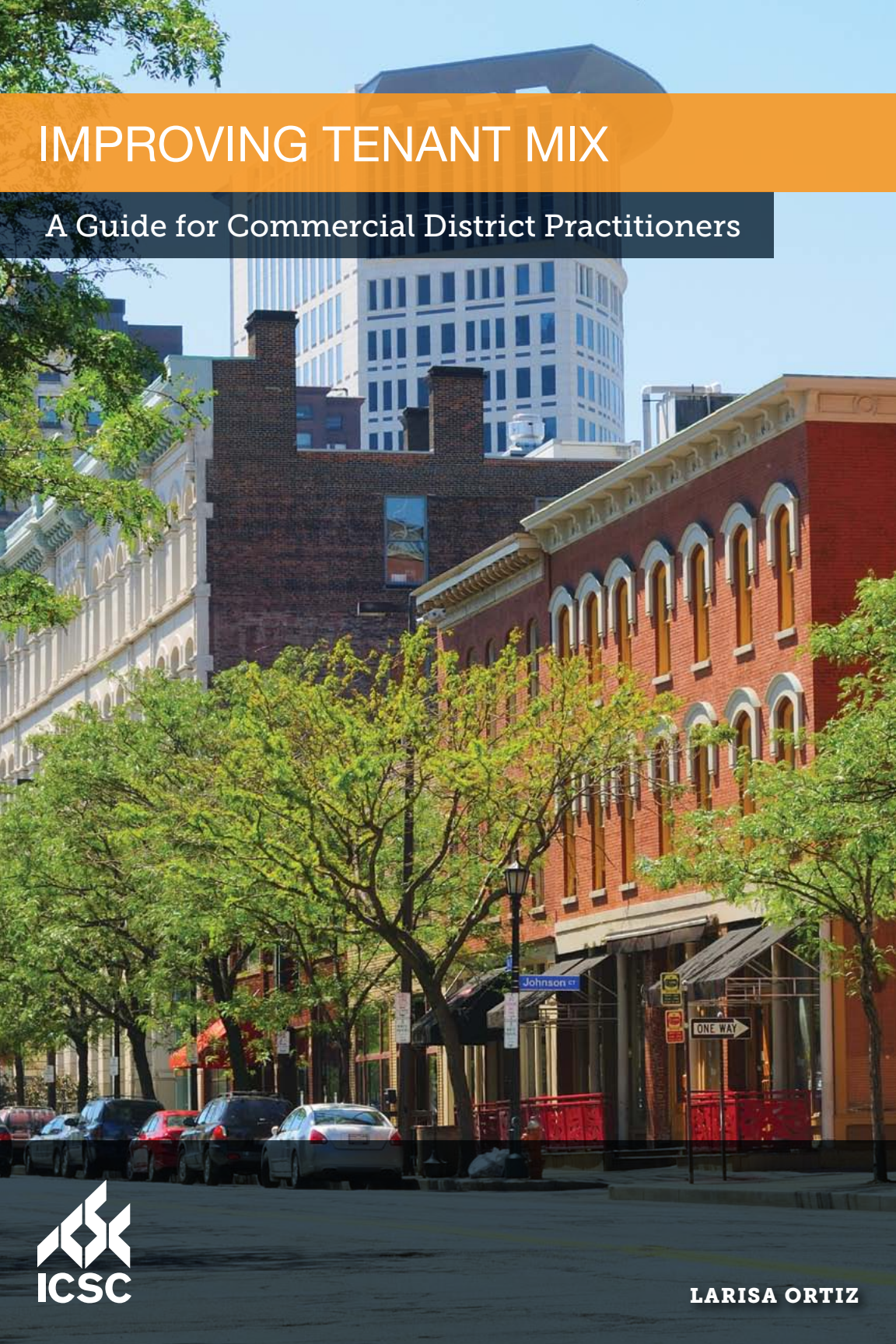


IMPROVING TENANT MIX

A Guide for Commercial District Practitioners





Cover Image: The Warehouse District, Cleveland, Ohio

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IMPROVING TENANT MIX

A Guide for Commercial District Practitioners

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About the International Council of Shopping Centers



Founded in 1957, ICSC is the premier global trade association of the shopping center industry. Its more than 60,000 members in over 90 countries include shopping center owners, developers, managers, marketing specialists, investors, retailers and brokers, as well as academics and public officials. As the global industry trade association, ICSC links with more than 25 national and regional shopping center councils throughout the world.

ICSC ALLIANCE PROGRAM

The Alliance Program is a special ICSC initiative that provides forums for the public and private sectors to network, share ideas, discuss industry issues and explore retail development opportunities.

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This guide is dedicated to my mother, Migdalia Romero, who taught me the life lesson that I will pass along to my son:

“ Don't aim for success if you want it; just do what you love and believe in, and it will come naturally. ”

DAVID FROST

Introduction

Overview of Guide

Are You “Retail Ready”?

The Underpinnings of Successful
Commercial Districts

The mix of goods and services in a commercial shopping district is one of the most significant drivers of customer visitation. While lighting, street furniture, trash receptacles, parking and other amenities certainly contribute substantially to a safe and comfortable shopping environment, shoppers ultimately visit a district to patronize the businesses. Yet despite the importance of tenant mix to a district's success, commercial district managers are often without sufficient resources and guidance to play a meaningful role in deciding the retail fate of their respective districts. Final leasing decisions are typically left to individual property owners, and while district managers can suggest or influence leasing decisions, they cannot force a property owner to lease to their preferred tenant.



Calgary, Canada. Photo: Jeff Whyte / Shutterstock.com

Commercial district practitioners face a significant challenge in their efforts to manage tenant mix; they are (usually) not property owners, nor

WHAT IS A "COMMERCIAL DISTRICT PRACTITIONER"?

An individual who leads commercial district management efforts on behalf of public or non-profit entities, including municipal governments, Business Improvement Districts, Business Improvement Areas, Special Service Areas, Main Street managers, Community Development Corporations, etc. These organizations typically supplement public services to improve, market and promote a geographically defined commercial area.

are they brokers. They often lack the formal authority necessary to guide the direction of real estate transactions in their district. Because of this, practitioners must find other ways of influencing the tenant mix so that it more closely aligns with their goals and aspirations. Despite these limitations, district managers can be more proactive in which tenants to pursue.

This guide is aimed at providing commercial district practitioners and the public and non-profit sector agencies that support their efforts with practical tips and tools that they can use immediately to inform their retail attraction efforts. We describe a detailed step-by-step process that commercial district managers can deploy, beginning with an understanding of the local market, customer preferences and tenant requirements to better target the most appropriate tenants for a district. Those who will



Photo: Deymos.HR / Shutterstock.com

gain the most from this guide include the staff of Business Improvement Districts,¹ Community Development Corporations, Economic Development Agencies and others who work in the field of local economic development and commercial revitalization. This guide will give these practitioners strategies for working closely with property owners and the local commercial real estate community to influence and enhance tenant mix for the benefit of the district as a whole.

A GUIDE FOR COMMERCIAL DISTRICT PRACTITIONERS, NOT BROKERS

The goal of this guide is to acknowledge the unique position of commercial district managers—who typically have no direct authority over retail leasing decisions in their districts—while providing a clear set of guide-

¹ Business Improvement Districts are publicly sanctioned, privately directed organizations that supplement public services to improve shared, geographically defined outdoor public spaces. These organizations are funded by compulsory self-taxing mechanisms that generate multi-year revenue. (Hoyt, 2003). BIDs also go by a variety of names depending on where they are located. Alternatives include “special service areas” (SSAs), “special improvement districts” (SIDs), “public improvement districts” (PIDs) and “business improvement areas” (BIAs) among others.

lines and tips for how to design and execute a successful retail attraction program. The objective is to ensure that the efforts of these practitioners add value rather than duplicate the existing roles of owners, brokers or retailers. This guide advocates for a proactive approach to managing tenant mix by positioning the downtown organization to support, rather than replace, the efforts of the commercial real estate industry. This can be done by providing valuable data and information that can then be used to market a community more successfully. In practice, this typically means commissioning, collecting and sharing data with retailers, brokers and the property owners they represent. It also means gathering hard-to-come-by knowledge that allows investors to make informed decisions as

THE DIFFERENCE BETWEEN COMMERCIAL DISTRICT MANAGERS AND BROKERS

Commercial District Manager	Broker
Commissions market research that provides evidence of market demand	Uses data and marketing material to make the case to a potential tenant
Collects information on and delivers quality prospects that meet community retail leasing objectives	Focuses on the pursuit of any credit-worthy tenant in an effort to lease the space
Promotes the district	Promotes the vacancy
Seeks to fill vacancies with tenants that improve the overall tenant mix	Seeks to fill vacancies with tenants that maximize bottom-line return and credit worthiness
Motivated by the desire to improve the district-wide retail mix	Motivated by the need to close the deal quickly
Develops and distributes district marketing material (in print or digital form)	Develops and distributes site-specific marketing material and uses district marketing material
(Usually) represents the public sector or district management entity	Has a fiduciary relationship with the client (either the tenant or the landlord)

they consider new sites. And finally, in some cases it may include pursuing retailers that existing brokers and landlords are not pursuing.

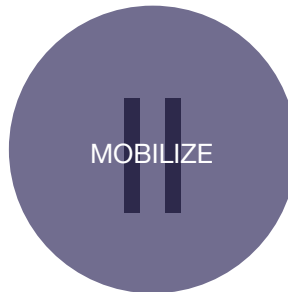
Ultimately, this guide will position a practitioner to make a strong, market-informed case for a retail vision that serves property owners, retailers and brokers with a reference point for the kind of retail that will strengthen the tenant mix and make the community more attractive to visitors.

OVERVIEW OF GUIDE

This guide is separated into three phases: (I) Diagnose and Interpret, (II) Mobilize, and (III) Celebrate and Evaluate. The three phases are further broken down into 11 steps that form the foundation of a successful retail recruitment effort. The phases are as follows.



1. Observe & Investigate
2. Evaluate Consumer Demand
3. Identify Opportunity Sites
4. Identify Retail Categories



5. Communicate Your Vision
6. Enroll Property Owners
7. Identify Prospects
8. Make the Call
9. Be Ready to Help



10. Recognize Success
11. Evaluate Outcomes

Phase I: Diagnose and Interpret. A plan of action requires starting with a thorough observation and assessment of your district, with an emphasis

on understanding two main elements: the demand for retail goods and services (e.g., consumers who buy from merchants) and the supply of available retail space that prospective tenants rent or purchase from existing landlords. Before you consider reaching out to retailers, you must have a good sense of both the market demand that these businesses are poised to fill and also whether you have the available space necessary to accommodate them in your district. Keep in mind that consumers can come from a variety of sources. They might be residents of communities surrounding your district, employees from businesses nearby, visitors/tourists or transient commuters. Each of these consumers spend differently and have different purchasing behaviors.

Phase II: Mobilize. This phase focuses on the action that needs to be taken once you know the retailers that fit the district and that can be supported by the community and customer base. This phase is not just about taking the steps necessary to reach retailers; it also delineates strategies that will help you engage the commercial real estate industry more effectively, turning brokers and property owners into ambassadors for your retail vision. This includes understanding the nuances of your district and the operational requirements of prospective tenants.

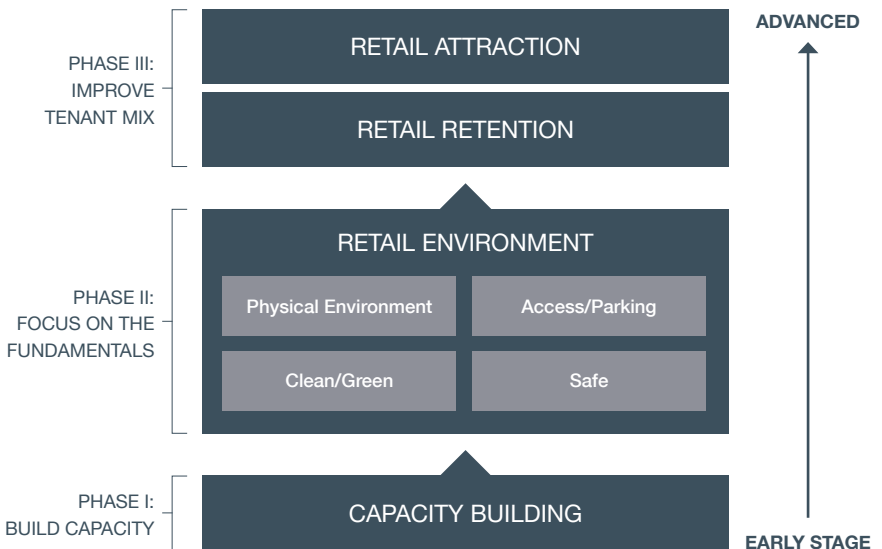
Phase III: Celebrate and Evaluate. This phase focuses on the important, and often overlooked, task of celebrating store openings and measuring the community impact of your organization's retail attraction efforts. The successful recruitment of one or two businesses to your district can yield

much more than a filled storefront if communicated properly through a marketing and public relations campaign. PR efforts can help establish a new business on stronger footing, build critical buzz, extend the gravity of your district and reinforce existing tenants, all while serving to catalyze the retail recruitment efforts of local property owners and brokers who will increasingly follow suit.

ARE YOU “RETAIL READY”?

Before embarking on a retail recruitment and retention effort, practitioners must first ask if their district is “retail ready.” A retail ready district is one where the stage has been set for successful business attraction. These districts offer businesses the fundamentals they need to succeed. At a minimum these include a strong (or potentially strong) customer base and

“RETAIL READY” HIERARCHY





Crews maintain flower baskets in downtown Perth, Ontario. Improving the look and feel of the commercial district will help establish a more attractive investment environment. Photo: David P. Lewis / Shutterstock.com

a clean and safe environment that allows businesses to survive and thrive. Understanding and diagnosing the types of improvements that are necessary to move a district towards being retail ready is a significant part of the district manager's job and is critical in setting the stage to ensure that retail recruitment and retention efforts have the most impact. Many communities identify these issues early on by conducting an objective survey of property owners, business owners and residents/customers to identify the factors that will help identify the kinds of activities and interventions that are necessary for retail readiness.

Retail attraction efforts are also time intensive and depend on consistent follow-up and relationship-building that does not yield efforts overnight. Therefore, these efforts must be adequately staffed and managed in order to succeed, whether that means a full- or part-time retail recruiter or a time



Herald Square, in Midtown Manhattan, home to the worlds largest Macy's department store, is an example of a destination shopping district. Photo: Phillip Lange / Shutterstock.com

commitment on the part of existing staff. In larger communities, this may include a collaboration of many departments and staff. Ultimately, your ability to gain traction in the retail recruitment effort will be defined by your ability to build long-term relationships with property owners, brokers and retailers. Retail is a relationship-based industry, and deals are often made based on previous deals and track records. Therefore, any successful retail attraction effort must include an effort to bring on staff who have established relationships or who have the ability to cultivate them over time.

DO YOU HAVE SUFFICIENT ADMINISTRATIVE CAPACITY TO LEAD A RETAIL ATTRACTION EFFORT?

Staff. Is there an organization in place to manage the retail attraction effort? If your organization has limited staff resources, you will struggle to gain traction with your retail attraction efforts. These efforts typically build momentum over time—and without consistent staffing it will be difficult if

not impossible to maintain prospect lists, follow up with interested tenants, build relationships with property owners and keep track of vacancies.

ARE THE FUNDAMENTALS IN PLACE FOR A HEALTHY RETAIL ENVIRONMENT?

Cleanliness and Safety. Does the district suffer from a perception (or reality) of crime or theft? Retailers—particularly those that cater to female customers—are extremely concerned about safety and crime because they know that even the perception of crime affects customers' shopping habits and will undermine the competitiveness of their stores. If your district has an issue with crime, addressing this issue is something that should either precede or coincide with a retail attraction effort.

Access and Parking. Can the district be easily accessed by potential customers, whether on foot, bicycle, public transit or by car? Is parking well identified with way-finding and signage? Is existing parking safe and appropriately priced? Is there adequate lighting and access from nearby parking lots? If most customers reach the district by car, is parking proximate and convenient? If there are challenges with access to or visibility of existing parking, these issues must be addressed to ensure that potential customers can easily find and then get to the businesses they seek to patronize.

Physical Environment. Does the physical environment detract from or enhance the customer experience? Is the district pedestrian friendly and does it allow customers to make stops in multiple businesses during a single visit? An attractive physical environment does not mean that your district

needs brick pavers and period lights—some of the most successful shopping districts in the country (think New York’s Fifth Avenue, for instance, one of the highest-rent districts in the world) have nothing but simple, clean concrete sidewalks. However, if major infrastructure improvements are planned, the retail recruitment effort should coincide with or follow these improvements to minimize the disruption to local businesses. Make a list of the amenities that might enhance your district and consider pursuing strategies for making these improvements happen.

Government and Public Sector. Does the local municipality have a suitable pro-business attitude? Are the planning and building departments willing to work with (rather than against) prospective tenants in securing the necessary approvals and permits? Is the municipality supportive of the retail attraction effort? Is the local tax rate competitive with those of business districts in other nearby municipalities? Are the creation and management of retail development incentives necessary to attract businesses, and is the municipality open to considering these incentives? Are local stakeholders realistic about the sort of retail mix that can be achieved?

DO YOU HAVE A SUFFICIENT CUSTOMER BASE TO SUPPORT NEW BUSINESSES?

Customers. Do you have enough of the shoppers that a retailer needs to succeed? In some communities, retail ready means starting with development that will create the necessary residential/employee/visitor density to support local businesses. If your district is littered with vacant lots



Retail density is a powerful visitation driver.

and underperforming, scattered businesses, you may instead choose to allocate your resources to real estate redevelopment as a starting point for revitalization.

If you have enough customers but find that they simply are not patronizing district businesses, further investigation is necessary to understand why. In some cases, downtowns have some demand, but may lack the type and mix of tenants that create a “destination” necessary to attract a regional customer base. Basic improvements in tenant mix and retail offerings are therefore critical to attracting customers. In other cases, the district might have an interesting mix of businesses, and therefore might benefit from marketing and promotion to attract new customers who may not know or be aware of the offerings in the district.

DO YOU HAVE THE ABILITY AND AVAILABLE SQUARE FOOTAGE NECESSARY TO ACCOMMODATE POTENTIAL RETAILERS?

Property Owner Engagement. Are your property owners willing and able to do what it takes to upgrade the tenant mix? Can at least some of them see the value in thinking more broadly than the status quo? Are they willing to substantively participate in the retail recruitment effort by meeting with and showing spaces to prospective prospects?

Space Availability. What kinds of spaces—both vacant storefront and development sites—are available for the retail recruitment effort? Are these spaces of adequate size and layout to accommodate the needs of retailers who are interested in the district?

SHOULD YOU USE THIS GUIDE?

If you answered “yes” to all of the questions above, by all means, read on. However if you answered “no” to any of these questions, we encourage you to read on and learn, but it may make more sense to allocate resources towards other services for your district, including the retention or strengthening of existing businesses, which are the best (or worst) calling card a district can have.

THE UNDERPINNINGS OF SUCCESSFUL COMMERCIAL DISTRICTS

Not surprisingly, tenant mix, store density and access/convenience emerge as three of the most significant driving factors in the success of businesses within a commercial district. So what does this mean for commercial district managers looking to advance successful retail attraction and retention efforts? It means that they need to pay particular attention to how their districts perform against these three metrics.

TYPES OF RETAIL



37TH AVENUE JACKSON HEIGHTS, NY

Convenience districts offer retail goods and services whose primary advantage to the consumer is locational convenience.



HISTORIC THIRD WARD MILWAUKEE, WI

Comparison districts typically offer a set of retail goods and services that permit a wide range of choice and comparison between merchandise offered by different stores. Comparison shopping trips are made less often than shopping trips for convenience items.



WALNUT STREET, SHADYSIDE PITTSBURGH, PA

Destination districts typically offer a unique set of specialty retail goods and services that people will travel longer distances to patronize.

EXAMPLES OF TENANT MIX BY DISTRICT CLASSIFICATION

Tenant mix varies by district type, but some examples of tenant mix are included in the chart below. Although not exhaustive or set in stone by any means, these are good rough guidelines to get you thinking about synergies between different retail categories.

Category	Convenience District	Comparison District	Destination District
Convenience stores	●	●	
Business services	●	●	
Groceries	●	●	
Laundry services	●	●	
Full-service restaurants	●	●	●
Quick service restaurant (QSR)	●	●	●
Beer, wine and liquor stores	●	●	●
Coffee shops	●	●	●
Pharmacies/drugstores	●	●	●
Hair and nail salons	●	●	●
Financial services		●	
Sporting goods, hobby, book and music stores		●	●
Opticians' offices		●	●
Martial arts, dance and yoga studios		●	●
Bars/pubs		●	●
Office supply, stationery and gift stores		●	●
Clothing, shoe and accessories stores		●	●
Jewelry stores		●	●
Fitness centers/gyms		●	●
Cosmetics, beauty-supply and perfume stores		●	●
Electronics and appliance stores		●	●
Health-care professionals' offices			●
Movie and performance theaters			●
Hotels			●
Furniture and home furnishings stores			●

Tenant Mix. When a commercial district's tenant mix is strong, shoppers continue to patronize businesses, business sales increase, and as a result the area is a desirable place for new retailers to locate. Malls and successful shopping centers also offer good examples of what to do and what not to do. Use them as a guide when considering tenant mix and the location of tenants within your district. Mall owners have years of experience and know what works—talking to them can be an inexpensive way to get an education.

Yet practitioners also need to be careful—the factors that make a corridor's mix strong are subjective and can vary from between communities. The most appropriate mix will meet the needs of shoppers and depends partly on whether the district is destination-, convenience-, or comparison-oriented. One-stop shopping is particularly important in the former, whereas a large selection with multiple (even competing) offerings in the same retail category is critical to a district's success.

Practitioners who use this guide will learn strategies for identifying shopper needs in detail and how to use this information to develop a categorical list of potential uses and tenants that are a good fit for the district. Some strong indicators of a good mix are that it draws a wide variety of shoppers, its retail and non-retail anchors attract visitors and contribute to the overall health and community identity, and the density and mix of businesses allow visitors to purchase multiple types of goods in one trip (i.e., the district is dense with complementary tenants).



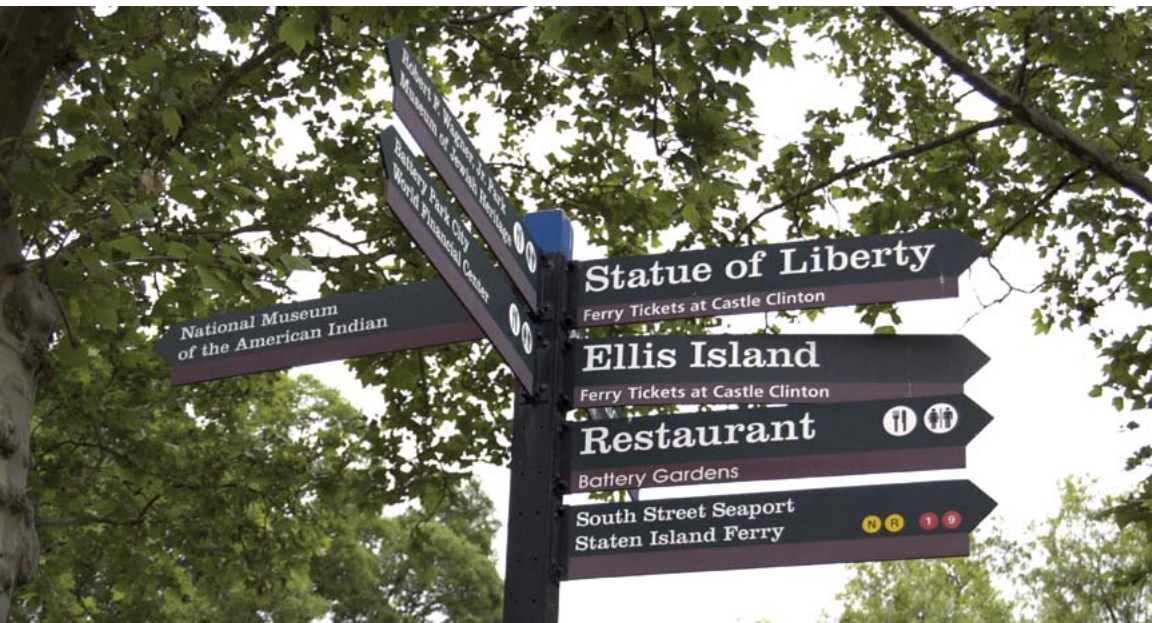
Retail microclimates in college towns usually have a high degree of coffee shops and low-price food options, like this coffee shop in the Arlington Business District of Poughkeepsie, NY, which services the students and employees of Vassar College. Photo: Larisa Ortiz

As a general rule, a district that offers a large variety (or more unique set) of retail options will draw from a larger geographic trade area. Convenience-oriented districts will offer a limited array of goods and services that meet the needs of local customers. Comparison-oriented districts will offer a wider range of convenience offerings, but will also include some general merchandise, apparel and other soft goods that offer shoppers some degree of variety. These districts will typically pull from a larger trade area. Destination-oriented districts offer unique retail and dining options and typically draw from a much larger trade area.

Store Density. Store density (as measured by stores per square mile) is yet another important characteristic of a successful corridor because the

EXAMPLES OF RETAIL MICROCLIMATE BY VISITATION DRIVER

Visitation Driver	Potential Synergistic Retail/Services
College/University	<ul style="list-style-type: none">• Quick service restaurants (QSRs)• Fast, casual restaurants• Cafés/coffee shops• Clothing, shoe and accessories stores (low-cost/trendy)• Jewelry stores (low-cost/trendy)• Copy stores• Computer repair stores• Beer, wine and liquor stores• Fitness centers/gyms• Test preparation centers• Tanning salons• Sunglasses stores• Hotels• Cosmetics, beauty-supply and perfume stores
Civic Center (i.e., City Hall, library, courthouse, etc.)	<ul style="list-style-type: none">• Shipping store• Copy stores• Office supply/stationery/gift stores• Fast, casual restaurants• Financial services offices• Attorneys' offices• Accountants' offices• Pharmacies/drugstores• General business services
Public Transit	<ul style="list-style-type: none">• News/magazine stores• Drugstores• Quick service restaurants (QSRs)• Florists• Coffee shops• Pizza shops• Bakeries
Hospital	<ul style="list-style-type: none">• Pharmacies/drugstores• Medical supply stores• Doctors' offices
Movie Theater/ Entertainment Center	<ul style="list-style-type: none">• Quick service restaurants (QSRs)• Fast, casual restaurants• Full-service restaurants• Galleries/boutiques (open in the evening)• Entertainment-oriented retail (stores that offer interactive in-store activities, i.e., Disney Store, Niketown, Bass Pro Shops)• Cafés/coffee bars• Bars/pubs



Wayfinding signs in Battery Park, New York

distance between stores makes for a more convenient shopping experience. As studies have found, corridors with more stores per square mile demonstrate higher retail sales and real estate values because they offer opportunities for cross-shopping among stores. In fact, markets with ample retail tend to experience significantly more spending—approximately 140% more—than do limited retail venues (ICSC, *Office-Worker Retail Spending in the Digital Age*, 2012). This concept is called “retail agglomeration” and plays a significant role in the overall success of a commercial district.

WHAT ARE “RETAIL MICROCLIMATES” AND WHY DO THEY MATTER?

In nature, “microclimates” are small areas where existing conditions that are different from those of the surrounding area allow for certain organisms to survive and thrive. Think of the moss under a rock, home to thousands of organisms that need a dark, damp environment to survive. Our firm coined the term “retail microclimates” to describe a similar set of circumstances that can be observed in retail districts. Managing tenant mix and addressing gaps through recruitment is important—but within some districts it is critical to explore further by looking at the unique characteristics of these microclimates. A good tenant recruitment strategy will identify and either create or reinforce strong retail microclimates.

Microclimates are important because retailers often seek unique conditions when selecting sites for new stores. They have learned over time that these conditions offer them the greatest chance of success in a particular location. Visitation drivers like theaters or cultural institutions, for example, create microclimates that support complementary retail uses. The pedestrian traffic created by a busy entrance to a mass-transit stop is an ideal microclimate for a business selling convenience goods. It should therefore come as no surprise that a drugstore exists on nearly every corner next to a subway stop in Manhattan. On the other hand, a restaurant might prefer proximity to a popular movie theater, and a stationery store might choose a location next to a post office. These principles of adjacencies are incredibly important to retailers. In dense urban communities, particularly ones where customers arrive on foot, bicycle or mass transit, a distance of 200 linear feet can mean the difference between one microclimate and the next.



Downtown Parking. In Glen Cove, LI, two large, enclosed parking garages offer direct access to the district's main shopping street, but the entrances (left) are dark and uninviting. In surveys conducted of local residents, the safety of the parking lots was deemed a major deterrent to downtown shopping. In contrast, the town of South Orange, NJ, has created pleasant walkways with signage and seating (right). Photo: Larisa Ortiz

What this means for the average district manager is that retail attraction efforts will be more successful if they seek to build and enhance strong existing retail nodes or improve the complementary mix of offerings at the node. Centralizing efforts around existing anchors, or near existing successful businesses, is an approach that will help the retail recruitment effort gain much more traction and have more long-term impact. This approach requires the practitioner to consider which nodes are the most likely starting points for the retail effort. Depending on the district, the area or node may be one block or a series of contiguous blocks with continuous retail.

Tenant mix varies by district and depends on the size of the trade area. Generally, the larger the area from which you draw customers, the greater retail density you can support.

Access/Convenience. Whether customers elect to drive, bike, walk or take public transit, they need easy access to a district's businesses. In dense mixed-use communities where customers are more likely to walk from their homes or offices to local businesses, the availability of parking may play less of a role in the success of the local business district. Alternatively, in communities where customers arrive by automobile, adequate, safe parking options are critical to a district's success. Increasingly, some communities are looking to encourage "bike-friendly business districts" that make biking more convenient by ensuring that cyclists have bike lanes and adequate bike parking. These efforts have been taking hold on the West Coast, notably in Los Angeles and San Diego, but are quickly gaining popularity nationwide.



Diagnose and Interpret

The first step in developing a plan to shape a district's tenant mix is to understand the market. Collecting and understanding market data helps you define your market and ultimately attract retailers that enhance your district's offerings.

The availability of up-to-date market, demographic and psychographic data, coupled with a solid understanding of local customer preference, is a critical factor in identifying opportunities to improve tenant mix. Market and demographic data can help reveal areas where retail demand is not being met. Consumer surveys can begin to identify gaps in retail offerings that, if filled, would improve tenant mix. Make sure you source and date all primary data so that it can be confirmed and referenced.

Gathering this data will help you develop a compelling story to share when marketing your district. That story should communicate your vision and brand clearly and concisely, while providing fact-based evidence of market demand. You may think you know your district, but when you talk to retailers, brokers and property owners, are they simply going to take your word for it? Being prepared with data and insight helps retailers and brokers understand your core customer, and helps property owners understand why it is so important to get on board with your retail vision.



STEP 1

Observe and Investigate

Before you conduct a formal market analysis, take a moment to assess the district by considering the following factors.

Merchandise Mix. Look at the tenant mix and the merchandise mix. What is missing? The existing mix will give you a good sense of what other retail uses might be a good fit for your area. What does the current mix say about the type of retail and price points in the market? Are your stores offering low-cost goods? High-end luxury items? From the perspective of lifestyle, are your businesses “on-trend” or do they offer classics or just the basics? Who are the most successful retailers and what does that tell you about the typical shopper? Would changes or improvements to the retail mix give shoppers a reason to shop in your district? Taken as a whole, does the tenant mix reflect the identity of the district? What does your current merchandise mix suggest about the kind of customer you have in your district? Do your businesses merchandise to attract families? Young people? Older consumers? And for communities on the brink of major neighborhood change, are the demographics and shopping preferences likely to change in the near future? The answers to these questions are the basis of your district’s identity or “brand.” Retailers in keeping with that brand will tend to find your district an appealing place to do business. Keep track of how



The Paramount theatre in Peekskill, NY, is a typical downtown anchor. Photo: Larisa Ortiz

this identity changes over time, and which retailers may fit into this identity now and in the future.

You should also look at the tenant mix in other comparable districts. Simple observation will help you begin to develop insight into the kinds of retail categories and tenants that might be a good fit for your district. When considering other districts, also pay attention to the kinds of services and amenities within the district that support those uses, and consider whether your district has similar characteristics.

Anchors. As you walk your district, take stock of any generators of consumer traffic. Are there businesses or institutions that are attracting

customers from outside the district? Is there a hospital, library or post office? Is there an area with a large concentration of employees? Is there a busy subway stop that deposits pedestrians onto the street at certain times of the day? Are there hotels or entertainment destinations that attract visitors? Map these anchors and other evidence of market demand and, if possible, collect visitation numbers for each anchor. These will give retailers a much clearer picture of the market and help identify locations that are the best fit for the particular set of goods and services they provide.

Physical Conditions. Take a look around. Is the environment conducive to shopping and lingering? Or are shoppers avoiding the district because of crime or safety concerns? Before you seek to attract businesses, make sure you are retail ready and have taken care of the fundamentals, including cleanliness, maintenance and public safety. If shoppers avoid the district, you can bet retailers will too.

Safety. Do concerns about safety dominate public discourse about the district? If your community has any real or perceived crime concerns, these can be a significant detriment to retail attraction efforts. Is the physical environment adding to the perception of insecurity? It may be necessary to consider targeted crime-prevention strategies concurrent with retail attraction efforts. Notably, Crime Prevention Through Environmental Design (CPTED) is a comprehensive approach to crime prevention through improvements to the physical environment, including the buildings, storefronts and streetscape.

Stakeholders. The best sources of information about your market include the current owners, brokers and retailers themselves. Ask existing retailers what the major strengths, weaknesses and needs of the district are. Retailers know what brings customers into their stores and what keeps them away. They also know what other types of retail would help attract more customers to the district. Owners and (especially) brokers know what data they need to attract retailers.



STEP 2

Evaluate Consumer Demand

Conduct market research. Market data serves as the foundation of your ability to manage tenant mix and attract new retail. It helps you tell—and, perhaps more important—influence the prevailing narrative of your district. It tells you who your shoppers are, how many there are, and what their buying power is—all of which are important factors in your district's story. Market research allows you to better understand customer preferences in your market and in turn design a tenant mix strategy that aims to meet those preferences. Once you understand what your consumers want, you can determine which retail categories make the most sense in your district and which will fill a void in the market.

Market data is also critically important to retailers, and being able to supply retailers with data can help get you on their radar and jump-start conversations. It can also be helpful to businesses seeking financing, and



Pedestrians walk along Orchard Road, Singapore. Photo: Komar / Shutterstock.com

can be used in business plans to support claims of market opportunity. It is also important to share this data with property owners, who ultimately make the decisions around where retailers are able to locate.

Depending on where you live, market data may be available online for free (from the US or Canadian census); however, it may be difficult to compile and analyze it. Data services such as Esri Business Analyst and Nielsen SiteReports, for example, are typically where retailers, economic developers and other professionals turn to obtain their data. While these services charge a fee, it may be more efficient and cost-effective to use them. Some district managers choose to obtain and analyze this data in-house, while others hire a consultant who has a subscription to these services and is experienced in performing market analysis.

SPOTLIGHT

ON THE DOWNTOWN YONGE BIA, TORONTO, ON, CANADA

While the idea of gathering urban economic data and district metrics can sound scary at first, finding ways to collect and effectively use information in a cost-efficient way is possible. In the Downtown Yonge BIA, one of the largest improvement areas in Toronto, simple and effective data forms the foundation of business recruitment initiatives. Regular retail listings, carefully chosen commissioned research, pedestrian and vehicle traffic counts and trade area and household spending data are all used not only to help landlords attract retailers but also to define appropriate events and programming for the area. There is a clear distinction between data for data's sake and the building of knowledge about a district—indeed, data and knowledge are not necessarily the same thing. The Downtown Yonge BIA aims for the latter, filtered through three key prisms: member and community engagement, economic value and social engagement, with research approaches and outputs to match. In sum, the Downtown Yonge BIA takes a multilayered approach to developing metrics, making functionality and applicability the critical considerations. In the final analysis, all information generated is used to strengthen the district's economy and support members' businesses, which is the ultimate goal.

Contributor: Pauline Larsen, senior economic development manager, Downtown Yonge BIA

The market data you collect will tell you only part of your district's story. You will also need to explore what types of businesses consumers want by asking them directly.



Bankruptcies, like that of Blockbuster Video in 2010, have created vacancies that now need to be filled. Toronto, CA. Photo: Paul McKinnon / Shutterstock.com

SOURCES OF PRIMARY DATA

- Surveys are a powerful mechanism for understanding customer shopping habits, satisfaction with the current shopping environment and offerings, and local competition. Surveys can be done via mass mailings—a more expensive option but often more appropriate for communities where many residents do not have access to computers—or by posting a survey online and distributing the link via social media and local newspapers and blogs. Some popular online survey tools include SurveyMonkey, Zoomerang, SurveyGizmo and PollDaddy.
- Focus groups can be a less expensive alternative to large-scale surveys. These can be done by grouping individuals with similar interests. Consider gathering restaurant owners, property owners and residents into separate groups to focus on their unique issues and concerns.
- Interviews with business owners, store managers and employees can give you valuable insights. Be flexible when conducting merchant interviews. If a merchant is busy with customers, offer to return at another time.

OTHER DATA SOURCES

- Real estate listing databases
- The real estate and business sections of local newspapers and community blogs, which sometimes have comment sections that may help you glean what customers want
- Online customer reviewing sites (e.g., Yelp), which can provide insights on how businesses are serving their customers and what types of establishments are attracting certain customers

Beware of using outdated demographic data, as you may fail to identify significant changes in customer demographics. We recommend that a market study be refreshed approximately every three years, particularly in communities that are undergoing rapid demographic change.

Focus on identifying gaps in information, particularly with respect to neighborhood change. Retailers typically have systems in place to pull residential market data, but what they crave (though it is not as easily accessible) is information related to recent neighborhood change, particularly in the last one to five years. Use your unique local knowledge of the changes in the business mix, daytime population, visitors, new residential development, regulatory changes (such as rezoning that could lead to significant development) or other trends to present your district in the best light and provide information that may not be reflected in standard market data.

Information about the non-residential market (specifically the retail spending habits of employees who work in the area) is valuable and can also be difficult for retailers to access. Leverage relationships with key local

WHAT MARKET DATA DO RETAILERS USE IN MAKING SITE SELECTION DECISIONS?

In a joint 2008 study¹ by ICSC and Social Compact, all retailers indicated using at least two measurements when making site selection decisions: the total number of householders in an area and the household income, particularly the median household income. Additional indicators vary by industry and specialization, but there is a range of indicators that retailers use to determine market potential, shown right. Commercial district management associations can add value by collecting and sharing data that reflects their more intimate knowledge of local market conditions.

RETAILER SITE SELECTION INDICATORS

Average household size	Household change (income, number, size, age, etc.)
Average/median income	Income change
Competition (presence, type and location)	Major employers in the area
Co-tenants, preferred	Number of households
Crime	Pedestrian traffic
Daytime population	Population change
Educational attainment	Population size
Ethnic composition	Psychographic composition
Home ownership	Visibility
Home sales value	

¹ ICSC, Social Compact. "Inside Site Selection: Retailers' search for strategic business locations", March 2008

employers to find out where their employees come from and what their shopping habits are in the neighborhood. Consider asking them to distribute consumer surveys to their workers. Retailers will want to know if they will be able to rely on daytime foot traffic or an "after work" crowd, for



This long vacant retail space sits at a prime intersection in the neighborhood of Halsey Village, in downtown, Newark, NJ. Despite its location immediately across the street from the main entrance to Rutgers University. Targeting property owners who own properties in strategic, visible locations is one strategy to support retail improvements. Photo: Larisa Ortiz

example. Collect information on the location and number of employees for the larger employers in the district. ICSC has completed significant research into office worker demand (see 2012 ICSC report entitled *Office-Worker Retail Spending in a Digital Age*) that can be useful in your efforts to quantify and understand non-resident demand drivers.

Also, conduct research on the number of neighborhood events and the number of visitors that attend each event. Often the local convention center or visitor's bureau tracks some of this information.

It should be noted that data collection need not be a costly endeavor. For instance, an inventory of retailers in your district is something that staff can do to start the process, and it is also likely to be more useful to retailers than generic secondary information, which they can easily gather themselves.



STEP 3

Identify Opportunity Sites

Develop an opportunity site inventory. Some communities attempt to build a comprehensive building and property owner database immediately. While this information is extremely valuable, gathering it can quickly become a resource trap if an exhaustive effort is made too quickly. An alternative is to begin by focusing on opportunity sites within a small area, including vacant properties and/or soon-to-be vacant properties and then expand to a larger geographic area. These sites are often located at key intersections and may be vacant spaces or underutilized parcels where improvements or new retail will help catalyze additional investment. Opportunity sites will also be defined by the willingness of property owners to participate in the retail attraction effort.

As you get to know property owners in the area, ask them when their current leases are up and maintain this information in your database. Explain that your retail attraction efforts are greatly aided by knowing when leases expire, so you can anticipate leasing opportunities and better facilitate

Once you have narrowed down your opportunity sites to a short list, begin gathering all the information you would need if you were planning to list the property. See the list below for a list of the data that is important to collect.

Information About the Building

- Name/contact information of the owner
- Name/contact information of the leasing representative/broker
- Building name (if applicable)
- Property type (retail, mixed-use, industrial, etc.)
- Street address and suite or floor number
- Zip code
- Section/block/lot numbers
- Number of floors in building/total building size/total lot size
- Photos
- Are there any zoning restrictions?
- Are there any easements that affect the use of the building?
- Are there other limitations (lease restrictions against certain uses or tenants, no liquor licenses, no sidewalk dining, etc.)?

Information About the Vacant Space

- Estimated square footage (including minimum divisible size and maximum contiguous size)
- Date available
- Asking rental rate (but also market rental rates to help property owners be more realistic about their asking rate)
- Floor plans
- Previous use (restaurant, apparel store, etc.)
- Amount of street frontage (in linear feet)
- Ceiling height (in linear feet)
- Basement or storage space included or available?
- Number of parking spaces (if any)
- Is there dedicated off-street loading/unloading?
- Is there dedicated off-street parking (yes/no/don't know)
- Is there restaurant ventilation?
- Immediate retail adjacencies, if any (e.g., restaurants, apparel stores, dry cleaners, etc.)

connections between tenant prospects, owners and brokers. While the opportunity site inventory is a short-term solution, over time it will be important to develop a comprehensive building and business inventory for all sites in your district.

Evaluate opportunity sites. The next step is to evaluate opportunity sites.

Just because a space is vacant does not mean it is ready to be leased.

Prioritize sites by considering the following:

- **The owners.** A good relationship with the owner should be your starting point. If you do not have a relationship, start out with owners who are local rather than absentee. Once you have done your outreach, try to figure out if the owner is content with the existing cash flow of the building. Do they have any requirements that you should be aware of? Sometimes owners have preferences for uses or rent, or the property may be subject to physical constraints that will make it difficult for you to work with them. Find out about these preferences and conditions early so you can align their objectives and requirements with the right potential tenants. You should also be mindful of the fact that you are not going to get 100% involvement from property owners your first time around (if ever), so don't spend too much time with unmotivated owners. Eventually you may even find that they come to you after they have seen your success.
- **The condition of the property.** Initially, your goal is to find the best, most suitable starting points for your retail attraction efforts. Properties that are in good exterior and interior condition are going to be easier to lease at the onset. These properties can also be more easily staged for viewing and are attractive to many retailers because they offer an opportunity to open a store more quickly.
- **The location of the property.** It is sometimes more effective to start retail attraction work in some of your stronger downtown retail microclimates—those created by proximity to destination drivers such as hospitals, civic or cultural institutions or nodes of complementary retail.

- Distinctive buildings. For some retailers, spaces with unique facades are an important branding tool. Be sure to note buildings that are unique or architecturally significant and have pictures and sell-sheets available for these locations.



STEP 4

Identify Retail Categories to Target

Now that you have completed an assessment of your market, identify the groups and categories of retail that you would like to see in your district (not specific tenants—that comes later).

Your final selection of targeted retail categories should be informed by the following:

- what the consumer wants, as demonstrated through market data. Market and demographic data should indicate market opportunity.
- what the community wants, as demonstrated through outreach efforts. Outreach to businesses and consumers confirm that additional stores in these retail categories would make the district a more attractive place to shop.
- what kinds of spaces are available for retail. The size and configuration of vacancies in your district reflects the size and configuration of retailers that offer the goods and services in your targeted retail categories.
- district identity. Do not try to make a place into what you want it to be; take your cues from the district's current retail identity. If your business mix is largely daytime convenience businesses, do not go after a nightclub. Your district is not likely to have the nighttime foot traffic to support a lone evening use.

Coffee Shop

Coffee
Tea

Freshly
baked
cookies
muffins
pies

Knowing the retail categories you want (i.e., coffee shops), that your market can support, and that you accommodate with the available retail space in your district is a critical step in the retail attraction effort.

Mobilize

STEP 5

Communicate Your Vision

STEP 6

Enroll Property Owners

STEP 7

Identify Prospects

STEP 8

Make the Call

STEP 9

Be Ready to Help



STEP 5

Communicate Your Vision

Develop and Distribute District Marketing Material. Develop print and/or online district marketing material that clearly summarizes your market data and communicates your retail leasing objectives and targeted retail categories. Your marketing material serves to communicate a basic message: that your district has a sufficient number of the customers businesses are looking for. If you want casual dining establishments, share information about residential density and local employment. If you want yoga studios or fitness facilities, stress the fact that your community has a large number of young professional residents.

When you finally put together your marketing package, be sure to include some or all of the following:

- a street map of the district that identifies major destination drivers. This includes but is not limited to entertainment venues, cultural institutions, tourist attractions, hotels, houses of worship, libraries, subway stops, landmarks and buildings with high concentrations of employment. Your map should also include the corporate logos of nearby tenants. This will give retailers the ability to quickly assess the market and tenant mix at a glance.
- key demographic information and trends of local residents (income, education, home ownership, age, etc.)
- information about any incentives or resources for retailers

- development projections. Retailers want to know what the district will be like one, five and 10 years from now. Be honest in your assessment and differentiate between what is really going to happen and what you hope will happen. Retailers will appreciate the candor.
- testimonials from merchants
- sales figures for your district
- quotes from media coverage of your district



Marketing material, like this folder which holds market data and other information about the district (and which can be customized for each recipient) can help communicate market opportunities to potential tenants

As you develop marketing material, be specific about the market data you share. Be sure that it reinforces your targeted retail categories. For instance, if you seek lunchtime dining destinations for office workers, share information about the location of office buildings and the estimated number of workers. If you are trying to attract a children’s apparel store, share demographic information about the number of households with children.



You might also consider comparing your district's demographic profile with that of desirable retail market that people are already familiar with. Data that compares your district favorably to another district can help establish context and familiarity.

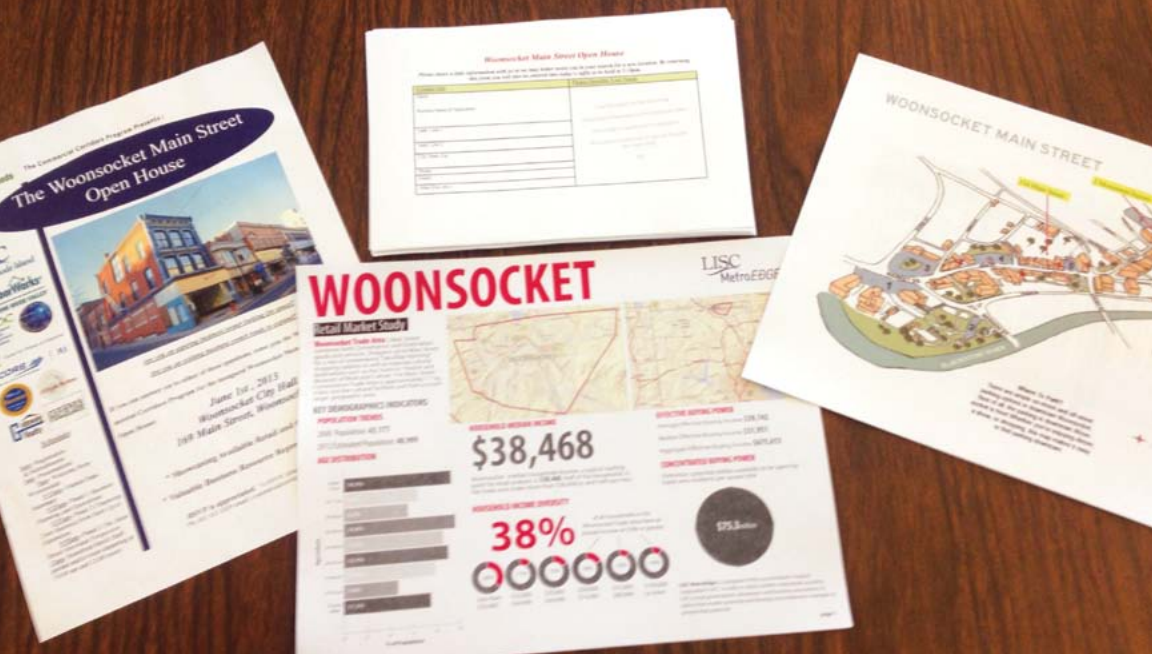
The district marketing material you have developed is now a valuable resource not just for you but also for your property owners and brokers. Make sure all of your marketing material is available on your website. Printed materials should be given to commercial brokers working in the area, local elected officials, business resource centers, property owners and retail prospects. Consider designing the marketing piece in the format of a folder that allows brokers to easily insert information on specific properties.

Keep in mind that printed material needs to be mailed, updated and distributed—and that these require a commitment of staff time. If you choose to go this route, be sure your organization has the resources to distribute this material and, most important, to follow up repeatedly with prospects over time.

Make sure the commercial real estate community is aware of your targeted retail approach. Once you have decided on a set of targeted retail categories and have printed marketing materials, set up meetings with key stakeholders and walk and share your vision. Meet individually with property owners and their leasing agents, consider hosting quarterly real estate networking events in a local business or in empty retail spaces and present your plan at any meetings of local merchants associations or business groups.

Share your findings and vision with stakeholders. Share your findings and retail recommendations and begin a dialogue that encourages your community leaders (BID board members, local elected officials, civic groups and others) to seek retailers in the categories described. In addition to distributing marketing materials, some simple ways to communicate your strategy and keep the community engaged in the process include:

- a monthly real estate e-newsletter that includes information about new vacancies, new businesses and the success of your retail leasing efforts
- broker briefing events
- sharing any and all real estate news via social media
- issuing press releases or taking out ads in local publications



A "Main Street Open House" in Woonsocket, RI, organized by a local non-profit in partnership with the city, allowed investors to see multiple available spaces on the same day. In addition, the organization prepared marketing material with basic demographic information, as well as map and detailed information on retail spaces. Photo: Larisa Ortiz

Become a vehicle for your owners and brokers to promote vacancies.

Use your inventory to develop a readily available list of vacancies within your district that includes contact information for either the owner or the leasing agent. If possible, make this list available on your website and update it regularly. If maintaining it is too resource intensive, simply request that interested retailers contact your office directly. Collect sell-sheets (one-page descriptions of the available retail space) from local brokers, and, if they do not exist, create them for spaces where a property owner is not using a broker. At a minimum, these sell-sheets should include photographs of the space and the layout, information about the dimensions and the asking price and leasing contact information. These can be sent to prospects or used to start a conversation with tenant representatives—brokers who represent tenants looking for retail spaces.



STEP 6

Enroll Property Owners

Without your property owners, it is impossible to have a successful retail attraction program. Contacting a retailer without a space to show them wastes everyone's time, and your credibility in the industry can plummet. This means getting your property owners engaged and formally enrolled in your effort before making a pitch to retailers.

In some cases, it can be useful to create a simple memorandum of understanding (MoU) or letter agreement with property owners that outlines your mutual expectations about what involvement in your retail recruitment effort entails. It may mean that you hold the keys to spaces and that they will give you the right to show them. If you are going to expend resources helping owners lease their property, it is better to be up front about what you expect from them. This means a simple agreement that they will, at the very least, be responsive when you call to set up meetings and that they will allow you to coordinate site visits and show the space. An MoU may not be necessary for this to happen, but it is always helpful to outline expectations in advance.



STEP 7

Identify Prospects

Now is the time to make prospect identification a priority. The prospects you should look for are retailers that reflect your district's market poten-

tial, make for a great fit with the neighborhood and local businesses and are in the market for the kind of spaces that you have available. Consider focusing your initial retail attraction efforts on one or two retailers or one or two categories where success would create a snowball effect and build more organic momentum for your overall retail vision.

There are many ways, both formal and informal, to develop a prospect list. Here are a few options:

KEEP UP WITH THE NEWS AND E-PROSPECT.

- Read blogs and papers and follow them on social media to find out about new store openings and expansions.
- Set Google email alerts to track specific stores, brokers and markets (e.g., “H&M”, “retail” + “Seattle”)
- Keep up with the retail industry trade publications; in the US these include Retail Traffic, ICSC’s Shopping Centers Today, Crain’s or your local business newspaper that covers retailers looking to expand.
- Search customer review sites for businesses with good reviews in similar districts, with multiple locations and in the categories you identified during the market analysis phase.

NETWORK.

- Go to industry networking events. ICSC events, in particular those organized by the ICSC Alliance Program, will offer you excellent opportunities to network with commercial real estate professionals who are





The Pittsburgh Downtown Partnership, a Business Improvement District, rents a booth annually at ICSC ReCon in Las Vegas. Photo: Larisa Ortiz

interested in building relationships with public sector and non-profit practitioners. Also consider joining any local real estate boards or chambers of commerce.

- Develop a list of local brokers who work in your market and have knowledge of retail trends and relationships with tenants looking to expand or relocate.
- Shop business plan competitions. The winners of these competitions are well prepared and eager to start businesses.
- Reach out to other organizations, merchant associations, chambers of commerce or community organizations with similar demographics and ask them about retailers in their district who might be poised for expansion.
- Comb the databases. Many commercial brokerage firms maintain subscriptions to retail databases, including Plain Vanilla Shell, Crittenden Online, Tenant Search and InfoUSA that provide information about retailers and their expansion plans. Beware, however, if you choose to do this yourself. This strategy can be expensive (most of these require monthly or annual subscriptions) and will give you long lists of retailers to investigate—many of whom will not be a good fit for your district. Moreover, most will be national chains and cold-calling or mailing will not yield a response without significant follow-up efforts.

EAT AND SHOP. (THIS IS THE BEST PART!)

- Identify similar districts and visit them on a regular basis to identify potential tenants. When approaching retailers in other districts, determine in your conversation whether or not they have mileage restrictions, i.e., if they are not allowed to locate another store of the same type within a certain distance from an existing store.
- Network with other district managers and share information about tenants who may be looking to expand into other neighborhoods.
- As you shop and dine in other neighborhoods, make a point of asking to speak to the owners and congratulating them on their business. Use this as an opportunity to build relationships with business owners that might be a good fit for your district. Remember, successful business owners are often looking to expand. This is a great opportunity to get your community on their radar.
- Get referrals from your existing merchants about other retailers. They will know what retailers would do well in the community and can be a wonderful source of leads. Many business owners know other business owners who are interested in expansion.
- Look at existing businesses in neighboring districts. Sometimes existing tenants need to expand but cannot do so in their current location. Helping them identify a second location in your district is a way to help these small businesses expand. Sometimes communities fear that this will be perceived as poaching. In fact, if a retailer is doing well in one location, they will not close that store. Instead, they are likely looking for opportunities to grow their market by opening a second or even a third location. Also, keep in mind that a retailer looking to open a third location is a stronger option than a retailer figuring out for the first time the logistics of managing a second location.

SPREAD THE WORD.

- Generate buzz on social media by posting about store openings, vacancies and highlights from the market study. A monthly real estate newsletter can be a very useful tool for keeping your district on the commercial real estate industry's radar.
- Consider placing an ad for your district in popular online real estate databases (e.g., Craigslist). It can be one of the more powerful tools in retail recruitment, especially among smaller entrepreneurs seeking retail

FIVE THINGS NOT TO DO OR SAY WHEN PROSPECTING

- **Don't oversell.** “Our city is one of the best cities in the US for retailer performance! Well, maybe the 500th —I am just a little off.”
- **Don't mislead prospects with tales of other retailers who are coming to your city.** “Nordstrom, Saks and H&M are all looking. Well, they are going to as soon as they see the package I will be showing them.”
- **Don't inflate demographics.** “We have residents with incomes \$100,000 and above. Actually, some people close by have \$100,000 incomes, and they can easily drive to the site within 30 minutes.”
- **Don't call without researching.** “We have a perfect site for your company! Oh, how was I supposed to know you are two miles away?” “You need density? Once you come we will have more people!” “You just think you need higher income levels—we know you will do great here regardless!”
- **Don't be secretive.** Have real sites available! “I am glad you like my city, however, my site is a secret. Come into town and look at our community. By then I should be able to show you the site.”

Contributor: Cynthia Kratchman, principal, broker, Mid-America Real Estate - Michigan

space. Offer a few examples of available spaces and a few bullet points about the strength of the market, and then tell interested parties to contact your organization to set up a tour.

- Contact property owners and brokers and explain that you can serve as a clearinghouse for pre-qualified leads that they can access.
- Sponsor a “Storefront Stroll.” Coordinate with your property owners and brokers and arrange for a day when multiple vacant storefronts will be available for viewing within your district.

GET CREATIVE! DON'T BE LIMITED BY THIS LIST.

Every conversation and interaction with your networks is an opportunity to grow your prospect list.

TIPS FOR WORKING WITH RETAIL BROKERS

Building relationships with your brokerage community is one of the most important tasks you have as a commercial district manager. Remember, you are an important resource for your brokers—they often need market information and local knowledge quickly. If you can provide a shortcut to that information, you will establish yourself and your organization as a valuable partner and you will begin to find brokers seeking you out regularly for opportunities. Your job as a district manager is not to meddle with this system—make sure brokers see you as a partner in their efforts rather than competition for clients. Brokers are also the most effective way to get retailers site criteria and to know which geographic areas they are looking at. A retailer may not return your call, but a broker usually will. Here are a few tips for working with brokers:

Know the difference between a listing broker and a tenant broker/representative. A listing broker works for the property owner and is tasked with finding a tenant for a specific space. A tenant representative works for a retailer and is charged with identifying new sites for expansion or relocation. Some brokers work with both property owners and tenants. Keep in mind that a broker will resist helping you identify prospective tenants if she/he does not have a secure pathway to earning a commission. That means that the broker has a formal contractual relationship with either a tenant looking for

space or a property owner looking for a tenant. Brokers who bring prospects to either property owners or prospects on spec run a significant risk of being shut out of the deal, rendering the time and energy spent on prospective identification useless. To overcome this challenge, some district managers choose to hire a part-time or full-time retail recruiter to generate prospects.

Get to know which brokers work with which retailers. Although this may change from time to time, tenant representatives will have access to multiple retailers, making your job easier and more efficient.

Use the 30-second rule. Successful brokers are extremely busy and typically juggle multiple projects at once. Have an executive summary available that you can quickly email. When you call, be prepared with two or three critical facts about your district to grab their attention.

Make it easy. Brokers get paid when the deal is done, regardless of whether the lease is signed by a check cashing agency or a cute boutique. If the property owner doesn't care who rents a space, then neither will the broker. Half of your job is to make it easy for the broker by providing leads for businesses that you want in the district. If you stumble across a retailer or restaurant that you think would be a great addition to your district, talk to the owner, ask them about their expansion plans and then offer them a

tour of your district. Coordinate that visit with local brokers so that the owner can see as many spaces as possible that fit his or her criteria. By bringing brokers prospects, you accelerate the deal and, ultimately, their paycheck.

Market your district by telling a “market data-based” story. Brokers create sell-sheets that provide basic information about the retail spaces they represent. What they often don’t have is compelling district-wide marketing material. Print marketing material as you need it and create digital material that can be posted on a website and distributed via email. The material should include your district map, persuasive market data and a clear statement describing the kinds of retail that you want and need.

Keep a prospect list, grow it and selectively share it. Make your prospect list a resource that is available to brokers when they need it. Over time, identify a wish list of local retailers, including contact information and site selection criteria. (Sometimes the best place to find these retailers are other similarly situated districts.) If brokers know you are keeping this list, you will be their first stop when they sign a client and start prospecting for tenants.

Develop relationships with your brokers. The world is built on relationships. Keeping up with your brokers and property owners will ensure that you have the

inside scoop, and can ultimately help influence their tenant decisions. But this happens only when you have developed a trusting relationship over time and they have come to value your judgment.

Recognize the two kinds of brokers.

There are brokers who represent property owners and brokers who represent retailers, also known as tenant representatives. Brokers typically get paid when a deal is signed, and so many brokers naturally seek exclusives with a client that memorialize their rights and ensure they will get paid in the event of a deal. If a broker does not have an exclusive, they cannot be assured that they will receive a commission, regardless of the amount of work they put into making the deal happen. Many property owners avoid using brokers—but they do so at their own peril. More-established retailers and higher-quality retailers will work only through brokers, so if you are looking to attract nationals and higher-quality tenants, you will have to educate your property owners on the value that brokers bring and the risks they take in bypassing the brokerage community.

Keep a prospect database. As you develop your lists and reach out to prospects periodically, keep track of your calls, your conversation details and the times they suggest calling them back. Maintaining this list and keeping track of prospects over time will require staff and resources.



STEP 8

Make the Call

Conduct prospect research. Before making a call, conduct your due diligence on a retailer. You do not want to waste their or your time on a call if you can avoid it. And don't forget to be prepared with an opportunity site in mind to show them! Basic pre-call research should include the following:

- **Locations in similar districts.** Are they located in districts similar to yours? Can you make a case that the demographics are similar to those of an existing store of theirs?
- **Site requirements.** What size space do they typically take? Do they like to be mid-block or on a corner? Do you have spaces that meet these criteria?
- **Price point.** Do their product and merchandise offerings reflect the price point of your target customer?
- **Lifestyle segment.** Do their products and merchandise offers reflect the shopping preferences of your target customer? Is their target customer a bit avant-garde or more conservative? When you look around your district, do your existing retailers reflect these lifestyle preferences? Retailers like to locate near other retailers that will attract a similar kind of customer.
- **Target market.** Do you have enough of their target customer to make a new store profitable?
- **Sales per square foot.** What kinds of sales per square foot do they typically expect from their stores? Can you reasonably deliver on these expectations?
- **Expansion plans.** Are they looking to expand in your market?

FIVE GREAT WAYS TO GET A RETAILER'S ATTENTION

1. **Know who you are.** Compile your demographics, psychographics, location of anchors, major employers, traffic, etc. Understand them and embrace them. Find the retailers whose requirements match what you offer and make the call.
2. **Know the retailer's site requirements.** Make sure you understand their size and co-tenancy requirements. If they need entertainment venues around them, don't call unless you have those venues.
3. **Know another city where the retailer you are pursuing performs well.** Show how many characteristics that city shares with yours.
4. **Know the facts.** Begin by sharing the area's most compelling characteristics, followed by simple bulleted facts that match the retailer's basic site criteria.
5. **Know a particular retailer.** Learn everything you can about a retailer you believe to be a great fit for your district. Prepare an in-depth presentation for that retailer that includes street maps showing all traffic drivers (including institutional, retail and entertainment venues), sales for other retailers in the community, specific opportunity sites fit their site selection criteria, and then make your city shine!

Contributor: Cynthia Kratchman, Principal, Broker, Mid-America Real Estate - Michigan

- **Mileage restrictions.** Keep in mind that some retailers are not allowed to locate another store of the same type within a certain distance from their existing store. If that is the case, does your district fall within those boundaries? When researching national chain prospects, go to the retailer's website for general information about their product lines, expansion plans, etc.

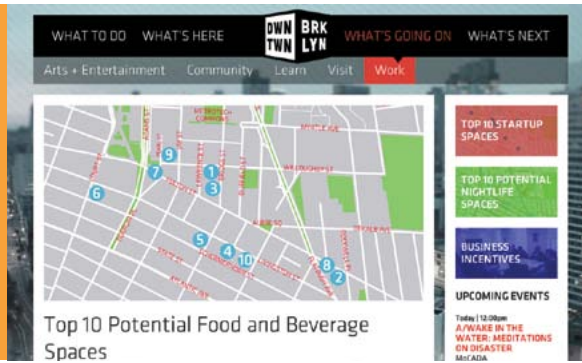
An example of prospect research. These prospect sheets can also be used as conversation tools with landlords to help them visualize the kind of retail and retail environment you are hoping to create in your district.

Communicate with your prospects. Tell your prospective tenants about opportunities in your district. Some options for ongoing communication include:

- monthly or quarterly emails or newsletters announcing retail news, including new business openings, vacant retail spaces, businesses for sale and any press or media coverage you or your businesses receive
- business letters or phone calls to prospects on your list announcing retail vacancies as they occur
- regular calls to local brokers and tenant representatives to share local intelligence and inquire about potential prospects
- trade shows, in particular ICSC Deal Making conferences, are invaluable opportunities to connect with potential tenants and the brokers who represent them. ICSC RECon, a national conference, happens in Las Vegas every May, and is the largest ICSC trade show. The regional events are typically smaller but will include more local participation and may be easier to maneuver.

Invite prospects on a choreographed tour of your district. Invite prospects to your district and connect them to the property owners or their brokers to arrange for viewings. On your tour, arrange to visit other successful business owners who might be available to share their insights and provide testimonials about their success in the district.

The Downtown Brooklyn Partnership, a coalition of three Business Improvement Districts located in Brooklyn, NY, has spearheaded a campaign to improve the nighttime dining and entertainment offerings in downtown by consolidating information on vacancies that might accommodate these retail categories. This information is available on their website and is also sent to an e-mail database that they keep and manage.



Follow up. There will be times—perhaps many—where you will hear “Not interested.” But other times you may hear “Call me in six months” or “We just opened a location so now is not a good time.” Be sure to keep track of these conversations—and follow up! Take copious notes and file them together with your prospect research—and then create calendar alerts to get back to that retailer as promised. This information will prove valuable in the event your organization has staff turnover, and will allow you to ensure that you do not lose good leads as a result.

REFRAMING THE OPPORTUNITY IN AN UNDERSERVED MARKET

New Haven, CT, is a city of 130,000 people within a larger metropolitan area of 572,000. Despite the presence of world-renowned Yale University, its economy has suffered like many post-industrial cities that lost their manufacturing base, and the city now maintains a sizable contingent of lower-income households and a number of troubled, crime-infested neighborhoods.

However, with Yale playing a leading role, the city has been enjoying a real renaissance since the mid-1990s and now boasts a hip and vibrant urban core. Indeed, its downtown business district offers an impressive array of retail co-tenancies, including not just college-town staples like Urban Outfitters and American Apparel but also more up-market draws such as Apple, J.Crew and a host of fashion boutiques.

Yet despite the city's recent improvements, many across the state and beyond still think of New Haven as an impoverished, crime-ridden city that has changed little since the 1980s. Indeed, when, on behalf of the Town Green Special Services District and its property owners, we tried to pitch higher-end retailers to the city's downtown, we were repeatedly told that "our customer is simply not there" or "it is just not our market"—that is, if our calls or emails were returned at all.

We realized that if we wanted to capture the attention of these retailers, we would need to get creative and resourceful in reframing the opportunity. We took a fresh look at the demographic data within the context of the retailer's market requirements. As we were primarily targeting the kinds of smaller-scale national chains and independent regional chains that often do not disseminate their criteria, we had to deduce these preferences by analyzing their other locations.

By focusing on absolute numbers rather than medians and percentages, we were able to show that the catchment for downtown New Haven contained more college-educated residents, upper-income households and high-value homes than the trade areas surrounding existing stores operated by these retailers in other markets, as well as that of the state's most upscale super-regional mall, a Taubman-owned center in West Hartford.

The response was almost immediate. Starting on the day after we relayed this data to the retailer, we were approached by a number of these same businesses asking for information on current opportunities in downtown New Haven and looking to schedule site visits with property owners and leasing professionals. The next steps for the Town Green Special Services District, the local Business Improvement District, are to match these retailers to suitable spaces and to provide support to landlords and brokers as they consummate deals.

Contributor: Michael J. Berne, president, MJB Consulting

When pursuing a particular retailer, it can be useful to develop a dedicated prospect sheet with images of the business (both inside and out) as well as other market information to share with property owners. A template is included below.

PROSPECT SHEET

XYZ Beauty Supply



Photo: testing / Shutterstock.com

XYZ Beauty Supply is a beauty and makeup store that features one-stop shopping for all beauty, hair, and makeup products. XYZ caters to women looking for fun, moderately priced beauty items. They offer in-store salons at every location.

Price Point: Moderate

Target Market: Women

History: Founded in 2010, XYZ Beauty Supply sought to fill a gap in the market for a fun, interactive beauty supply and life style shop. What first started as one location, quickly grew to 100 over four years. They are now looking to quadruple their stores in urban markets throughout the world over the next five years.

Expansion Plans: XYZ currently operates 100 stores, and has a goal of 500 total stores in the United States.

Site Requirements: 10,000 SF
Rent: \$65-80/SF

Contact Info: **Corporate Offices:**
Anywhere Boulevard, Suite 100
Hometown, New York 10000
(212) 222-2222



STEP 9

Be Ready to Help

Once you have made introductions, the tenant, landlord and broker can usually take it from there. But sometimes it may be necessary to play mediator to the negotiations to prevent a breakdown, particularly with a small tenant. Be prepared with resources that will help tenants in their interaction with the landlord, including but not limited to the following:

- references for lawyers who can help with lease review. If your community or municipality has a small-business support center, they might be able to put you in touch with attorneys who offer you pro bono services. Be sure the lawyer you refer them to is real estate oriented. Lawyers unfamiliar with real estate law will not understand clauses like “exclusive,” “base rent,” “percentage rent,” etc. You might also consider getting a list of real estate lawyers from the local bar association to offer for referrals.
- financial resources or incentives at your disposal that will reduce the costs to the tenant or landlord for necessary improvements, including facade improvements, grants/loans, signage grants, loans or other small-business lending resources
- a list of trades that can assist with technical issues, costs and research

And finally, do not be discouraged! Over the course of your retail leasing efforts, you may conduct outreach to dozens if not hundreds of prospects. Most industry professionals know that getting to a “yes” can mean hearing “no” multiple times. And the more relationships you build and the more knowledgeable you become about the kind of prospects that are right for your district, the higher success rate you will have.

THE CHAIN RETAIL SPECTRUM

MOM-AND-POP	REGIONAL INDEPENDENTS	NATIONALS
1-2 LOCATIONS	2+ LOCATIONS	DOZENS - HUNDREDS OF LOCATIONS

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NATIONAL VERSUS REGIONAL INDEPENDENT CHAINS

Prospecting for local and regional versus national prospects requires different strategies and approaches. Here are some ways in which the process differs.

	NATIONAL PROSPECTS	LOCAL/REGIONAL PROSPECTS
DATA	Syndicated demographic and market data, traffic counts, pedestrian counts for a well-defined trade area	Demographic and market data may not drive decision-making. Owner has greater familiarity with neighborhood.
BROKER	May work with tenant representative or have an in-house real estate department	May work without a broker or with a local broker
MAIN CONTACT	A broker or in-house real estate representative	May work directly with the owner
LEASE TERM	Longer-term	Shorter-term with renewal options
LEASE FORM	Tenant may have own standard lease form	Unlikely to have a standard lease form
NUMBER OF LOCATIONS	Dozens or even hundreds of locations throughout the nation	Anywhere from one location to dozens, typically concentrated in a region that allows for owner supervision
HOW TO FIND THEM	Work with brokers, attend trade shows, use tenant listing services like PlainVanillaShell, Crittenden Online, Tenant Search or InfoUSA	Site visits to similar neighborhoods, networking with peer tenants, including local merchants associations and chambers of commerce

Celebrate and Evaluate



STEP 10

Recognize Success



STEP 11

Evaluate Outcomes



STEP 10

Recognize Success

A lease signing is an accomplishment—but don't let the opportunity to demonstrate your success go to waste! A grand opening is an exciting recognition of a job well done. It is also the best way to build credibility, and ultimately engage more property owners in your effort. So don't be shy! Issue a press release, invite local leaders to mug for the cameras, cut that bright red ribbon and watch your ability to manage tenant mix grow! The buzz you generate not only helps your efforts, it markets the new business and helps put it on solid footing. If possible, interview the new tenant and capture their performance over time as additional empirical data.



Grand Street Business Improvement District. Grand Street, Brooklyn, NY. Creating buzz for new businesses accomplishes multiple goals. It helps build clientele while also broadcasting your retail attraction efforts to other potential business owners. Credit: Grand Street BID



STEP 11

Evaluate Outcomes

It is almost impossible to know when you are really successful unless you have a system in place to measure success as well as failure. Tracking the performance of your retail leasing efforts should include some or all of the following:

- measuring changes in vacancy rates
- measuring changes in pedestrian counts at key intersections
- tracking the number of leads generated
- tracking the number of leases signed and businesses opened
- tracking total retail sales per district on an annual basis
- collecting any press or coverage of your new business openings
- collecting testimonials from new business owners and sharing them through your newsletter or other district marketing or communication material
- taking before-and-after photographs of a vacant space now filled with a new businesses

Sharing your success will provide your organization with the valuable recognition you need to further enable your retail leasing efforts over time.

After tracking your successes and sharing your results, it is time to start the process all over again.

It's not over. In fact, it's never over. Your job doesn't end when the lease is signed. You also have a responsibility to help these new and existing

businesses grow their retail sales. So be sure to also invest in marketing and promotional efforts that grow retail sales. Ultimately, successful businesses are the best advertising for your district. Your businesses will thank you for it, and you will find it a lot easier to manage tenant mix in the long run.

Don't forget—this is a marathon, not a sprint! Remain vigilant with respect to the basics: be strategic in framing market opportunity, build relationships over time with property owners and take the steps necessary to build a strong list of prospective tenants. A successful retail attraction and retention effort depends on a retail ready environment that is appealing and attractive to customers—and that means keeping an eye on levels of cleanliness, safety and physical conditions. Always be prepared to present a strong case for why your district is a great place to do business!



ABOUT THE AUTHOR

LARISA ORTIZ

Larisa is the founder and principal of Larisa Ortiz Associates (LOA) and serves as the New York Alliance public sector co-chair to the International Council of Shopping Centers. She is a New York City Planning Commissioner and serves on the Board of the International Downtown Association.

Larisa Ortiz has a proven reputation for developing retail strategies for commercial revitalization in challenging urban environments. Her clients include public, private and non-profit organizations both in the US and abroad. Larisa is a visiting professor at Pratt University, and provides professional development training for the ICSC University of Shopping Centers, the International Downtown Association (IDA), the International Economic Development Council (IEDC), and the Local Initiative Support Corporation (LISC) among other professional and trade organizations.

Larisa's commitment to urban revitalization was sparked as a child during regular visits to her family's historic hometown of Guayama, Puerto Rico. As a teenager she watched the slow decline of the once-vibrant downtown and dreamed of ways of reversing it. Today, she is wholly dedicated to helping communities develop and execute strategies that prevent similar urban decline.

Before establishing Larisa Ortiz Associates in 2008, Larisa served as director of the Local Initiative Support Corporation (LISC) Commercial

Markets Advisory Service and Metro Edge, where she led technical assistance and market research initiatives for LISC's network of 30 cities around the nation. Larisa is also a former senior project manager with the New York City Economic Development Corporation, where she managed an interagency team charged with advancing the small-business strategy and rezoning of 125th Street in Harlem, in New York City. She began her career as an intern with the National Main Street Center and later served as a research associate for the International Economic Development Council, where in 2000 she co-authored "Real Estate Redevelopment & Reuse," an IEDC training manual.

Her recent work includes the award-winning design and execution of New York City's capacity-building programs in retail leasing and leadership programs. In 2009, Larisa was part of a team that established Latin America's first Business Improvement District. Larisa is also the editor of the Commercial District Advisor (www.commercialdistrictadvisor.com), a blog for urban commercial district practitioners. In 2014, Larisa was appointed by Mayor Bill De Blasio to serve as a member of the New York City Planning Commission.

A Fulbright Scholar and Watson Fellow, Larisa holds a master's degree in city planning from MIT and a bachelor's degree with honors from Wesleyan University, and is a proud recipient of ICSC's John T. Riordan Professional Education award.

Improving Tenant Mix: A Guide for Commercial District Practitioners is an invaluable guide for economic development practitioners leading retail attraction efforts in downtowns and neighborhood business districts. This guide is written for public-sector officials as well as staff at Business Improvement Districts and community-based non-profits—anyone leading efforts to improve tenant mix along traditional retail corridors and districts.

Designed in an easy-to-follow format, **Improving Tenant Mix** will ensure that practitioners have the information they need to design and execute successful retail recruitment efforts, improve retail offerings, and attract more shoppers, resulting in more retail sales for district businesses over time. Peppared with real-world advice from an expert advisory panel, this book will be the one you reach for again and again.

“**Improving Tenant Mix** is ideal for economic development professionals and city officials looking to influence the retail mix in their communities and downtowns. With insights, case studies, and step-by-step instructions—all vetted by an advisory group of prominent ICSC members--this book will show communities how to market their commercial districts, connect with retailers and brokers, and get “retail ready.” ICSC is proud to support a publication that will quickly become a must-read for our public and non-profit members looking to improve the mix of retail tenants in their commercial districts.”

—MICHAEL P. KERCHEVAL,
PRESIDENT AND CEO, ICSC

“I commend the ICSC Alliance Program for publishing an outstanding resource all downtown organizations will find valuable. “**Improving Tenant Mix**” delivers a clear strategy for organizations seeking to improve the retail performance of their district. Larisa Ortiz has skillfully assembled her proven techniques into an actionable how-to-guide for practitioners. With retail mix and reducing vacancy a top priority among members of the International Downtown Association, this new resource from ICSC will fast become a go-to guide for our members.”

—DAVID T. DOWNEY, CAE, ASSOC. AIA,
PRESIDENT & CEO, INTERNATIONAL
DOWNTOWN ASSOCIATION

