Why Retailers Make The Location Decisions They Do

Presented by:

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Christine Firstenberg  
Senior Vice President JLL

Experience

With over 29 years of retail real estate experience in Northern California and the greater San Francisco Bay Area, Christine Firstenberg is currently a Senior Vice President with JLL. Prior to joining JLL she co-founded Metrovation Brokerage with retail legend Merritt Sher, where she served as managing partner for over 13 years. Earlier in her career, she spent nine years at San Francisco-based Terranomics Retail Services and six years at McMasters and Westland/TRI in Walnut Creek.

As an expert retail professional, Christine has been involved in over 500 leasing transactions, totaling over 1.3 million square feet of leases. This includes pre-construction leasing, ground-up leasing, master planning, merchandising planning, and repositioning leasing. She has also represented national anchor retail chains in the San Francisco Bay Area including:

- Kohl's
- Andronico's Markets
- Safeway
- SteinMart
- Office Depot
- Century Theatres
- AMC Theatres
- Costco
- The Mills Corporation

Current Responsibilities

Christine specializes in shopping center development/redevelopment, urban retail revitalization, tenant representation, and leasing neighborhood and community centers with an emphasis in representing national, anchor retail chains in the San Francisco Bay Area.

Work With Cities/Counties

Christine has consulted to cities, serving for two years as the Retail Consultant for the Office of Economic Development in the City of San Jose and two additional years as Retail Consultant for the Redevelopment Agency of San Jose. Other city involvement include, Oakland, Brentwood, Fairfield, Hercules, Concord, Richmond, El Cerrito, and the County of Alameda, all of which are located in the San Francisco Bay Area. Her direct connection with City officials allows her access to site information critical for a comprehensive site analysis for tenants

She understands the plight of cities, and because of that, founded the ICSC Alliance/P3 Program for Northern California, and served as it's Co-Chairman for 13 years.
<table>
<thead>
<tr>
<th>TYPE OF SHOPPING CENTER</th>
<th>CONCEPT</th>
<th>SQUARE FEET (INCLUDING ANCHORS)</th>
<th>TYPICAL ANCHOR(S)</th>
<th>ANCHOR RATIO*</th>
<th>PRIMARY TRADE AREA**</th>
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<td>Neighborhood Center</td>
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<td>Community Center</td>
<td>General merchandise; convenience</td>
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<td>Discount department store; supermarket; drug; home improvement; large specialty/discount apparel</td>
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<td>Lifestyle Center</td>
<td>Upscale national chain specialty stores; dining and entertainment in outdoor setting.</td>
<td>Typically 150,000–500,000, but can be smaller or larger.</td>
<td>Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multi-plex cinema; small department store.</td>
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<td>Power Center</td>
<td>Category-dominant anchors; few small tenants</td>
<td>250,000–600,000</td>
<td>Category killer; home improvement; discount department store; warehouse club; off-price</td>
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<td>Theme/Festival Center</td>
<td>Leisure; tourist-oriented; retail and service</td>
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<td>Outlet Center</td>
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## Retail Typologies and Definitions

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They make money where people shop

It is **NOT** always a science
Retailers combine consumer shopping habits with operational efficiencies, when you add basic retail location criteria and you have a map of how a Tenant will view every Trade Area and every site.
Retailer Location Criteria

- Location needs to be at an intersection of 2 main thoroughfares
- Need visibility to traffic and signage (pedestrian or car, whichever is greater)
- Needs to have parking, (ratio of square footage to number of stalls):
  - Each use has slightly different criteria
    - Grocery
    - Dress Store
    - Furniture Store
    - Apple Store
- Needs to be where the retailer’s customers are located
How Do You Locate A Retail Customer?

By Using Trade Area Demographics Analytics
• Most retailers do market research in house with brokerage support
• Analysis of demographic information of proposed trade area gives a retailer information they need for sales projections in order to move forward with deal.
• Accurate sales projections and good understanding of trade area demographics are key to locating a profitable store.

Then: **Site Analysis**
Site Analysis

In addition to trade area demographics a retailer looks at items specific to the proposed site to make certain they will contribute to good sales volumes thus, a good store location.

Factors That Impact Site Analysis:

- Site Plan Layout
- Overall Design of Shopping Center
- Ingress + Egress
- Entitlement Issues
- Space Layout
- Deal Structure
- Co-Tenancy
- Distance To Nearest Competitor
- Signage
- Parking
- Front Door Visibility To Traffic
- Cost of Rent and NNN
- Distance To Nearest Retailers Store
Site Analysis

Site Plan Layout

Overall Center Design

Ingress + Egress
Site Analysis

Co-Tenancy

Other tenants in the shopping center make a big difference in the performance of a retailer

Distance To Nearest Competitors

Competitors in the immediate vicinity must be considered for any site
Site Analysis

Signage

Parking

Visibility

Overall:
Convenience For Customer
Other Important Retail Rules:

• Retail grows at the intersection of two main thoroughfares – Do not force retail to locate on side streets through zoning, it should be optional
• Retail needs parking! – Unless you have high pedestrian counts in front of space
• A shop tenant cannot exist solely on residents in mixed use development – They need additional customers
• Allow for anchor tenant in your zoning – They are needed for the health of the smaller tenants