

A SALES AND MARKETING FEATURE OF BOULDER CLASSIFIEDS



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Achieving the Optimum Tenant Mix at Your Shopping Center

As you are probably well aware, maintaining a profitable and successful shopping destination is a dynamic process which requires creativity and foresight. Because shoppers today have precious little free time, the notion of clustering synergistic uses together to maximize productivity is more important than ever. Achieving an optimal tenant mix will maximize sales volumes and income - for both the landlord and tenant.

The following is an outline of some basic steps you can use to identify the best new tenants to target at your center.

Focus On Your Current Strengths

I find it very interesting that very few shopping center owners in Boulder actually track their tenants' gross sales volumes. It is imperative that you study this information, even if you are not collecting percentage rents. Understanding which tenants are performing well will help you determine which types of complimentary uses should also do well in any given location. Additionally, tracking your current tenants' health ratios (occupancy costs as a proportion of gross sales) provides valuable insight into potential future vacancies.

Which Merchandise Categories Are Underserved in the Area?

A good retail broker can provide you with a gap analysis to determine which merchandise and service segments are currently underserved in your sub-market. If you can demonstrate to prospective retailers there is unmet and pent up demand for their products in your area, you are already half way to the goal line.

Understand Your Market and Its Consumers

What are the demographic and lifestyle characteristics that influence shoppers' decisions in your center's trade area? This information will be extremely important to your targeted prospects. After all, there is no point in pursuing a "Whole Foods, Coach & Coldwater Creek" strategy if your center's demographics call for a "check cashing, liquor & guns" tenant mix. Your time will be much better spent focusing on a narrow, specific marketing strategy that fits your area's merchandise needs and demographics.

"You Gotta Have More Bell Cows, Baby!"

Many retailers adopt a herd mentality when it comes to co-tenancy. While some retail concepts prefer to avoid competition altogether, others - such as women's fashion retailers - like to locate adjacent to other similar competing concepts. If you can attract one prominent "bell cow" tenant in any given category, others may be close behind.

Additionally, there are other tenants that may have just as much "pull" as traditional anchor tenants. A 3,000 square foot Apple store, in many cases, will generate higher sales volumes than adjacent anchor department stores. If you own a strip center, your "bell cow" may be Starbucks, an upscale natural grocer or Panera.

Boulder Retail Update

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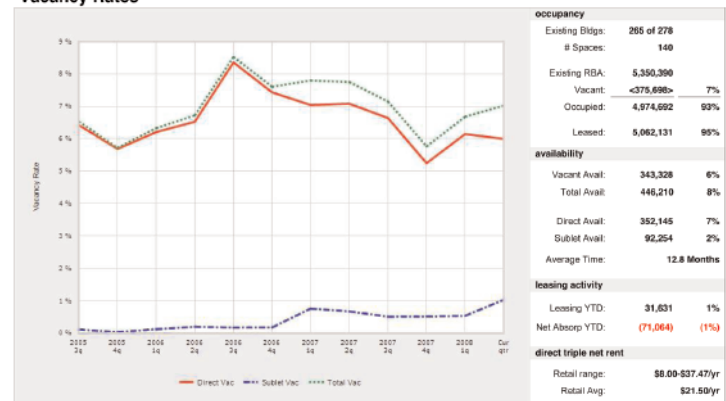
The retail category of commercial real estate is in many ways the most exciting and fastest changing segment of the business. Over the past fifty years, the world of the downtown retailer has been transformed in many ways. With the advent of suburban residential developments and associated suburban shopping centers, business people found new ways to bring their retail goods to the public. Today the established regional malls and much-maligned "big box centers" are beginning to give way to smaller scale centers located closer to residential neighborhoods.

Future retail developments are looking to transit oriented areas, such as the proposed Transit Village at 30th and Pearl in Boulder.

One thing that is almost a given in this town is that retail commercial space is a good thing to own. As you can see in the graph below, vacancy rates have been below 9% for the past several years, dipping below 6% in the fourth quarter of last year. That is, in practical terms, full occupancy. The lease rates property owners are earning for their spaces are strong, averaging in the low \$20's NNN.

Boulder Retail Vacancy Report - 2nd Qtr 2005 - Current Qtr 2008

Vacancy Rates



Data and graphs provided by CoStar Realty Information, Inc. Vacancy rates, rental rates, available square feet and the graphs were compiled by utilizing the Costar Realty Information, Inc. database. The information contained herein is for informational purposes only. Gibbons-White, Inc. and James Jon Ditzel make no representations or warranties with respect to the accuracy of the data or the information contained herein.

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