Why Retailers Make The Location Decisions They Do

Presented by:

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Retail Typologies and Definitions

TYPE OF SHOPPING CENTER	CONCEPT	SQUARE FEET (INCLUDING ANCHORS)	TYPICAL ANCHOR(S)	ANCHOR RATIO*	PRIMARY TRADE AREA**
OPEN-AIR CENTERS					
Neighborhood Center	Convenience	30,000–150,000	Supermarket	30–50%	3 miles
Community Center	General merchandise; convenience	100,000–350,000	Discount department store; supermarket; drug; home improve-ment; large specialty/discount apparel	40–60%	3–6 miles
Lifestyle Center	Upscale national chain specialty stores; dining and entertainment in outdoor setting.	Typically 150,000-500,000, but can be smaller or larger.	Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multi-plex cinema; small department store.	0-50%	8-12 miles
Power Center	Category-dominant anchors; few small tenants	250,000–600,000	Category killer; home improvement; discount department store; warehouse club; off-price	75–90%	5–10 miles
Theme/Festival Center	Leisure; tourist-orient-ed; retail and service	80,000–250,000	Restaurants; entertainment	N/A	N/A
Outlet Center	Manufacturers' outlet stores	50,000–400,000	Manufacturers' outlet stores	N/A	25–75 miles
MALLS					
Regional Center	General merchandise; fashion (mall, typically enclosed)	400,000–800,000	Full-line department store; jr. department store; mass merchant; discount department store; fashion apparel	50–70%	5–15 miles
Superregional Center	Similar to regional center but has more variety and assortment	800,000+	Full-line department store; jr. department store; mass merchant; fashion apparel	50–70%	5–25 miles

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RETAIL IS EXPERIENTIAL NOW

Retailers Chose a Location To Make Money

They make money where people shop

It is **NOT** always a science

Retailers Location Criteria

Retailers combine consumer shopping habits with operational efficiencies

Retailer Location Criteria

- Location needs to be at an intersection of 2 main thoroughfares
- Need visibility to traffic and signage (pedestrian or car, whichever is greater)
- Needs to have parking, (ratio of square footage to number of stalls and differing by tenant type):
  - Grocery
  - Dress Store
  - Furniture Store
  - Apple Store
- Needs to be where the retailer's customers are located

How Do You Locate A Retail Customer?

By Using Trade Area Demographics Analytics
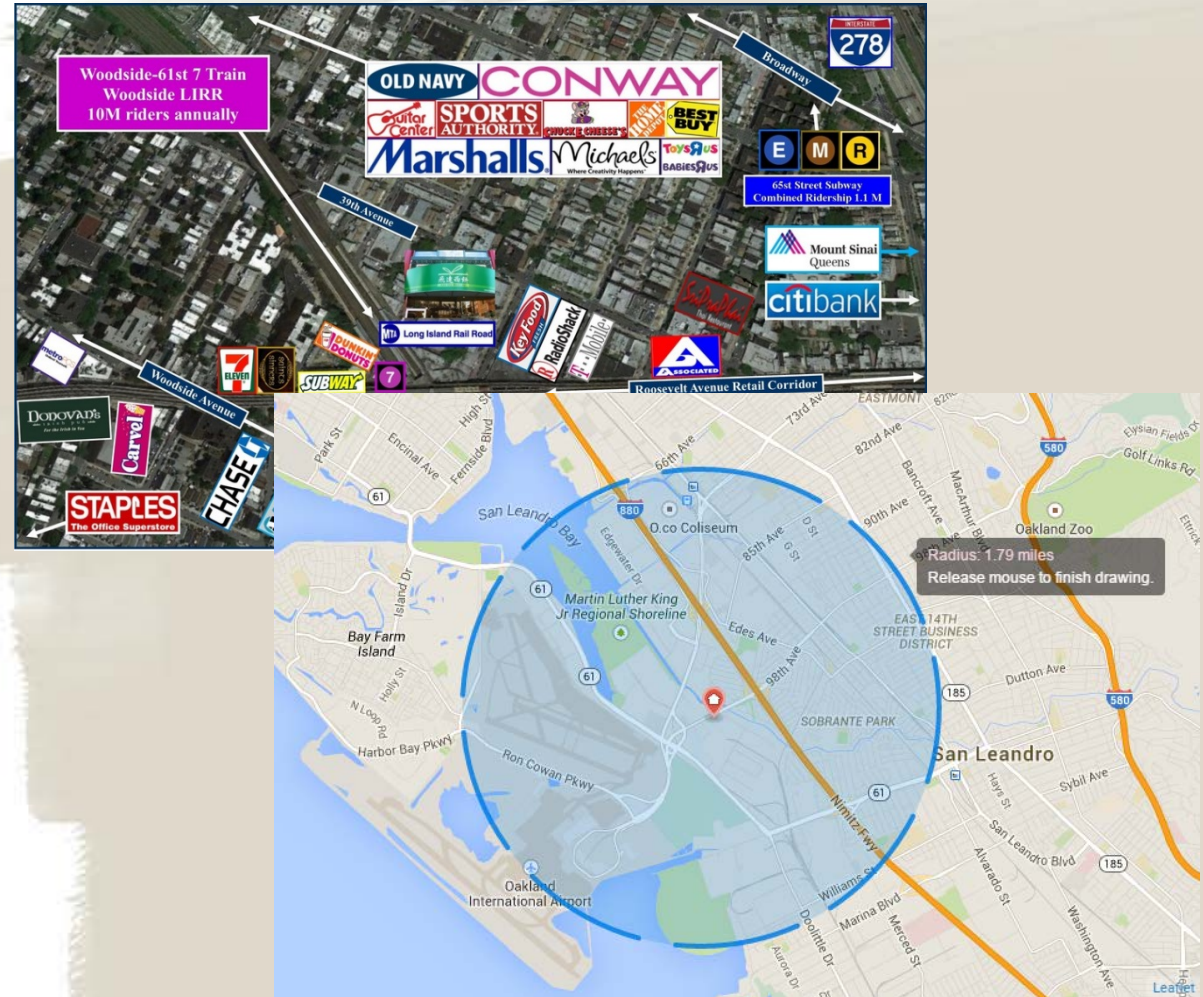
Trade Area Demographic Analytics

- Most retailers do market research in house with brokerage support

- Analysis of demographic information of proposed trade area gives a retailer information they need for sales projections in order to move forward with deal.

- Accurate sales projections and good understanding of trade area demographics are key to locating a profitable store.

Then: Site Analysis

Site Analysis

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

Factors That Impact Site Analysis:
*Trade Area Demographics

- Site Plan Layout
- Overall Design of Center
- Ingress + Egress
- Entitlement Issues
- Space Layout
- Deal Structure
- Co-Tenancy

- Distance To Nearest Competitor
- Signage
- Parking
- Visibility To Traffic
- Cost of Rent and NNN
- Distance To Nearest Retailers Store

Site Analysis

Site Plan Layout

Ingress + Egress

Overall Center Design
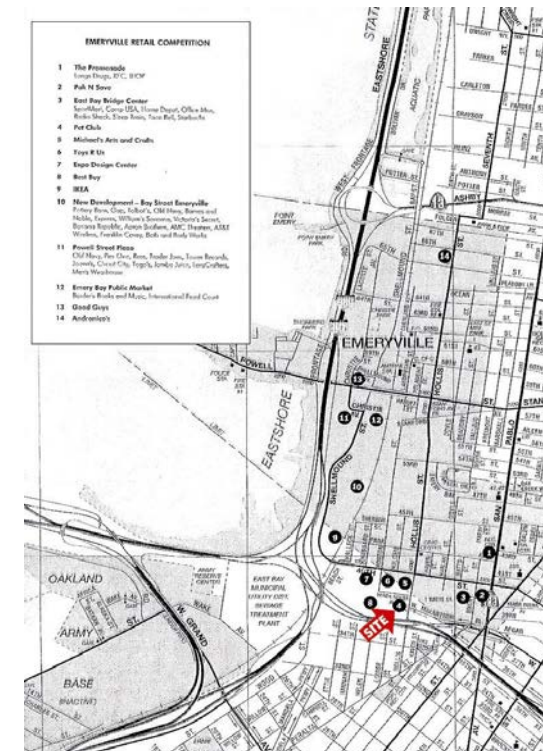
Site Analysis

Co-Tenancy

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

Distance To Nearest Competitors

Competitors in the immediate vicinity must be considered for any site

Site Analysis

Entitlement Issues

Deal Structure

Space Layout

Site Analysis

Signage

Parking

Visibility

Overall:
Convenience For Customer

Other Important Retail Rules:

- Retail grows at the intersection of two main thoroughfares – Do not force retail to locate on side streets through zoning, it should be optional

- Retail needs parking! – Unless you have **high** pedestrian counts in front of space

- A shop tenant cannot exist solely on residents in mixed use development – They need additional customers

- Allow for anchor tenant in your zoning – They are needed for the health of the smaller tenants