

Navigating the Changing Scape of Retail Development



Retail Development through Public/Private Partnerships



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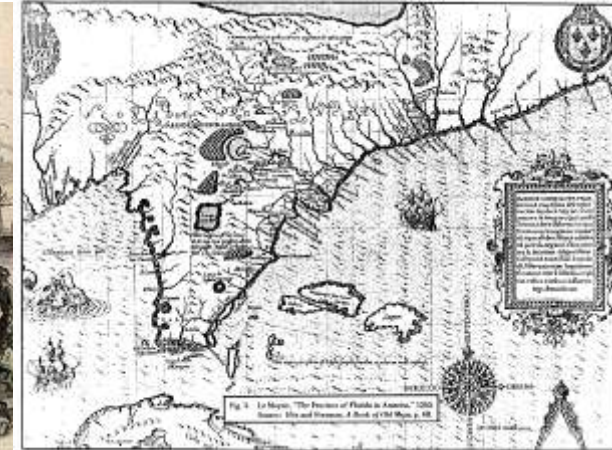
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Evolution of Retail Real Estate Development



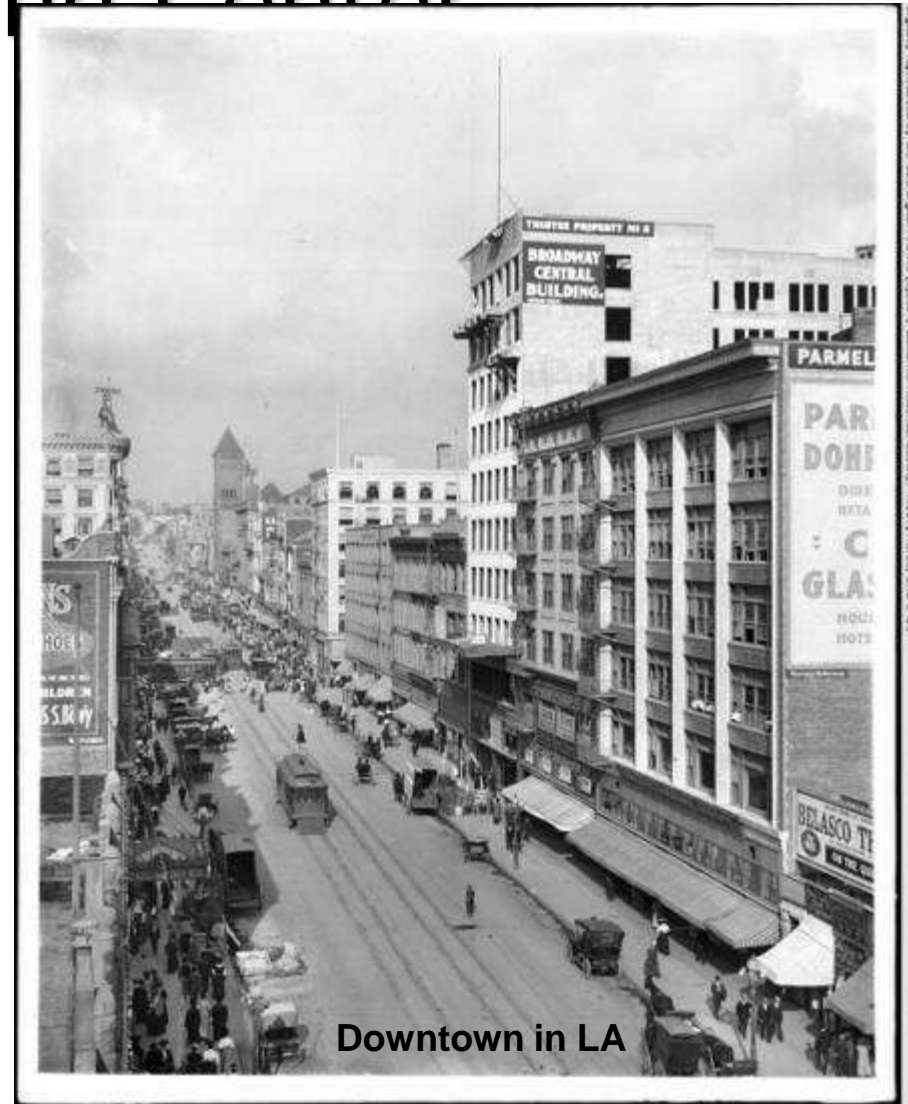
The 1st Shopping Center

- Apalachee (500BC to 1600s)
 - Most advanced native Americans
 - Extensive exchange of raw materials, elements of regional belief
 - Today's location of Governor's Square Mall
- Hernando De Soto encampment occupied the Apalachee town in 1539
- The first Christmas Celebration in the New World



Downtown Shopping Center

- A City's core, Central Business District
 - Geographical, commercial, and community sense
 - 2 mile radius



Modern Shopping Centers



**Country Club Plaza in Kansas City
(The 1st automobile centered, 1922)**



**Shoppers World in Framingham
(The 1st two-level center, 1950)**



**Southdale Center in Edina, MN
(1st fully enclosed mall w/ 2 level, 1956)**

Development of Modern Shopping Centers

- Postwar economic growth
- Suburbanization
- Urban renewal
- The expansion of interstate highways
- The growth of suburbs

Enclosed Mall



- The early 1950's
- On-site parking
- Weather protected
- Regional/Super-Regional Center



Super Walmart



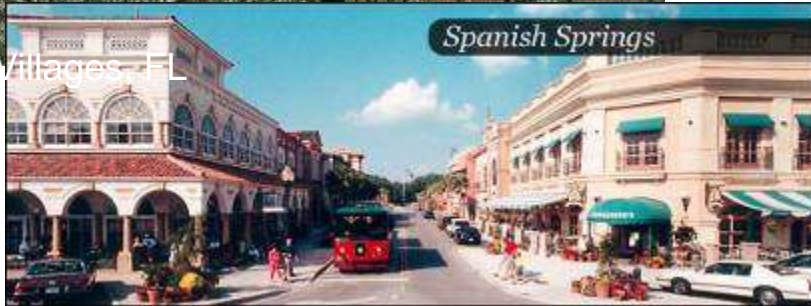
- First Supercenter opened in 1988
- Always Low Prices
- Type of Open Air Center
- One stop shopping experiences, from groceries and clothing to hardware and work-out equipment.

Town Centers



- Live, Work, Play
- Life's necessities and amenities are available within the communities
- Civic component

The Villages - FL



Change in Demand

- Demographics
 - Aging population: growing size, unique needs, high level of income
- Shopper Behavior
 - Internet Usage
- Ethnicity
 - US becoming more multicultural
 - Traditional Anglo American lose ground
 - Significant increase in 3 large ethnic groups
 - African Americans, Hispanic Americans and Asian Americans

Change in Supply

- Retail Format
 - Bricks-and-Mortar Stores
 - Catalogs
 - Internet
- Tenant Mix
 - Optimal tenant mix that respond to changing demand
 - Add amenities to enhance shopping experience
 - Destination type attractions
 - Entertainment, Lifestyle

Shopping Center Trend

Tourist-oriented Retail



Pier 39 in San Francisco

- Shopping tourists
 - Shopping needs
- Experiential tourists
 - Venues and entertainment
- Passive tourists
 - Limited appetites for shopping
- Timeshare tourists
 - Shopping for everyday consumer goods including groceries
 - Repeat visits

What does the future of retail look like?



- As retail development changes and evolves, context is crucial.
- Mixed use will become dominant form (horizontal mixed use, appropriate scale, part of larger vision).
- Tenant mix is key...restaurant, professional service, commercial, medical, professional office – but not much “pure retail”.
- More specialized and unique markets with invested, committed and locally based owners/developers that “get it”.

In the Future...

- Retail is not mall, lifestyle center or suburban based.
- It is an “experience”, not something that is repetitive or the “same old, same old.”
- Previous development patterns based on automobile and cheap gas will be rendered obsolete
- Old logic was flawed – “more is less” (suburbia) vs. “more is more” (urban).

- There is probably too much retail, for sure there is too much “bad retail.”
- Future is less of it (in absolute size) and more kinds of it.
- More authentic, more meaningful, more local, more diverse, more non-traditional.
- In short - more urban.

- These trends also match up with housing, demographic, social, political and economic shifts.
- Think “neighborhood”, not project”.
- We build “ground floor neighborhood uses”, not “retail.”
- Know your personality, who you want – specific list of type, size, tenants, businesses, etc.
- What does success look like?
- Success is measured by the experience and long term value, not the short term pro-forma.


Stats for Retailers to Think About

- Between 2000 – 2025, 50 million new housing units will be built in U.S., with many more urban than suburban.
- 35% of the population (100 million people) doesn't drive.
- “50/50” rule – 50% of the real estate needed/used by 2050 has not been built yet.
- $\frac{3}{4}$ of U.S. households have no school aged children.
- Understand baby boomers and millenials, and recognize that most business people today (age late 20s to mid 40s) are neither.

This is not what the future of retail development looks like.



The shopping center property of tomorrow will...

- Be increasingly a part of mixed use development.
 - Be integrated more with the surrounding community.
 - Use more sustainable energy sources and personalized services.
 - Be more hybrid in terms of shopping center types.
- 

As retail development changes & evolves, context is crucial.

Santana Row, San Jose, CA



Kierland Commons, Phoenix, AZ



RiverPlace, Greenville, SC



What Do We Want to Be When We Grow Up?

- Portland
- Denver
- Austin
- Vancouver



Pearl District, Portland

“It Ain’t Called Sex and the Suburbs”



Downtown Retail - “It Ain’t as Good as it Used to Was”

- Don’t believe all the hype about great old main street retail
- Density is not a dirty word ... it is king
- Retailers are last to show up
- Seek independents aggressively

Neighborhood Drivers

- Starbucks
- American Apparel
- Whole Foods
- Indy restaurants/bars
- Outdoors, sports, environment like Patagonia
- Urban living like Design within Reach
- Neighborhood fun and lifestyle like cupcake shop or yoga studio
- Local designers (clothing, jewelry, eyeglasses) and artists

What Will Orlando See Over the Next Few Years?

- Whole Foods, Fresh Market
- New hotels: Westin, W, Hilton, Hyatt, Kimpton
- “New to market” restaurant concepts (Gordon Biersch, Chops, Corner Bakery)
- Smaller restaurant ideas/trends (Pinkberry, Jamba Juice)





Downtown Orlando and Thornton Park Central



Thornton Park Central



Thornton Park Central Sidewalk, HUE Restaurant



Thornton Park Central Sidewalk, Central City Market



Thornton Park Central, HUE Restaurant



Thornton Park Central, Cityfish Restaurant



Uptown District
and 801 North Orange, Downtown Orlando



801 North Orange, Downtown Orlando



801 North Orange, Citrus Restaurant



801 North Orange, Citrus Restaurant



Plaza Cinema Café, Downtown Orlando



The Plaza, Downtown Orlando



Dexter's Restaurant, Downtown Orlando



Publix, Downtown Orlando





Entrepreneurs *.....The Silver Lining*

Economic Gardening...Why Now?

National Context

- 20 Years...States, Regions, Communities

Applications for Florida

- EG Pilot Program

Economic Development – Traditional Framework

- Recruitment
- Retention
- Expansion
- Creation



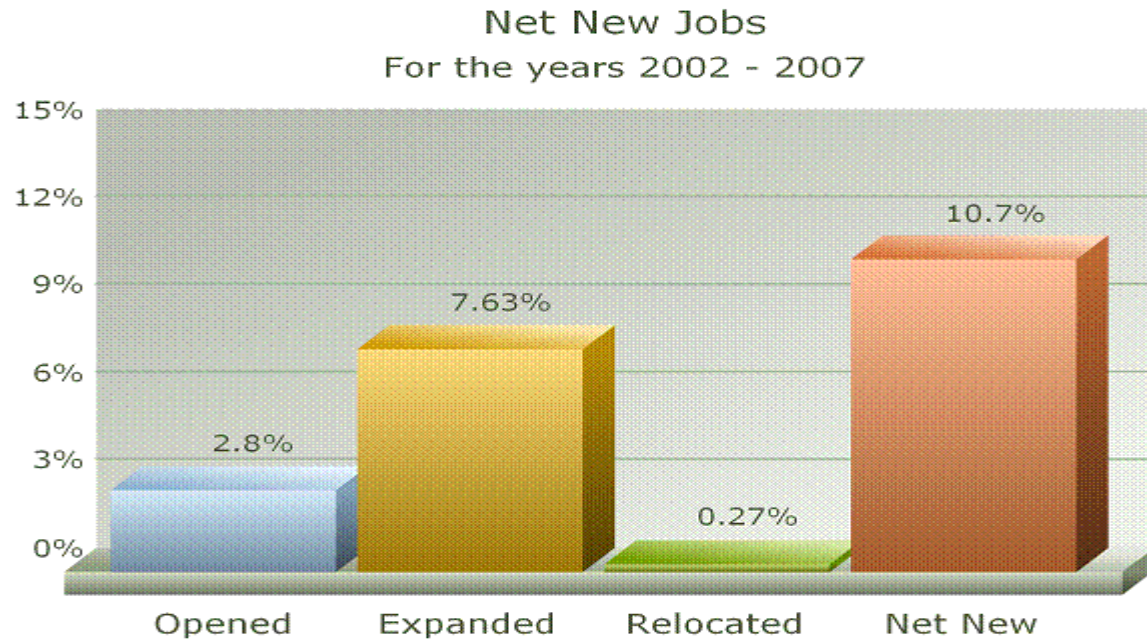
A closer look at business activity through time

NETS – National Establishment Time Series

Practical information for community leaders and business support organizations.

Includes more small businesses and entrepreneurs.

Source of Net New Jobs - Florida



- FL #1

Percent net change in jobs from beginning of period by opened, expanded and relocated establishments.

Traditional Economic Development Model



“Stage of Development” Cluster



Economic Gardening Simplified - 3 "Ts"

1) Target

- High Growth, High Potential, Second-stage

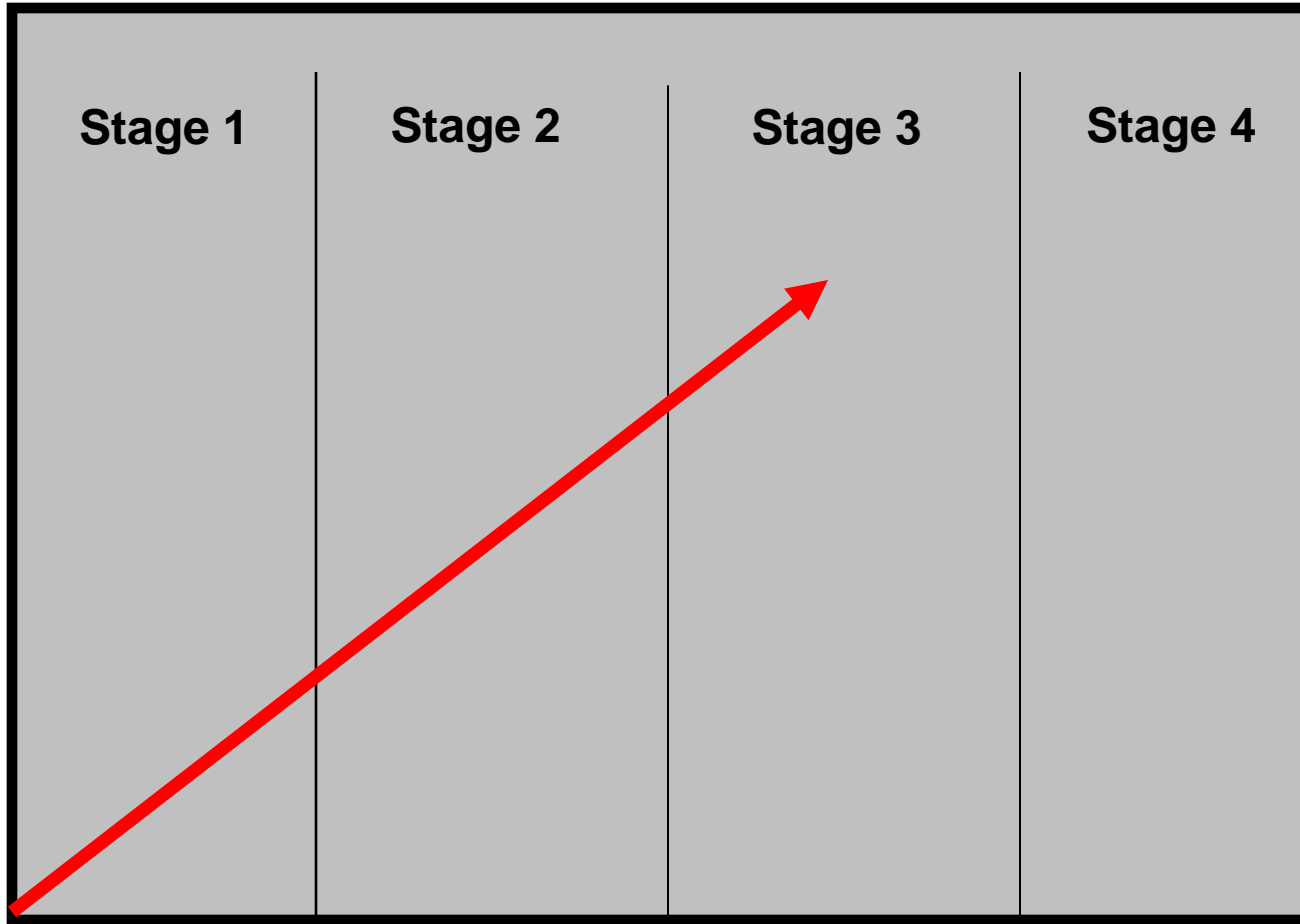
2) Tools

- Stage-specific Needs, Market Development

3) Treatment

- Just-In-Time, Rapid Response

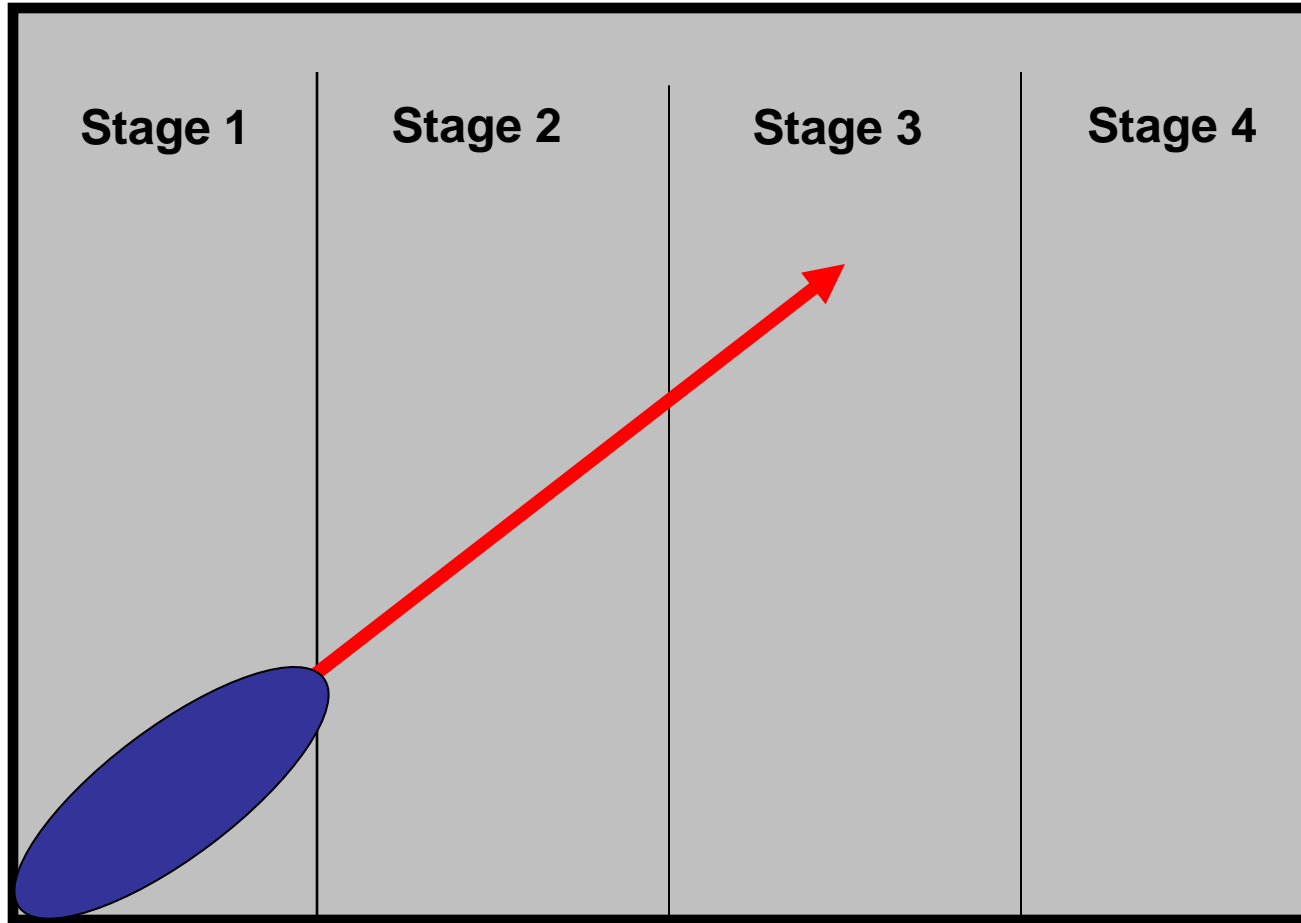
Business Development – By “Stage”



“Data” SUM.

- Linear
- Mechanical
- Idealized

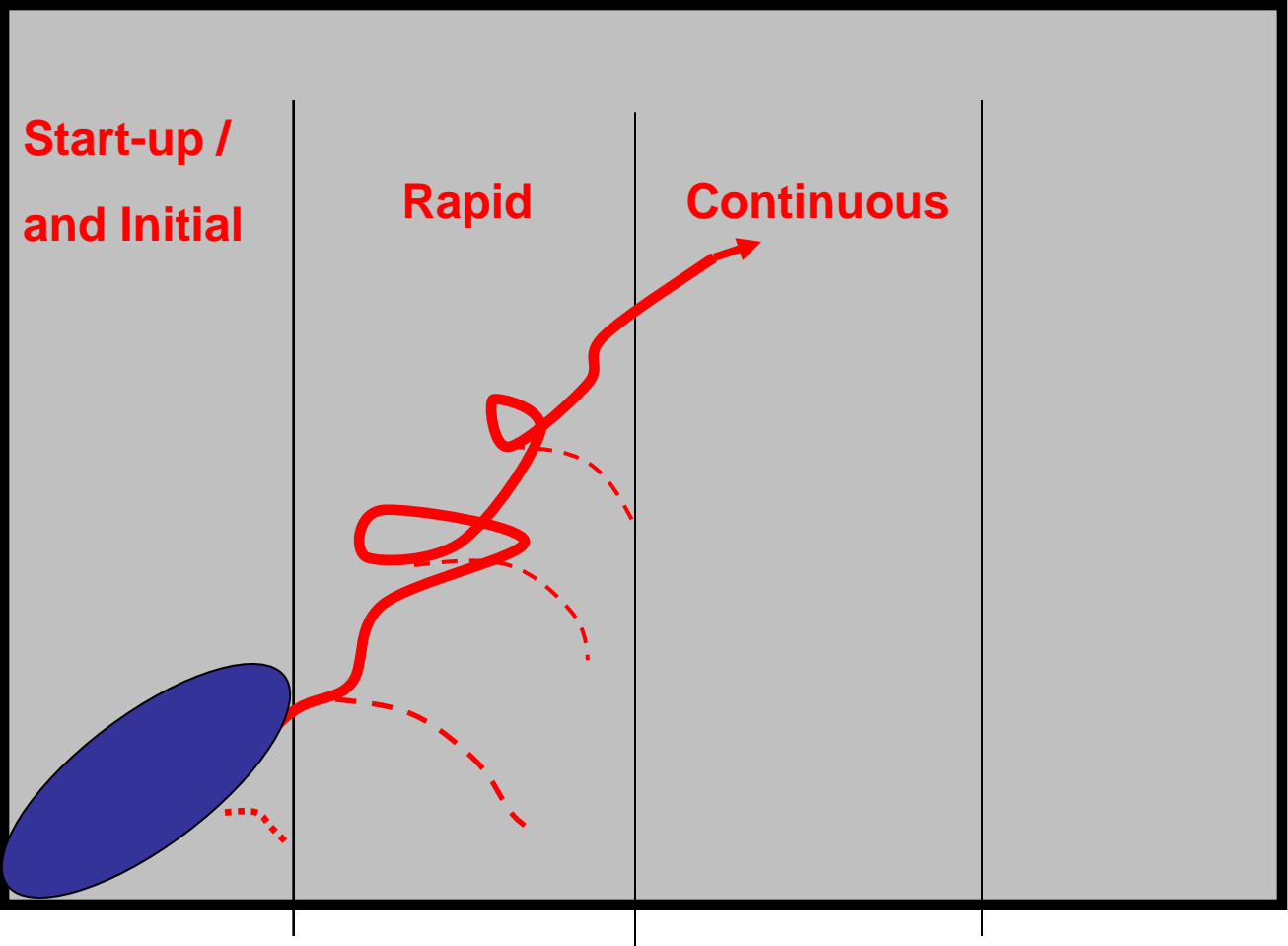
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Business Development – “Growth” Companies



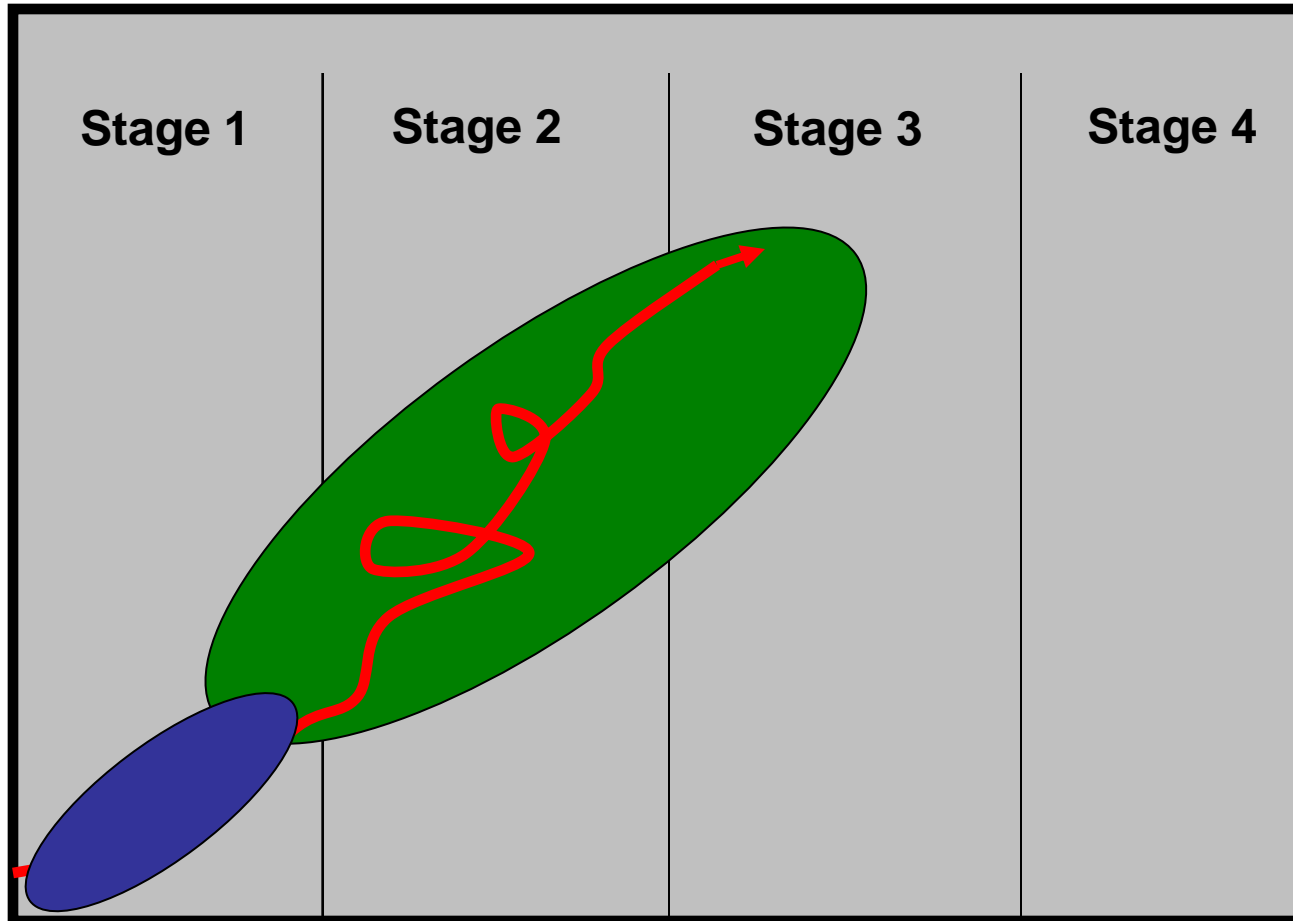
Role Changes

- Continuous
- Rapid
- Initial
- Start-up

Source: Leading at the Speed of Growth

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Business Development – EG Eco-System



Customer Focus

Gateway

Collaboration

EDOs

Univ.

Tech.

Ser.Pro

Littleton, CO. - Case Study

Littleton, CO. – Chronology of Events

- 1989 – Loss, Stopped Incentives/Recruitment
- 1990 – 1994 – Exploration, Testing EG vs. “Hunting”
- 1995 – EG Program Evolved to Current Form
- Present – Next Generation EG Programming
Wyoming, Georgia, Wisconsin, Indiana,
Iowa, California, Washington, Florida, et al.

Littleton, CO. – % Change in Employment

<u>Period</u>	<u>USA</u>	<u>CO.</u>	<u>Denver</u>	<u>Littleton</u>
1990-2005	21.4	47.2	64.2*	135.3

* Local “peer” communities grew 6% to 20%

Source: US Dept Labor, Bureau of Labor Statistics and Denver Regional Council of Govt.

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“New Math” for Economic Development

- “500 X 5 jobs” > “5 X 100 jobs”
- Long term, sustainable strategy to grow / diversify economy...Find them, Serve them, Keep them
- Success requires serving the Stage-specific needs of Resident, growth-oriented companies
 - New methods, New tools



Q & A



Get Connected...

Through ICSC and its
Alliance Program

Public Sector + Private Sector
= Economic Success



Thank you!



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