

# Retail Market Analysis and Implementation

Presented by

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HR&A is a real estate and economic development consulting firm working at the intersection of the public and private sector. **HR&A's Retail Practice** focuses on consumer market studies, financial feasibility analysis, retail tenanting strategies & recruitment / implementation.



Downtown Crossing, Boston, MI



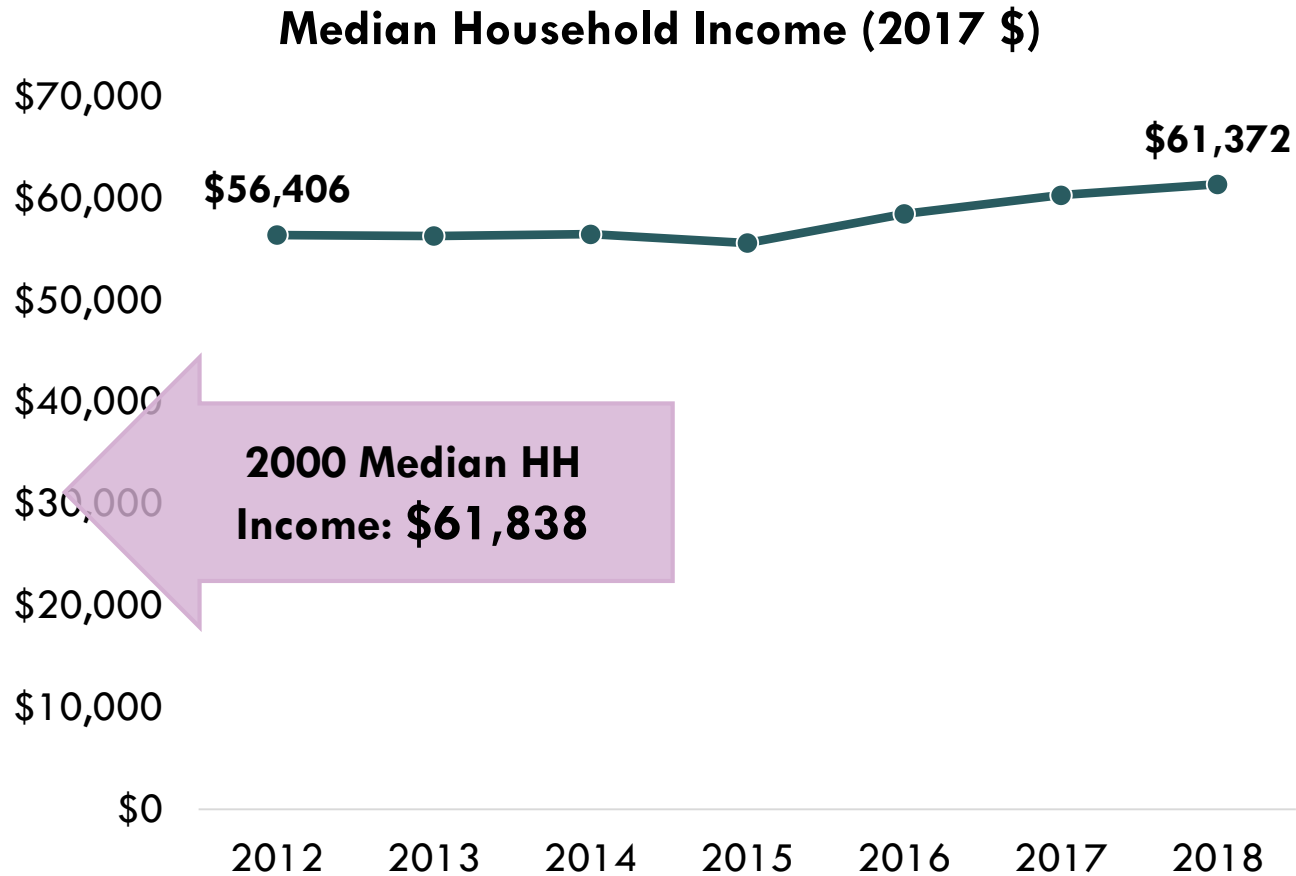
Third Street Promenade, Santa Monica, CA



City Center, Mesa, AZ

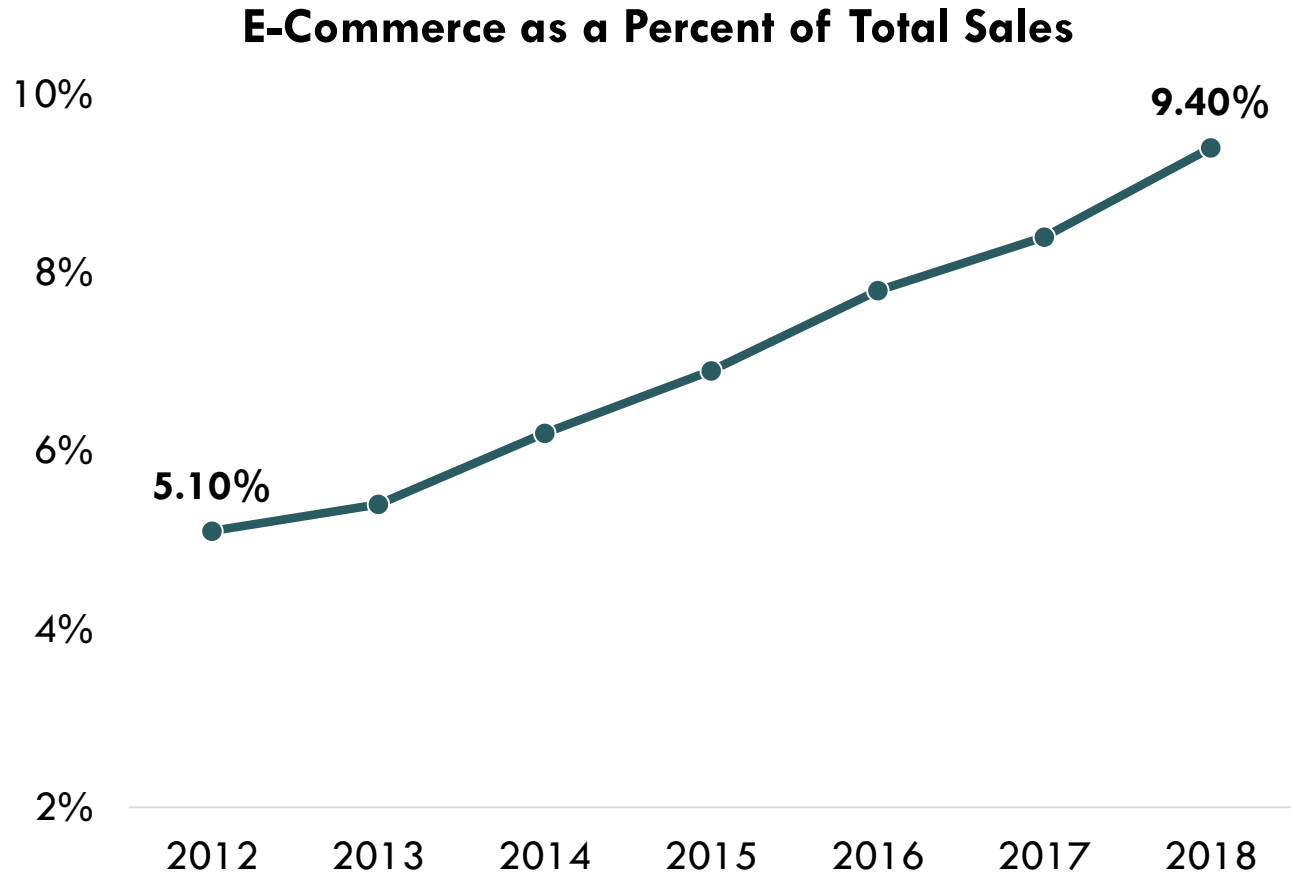
# What's Happening Nationally?

## Slow Income Growth... Until Recently



# What's Happening Nationally?

## Amazon's Impact



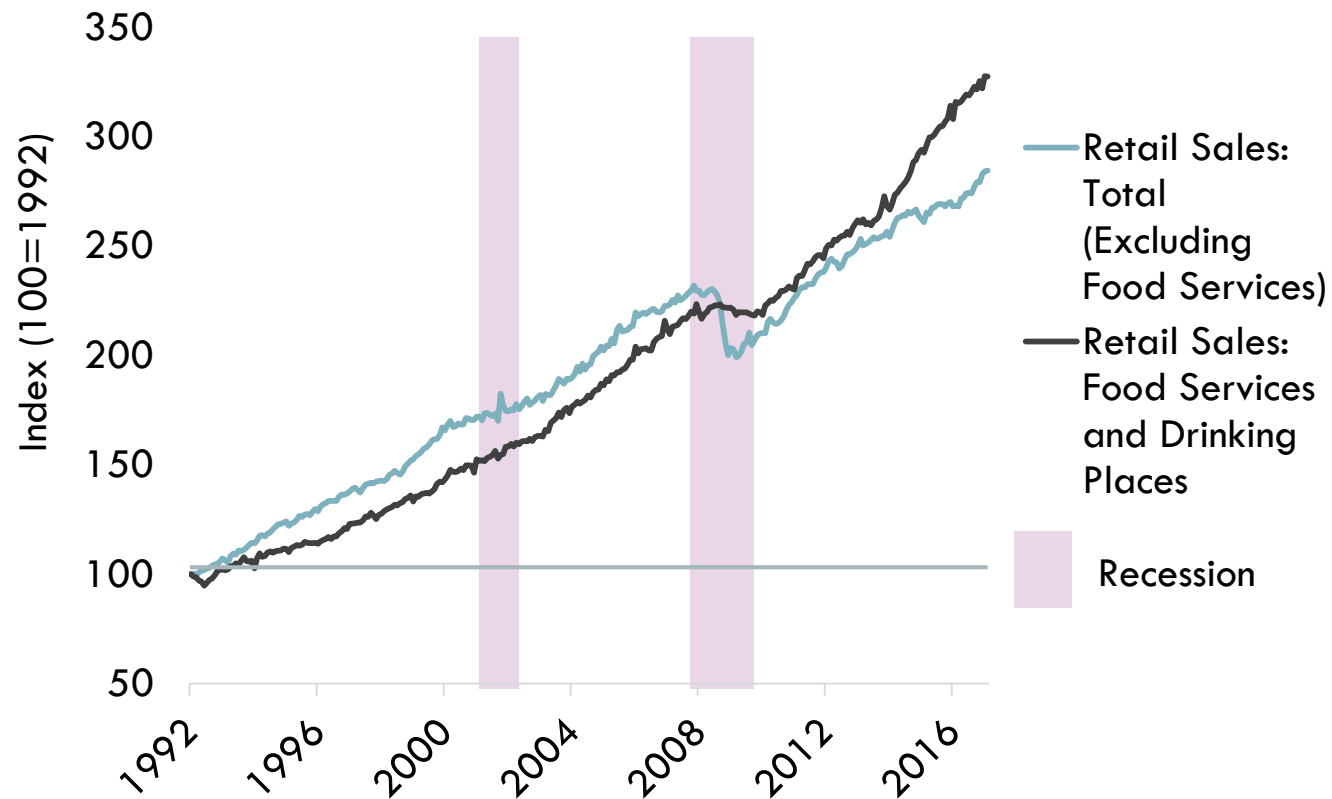
Source: Federal Reserve Bank of St. Louis



# Nationwide Consumer Trends

## Spending on Dining...

### U.S. Retail & Food Sales Index



Source: Federal Reserve Bank of St. Louis



# What's Happening Nationally?

## ...and Experiences



Source: International Council of Shopping Centers.



# Nationwide Consumer Trends

## Retail Hangover

**45 SF**

**Phoenix Retail Space per Capita**

**25 SF**

**United States Retail Space per Capita**

**5 SF**

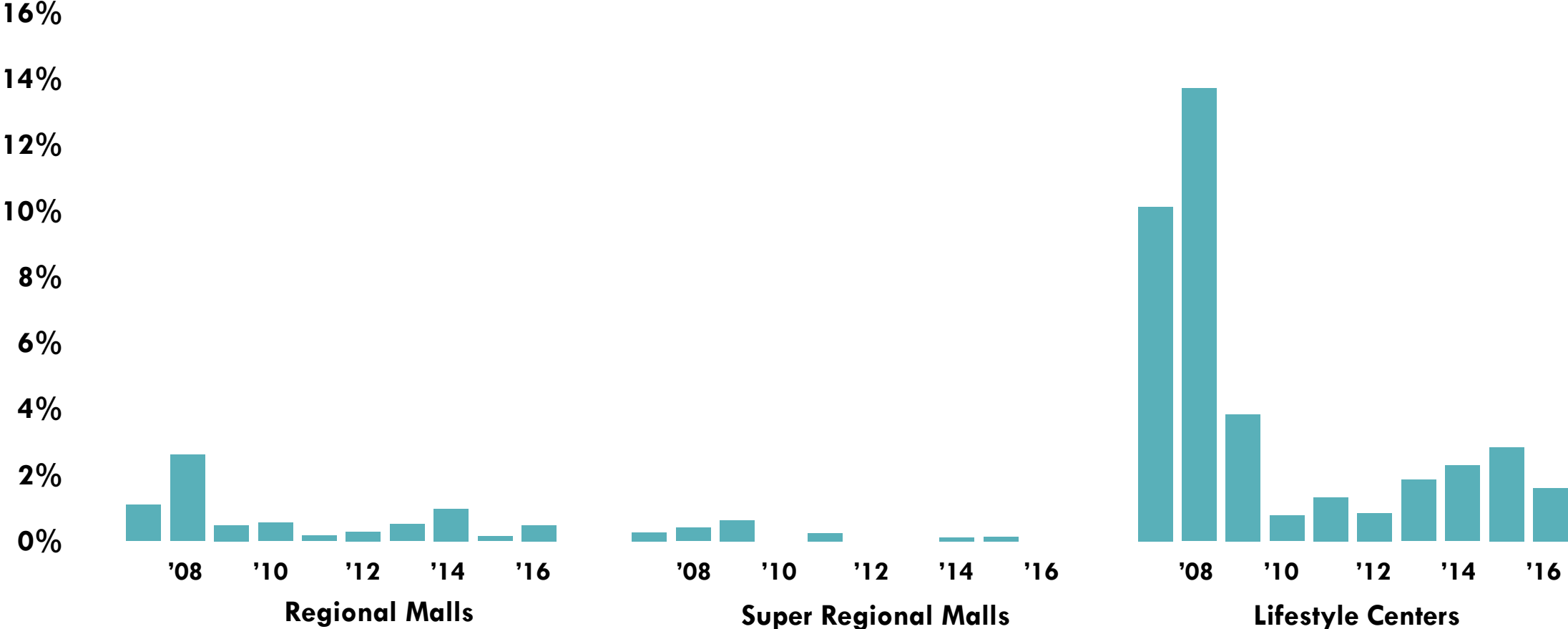
**United Kingdom Retail Space per Capita**



# Nationwide Consumer Trends

## Developer Response

Growth in GLA by Center Type



Source: International Council of Shopping Centers.





***“What this place needs is a shopping center.”***

# Why Should You Start With A Market Study?

## Determine the Market for Retail Shops and Services

- 1** Learn about the **consumer** – population, income, gender, education, resident, worker, tourist, student
- 2** Determine **spending potential** by retail category
- 3** Estimate **retail leakage** – what is being captured and what is being leaked
- 4** Understand which **use groups** are missing or underrepresented in the market
- 5** Identify **specific retailers** and formulate a tenant attraction strategy

# Know Your Customer

## How to Evaluate a Market

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### DEMOGRAPHICS

Rings

Polygons

Drive Times

# Know Your Customer

## How to Evaluate a Market

### DEMOGRAPHICS

#### Rings

	.25 Mile	.5 Mile	1 Mile	Polygon
<b>Total Pop.</b>	10,168	53,318	209,174	230,601
<b>Median HH Income</b>	\$41,036	\$43,272	\$40,033	\$42,068
<b>Average HH Income</b>	\$53,206	\$63,458	\$57,775	\$60,441
<b>Education: Bachelors or Higher</b>	36.1%	36.4%	32.3%	33.22%



100 West 125<sup>th</sup> Street

# Know Your Customer

## How to Evaluate a Market

### DEMOGRAPHICS

#### Polygons

	Hudson Heights	Washington Heights	Total
Total Pop.	18,097	95,746	113,843
Median HH Income	\$65,323	\$35,862	\$42,091
Average HH Income	\$84,045	\$48,576	\$56,046
Education: Bachelors or Higher	66.6%	24.8%	32.1%



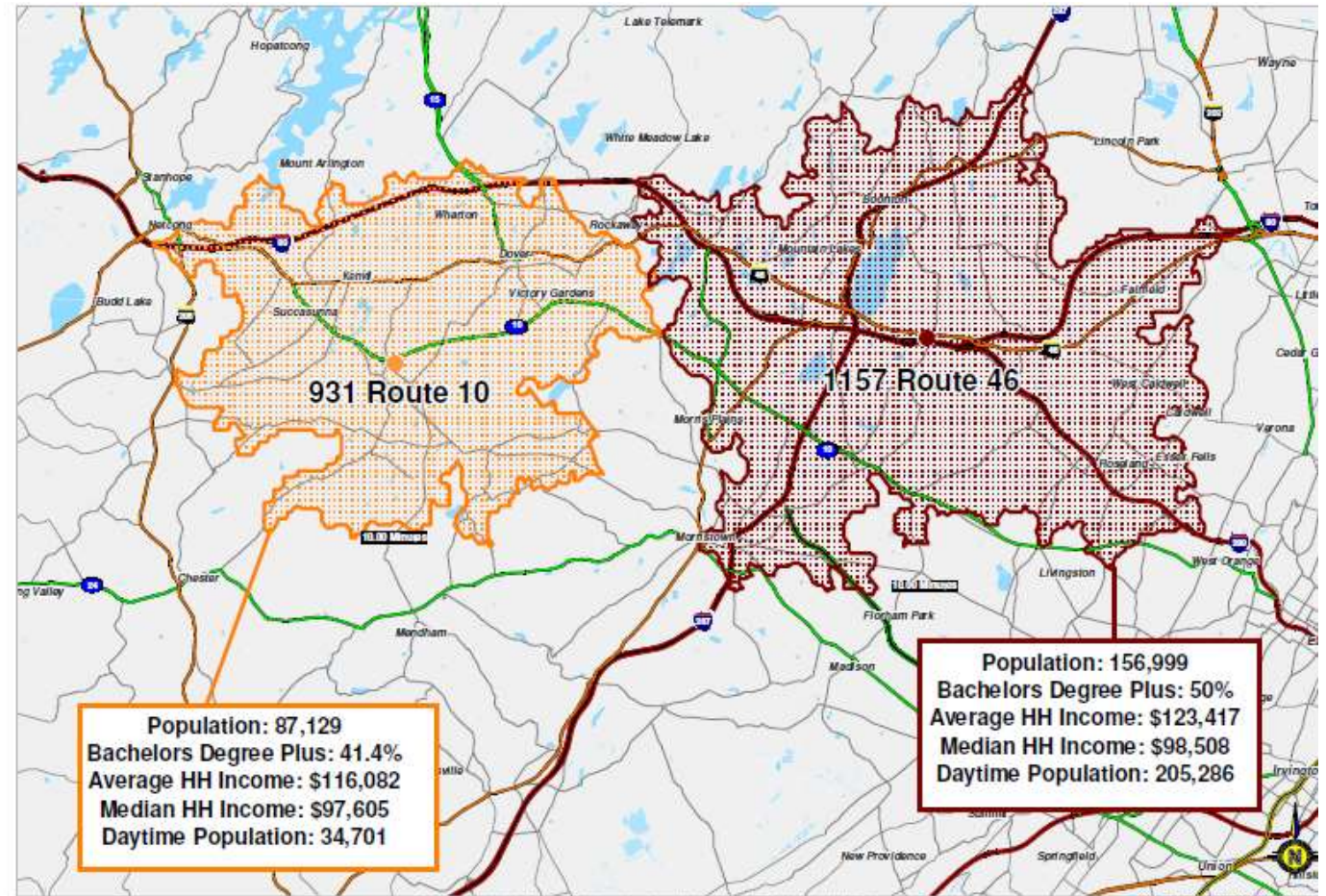
181<sup>st</sup> Street Trade Area

# Know Your Customer

## How to Evaluate a Market

### DEMOGRAPHICS

### Drive Times



# Spending Potential

## Identify Customers And Their Spending Potential



**Local Residents**

**20,100  
in Study Area**

**\$55 M**



**Students**

**7,000  
in Study Area**

**\$17 M**



**Workers**

**7,500  
in Study Area**

**\$17 M**



**Regional Residents**

**723,000  
within 15 minutes**

**\$38 M**



**Visitors**

**5.3m per year  
in metro STL**

**\$14 M**

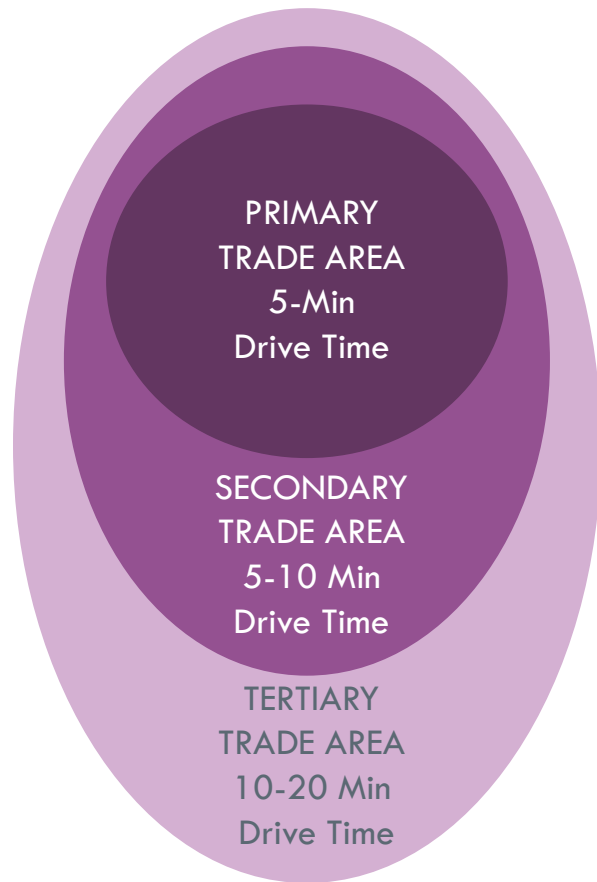
**Users**

**Spending Potential**

# Understanding Market Areas

## Determining Capture of Spending

### TRADE AREA DEFINITIONS



### SAMPLE RETAIL CATEGORIES BY TYPE AND ORIGIN OF POTENTIAL CUSTOMER

#### CONVENIENCE RETAIL – Primary and Secondary Trade Areas



Grocery



Health & personal care



Specialty food



Daily goods & services

#### FOOD & BEVERAGE RETAIL – Primary, Secondary, and Tertiary Trade Areas



Restaurants



Bars

#### DESTINATION RETAIL – Primary, Secondary, and Tertiary Trade Areas



Entertainment & cultural



Clothing & electronics



# What Does Leakage Tell Us?

## Spending Potential and Existing Sales to Inform Planning

Tenant Category	Capturable Spending	Current Sales	Unmet Potential	Sales PSF	Supportable SF
Building Materials	\$4.7 M	\$0.5 M	\$4.2 M	\$420	10,000
<b>Grocery</b>	<b>\$34.43 M</b>	<b>\$17.9 M</b>	<b>\$16.4 M</b>	<b>\$510</b>	<b>32,000</b>
Home Furnishing	\$3.7 M	\$1.6 M	\$2.1 M	\$250	8,500
Electronics	\$3.6 M	\$0.8 M	\$2.7 M	\$320	8,500
Apparel	\$11.7 M	\$9.5 M	\$2.2 M	\$540	4,000
Hobby, Books, Music, Sports	\$4.4 M	\$3.2 M	\$1.3 M	\$210	6,000
General Merchandise	\$8.2 M	\$5.9 M	\$2.3 M	\$110	20,750
Dining					
<i>Full-Service Restaurants</i>	\$24.1 M	\$20.5 M	\$3.6 M	\$370	9,750
<i>Limited-Service Places</i>	\$18.9 M	\$7.2 M	\$11.7 M	\$360	32,500
<i>Drinking Places</i>	\$3.0 M	\$1.8 M	\$1.1 M	\$370	3,000
Personal Care	\$6.7 M	\$1.9 M	\$4.8 M	\$460	10,250
Miscellaneous	\$4.1 M	\$1.9 M	\$2.3 M	\$230	9,750
<b>TOTAL</b>	<b>\$127.4 M</b>	<b>\$72.8 M</b>	<b>\$54.6 M</b>		<b>155,000</b>

# What's Missing From the Market?



## **SITE EVALUATION**

Co-Tenancies

Traffic Counts and/or Mass Transit

Access

# What's Missing From the Market?

## SITE EVALUATION

### Co-Tenancies

Long Island City, NY

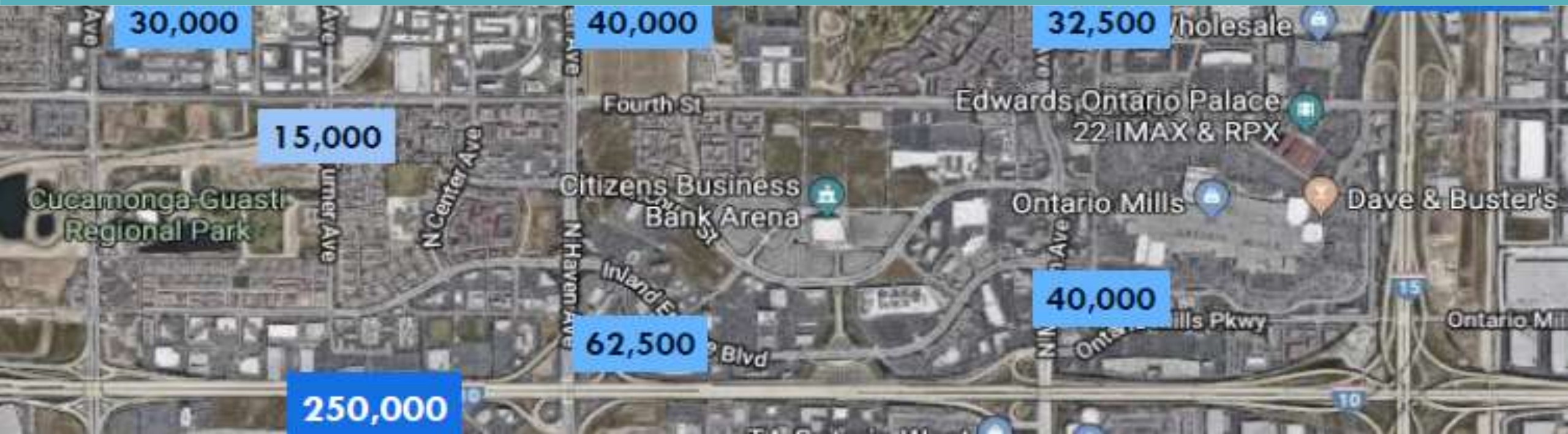


# What's Missing From the Market?

## SITE EVALUATION

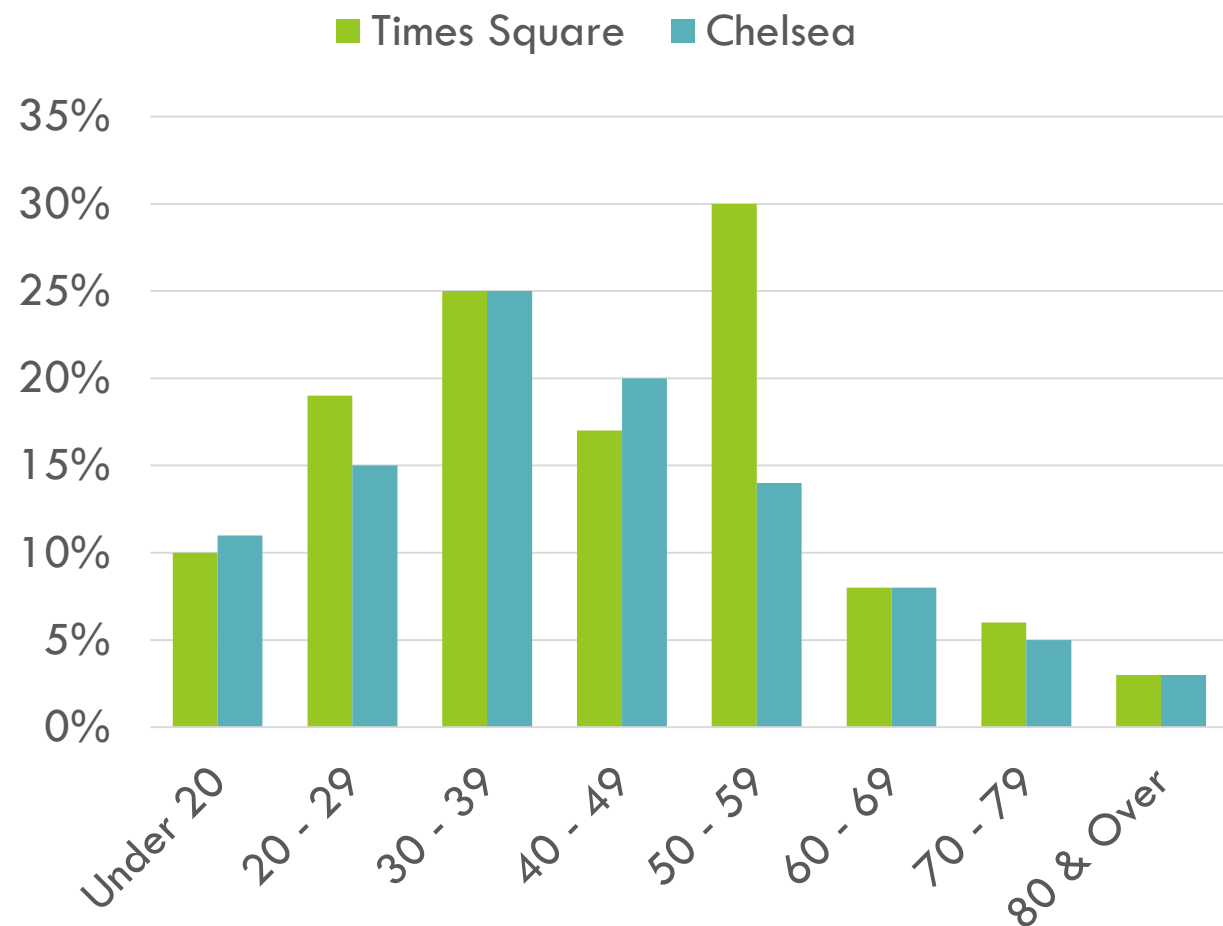
### Traffic Counts

Ontario, CA



# Using The Market Analysis to Tell A Story

## Age Distribution of Times Square & Chelsea Residents



## Median Household Income by Age

Age of HH	Times Square	Chelsea	Manhattan
Under 25	\$57,892	\$24,500	\$33,799
25 to 34	\$74,873	\$82,353	\$65,450
All HHs	\$66,252	\$77,466	\$66,850

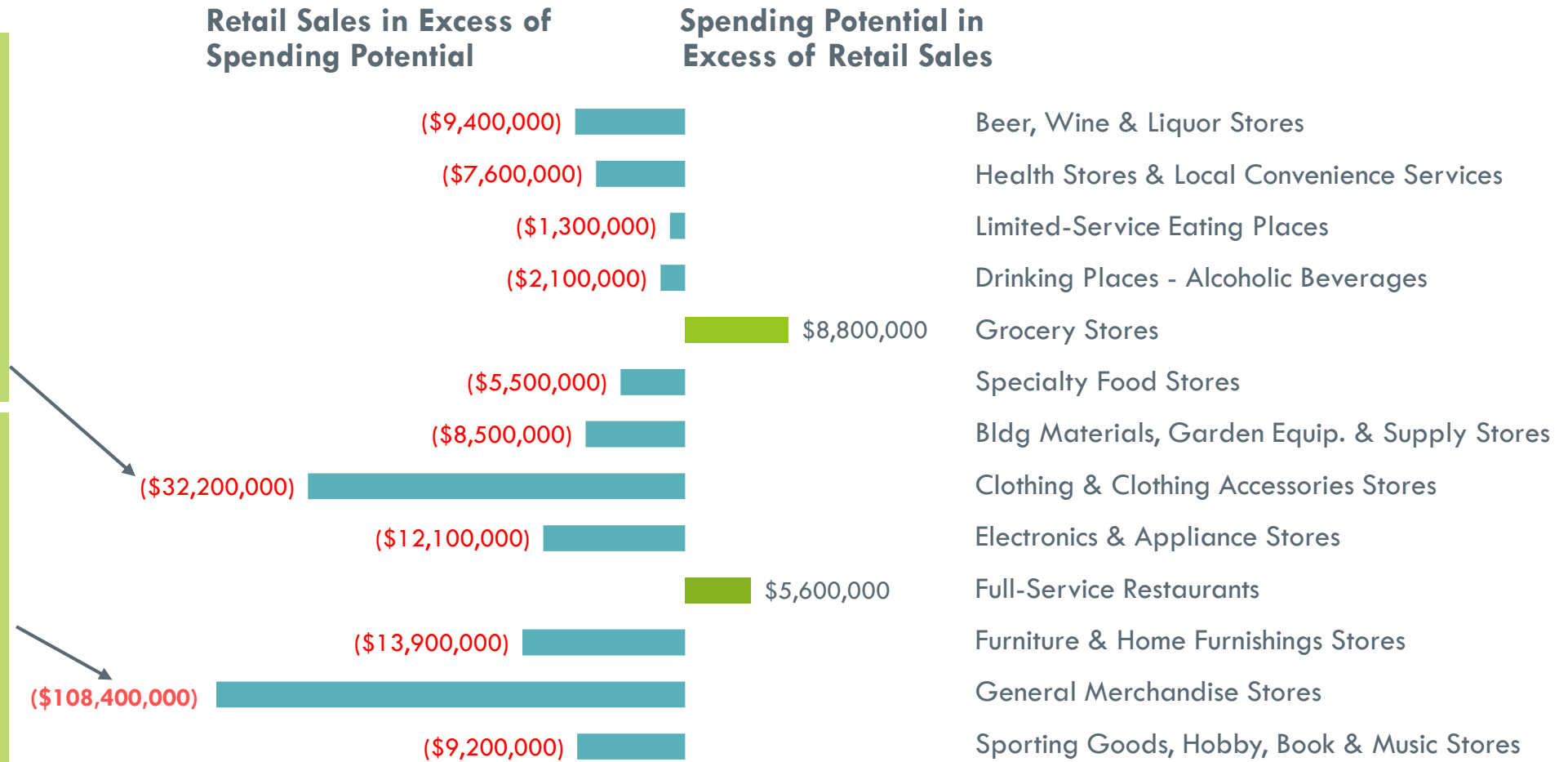
## Percentage of Total Work Force

Occupation	Times Square	Chelsea
Management	15.5%	16.4%
Arts, Ent., Design, Sports & Media	14.8%	19.6%
Sales	12.8%	10.7%
Business & Financial	9.8%	7.5%
Legal	5.0%	5.4%
Education	3.9%	6.2%
Computers & Mathematics	3.8%	3.8%
Healthcare	2.6%	4.2%
Life, Physical, & Social Science	1.2%	2.1%
Architecture & Engineering	0.9%	2.2%
<b>Creative Occupations Total</b>	<b>70.2%</b>	<b>78.0%</b>

# Using The Market Analysis to Tell A Story

Current retail sales of clothing stores are \$52 million, while spending potential of local residents is only \$20 million, indicating that **Sunset Park is a destination for shoppers from outside the area.**

The **Costco on 3rd Avenue is responsible for attracting shoppers from outside Sunset Park to the area, thereby creating a negative gap of \$108 million in general merchandise spending.**



# A Precedent: Delmar Loop



# A Precedent: Delmar Loop



## **PROBLEM:**

- WashU concerned that **tenant mix was becoming “fragile”** or problematic
- Retail mix was making a **bad impression on prospective students/parents**
- Tenants were not **servicing faculty and existing students.**

## **SOLUTION:**

- Developed a **retail strategy and branding** to create a **24/7 environment.**
- Created **zones for uses**, paying close attention to cross-section of demographics.
- Brought in an **ethnic supermarket operator** as well as a **24-hour diner.**





# A Precedent: Montclair Place

NOW



# A Precedent: Montclair Place



## **PROBLEM:**

- **Sears closed**, vacating key anchor “box.”
- **Fragmented ownership** limited new majority owner’s capability for redevelopment.
- Is was facing **increasing regional competition** and outdated typology.

## **SOLUTION:**

- Developed **market-driven and flexible, mixed-use zoning**, streamlining approvals.
- Collaborated with developer to “**right-size**” mall, supporting long-term sustainability.
- Identified shared infrastructure investments to **re-envision public realm**.

# Mixed-Use, Urban-Scale Redevelopment





*“We usually do our long-range planning at the last minute.”*