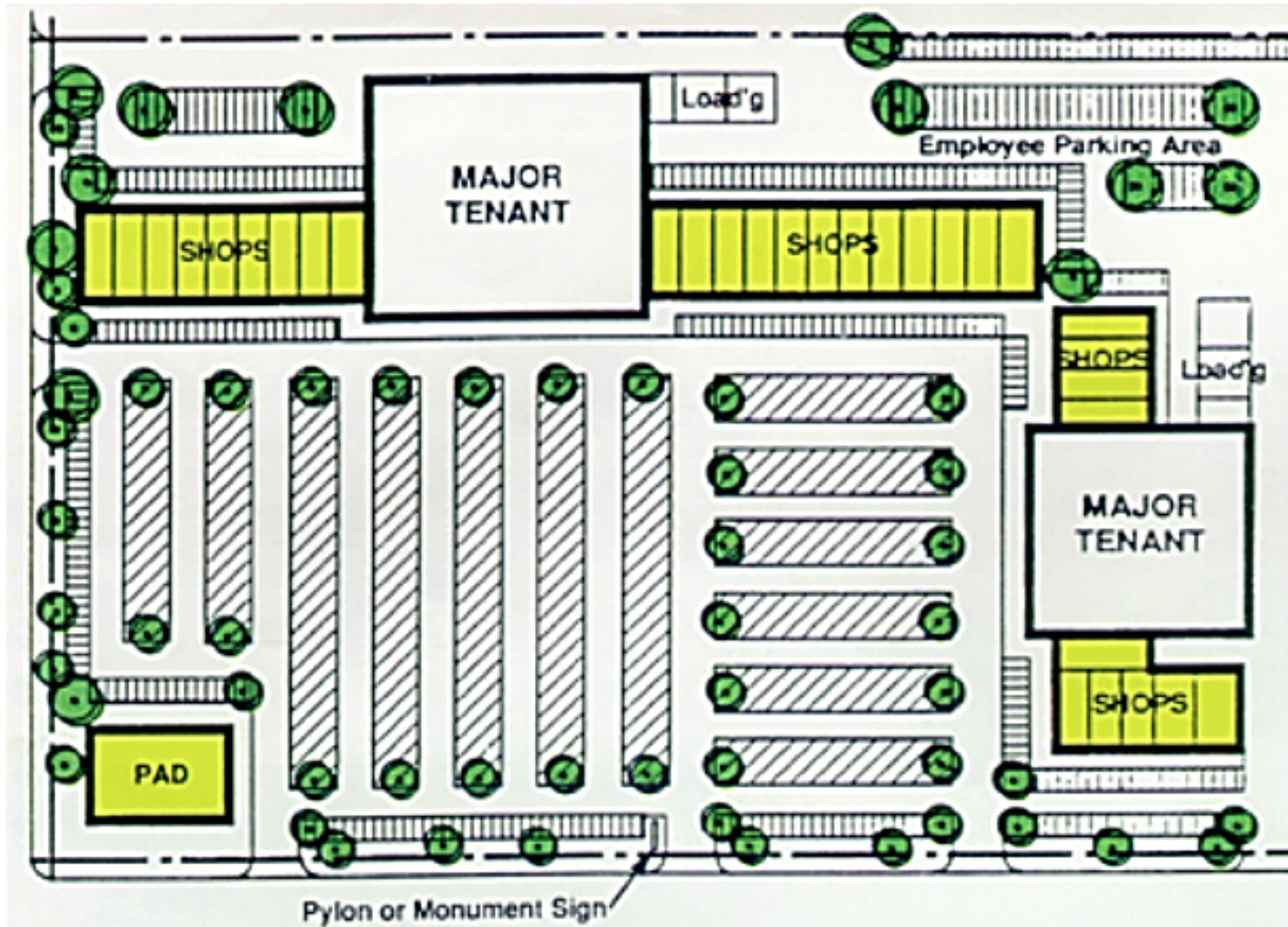
TYPES: SPECIALTY RETAIL

Retailers selling goods and services which are consumed on a discretionary or emotionally-driven basis using discretionary funds/income, and where experience is a primary motivator in choosing how and where to spend discretionary time.

Examples include fine dining, clothing, luxury hard and soft goods, or electronic, books and music, and even specialty shopping districts.

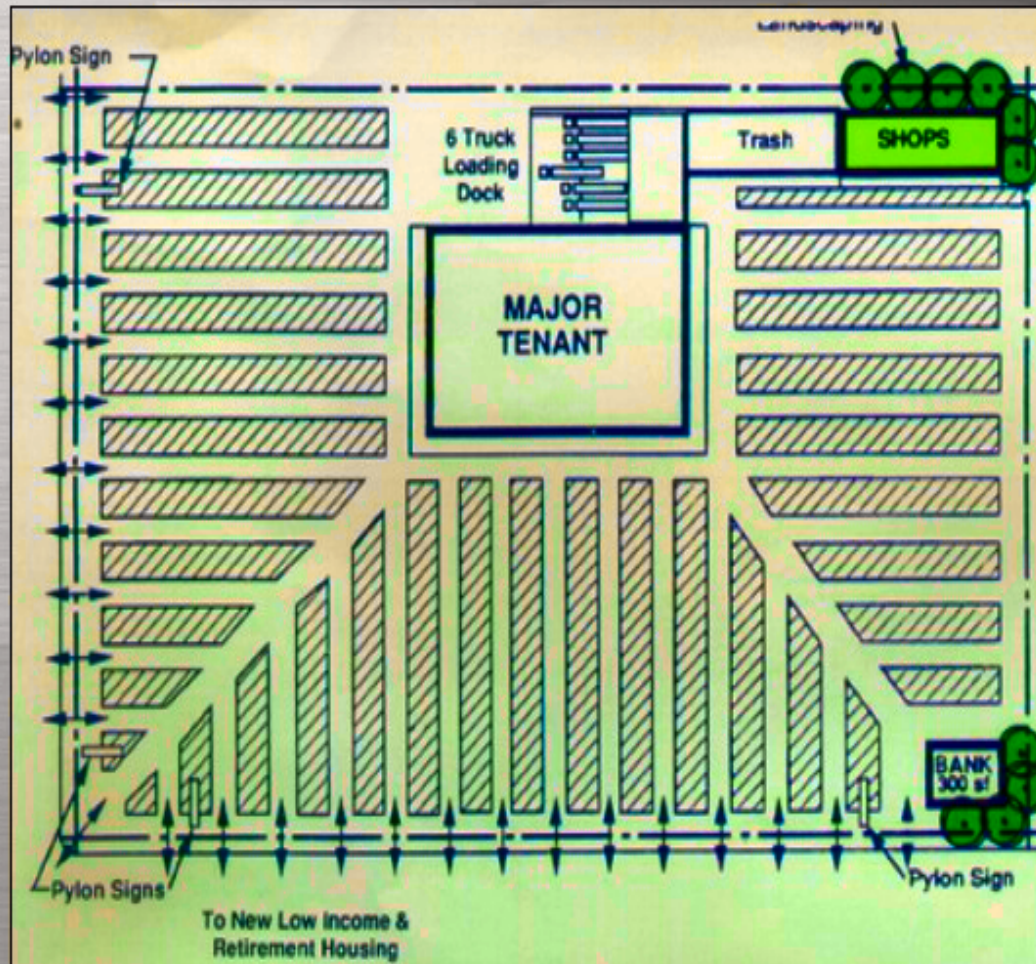


TYPICAL SHOPPING CENTER



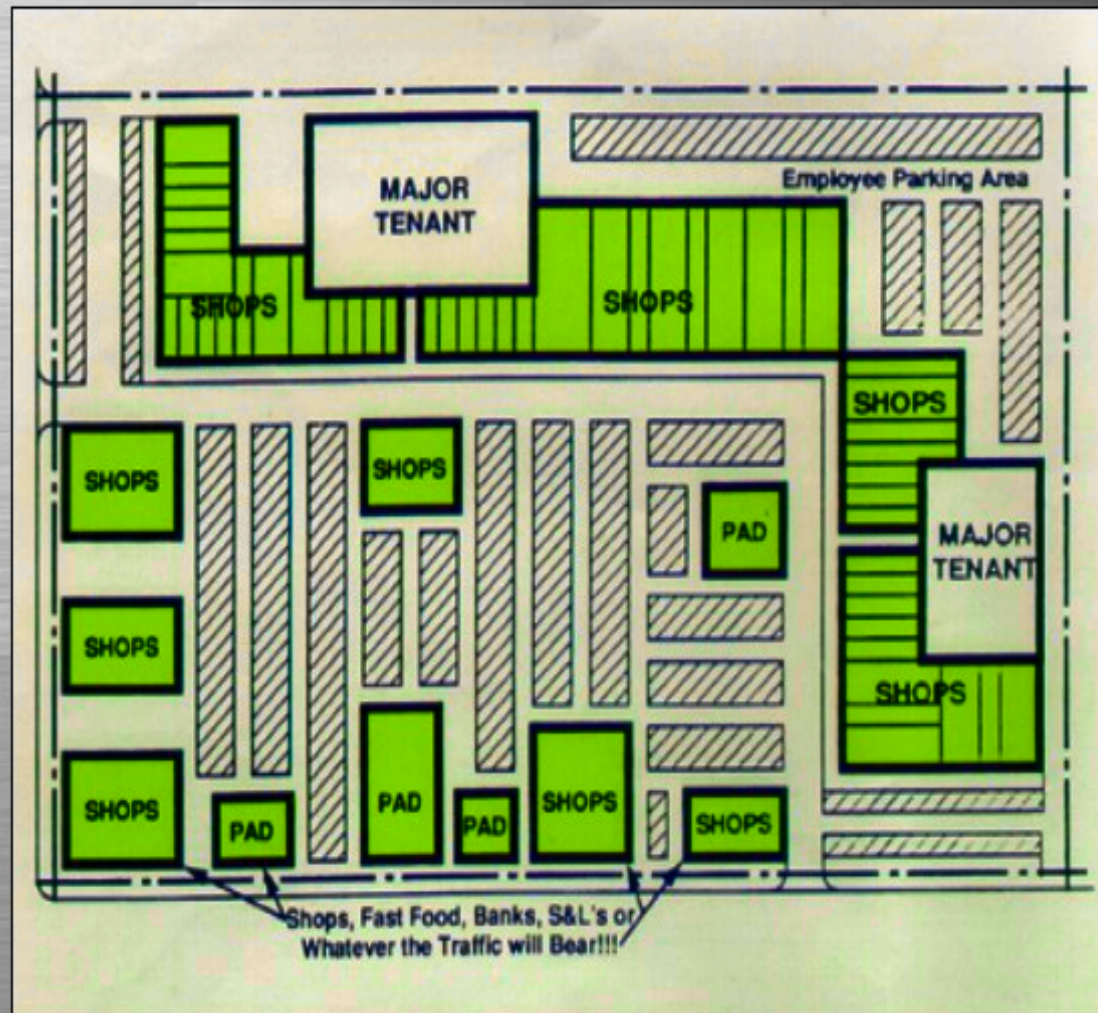
TENANT/BROKER PERSPECTIVE

Retail Market

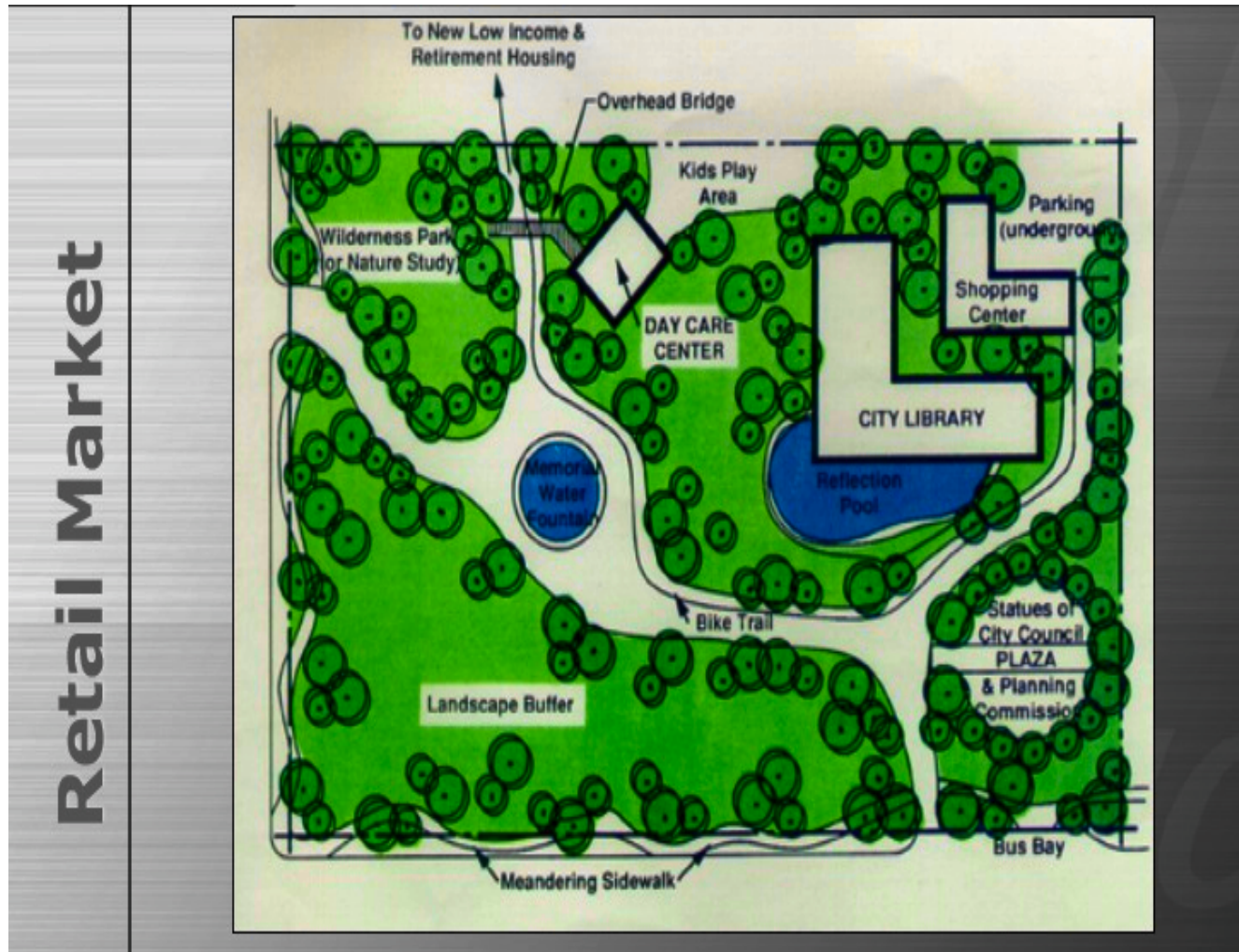


DEVELOPER PERSPECTIVE

Retail Market



CITY PERSPECTIVE



TYPES: ACTIVE RETAIL

Retail where the pedestrian interacts with the space even if he/she doesn't go in to buy something.

Examples include grocery/drug, specialty, mass merchants (CostCo or Target), and even a karate studio, art gallery, or real estate agency.



TYPES: NON-ACTIVE RETAIL

Retail where the flow of the retail district is broken so that pedestrians don't interact with the built environment, or where there are limited hours so that spaces become dark during non-office hours.

Examples include offices, medical facilities, auto repair, and can also be caused by poor design!



RETAILER ECONOMICS: SOURCES OF SALES

Big Picture

Residential Population (existing and growth)

Daytime Population (existing and growth)

Transient Population (existing and growth)

Competitors

Sister Stores

Recapture Leakage

Site Specific

Growth and infill areas are different.

Follow the housing. What are expectations of future growth? Need to project absorption.

Follow the traffic (gravity side of the trade area)

Competition (direct vs. indirect)

Does the area's demographic profile match your customers?

Site attributes (contribute to convenience?)

LUCK IS NOT A STRATEGY

In the real estate industry, competitive strategies tend to focus on ways to perfect imperfect markets, products and/or services.

Words and phrases such as “build it and they will come” exemplify expectations whilst highlighting strategic insanity.

Roman philosopher and statesman Seneca said: “Luck is what happens when preparation meets opportunity.”





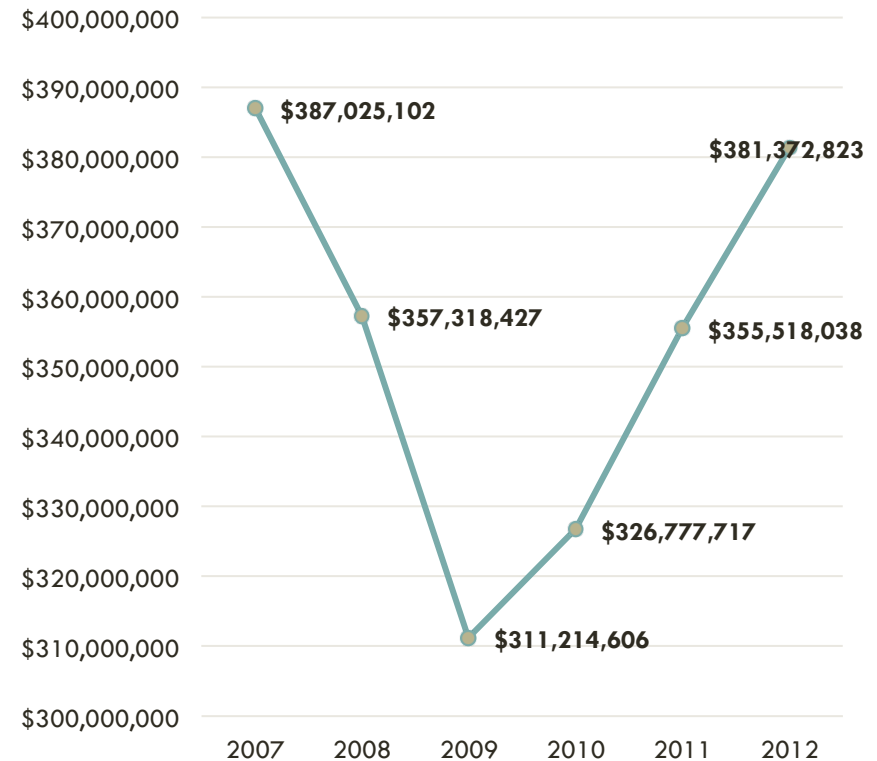
HOW DO YOU PLAN FOR CHANGING RETAIL?

Janet Smith-Heimer

RETAIL SALES RECOVERING

- Still not quite back to 2007 peak (\$5.7B lower)
- Does not account for inflation
- May reflect growing internet sales

Taxable Retail Sales, California



INTERNET SALES GAINING

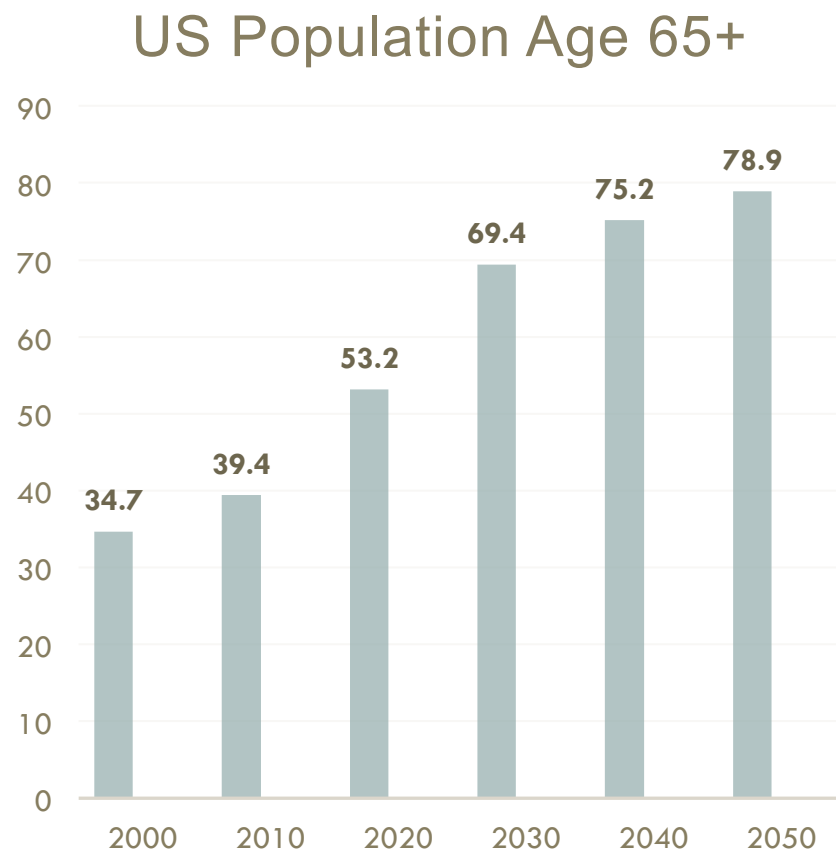
Figure 1 Forecast: US Online Retail Sales, 2012 To 2017



Source: Forrester Research Online Retail Forecast, 2012 To 2017 (US)

RETAIL TRENDS: AGING BOOMERS

- By 2030, almost 70M will be age 65+, most will be healthy
- What will they want to buy?
 - Food, gifts, housewares, clothes, travel, medical items
- How will they buy it?
 - Accessible stores
 - Internet
 - Delivery services are key

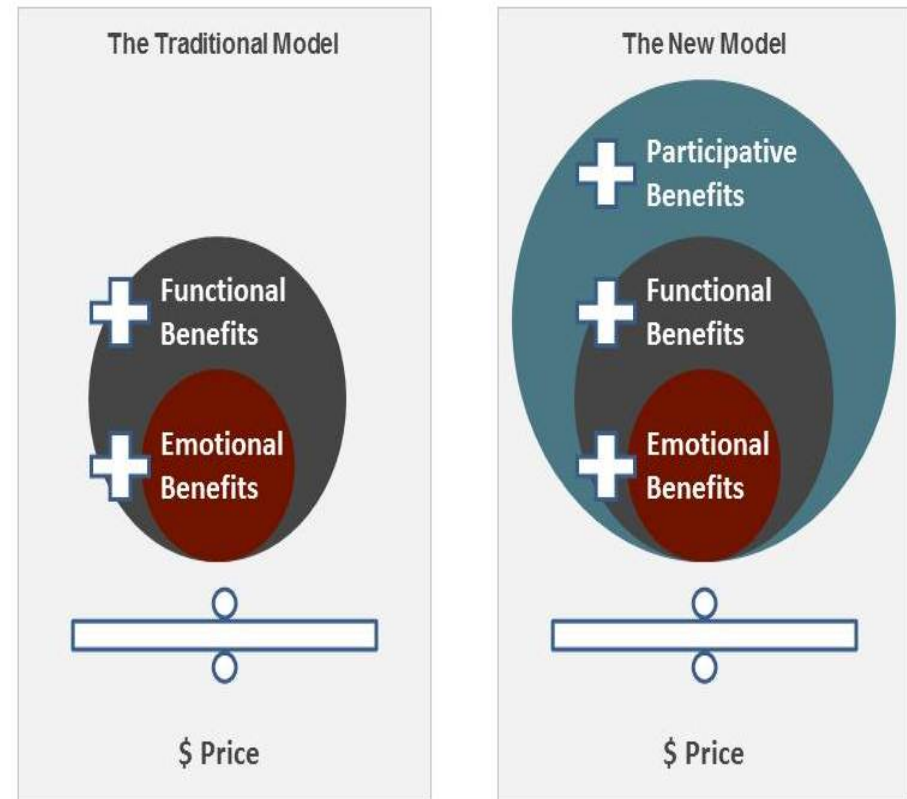


RETAIL TRENDS: MILLENNIALS

Millennials were born from 1980 to 2000

- Estimated at 80+ M
- Largest generation in US history
- Greater use of technology & internet shopping
- More global, urban
- More emphasis on “green” and social media engagement
- Analysts say Millennials are more brand-loyal than their parents
- 52% more likely to buy on impulse
- Retailers “making me smile” was 33% more important to Millennials than to Boomers

Brand Value Marketing Equation



HOW MUCH RETAIL IS SUPPORTABLE IN MY CITY?

- **Unless your city is growing substantially, probably not as much as you used to have....**
- **And the retail you do have will change over the next 20+ years... during the period of your General Plan**
- **Likely trends**
 - More “churning” as internet sales disrupt traditional “bricks and mortar”
 - More big boxes will go dark
 - Large commodity retailers will differentiate their store types to fit urban landscape
 - More retailers will offer stores and products targeting growing ethnic groups
 - Some cities will see more local entrepreneurs – rebirth of small “mom and pops”?
 - Pop-ups, food trucks, other temporary retail
 - Impacts of same-day delivery?

TIPS TO PLAN FOR FUTURE RETAIL

Conduct Leakage Analysis

- Demand Estimate – Supply Estimate = Supportable Square Feet in your city

Focus on Place-Making to attract quality retailers

- For active spaces and specialty retailers, this is #1 public thing to do

Concentrate retailers together

- Make sure people can get there without using a car
- Work with property owners and retailers to overcome non-compete issues, shared parking strategies, etc.

Avoid simplistic rules like 100% retail on ground floor in mixed-use projects

Review plans from perspective of seniors, millennials, children

- Is this retail accessible (transit, pedestrians, wide sidewalks, signage)?
- Does this retail fit my community's demographics?



ADVANCING BUSINESS IN SILICON VALLEY

You have aspirations. We can help. It starts with the simplest of actions, a conversation.
Together, let's figure out how to make Fremont work for you.

CITY OF FREMONT'S RETAIL STRATEGY

Kelly Kline

FIGURE OUT YOUR ENVIRONMENT AND PRIORITIZE

Not all retail is created equal

- Identity is key
- A/B/C centers

Focus efforts on “A” centers and on retail voids

Identify best places for service retail



DEVELOP TEAM AND TOOLS

Dedicate staff to implement retail plan

Designate multi-department cabinet on development

Develop research and marketing materials

CITY OF
Fremont

[The Fremont Story](#) | [Urban Environment](#) | [Brokers](#) | [Company Type](#) ▾

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FORM STRONG PARTNERSHIPS

Form partnerships with brokers, retailers, and beyond

Participate in International Council of Shopping Centers (ICSC)

- Attend, volunteer, and utilize Alliance

Regional approach through Economic Development Associations (EDA's)

Partner with other agencies

- PG&E, Health, Sewer, Water, etc.

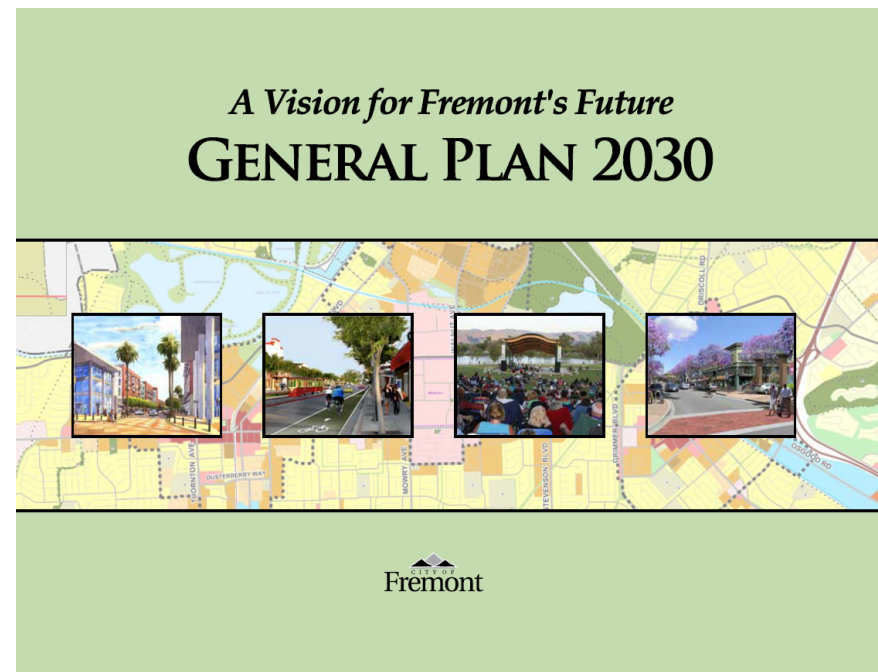


“BAKE” RETAIL GOALS INTO GENERAL PLAN

Economic Development Element

Retail guidelines for mixed use

Zoning, zoning, zoning

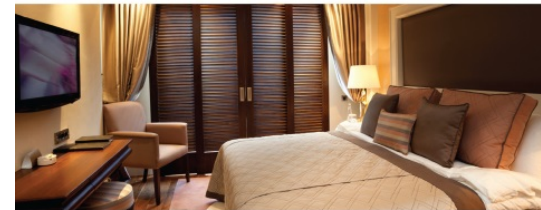


GROW YOUR OWN TENANTS

Recruit, Retain, and Grow!

Marketing support

Pioneers are local



Official Restaurant &
Hotel Guide

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