



# John T. Riordan School for Retail Real Estate Professionals

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Development + Design + Construction | Management | Leasing | Marketing



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# Fundamentals of Commercial Real Estate

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- ❖ **History of Shopping Centers**
- ❖ **Types of Properties**
- ❖ **The Future of Shopping**
- ❖ **Bundle of Rights**
- ❖ **Fiduciary Responsibility**

# 1950

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**1950s:** The first enclosed mall came into being in the late 1950's.

**Southdale Center**, colloquially known as **Southdale**, in Edina, Minnesota, a suburb of Minneapolis. It opened in 1956 and is the oldest fully enclosed, climate-controlled mall in the United States. Before that retail was in downtown central cities.



# 1960

**1960s:** In the 1960's suburban centers started to lure retailers from downtowns. These centers catered to the suburban growth that resulted in part by the birth of the interstate highway system. Almost overnight people could live miles from their work due to the access provided by superhighways. As new rooftops sprang up retail followed and we saw the growth of malls in the 60's. By 1960 there were 4500 malls accounting for 14% of retail sales.

# North Star Mall

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In 1960, in a relatively underdeveloped neighborhood on San Antonio's North Side, one of the world's first enclosed shopping malls was born. North Star, Today, it is hailed as one of the most successful retail centers in the country and its status has evolved from urban mall to premiere super regional center serving South Texas and Mexico clientele.



# 1970/1980

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**1970's:** In the 1970's, the enclosed mall went through one of the biggest growth periods ever. By 1975 there were 16,400 shopping centers accounting for 33% of retail sales .

2

**1980s:** In 1987, there were 30,000 shopping centers accounting for over 50% of all retail dollars spent (about 676 billion dollars, 8% of the labor force, and 13% of our gross national product. In the 1980's community center became king as grocers expanded for a growing population

# 1980

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In 1986, "280 Metro Center", an open-air, strip shopping complex composed of discount and warehouse retailers, opened in Colma, California; it is credited with being the first ever power center.



# 1980

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The story of West Edmonton Mall is the story of how a handful of visionaries took an ordinary idea like a shopping center and turned it into a world-class destination. The Mall's stores, attractions, and services combine to form the most comprehensive retail, hospitality and entertainment complex on Earth.



# 1990

**1990s:** In the 1990's, the birth of the category killers led to power center boom. During this period, power centers opened at regional locations, often near the malls. It was then that the large 300,00 to 600,000 thousand square foot centers came to be the norm, rather than the exception.

# 1990

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When Mall of America opened 25 years ago, the media panned it as a really dumb idea. The biggest mall in America, the size of five Yankee Stadiums, came with nightclubs, a medical supply store, and an amusement park with a roller coaster and log flume. The Mall has survived because it has always subscribed to the notion of mixing retail with entertainment.



2000

**2000s:** In the 2000's , lifestyle and mixed-use centers are thriving as consumers seek a “sense of place”. It is somewhat ironic that the modern retail store began with the exodus of retailers from central cities. And now more than 40 years later, the most current centers are trying to recreate the sense of downtown shopping district .

# 2000

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**Santana Row** is an outdoor shopping mall in San Jose California. It was developed during 2001-2002 as a \$450 million, 42-acre retail and residential “village within a city”, It is regarded as a successful example of a Mixed-use Development. Some of the development has continued into 2017.



# DIFFERENT TYPES OF CENTERS

## **Regional**

This center type provides general merchandise (a large percentage of which is apparel) and services in full depth and variety. The main attractions are its anchors: traditional, mass merchant or discount department stores and fashion specialty stores. A typical regional center is usually enclosed, with an inward orientation of the store connected by a common walkway, and parking surrounds the outside perimeter.

# DIFFERENT TYPES OF CENTERS

## **Super-regional**

Similar to a regional center, but because of its larger size, a super-regional center has more anchors, a deeper selection of merchandise, and draws from a larger population base. As with regional centers, the typical configuration is as an enclosed mall, frequently with multi-levels.

# DIFFERENT TYPES OF CENTERS

## **Lifestyle**

A lifestyle center is a shopping center or mixed-use commercial development that combines the traditional retail functions of a shopping mall but with leisure amenities oriented towards upscale consumers. Lifestyle centers emerged as a retailing trend in the late 1990s and are sometimes labeled "boutique malls". They are often located in affluent suburban areas.

# DIFFERENT TYPES OF CENTERS

## **Power Center**

A center dominated by several large anchors, including, but not limited to discount department stores, off-price stores, warehouse clubs or "category killers", i.e., stores that offer a tremendous selection in a particular merchandise category at low prices. The center typically consists of several freestanding (unconnected) anchors and only a minimum amount of small specialty tenants.

# DIFFERENT TYPES OF CENTERS

## **Community**

A community center typically offers a wider range of apparel and other soft goods than the neighborhood center. Among the more common anchors are supermarkets, super-drugstores and discount department stores.

# DIFFERENT TYPES OF CENTERS

## **Neighborhood**

Designed to provide convenience shopping for the day-to-day needs of the immediate neighborhood, these centers are usually anchored by a supermarket supported by stores offering drugs, sundries, snacks and personal services. Many neighborhood centers range from 30,000 to 100,000 square feet of GLA (gross leasable area) and are sited on 3 to 10 acres.

# The Future of Shopping

## The Experience of shopping

- Advantages of Digital
- Advantages of Physical

## Digital Retailing

- Why is digital retailing continuing to grow so fast?
- Bringing Digital and Physical Retailing Together

## Omnichannel Revolution

- Customer are out in front of omnichannel revolution

# **The Future Face of Shopping**

- 1. Converting of Enclosed Malls into an Open-Plan Neighborhoods**
- 2. Establish a Unique Bond to the Community**
- 3. Create a “Food Hall”**
- 4. Revitalize a Major Downtown Urban Center**
- 5. Become a Cultural Center for the Community.**

An architectural rendering of a modern neighborhood mall conversion. The scene shows a large, multi-story building with a prominent green facade and a white star logo. The building is surrounded by a street grid with trees and a central plaza area. The plaza features a large, blue, circular water feature with a fountain. People are depicted walking on the sidewalks and standing in the plaza, suggesting a vibrant, pedestrian-friendly environment. The overall atmosphere is bright and modern, with a focus on community and urban design.

## **Converting an Enclosed Mall into an Open-Plan Neighborhood Landmark Mall, Alexandria, VA**

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All or part of the original mall is demolished and replaced with a street-grid structure which fits more coherently into the surrounding community. That structure is then filled with attractive living, working and recreational options in addition to retail—along with seamless connections to regional transit.

# Establish a Unique Bond to the Community

## THE 4TH OF MADNESS!!

4TH OF JULY @ SANTA FE PLACE

TOTAL EST. ATTENDANCE  
ON MALL PROPERTY

7,000+

TOTAL EST. FIREWORK  
VIEWING ATTENDANCE

10,000+

SFP PARKING LOT - FULL  
SAM'S CLUBS PARKING LOT - FULL  
TARGET PARKING LOT - FULL  
ELITE CORN LOT - HALF FULL



LIVE BANDS!

BEER GARDEN

FOOD TRUCKS!

FOLLOW TO WIN!



PRIZE GIVEAWAYS!!!



**FIGAT7TH** DOWNTOWN LA



## Create a “Shopping Center of Food”

A culinary collection of chef-driven, accessible, quick-service casual eateries, TASTE Food Hall FIGat7th anchors the signature dining experience of this landmark retail center in Downtown Los Angeles with unique dining experience to reflect the heart and soul of Downtown

# FIGat7th- Los Angeles CA



**Revitalize a Major Downtown Urban Center**



# Become a Cultural Center

## Santafé Mall-Medellin, Colombia

Santafé, a six-level enclosed mall, began holding regular large-scale events in the plaza shortly after it opened in 2010. The events, which are produced in-house and change every two months, have become so successful over time that the mall now charges a minimal admission price. (Visitors who spend a certain amount at the mall gain free admission to the events.) As a result, Santafé has become Medellín's highest-grossing mall and one of its primary cultural and entertainment venues.



# Right of Possession

The right of possession refers to the rights given to the title holder of a particular property. These rights may be limited in certain instances, such as when a title holder fails to pay required property taxes, but in most regards, the title holder is considered the owner of the property.

# Right of Control

The right of control allows the title holder the ability to manage the use of the property in any means deemed legal within the jurisdiction in which the property exists. Entry into an area regulated by a homeowners' association may lead to additional restrictions being in place, though the restrictions are not technically legal standards.

# Right of Exclusion

The right of exclusion allows the title holder to limit who may or may not enter the property. This applies to most situations except when certain easements are in place, or when a warrant authorizing the search of the property is properly acquired and served by a member of the law enforcement community.

# Right of Enjoyment

The right to enjoyment asserts the title holder's right to participate in any activities he finds pleasurable while on the property. The activities in question must fall within the confines of the law.

# Right of Disposition

The right of disposition protects the title holder's right to transfer ownership, either permanently or temporarily, to another qualified party at will. An exclusion exists if the property owner owes a current mortgage on the property, as he must pay off the debt before ownership can be transferred. An exclusion also applies in cases where the property is subject to a lien, such as when a homeowner has failed to pay property taxes.

# Fiduciary Duties

## Loyalty

One of the most fundamental fiduciary duties an agent owes to the principal. The duty obligates a real estate broker to act always, solely in the best interests of the principal, excluding all other interests, including that of the broker. An example of breach of loyalty is when a broker purchases a property listed with his/her firm, and immediately resells it at a profit. Such conduct is usually considered appropriate and lawful by persons who act at arm's length, but a fiduciary would be considered to have stolen an opportunity for profit that rightfully belongs to the principal

# Fiduciary Duties

## Obedience

An agent is obligated to promptly and efficiently obey all lawful instructions of his/her principal that conform to the purpose of the agency relationship. However, the duty does not include an obligation to obey unlawful instructions, such as instructions to not market a property to minorities or to misrepresent the condition of a property.

# Fiduciary Duties

## Disclosure

An agent must disclose to the principal all known relevant and material information that pertains to the scope of the agency. The duty includes any facts affecting the value or desirability of the property, as well as any other relevant information pertaining to the transaction, such as the other party's bargaining position, the identity of all potential purchasers, information concerning the ability or willingness of the buyer to offer a higher price, any intent to subdivide or resell the property for a profit.

# Fiduciary Duties

## Confidentiality

An agent is obligated to safeguard his/her principal's lawful confidences and secrets. Therefore, a real estate broker must keep confidential any information that may weaken a principal's bargaining position. The duty of confidentiality precludes a broker who represents a seller from disclosing to a buyer that the seller can, or must, sell a property below the listed price. Conversely, a broker who represents a buyer is prohibited from disclosing to a seller that the buyer can, or will, pay more than what has been offered for a property.

# Fiduciary Duties

## Confidentiality ( Cont.)

The duty of confidentiality does not include an obligation by a broker who represents a seller to withhold know material facts about the condition of the seller's property from the buyer, or to misrepresent the property's condition. To do so constitutes misrepresentation and impose liability on both the broker and the seller.

An agent's duty of disclosure to his/her principal must not be confused with a real estate broker's duty to disclose any know material facts about the property value to non-principals. The duty to disclose known material facts is based on a real estate broker's duty to treat all persons honestly. The duty of honesty does not depend on the existence of an agency relationship.

# Fiduciary Duties

## Accounting

An agent is obligated to account for all money or property that belongs to his/her principal entrusted to that agent. The duty compels a real estate broker to safeguard any money, deeds, or other documents entrusted to them relative to their client's transactions of affairs.