



PLANNING FOR RETAIL IN AN ON-LINE WORLD

URBANISMNEXT
HOW TECHNOLOGY IS CHANGING OUR CITIES

March 6, 2018



ABOUT GREENSFELDER COMMERCIAL REAL ESTATE

Bay Area-based Greensfelder Commercial Real Estate LLC provides strategic planning, market research/analysis, and real estate development services to communities, financial institutions and investors in addition to developing for its own account. In addition, Greensfelder provides independent advisory and strategic planning services to communities, financial institutions and investors. Greensfelder has particular expertise repositioning regional malls, and providing fee development services to technology companies in pre-IPO fundraising rounds. Significant assignments also include market evaluation for retailers and REITs, mixed-use project implementation, land-use and entitlement, and economics. Greensfelder emphasizes quickly understanding factors affecting project implementation. Skilled at managing organizational dynamics, and community and public meetings, Greensfelder knows how to navigate large organizations, how to diffuse opposition, and values transparency and open communication.

ABOUT DAVID GREENSFELDER

David Greensfelder is the founder and managing principal of Bay Area-based Greensfelder Commercial Real Estate LLC which provides strategic planning, market research/analysis, and real estate development services to communities, financial institutions and investors, and develops for its own account as well as for other property owners and partners. As a developer, consultant, and an experienced corporate real estate executive, David has driven more than 325 projects spanning 6.5 million square feet with an aggregate acquisition and construction value exceeding \$750 million (finish market value estimated at well over \$1.25 billion).

David's expertise ranges from market analytics and location intelligence to real estate economics, overseeing due diligence, acquisition, land-use and entitlements, mixed-use project implementation, project management (design, leasing, and construction oversight), and asset management (including administration of existing portfolios). Significant assignments include providing fee development services to technology companies in pre-IPO fundraising rounds, managing national retail tenant representation programs for Fortune 25 companies such as CVS/health, developing comprehensive retail and economic development strategies for cities and market strategies for retailers and REITs, and specialized expertise repositioning "dead" malls.

Prior to forming his own firm, David was Director/VP and Principal of LandMark/NewMark's Northern California office and managed corporate real estate programs for publicly traded Fortune 500 companies. David frequently speaks at national and regional conferences, and lectures at UC Berkeley's Fisher Center for Real Estate and Urban Economics and Haas Graduate School of Business, USC's Lusk Center for Real Estate Development, and ULI and ICSC education programs. He serves on Bay Area-based Satellite Affordable Housing Associates' Board of Directors, is an active member of the ULI (Urban Revitalization Product Council, Advisory Services, and UrbanPlan steering committee) and ICSC's P3 National Steering Committee. David graduated from Pitzer College (The Claremont Colleges) with a degree in Business Economics.

CONTACT INFORMATION

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◆ **Web: www.linkedin.com/in/davidgreensfelder**

DEVELOPMENT AND CONSULTING

- RETAIL ● MIXED-USE
- LAND USE ● ECONOMICS
- PROJECT MANAGEMENT



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COMMERCIAL REAL ESTATE LLC

DAVID S. GREENSFELDER
MANAGING PRINCIPAL

510.708.8927 PHONE

DAVID@GREENSFELDER.NET

QUALIFICATIONS, SIGNIFICANT PROJECTS, AND CLIENTS

ABOUT GREENSFELDER COMMERCIAL REAL ESTATE

Bay Area-based Greensfelder Commercial Real Estate LLC provides strategic planning, market research/analysis and location intelligence, and development management for owners and developers, communities, and financial institutions and investors. GCRE has also developed for its own account. Greensfelder has particular expertise repositioning regional malls, and providing development management services to mixed-use developers and technology companies in pre-IPO fundraising rounds. Significant assignments include market evaluation for retailers and REITs, mixed-use project implementation, land-use, entitlements, and economics. Greensfelder emphasizes quickly understanding factors affecting project implementation. Skilled at managing organizational dynamics, and community and public meetings, Greensfelder knows how to navigate large organizations, how to diffuse opposition, and values transparency and open communication.

PRIMARY CONSULTING TOPICS

- ◆ Market Analysis, Market Entry
- ◆ Retail Positioning/Repositioning and Strategy
- ◆ Program Management and Fee Development Services for Retail and Office Projects
- ◆ Economic Development
- ◆ Downtown Districts
- ◆ Transformative Retail Planning and Strategy for Public Agencies
- ◆ Reposition Projects That Once Worked but Now Don't (expert on defunct regional malls)
- ◆ Commodity versus Specialty Retail
- ◆ Multichannel and Omnichannel Retail
- ◆ Entitlements and fee development
- ◆ Due Diligence and Risk Assessments
- ◆ Integrating Commercial Uses in Mixed-Use Environments
- ◆ Litigation Support and Expert Witness Services

SELECTED PROJECTS AND AWARDS

- ◆ Anchor Retail Tenant Negotiation of Business and Lease Terms (new stores and repositioning)
- ◆ Capitola, CA Competitiveness in Changing Retail Landscape and Regional Mall Reuse Analysis
- ◆ Chicago (South Side), Illinois, Trade Area Definition and Retail Sales Potential Analysis
- ◆ City of Brentwood, CA General Plan Update/Amendment
- ◆ Cupertino, CA General Plan Amendment and Retail Market/Focus Sites Feasibility Study
- ◆ CVS/CareMark Integration Analysis for Long's Drug Stores Acquisition
- ◆ CVS/CareMark San Francisco Bay Area New Market Entry Analysis, Strategy, and Implementation
- ◆ Development Financial Modeling Templates for Multi-family Developer
- ◆ Foster City, CA Commercial Real Estate Market Analysis and Opportunity Site Review

DEVELOPMENT AND CONSULTING

- STRATEGY AND PLANNING
- MARKET/LOCATION INTELLIGENCE
- DEVELOPMENT MANAGEMENT



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- ◆ Fremont, CA Land Use Conversion Study for Irvington District
- ◆ Kansas City, MO/KS MSA Retail Market Evaluation Investment Potential Analysis
- ◆ Kansas City, Missouri, ULI Advisory Services Panel – North Loop Highway Reuse
- ◆ Long Island (NY) Mixed-use: Planning, budget and schedule, entitlements, anchor tenant leasing.
- ◆ McKees Rocks, Pennsylvania, ULI Advisory Services Panel – Rebuilding McKees Rocks and Esplen
- ◆ Mixed-use/ Affordable Housing Projects – Analyze Potential for Commercial Components (various)
- ◆ MTC/ABAG SB375 Implementation Retail Expert Panel
- ◆ Oakland, Broadway Valdez Specific Plan – Peer Review of SP’s Retail Elements
- ◆ Peninsula Shopping Center Remodel: Scope-of-Work, Budget, and Site Planning
- ◆ San Jose, CA Citywide, North San Jose, and Downtown Retail Strategies
- ◆ Santa Clara, CA Retail Market Assessment and Downtown Revitalization Plan
- ◆ Sungevity Out-of-state Site Location and New Facility Development (winner of the Kansas City CSI’s Excellence in Design Award, 2016), and Corporate HQ Redesign and Remodel
- ◆ WestGate San Leandro Shopping Center Repositioning Study
- ◆ West Oakland “Food Desert” Market Study, and Development Services for a new Supermarket

REPRESENTATIVE CLIENT LIST

- ◆ AlterG, Inc.
- ◆ ABAG/MTC
- ◆ BAE Urban Economics
- ◆ Black Equities
- ◆ Borel Private Bank & Trust Company
- ◆ Boston Private Bank & Trust Company
- ◆ Bridge Housing
- ◆ Burlingame Plaza Owners’ Association
- ◆ City of Albany
- ◆ City of Capitola
- ◆ City of Chicago, IL Planning and Urban Design Division, Department of Housing and Economic Development (pro-bono)
- ◆ City of Cupertino
- ◆ City of Foster City
- ◆ City of Fremont
- ◆ City of Kansas City, MO (ULI, pro-bono)
- ◆ City of McKees Rocks, PA (ULI, pro-bono)
- ◆ City of Morgan Hill
- ◆ City of Oakland
- ◆ City of Pacifica
- ◆ City of Redwood City
- ◆ City of San Carlos
- ◆ City of San Jose
- ◆ City of San Ramon
- ◆ City of Santa Clara
- ◆ CVS/Health Corporation
- ◆ Draper & Kramer
- ◆ Fountainhead Development
- ◆ The Irvine Company
- ◆ LandMark Retail Group
- ◆ MIG
- ◆ PG&E
- ◆ People’s Community Market
- ◆ The Prado Group
- ◆ Pulte Homes
- ◆ Raintree Partners
- ◆ Ramco Gershenson
- ◆ Retailer (confidential)
- ◆ Scanlan Kemper Bard
- ◆ Scannell Properties
- ◆ Site Works
- ◆ Strategic Economics
- ◆ SummerHill Apartment Communities
- ◆ Sungevity, Inc.
- ◆ Uniqlo (Fast Retailing)
- ◆ Warmington Homes
- ◆ Wrightwood Capital
- ◆ **Family Offices:** Various
- ◆ **Hedge Funds:** Angelo Gordon, Bain & Company, Boston Consulting, DB Zwirn, Harris Assoc., HIG Capital, Karsch Capital, KDI Capital Partners, QVT Financial LP, SAC Capital, Scout Capital, Sheffield Mgt, Sigma Capital Mgt, Teton Capital, Wellington Mgt, and Whale Rock Capital Mgt LLC.



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TEACHING AND SPEAKING ENGAGEMENTS

- ◆ UC Berkeley Haas Graduate School of Business
- ◆ UC Berkeley Graduate College of Environmental Design
- ◆ USC Lusk Center for Real Estate Studies
- ◆ ULI School of Professional Development
- ◆ ULI UrbanPlan Program
- ◆ International Downtown Association
- ◆ Urbanism Next Conference
- ◆ Non-Profit Housing Association of Northern California (NPH)
- ◆ California League of Cities
- ◆ AIA/SF
- ◆ Local Government Commission
- ◆ Silicon Valley Economic Development Alliance (SVEDA)/Joint Venture Silicon Valley
- ◆ Bay Area Planning Director's Association
- ◆ KB Home Corporation Community Advisory Board
- ◆ Bay Planning Coalition
- ◆ Connect Silicon Valley
- ◆ Oakland Chamber of Commerce Retail Advisory Committee (ORAC)
- ◆ Northern California Apartment Summit
- ◆ California Building Conference
- ◆ ICSC Programs: Northern California Alliance Program (chair/speaker/ moderator), San Francisco Idea Exchange (chair/speaker/moderator), Monterey Idea Exchange (speaker/moderator), ReCon (moderator), Bay Area Local Programs (chair), Los Angeles Local Programs (speaker), University of Shopping Centers (faculty)
- ◆ City of Capitola/Capitola Chamber of Commerce
- ◆ City of Hercules
- ◆ City of Merced
- ◆ City of Morgan Hill
- ◆ City of Suisun City

RECENT PRESENTATIONS AT PROFESSIONAL CONFERENCES

- ◆ Planning for Retail in an On-line World
- ◆ Urban Planning and Placemaking for Dynamic Communities (APA approved for AICP CM credits)
- ◆ The Changing Nature of Retail and Its Impacts on Local Governments
- ◆ The ABC's of the XYZ Generations: The Essential Guide to Understanding, Communicating and Marketing to Demographic Alphabet Soup.
- ◆ The Urban Core: Analysis of Development, Investment & Financing Opportunities in San Francisco Proper.
- ◆ The New Normal...How Retailers Think: A Public Sector Primer on the Retailer Decision Process.
- ◆ Omni-channel Marketing: A Seamless Approach to Retailing Across Channels, from Social Media to Bricks & Mortar.
- ◆ AIA/SF Strategic Growth Symposium – Economic Outlook.
- ◆ Rediscovering Main Streets and Strategies for a Thriving Downtown.
- ◆ Factors Affecting the Viability of Retail in Mixed-use Projects.
- ◆ Planting Your Vision in the Ground: Getting Good Projects to Pencil Out.
- ◆ Retail Site Selection Decisions – The Inside Story.
- ◆ Exploring the Feasibility of a Merger, the AHA/Satellite Experience.
- ◆ Maximizing Retail During Changing Times – A Post Redevelopment Primer.
- ◆ Building Livable Communities: From the Vision to the Ground – Making Smart Growth Pencil Out.
- ◆ SB375 and One Bay Area Plan Implementation and Implications.



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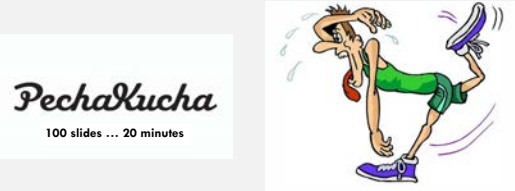
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OTHER PROFESSIONAL AFFILIATIONS AND INVOLVEMENT

- ◆ Urban Land Institute (full member):
 - Urban Plan and Urban Plan for Public Officials Steering Committees, Urban Plan classroom volunteer, Albany High School school champion, UrbanPlan for Public Officials pilot
 - Advisory Service Panels
 - Urban Revitalization Product Council
- ◆ International Council of Shopping Centers (member):
 - P3 (formerly Alliance Program) National Steering Committee
 - Northern California Alliance Program co-founder and Past Chair
 - Past State Retail Chair, and Past Program Committee Chair
 - Northern California Program Committee (1994-present)
- ◆ Satellite Affordable Housing Associates: Board of Directors, Board Housing Development Committee (Past Chair), Audit Committee, Past Board Vice President and member of Executive Committee, Past Finance Committee, AHA/Satellite Merger Feasibility Committee
- ◆ Oakland Retail Advisory Committee and Oakland Land Use Committee (City of Oakland, Oakland Chamber of Commerce), Founding Member
- ◆ Bay Area Council Member Representative / Legislative Retreats
- ◆ Shopping Center World Editorial Advisory Board

CONTACT INFORMATION

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PechaKucha
100 slides ... 20 minutes

A cartoon illustration of a person in a green tank top and blue shorts running quickly, with motion lines around their feet and a sweat drop on their forehead.



**“RETAIL ...
WHAT IS IT?”**

Let's start at the very beginning...a very very good place to start!

A historical black and white illustration of a street lined with multi-story buildings that have ground-floor shops with awnings. Horse-drawn carriages are visible on the street.


“RETAIL” DEFINITION

re·tail
/'rē,tāl/

noun: **retail**; plural noun: **retails**

1. the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.

<https://www.oxforddictionaries.com/definition/retail>



**How Does Retail Organize
Itself in Today's World?**

A photograph of a modern, well-lit walk-in closet. It features white shelving, hanging rods with various clothes, and several storage bins and drawers at the bottom.



A photograph showing three smartphones side-by-side. From left to right: a Samsung smartphone with a colorful geometric wallpaper, a silver iPhone, and a gold iPhone with its home screen visible.



A photograph of a Best Buy Express kiosk. It is a blue and silver self-service station with a screen and a product display area, featuring the Best Buy logo and 'EXPRESS' text.



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

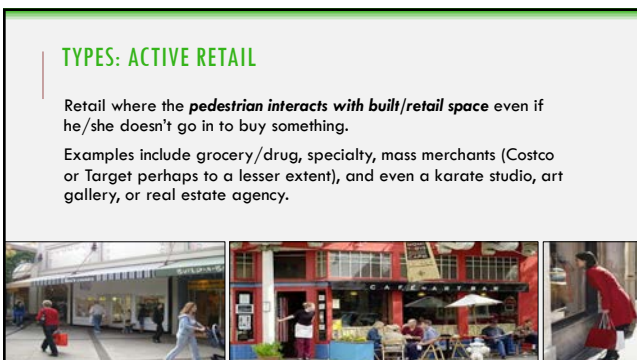
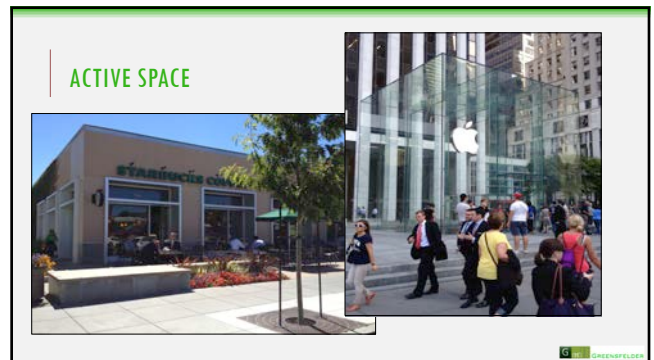
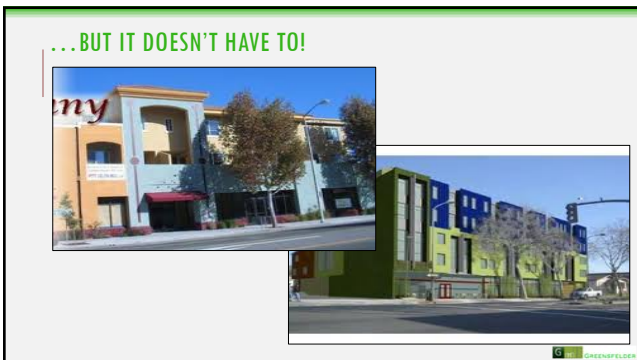
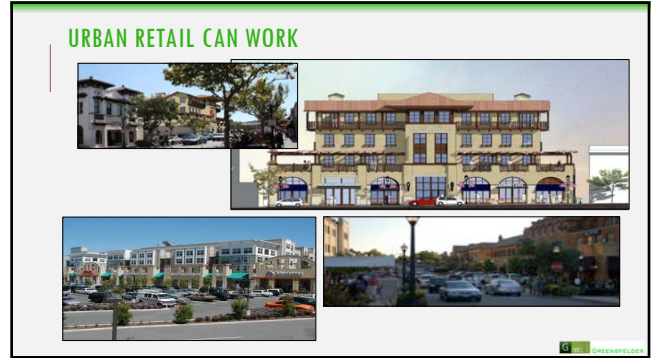
Retailers selling goods and services which are consumed on a discretionary or emotionally-driven basis using discretionary funds/income, and where experience is a primary motivator in choosing how and where to spend discretionary time.

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



A VERY BRIEF HISTORY OF MODERN RETAIL

- In the early 20th century, without cars, no need for shopping centers...we had DT shopping districts.
 - Towns developed their own homegrown department stores which sold a wide variety of goods.
- '50's: Post-war suburbanization (and a car culture) gave way to malls. These replaced downtowns in an increasingly decentralized urban landscape.
- '80's/'90's: First discounters (like K-mart) and then "big box" and "category killer" commodity retailers (like PetCo, Office Depot, and Best Buy) were the next step in retail's evolution ... more efficient and convenient ... and everyday low prices.
- '90's: Regional Malls began to contract – distinction between commodity and specialty retail becomes distinct.
- **Today's environment** is about commodity vs. specialty ... price/convenience vs. discretion/experience.
 - The only "A" malls are the ones that can distinguish themselves. Everything else is a "B" or a "C."
 - Online retail is rapidly evolving ... it's now about convenience AND consistency of experience!



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, or auto repair. Inactive retail can be caused by poor design!



RETAIL FACILITY ATTRIBUTES

Well articulated retail presence:

- Visually differentiated from other uses (massing, transparency, materials)
- Store entrances, parking, and way-finding clearly identified
- The right signage (identity)!

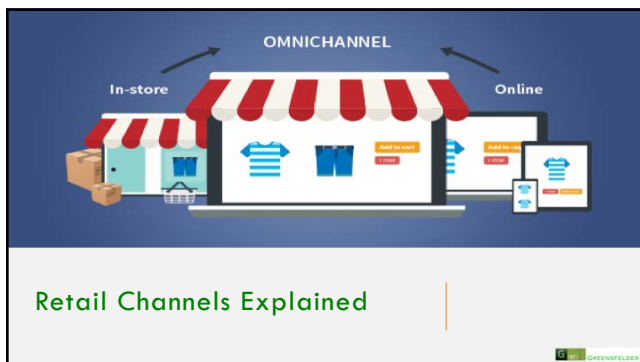
Parking – Access – Visibility !!!

Infrastructure:

- Adequate clear-height
- Service Areas – loading, trash, and storage.
- Ventilation, vent shafts for food service
- Pads for HVAC, refrigeration, and remote equipment



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RETAIL – THE OLD AND THE NEW ORDER

- The Old Order is trying to figure out how to get an edge on the Titans.
- Interestingly, Titans are embracing some lessons from the Old Order's playbook.



RETAIL CHANNELS

Retail is now conducted through many channels

- Bricks-and-mortar stores
- Catalogs
- On-line (the interweb)
- Mobile devices (phone)
- TV Shopping (QVC)
- Direct Marketing
- Subscription (mail order)



OMNICHANNEL RETAILING

Experiential

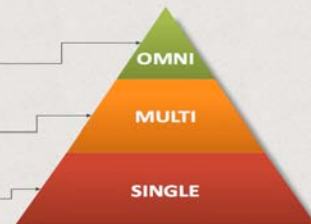
How the customer feels about the transaction and what they remember afterwards. Should make the customer an advocate.

Transactional

Ways in which the customer can pay and take delivery of the product or service purchased. Should be simple, transparent and fast.

Informational

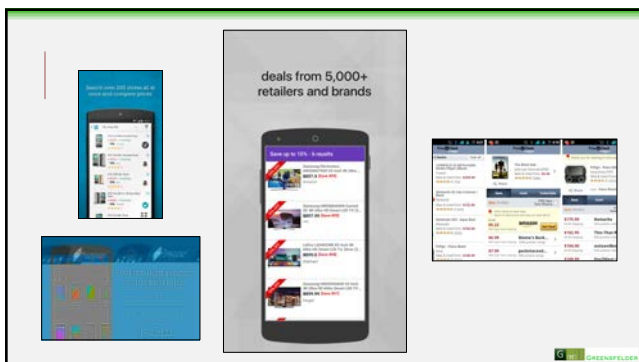
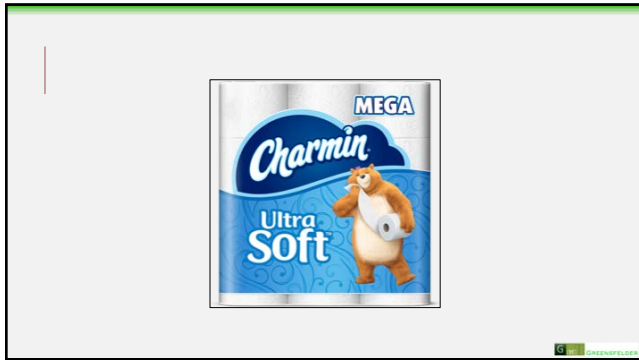
How does the customer learn about your brand, product and service. Should help the user discover or find the product they're looking for.



DAVID SEALEY

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OMNICHANNEL RETAILING

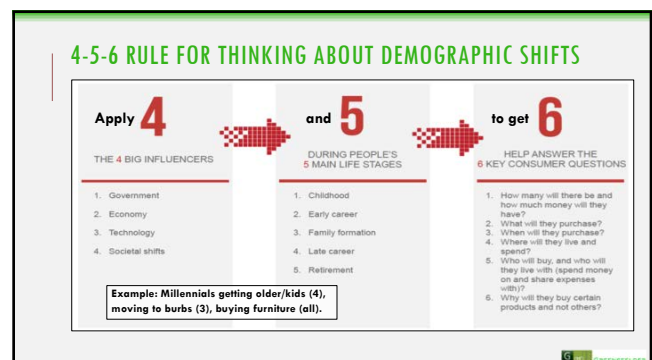
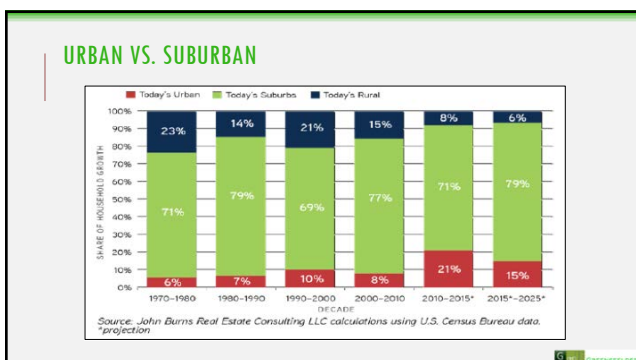
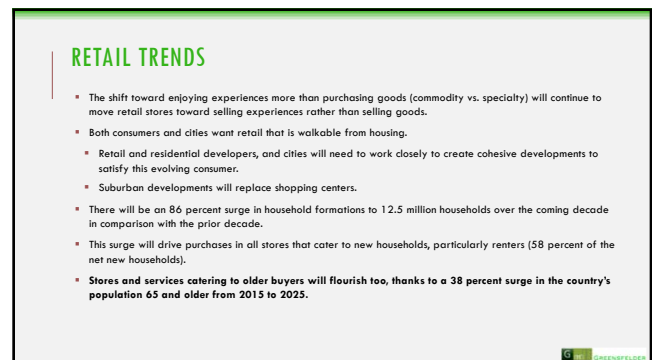
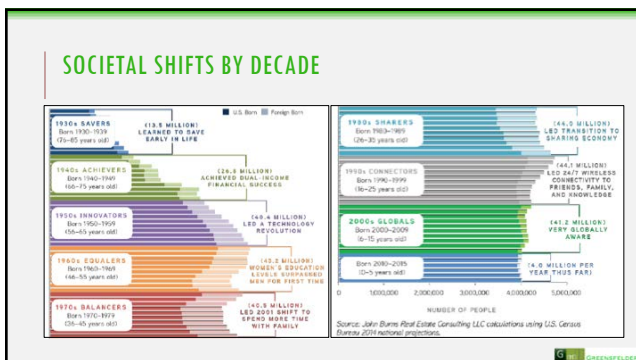
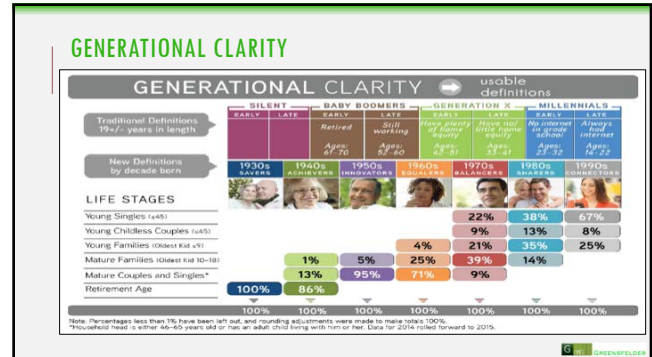
- Omnichannel retailing is an evolution of multichannel retailing BUT omnichannel means a *seamless approach to the consumer experience* through all available shopping channels: Mobile devices, internet, brick-and-mortar, television, catalog, and so on.
- Social media lets retailers (and landlords) build relationships with *and* track consumers.
- Omnichannel opportunity: Combine the *touch and feel* of the brick-and-mortar *experience with the excitement* and impulse of web/mobile shopping (eg. tweet/food trucks, crowdsourcing...).

HOW ARE RETAIL CHANNELS USED?

Omnichannel strategies work differently for commodity and specialty retailers.

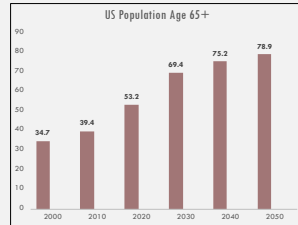
- Consumers frequently use more than one channel simultaneously.
- For example, multiple retail channels might be used by a consumer in purchasing a particular COMMODITY like a television (eg. research online at home, price checking on a phone while at a retail store).
- By contrast, a SPECIALTY retailer might use apps, ads, and social media strategies to drive customer traffic to a brick-and-mortar store, restaurant, or shopping district.





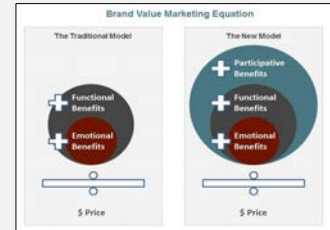
RETAIL TRENDS: AGING BOOMERS

- Almost 70 million will be 65+ by 2030, and 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



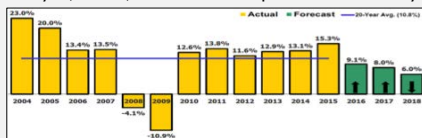
RETAIL TRENDS: MILLENNIALS

- Millennials are the largest generation in US history ... est. 80 million pop.
- More global and urban.
- More brand-loyal than their parents.
- Greater use of technology & internet shopping.
- More emphasis social media engagement and "green" sensibility.
- 52% more likely to buy on impulse.
- Customer Service: A retailer "making me smile" is 33% more important to millennials than to boomers.



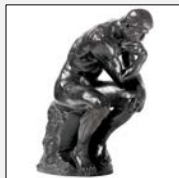
RETAIL FORECAST

- Power centers and regional malls leading the race to the bottom!
 - Huge consolidation in retail for years → retail boxes are generally overbuilt.
 - A malls do fine, but B and C calls just can't distinguish themselves...they're toast!
- High streets are a favored retail class.
- E-commerce will erode demand for retail space, but not kill it.
- Experienced retail investors found retail investment promising through 2017 ... 2018 and beyond, we'll see, BUT well located NNN product with credit is always favored.



QUESTIONS WE'RE ADDRESSING

- There are implications for those who design public policy:
 - Rise of e-commerce has made retail planning more complex.
 - E-commerce will impact urban places.
- Need to look for solutions that:
 - mitigate negative impacts, and
 - take advantage of opportunities.



IMPLICATIONS OF ONLINE RETAIL

- Online retailers have done a really good job selling commodities.
- Online has had a more difficult time with specialty goods including F&B, apparel, and luxury goods ... but this is changing:
 - Food delivery services.
 - Generous shipping and return policies (Amazon apparel, Warby Parker).
 - Creating showrooms that drive traffic to on-line purchases.
 - Subscription apparel (Trunk Club) ... today's version of the Columbia Record and Tape Club.
- Specialty goods are increasingly being consumed like commodity goods ... particularly by certain demographic groups (late Gen-X, and Millennials).
- Remember: Omnichannel strategies work differently for commodity and specialty retailers:
 - Multiple retail channels might be used in a commodity purchase.
 - Social media strategies used to drive traffic to specialty retailers.

IMPLICATIONS OF ONLINE RETAIL

Traditional retail that cannot find a point of differentiation (think: Macy's, Sears) is on a slow but inevitable path towards extinction.

➤ Implications for landlords (and cities):

- Increased vacancy.
- Reduced NOI, unreimbursed NNN expenses, loan covenants.
- "CC&R and lease covenant dominoes"

➤ Implications for all but the best retail projects:

- Reduced occupancy levels.
- Lower effective rents.
- More marginal tenants with lower credit.
- Redevelopment and repositioning opportunities (even old retail is well located, after all).

➤ Redevelopment opportunities for retail projects that no longer have a reason to be.

- Substantial reduction in amount of retail space; replace with other commercial and residential uses.
- Focus on the best locations for retail in any given market; do long-range planning for use conversion on less viable locations.

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"DENSIFICATION" VS. "EQUAL TO OR BETTER THAN"

➤ Traditional suburban retail was developed with an approximately 0.22-0.23 FAR.

- Allowed for large parking fields (often driven by code more than by the retailer).
- Accommodated back-of-house service areas to accommodate deliveries, loading, truck turning movements, and the like.

➤ Project density is increasing ... vertical projects, mixed-use projects, structured parking ... and more expensive land reflecting a limited supply.

- Response to negative externalities (sprawl, greenhouse gas emissions, build-out).

➤ These more intense projects have a number of challenges:

- These projects are more difficult to design (they still need all the functionality, but in a tighter envelope).
- These projects are more difficult and expensive to build (think about vertical transportation and separation of uses) ... and therefore demand higher rents.
- These projects do not have the convenience attributes (parking, visibility, access), and lower basis/rent requirements possessed by legacy retail projects.

➤ Vertically integrated mixed-use is not the only answer!

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RETAIL PRUNING

➤ Retail consolidation means that there is an increasing amount of underutilized space.

Increased vacancy in more marginal projects is creating blight for communities, and fiscal problems for both local governments (sales and property taxes) and landlords.

"Retail isn't over-built, it's under-demolished."

➤ Support the adaptive reuse, renovation, or redevelopment of older shopping centers or commercial uses that are no longer viable due to changing market conditions, demographics, or retail trends.

Such reuse or redevelopment should be planned to help sustain other retail centers, provide opportunities for more intense uses while ensuring that residents continue to have convenient access to goods and services.

➤ Support rezoning of such centers to other uses based upon evidence justifying the conversion, such as high vacancy rates, poor sales, and/or lack of reinvestment.

Source: City of Fremont, CA

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CITIES VS. OWNERS

➤ Cities needing sales tax revenues.

➤ Landlords in need of cash flow.

➤ Cities, wanting quality tenants in their prime retail area.

➤ Fewer tenants to fill existing retail spaces.

➤ Private property rights.

➤ Issues facing smaller vs. larger landlords.

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CITIES VS. OWNERS

➤ Retail consolidation means there are fewer retailers to fill existing space.

➤ Landlords are backfilling space with non- or quasi-retail uses, some of which do not generate sales tax.

➤ Municipalities are seeing hits to their general funds as sales tax revenues decrease.

➤ Codes and SP's often demand project design attributes that the market may not demand and that may not be viable economically.

- Vertically integrated vs. horizontally integrated mixed-use.
- Ground floor retail in amounts and locations that don't make sense.

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THRIVING DOWNTOWNS

➤ Create a Vision - Public/private partnerships, specific plans.

➤ Think Big - Corridors, city blocks, aggregate parcels.

➤ Create connections.

➤ Create pedestrian friendly environments.

➤ Encourage active building facades & outdoor uses.



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THRIVING DOWNTOWNS



- Manage for change.
- Be an Advocate – Every revitalization effort needs a champion.
- Stand Firm – Know when to say no.
- and ... be extremely lucky!

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FOOD HALLS

According to the National Restaurant Association:

- 2 in 5 consumers say that restaurants are an essential part of their lifestyle.
- 7 in 10 consumers say their favorite restaurant foods provide flavors they can't easily duplicate at home.
- 8 in 10 consumers say dining out with family and friends is a better use of their leisure time than cooking and cleaning up.



Source: Cushman Wakefield and Greenfield Commercial Real Estate

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FOOD HALLS

CONSIDERATIONS FOR DEVELOPMENT

- Who is the core consumer?
 - Urban / suburban
 - How far will the consumer travel: car, public transportation or walk?
- "Cool street" location: Where is the area in its cycle?
- Size? Tenant mix? Single or multiple operators?
- New construction, existing development or historic rehab?
 - Base building: What does it provide and/or cost?
 - Historic building: real costs of upgrades; hindrances; local incentives available?
 - Economic incentives?



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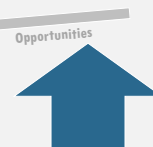
RISKS & OPPORTUNITIES



Risks

- Smaller Formats
- Tenant Consolidations
- New ADA and Environmental Standards
- Tenant Migration to Newer Centers

- A Properties in B Markets
- B Properties in A Markets
- Strip Center Re Use
- Ethnic Grocery Anchors
- SF's Emerging Neighborhoods



Opportunities

Source: Cushman Wakefield

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SOCIAL/RETAIL ENGINEERING


- Are our expectations about vibrant areas realistic? Should we be spending so much time regulating to try to achieve vibrant areas which are, in fact, the outliers?
- The most vibrant areas are the most organic. Examples: Pearl District (Portland), Ballard (Seattle), SF retail streets, College Ave (Berkeley/Oakland), Willow Neighborhood (Phoenix), Bucktown (Chicago), Healdsburg and Sonoma Square.
- Encourage natural retail evolution and do not force retail where it does not meet the basic retail criteria.
- What areas merit strict standards ("A" space) as opposed to those with more relaxed standards ("B" or "C" centers)?
- New/emerging [good] uses that don't fit into zoning definitions (eg. food trucks, "temporary" or "pop-up" uses).
- Formula store ordinances ... Do they work? When and why?

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BRAINSTORMING POLICY

- Allow poorly-functioning retail to evolve into non-retail uses.
- Encourage clustering of non-active uses – where?
- Restricting uses can have unintended consequences. If uses are to be restricted, how can this be done constructively?
- Work with property owners directly rather than through restrictions.
- Shorter lease terms for non-active uses.
- Cities to identify their strongest retail nodes, defend those as retail, and allow other areas to evolve through market forces.
- Create and fund programs to help property owners analyze available opportunities and execute the strongest alternatives.

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KEEP CALM
AND
TAKE
CONCLUSION

CONCLUDING THOUGHTS | Thought he'd never get here!

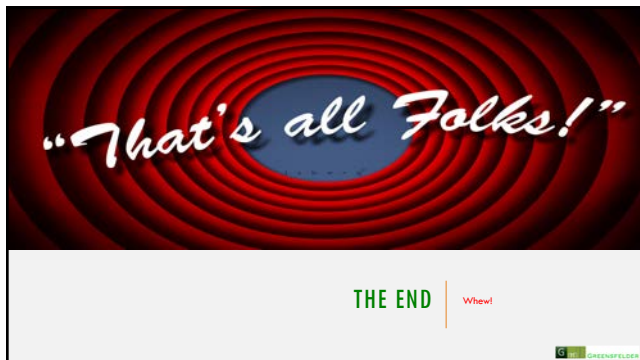
LUCK IS NOT A STRATEGY

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."



"That's all Folks!"

THE END | Whew!

CONTACT INFORMATION



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DEVELOPMENT AND CONSULTING

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- MARKET ANALYSIS
- PROJECT IMPLEMENTATION