RESEARCH & SELECTION OF TENANTS

Avi Alkaş, CRX, CSM, CMD, CLS
Chairman
JLL Turkey
Lease: a transfer of rights to the possession and enjoyment of property for a definite period of time.

The signed agreement between landlord and tenant that establishes responsibility, set standards, and states what is recoverable from tenants for the maintenance process.

ICSC’s Dictionary, 2nd Edition
WHY THE NEED FOR RESEARCH?
Research Is Building Block for Knowledge

• Research: Process of collecting, analyzing and synthesizing information for the purpose of making knowledgeable business decisions
  - Understanding demographics & psychographics of a trade area,
  - Analyzing a center’s potential customer profile and shopping habits
  - To determine the prospective tenants for the center

• Knowledge based on FACTS rather than opinions or assumptions
S.W.O.T.
Strength, Weakness, Opportunity, Threat

OBJECTIVE

STRATEGY (Solution)

TACTICS (Execution)

Results

Research

European Retail Property School
Leasing Requires Knowledge

- Knowledge of population statistics, demographics and lifestyle of trade area through market research
- Clear target market definition of the center
- Leasing strategies to meet the characteristics of the given trade area
21st Century Leasing Requires Knowledge

- Knowledge-based leasing
  - Market research defines the tenant mix needed to meet consumer demands within a particular trade area and helps to eliminate opportunistic leasing

- On-going trade area research to follow dynamic & changing needs

- Caution: Always Use Recent Data
Utilization of research Maximizes Competitive Advantage

WHY RESEARCH?

Strong market Knowledge → Better targeted and focused leasing plan → More Successful and Differentiated Shopping Center
NO TENANT = NO CENTRE
1. Shopping centre concept

2. The market
   • Tenant mix and categories
   • Leasing strategy

3. Finding and identifying the right tenants
Shopping centre: a group of retail restaurants and other commercial establishments that is planned, developed, owned, and managed as a single property… The 3 main configurations of shopping centres are enclosed malls, open-air centres and hybrid centres.

ICSC’s Dictionary, 2nd Edition
# 1. SHOPPING CENTRE DEFINITIONS

<table>
<thead>
<tr>
<th>TYPE</th>
<th>CONCEPT</th>
<th>SQ. FT. (Inc. Anchors)</th>
<th>ACREAGE</th>
<th>NUMBER</th>
<th>TYPICAL ANCHOR(S)</th>
<th>ANCHOR RATIO*</th>
<th>PRIMARY TRADE AREA**</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEIGHBORHOOD CENTER</td>
<td>Convenience</td>
<td>30,000 - 150,000</td>
<td>3 - 15</td>
<td>1 or more</td>
<td>Supermarket</td>
<td>30 - 50%</td>
<td>3 miles</td>
</tr>
<tr>
<td>COMMUNITY CENTER</td>
<td>General Merchandise; Convenience</td>
<td>100,000 - 350,000</td>
<td>10 - 40</td>
<td>2 or more</td>
<td>Discount dept. store; super-market; drug; home improvement; large specialty/discount apparel</td>
<td>40 - 60%</td>
<td>3 - 6 miles</td>
</tr>
<tr>
<td>REGIONAL CENTER</td>
<td>General Merchandise; Fashion (Mall, typically enclosed)</td>
<td>400,000 - 800,000</td>
<td>40 - 100</td>
<td>2 or more</td>
<td>Full-line dept. store; jr. dept. store; mass merchant; disc. dept. store; fashion apparel</td>
<td>50 - 70%</td>
<td>5 - 15 miles</td>
</tr>
<tr>
<td>SUPERREGIONAL CENTER</td>
<td>Similar to Regional Center but has more variety and assortment</td>
<td>800,000+</td>
<td>60 - 120</td>
<td>3 or more</td>
<td>Full-line dept. store; jr. dept. store; mass merchant; fashion apparel</td>
<td>50 - 70%</td>
<td>5 - 25 miles</td>
</tr>
<tr>
<td>FASHION/SPECIALTY CENTER</td>
<td>Higher end, fashion oriented</td>
<td>80,000 - 250,000</td>
<td>5 - 25</td>
<td>N/A</td>
<td>Fashion</td>
<td>N/A</td>
<td>5 - 15 miles</td>
</tr>
<tr>
<td>POWER CENTER</td>
<td>Category-dominant anchors; few small tenants</td>
<td>250,000 - 600,000</td>
<td>25 - 80</td>
<td>3 or more</td>
<td>Category killer; home improvement; disc. dept. store; warehouse club; off-price</td>
<td>75 - 90%</td>
<td>5 - 10 miles</td>
</tr>
<tr>
<td>THEME/FESTIVAL CENTER</td>
<td>Leisure; tourist-oriented; retail and service</td>
<td>80,000 - 250,000</td>
<td>5 - 20</td>
<td>N/A</td>
<td>Restaurants; entertainment</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>OUTLET CENTER</td>
<td>Manufacturers’ outlet stores</td>
<td>50,000 - 400,000</td>
<td>10 - 50</td>
<td>N/A</td>
<td>Manufacturers’ outlet stores</td>
<td>N/A</td>
<td>25 - 75 miles</td>
</tr>
</tbody>
</table>

* The share of a center’s total square footage that is attributable to its anchors
** The area from which 60 - 80% of the center’s sales originate

ICSC Shopping Center Definitions is published by
International Council of Shopping Centers
1221 Avenue of the Americas
New York, New York 10020-1099
Phone: 646-728-3671
Fax: 212-589-5555
http://www.icsc.org
### 1. SHOPPING CENTRE DEFINITIONS

<table>
<thead>
<tr>
<th>Format</th>
<th>Type of Scheme</th>
<th>Gross Leasable Area (GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional</strong></td>
<td>Very Large</td>
<td>80,000 m² and above</td>
</tr>
<tr>
<td></td>
<td>Large</td>
<td>40,000 – 79,999 m²</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>20,000 – 39,999 m²</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comparison-Based</td>
<td>5,000 – 19,999 m²</td>
</tr>
<tr>
<td></td>
<td>Convenience-Based</td>
<td>5,000 – 19,999 m²</td>
</tr>
<tr>
<td><strong>Specialized</strong></td>
<td>Retail Park</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large</td>
<td>20,000 m² and above</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>10,000 – 19,999 m²</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>5,000 – 9,999 m²</td>
</tr>
<tr>
<td></td>
<td>Factory Outlet Center</td>
<td>5,000 m² and above</td>
</tr>
<tr>
<td></td>
<td>Theme-Oriented Center</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leisure-Based</td>
<td>5,000 m² and above</td>
</tr>
<tr>
<td></td>
<td>Non-Leisure-Based</td>
<td>5,000 m² and above</td>
</tr>
</tbody>
</table>
1. TYPES OF CENTRES

- **Super regional SC:** > 80 000 sqm
  Similar to a regional centre, but because of its larger size, has more anchors, a deeper selection of merchandise, and draws from a larger population base. Typical enclosed, with multilevels.
  
  *ICSC’s Dictionary, 2nd Edition*

- **Regional SC:** 40 – 80 000 sqm
  Provides general merchandise (large part is apparel) and services in full depth and variety. Main attractions are its anchors such as mass merchant, fashion, department stores etc.
  
  *ICSC’s Dictionary, 2nd Edition*

- **Neighbourhood SC:** 20 – 40 000 sqm
- **Small local centre:** 5 – 20 000 sqm
1. TYPES OF CENTRES

• Shopping centres: power centres etc
• Factory outlets
• Retail parks, Fashion parks
• Themed centres
• Hybrid centres
What determines the concept?

Projects/new centres

- Market share unknown
- Reliance on market studies
- Focus on return on investment = rental income
- Relative freedom to organize mix

Refurbishment

Use existing knowledge:

- Commercial/data
- Limited freedom
Tenants categories and types

a. Tenants categories/trends

b. Merchandising/tenant mix
2a. TENANT CATEGORIES

- Anchor stores
- Key tenants
- Line tenants
- Mom and pop stores
2a. STORE DEFINITIONS

• Anchor Store: > 1 000 sqm
• Junior anchor/MSU: 500 – 1 000 sqm
• Average store unit: 250 – 500 sqm
• Satellite store: < 250 sqm
What is an anchor tenant?

- A major store (usually a chain) in a shopping centre
  - having substantial economic strength,
  - occupying a large square footage.
- A major department store branch in a shopping centre.
- Stores that occupy the largest spaces in a centre,
- serve as the primary traffic generators.

ICSC’s Dictionary, 2nd Edition

Anchors:
- Make the centre commercially viable vs financially in itself
- Being (one of) the primary draw(s) of customers
- Occupies the largest spaces of a shopping centre
## Tenant categories

<table>
<thead>
<tr>
<th>Aggregated Category</th>
<th>Mandatory Category</th>
<th>Sub Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Daily goods</td>
<td>11 Hypermarkets</td>
<td>111 Hypermarkets (GLA &gt; 4.000 m2)</td>
</tr>
<tr>
<td></td>
<td>12 Supermarkets</td>
<td>121 Supermarkets (GLA &lt; 4.000 m2)</td>
</tr>
<tr>
<td></td>
<td>13 Miscellaneous goods and specialist food</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14 Beauty and health products</td>
<td>141 Cosmetics and Toiletries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>142 Pharmacies and Medical stores</td>
</tr>
<tr>
<td></td>
<td></td>
<td>143 Health Food stores</td>
</tr>
<tr>
<td>2 Fashion</td>
<td>21 Fashion ; small units</td>
<td>211 Men's wear (GLA &lt; 500 m2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>212 Women's wear (GLA &lt; 500 m2)</td>
</tr>
</tbody>
</table>
# 2a. TENANT CATEGORIES AND CLUSTERING

<table>
<thead>
<tr>
<th>Category</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ready wear</td>
<td>100</td>
</tr>
<tr>
<td>Women’s Wear</td>
<td>110</td>
</tr>
<tr>
<td>Men’s Wear</td>
<td>120</td>
</tr>
<tr>
<td>Unisex</td>
<td>130</td>
</tr>
<tr>
<td>Sportwear</td>
<td>140</td>
</tr>
<tr>
<td>Underwear / Swimwear / Socks</td>
<td>150</td>
</tr>
<tr>
<td>Kids’s wear</td>
<td>170</td>
</tr>
<tr>
<td>Other</td>
<td>190</td>
</tr>
<tr>
<td>Jewelry</td>
<td>210</td>
</tr>
<tr>
<td>Accessories</td>
<td>220</td>
</tr>
<tr>
<td>Optics / Watches</td>
<td>230</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>240</td>
</tr>
<tr>
<td>Beauty Center / Spa / Hairdresser</td>
<td>250</td>
</tr>
<tr>
<td>Health Club / Solarium</td>
<td>260</td>
</tr>
<tr>
<td>Specialty Gourmet Store</td>
<td>310</td>
</tr>
<tr>
<td>Fast Food</td>
<td>320</td>
</tr>
<tr>
<td>Restaurants</td>
<td>330</td>
</tr>
<tr>
<td>Coffeshops</td>
<td>340</td>
</tr>
<tr>
<td>Dried fruits / Candy / Chocolate</td>
<td>350</td>
</tr>
<tr>
<td>Wine House / Tobacco</td>
<td>360</td>
</tr>
<tr>
<td>Other</td>
<td>390</td>
</tr>
<tr>
<td>Furniture</td>
<td>410</td>
</tr>
<tr>
<td>White goods / Electronics / GSM</td>
<td>420</td>
</tr>
<tr>
<td>Home accessories</td>
<td>430</td>
</tr>
<tr>
<td>Home textile</td>
<td>440</td>
</tr>
<tr>
<td>Illumination</td>
<td>450</td>
</tr>
<tr>
<td>Home Decoration</td>
<td>460</td>
</tr>
<tr>
<td>Other</td>
<td>490</td>
</tr>
<tr>
<td>Music / Books</td>
<td>510</td>
</tr>
<tr>
<td>Stationary</td>
<td>520</td>
</tr>
<tr>
<td>Outdoor sports accessories</td>
<td>530</td>
</tr>
<tr>
<td>Toys &amp; Models</td>
<td>540</td>
</tr>
<tr>
<td>Computer / Computer</td>
<td>550</td>
</tr>
<tr>
<td>Games</td>
<td>560</td>
</tr>
<tr>
<td>Petshop</td>
<td>560</td>
</tr>
<tr>
<td>Specialty Stores</td>
<td>570</td>
</tr>
<tr>
<td>Other</td>
<td>590</td>
</tr>
<tr>
<td>Cinema</td>
<td>610</td>
</tr>
<tr>
<td>Bowling</td>
<td>620</td>
</tr>
<tr>
<td>Theater</td>
<td>630</td>
</tr>
<tr>
<td>Kids play area</td>
<td>640</td>
</tr>
<tr>
<td>Art Gallery</td>
<td>650</td>
</tr>
<tr>
<td>Other</td>
<td>690</td>
</tr>
<tr>
<td>Dry cleaning</td>
<td>710</td>
</tr>
<tr>
<td>Locksmith, Bootblack, Tailor</td>
<td>720</td>
</tr>
<tr>
<td>Drugstore</td>
<td>730</td>
</tr>
<tr>
<td>Photo / Photocopy</td>
<td>740</td>
</tr>
<tr>
<td>Travel Agency</td>
<td>750</td>
</tr>
<tr>
<td>Flower shop</td>
<td>760</td>
</tr>
<tr>
<td>Bank / Exchange</td>
<td>770</td>
</tr>
<tr>
<td>Other</td>
<td>790</td>
</tr>
<tr>
<td>Department Store</td>
<td>810</td>
</tr>
<tr>
<td>DIY (Do-it-yourself)</td>
<td>820</td>
</tr>
<tr>
<td>Discount Department Store</td>
<td>830</td>
</tr>
<tr>
<td>Automobile</td>
<td>840</td>
</tr>
<tr>
<td>Showroom</td>
<td>850</td>
</tr>
<tr>
<td>Office</td>
<td>860</td>
</tr>
<tr>
<td>Hypermarket / Supermarket</td>
<td>870</td>
</tr>
<tr>
<td>Other</td>
<td>890</td>
</tr>
</tbody>
</table>
Tenant mix

Tenant mix is a critical variable when planning a commercial area and will have a major impact on:

- the commercial profile of the business
- the visitors we want to attract
Merchandising plan: an overall plan locating merchandise mix throughout the lease plan.

Lease plan: a detailed plan showing the size and configuration of each space located within the shopping centre.

Merchandise plan: a forecast of all major elements that enter into gross margin.

*ICSC’s Dictionary, 2nd Edition*
What is the right tenant mix?

Right for the centre = what the shopper wants (keep in mind when putting mix together, not only yield focus, it will pay off).
• You need a merchandising mix/plan in order to complete a rent roll.
• They go **TOGETHER**!
• Each unit is unique, therefore its value is different from its neighbour’s value.

8 m shopfront

Rent = X

16 m shopfront

Rent = X + 3

Reduced visibility

Rent = X - 3
2b. CATEGORY ANALYSIS

(Rent) vs. Size (sqm)

- Optical/Jewellery/Watch
- Asian Mall
- Miscellaneous
- Footwear and leather
- Beauty and Health
- Children’s wear and toys
- Home Furniture
- Cinema
- Electronic
- Large Fashion
- Small Fashion
- F&B
- Entertainment & Leisure
- Hypermarket

Average: 300

European Retail Property School
### Distribution of Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>GLA (Sqm)</th>
<th>% of Total GLA</th>
<th># of Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;B</td>
<td>23,506</td>
<td>14.7%</td>
<td>57</td>
</tr>
<tr>
<td>Audio</td>
<td>2,750</td>
<td>1.7%</td>
<td>4</td>
</tr>
<tr>
<td>Beauty &amp; health products</td>
<td>4,630</td>
<td>2.9%</td>
<td>40</td>
</tr>
<tr>
<td>Children's wear &amp; toys</td>
<td>3,691</td>
<td>2.3%</td>
<td>15</td>
</tr>
<tr>
<td>Footwear &amp; leather goods</td>
<td>3,800</td>
<td>2.4%</td>
<td>39</td>
</tr>
<tr>
<td>Furniture &amp; household goods</td>
<td>6,331</td>
<td>4.0%</td>
<td>21</td>
</tr>
<tr>
<td>Fashion Over 500sqm</td>
<td>18,700</td>
<td>11.7%</td>
<td>17</td>
</tr>
<tr>
<td>Fashion Under 500sqm</td>
<td>24,093</td>
<td>15.1%</td>
<td>129</td>
</tr>
<tr>
<td>Asia Mall</td>
<td>4,252</td>
<td>2.7%</td>
<td>1</td>
</tr>
<tr>
<td>Sports</td>
<td>5,800</td>
<td>3.6%</td>
<td>7</td>
</tr>
<tr>
<td>Optical goods, watches, jewellery</td>
<td>3,954</td>
<td>2.5%</td>
<td>41</td>
</tr>
<tr>
<td>Electrical goods</td>
<td>14,740</td>
<td>9.2%</td>
<td>23</td>
</tr>
<tr>
<td>Entertainment &amp; leisure</td>
<td>17,653</td>
<td>11.0%</td>
<td>12</td>
</tr>
<tr>
<td>Miscellaneous goods &amp; services</td>
<td>5,100</td>
<td>3.2%</td>
<td>46</td>
</tr>
<tr>
<td>Supermarket</td>
<td>1,000</td>
<td>0.6%</td>
<td>1</td>
</tr>
<tr>
<td>Hypermarket</td>
<td>20,000</td>
<td>12.5%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total GLA</strong></td>
<td><strong>160,000</strong></td>
<td><strong>100%</strong></td>
<td><strong>454</strong></td>
</tr>
</tbody>
</table>
Market Studies & Trade Areas:

- Demographics
- Competition
- Pre-letting (tenants interest)

Evolving the mix, adaptation to behaviour, environment, competition

Taking into account new shopping habits, internet, click and pick – New trends

Use/clusters vs. Price-point positioning
(cultural differences)
**Echo, 70TGLA, 2013**
Agreement with the City signed

**OLIMP, 2TGLA, 2012**
Extension – Cinema

**E.Leclerc, 13TGLA, 2011**
Extension

**INTERBUD, 55TGLA, 2013**
Looking for a partner

**FELICITY, 80TGLA, 2011**
New agreements with Tenants

**GALA, 120(exist.15)TGLA, 2011**
Extension
2b. COMPETITION MAP: Lublin, PL
2b. COMMERCIAL CONCEPT – AN EXAMPLE

- **Format**: Super regional shopping centre (>80 000 sqm GLA)

- **Target**: Mid to mid-high income families

- **Core customers**: Fashion conscious women age 25-45 and high spending late teens/young adults.

- **Concept**: Mix of international and national retailers supported by hypermarket, substantial F&B offer, cinema and entertainment

- **Planned anchors**:
  - Full size hypermarket (12 – 25 000 sqm)
  - Electronic store, Sport, Toys, Furniture
  - Substantial F&B offer (5% - 20% of GLA)
  - Junior anchors, fashion (Zara, H&M, C&A, etc.)
  - Entertainment (cinema, arcade, kids education, etc.)
Based on the overall concept:

- Identify and prioritize possible anchors
- Define tenant categories incl. mandatory category leaders
- Divide into sub-categories
- Cluster and allocate space
- Name, size, rental income and main conditions
2b. THE MARKET - CONCLUSION

Requirements to achieve a good tenant mix

- Knowing brands, trends, new concepts, bestsellers
- Thorough analysis of market and competition
- Knowing the retailers (their business; good relationship)
2b. CONCLUSION

Requirements to achieve a good tenant mix

- Individual retail identity (positioning) and clear retail clustering are as important as the tenant mix itself.

- Lease Strategy must be carefully planned and organized.

- Secure the best possible tenant mix by adapting to local market conditions.
3. Best Use/Risk Analysis
   – “Highest and Best Use”
   • Physically Possible
   • Legally Permissible
   • Financially Feasible
   • Maximally Productive
B. Understanding the Market/Consumer

1. How, What, Where They Make Purchases
   - Consumers are
     - more demanding
     - more time-conscious
     - more quality-conscious
     - more price-conscious
B. Understanding the Market/Consumer

- Consumers look for
  - convenience
  - attractive shopping atmospheres
  - impeccable service
B. Understanding the Market/Consumer

2. Population Concentrations, Growth Areas
   • Knowledge of target catchment area
     – Population statistics
III. RESEARCH: VITAL AND NECESSARY
III. RESEARCH: VITAL AND NECESSARY

GAYRİ SA菲 MILLİ HASILA*
GROSS NATIONAL PRODUCT

BEYKOZ 2528.75$
BEŞİKTAŞ 8429.95$
KADIKÖY 4659.44$
KARTAL 3782.55$
MALTEPE 1671.00$
SARIYER 2193.13$
ÜMRANIYE 1825.60$
ÜSKÜDAR 2664.72$
ŞİŞLİ 13866.09$

* KAYNAK: DEVLET İSTATİSTİK ENSTİTÜSU
* SOURCE: STATE STATISTICS INSTITUTE

NÜFUS
CATCHMENT 1 Km: 23,677
5 Km: 587,027
10 Km: 2,140,329
B. Understanding the Market/Consumer

3. Demographics
   • Vital statistics of the marketing area
     – population,
     – age and sex distribution,
     – average income levels,
     – number of children,
     – education level,
     – unemployment level,
     – socioeconomic level ...
   • Basic neutral, unbiased data about potential shoppers in a geographic area can be inferred
Example: AN OUTLET CENTER
POTENTIAL RESEARCH IN ISTANBUL
by
AKADEMETRE in 2003
Research took place in the following districts with the indicated ratio:

- Bakirkoy: 23.2
- Avcilar: 28.8
- Fatih: 17.6
- Sisli: 17.3
- Besiktas: 12
- Kadikoy: 8.4
- Kartal: 2.9
In these city districts, the following Gender Distribution exists:

- Men: 51.4%
- Women: 48.6%
The Education Distribution is as follows:

<table>
<thead>
<tr>
<th>Education Status</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary School and Lower</td>
<td>18.4%</td>
</tr>
<tr>
<td>High school</td>
<td>48.8%</td>
</tr>
<tr>
<td>College</td>
<td>30.7%</td>
</tr>
<tr>
<td>Graduate</td>
<td>2.1%</td>
</tr>
</tbody>
</table>
Monthly Personal Income distribution is as follows:
B. Understanding the Market/Consumer

Psychographics

- Populations are grouped, not according to demographic statistics alone, but according to life style clusters too.

Case Study

[Links provided for Bluewater -1 and Bluewter 3]
C. Knowledge Is Greater & Faster Than Ever

1. Technological Advances
   • Communication of all means
     – Internet – Magnificent tool of our era
     • Searching for competitors
     • Searching for statistics
     • Networking
     • Easy questionnaires / Polls & Valuations
III. RESEARCH: VITAL AND NECESSARY
Dubai is one of the most popular holiday destinations in the Middle East. The city is also home to one of the most popular malls in the region - Deira City Centre.

Whether you're a resident of Dubai, on a weekend break or enjoying a fortnight's holiday, Deira City Centre has plenty to offer you - a choice of 240 superb shops, restaurants, fast food outlets, a children's entertainment centre, Sofitel City Centre Hotel and much, much more!

Sofitel City Centre
HOTEL & RESIDENCE
DUBAI

Explore our Web site and you'll discover an interactive store directory, details on the many events taking place at Deira City...
C. Knowledge Is Greater & Faster Than Ever

2. Growing Sophistication Of Shopping Center Professionals

- Knowledge is shared through both international and national industry & professional associations
- More information available to more professionals through periodic meetings (fairs, seminars, conferences) and advanced communication means (internet, e-groups, etc)
C. Knowledge Is Greater & Faster Than Ever

3. Greater Acceptance of Research in Both Retail and Real Estate (cont’d)

- Differentiate from other retailers
- National and international site selection process
- Analysis of governmental, sociological, technological, economic factors, economic strengths and weaknesses of a location

- More successful and guaranteed results if research is done
C. Knowledge Is Greater & Faster Than Ever

3. Greater Acceptance of Research in Both Retail and Real Estate (cont’d)

- **Real Estate**
  - To add value during the development process
    - Providing information
    - Analyzing information and creating knowledge
    - Similar approach with retailer research
      - Location analysis / trade area analysis
  - To Make more informed and correct decisions
D. Research Sources

- ICSC
- Research companies
- Internet
- State Statistics Institute
- Industry books
- Industry magazines, periodicals
- Simple observation of major market players
- Contacts with retailers
E. Using Research to Make Lease Plan Decisions

Search for New Tenant Concepts

- Health and beauty
  - Day spa, health club
- Sports and recreation
  - Extremesports/ interactive
- Indulgences
  - French pastries, Belgian Chocolate
- Eating
  - Outdoor, ethnic chains, quick casual
- Education
  - Bookstore/café/events
- Fun
  - Artplex, skatepark
- Nesting
  - Home entertainment, furnishings
- Take Away Food
  - Prepared gourmet foods
- Personal finance
  - Stock broker, banking
Refining the Merchandising Plan

- b. “Twig” Units/Brand Extensions
1. Refining the Merchandising Plan
   c. Entertainment Concepts

   • World Examples
     – Xanadu Madrid: Ski pist
     – Almada Forum: Climbing Wall
     – Budapest: Oceanarium
     – Galleria: Ice skating
III. RESEARCH: VITAL AND NECESSARY ENTERTAINMENT CONCEPT

ALMADA FORUM - PORTUGAL

SKI PIST - SPAIN
III. RESEARCH: VITAL AND NECESSARY ENTERTAINMENT CONCEPT

GALLERIA - ISTANBUL
Tropicarium Oceanarium, Budapest

III. RESEARCH: VITAL AND NECESSARY ENTERTAINMENT CONCEPT
III. RESEARCH: VITAL AND NECESSARY ENTERTAINMENT CONCEPT
1. Refining the Merchandising Plan
   – d. Dining
Refining the Merchandising Plan

- Leisure Concepts
E. Using Research to Make Lease Plan Decisions

2. Recognizing Market Realities
   a. Successful Concepts Must Appeal to the Greater Market
   b. Research Should Not Be Manipulated to Paint A False Picture
3. FINDING & IDENTIFYING TENANTS

Finding the right tenants:

- Positioning (existing centres) / Commercial concept (projects)
- Marketing – Marketing material / trade fairs / iPads & other electronic support
- Long standing relations – a tenant brings a new tenant
- Agents
Positioning

- Pure retail vs leisure & entertainment vs F&B etc
  - Complexity: role of hard discounters and value retailers that make it confusing to organize and target.

- Brands
  - Importance of brands vs categories
  - Different cultural appreciation
Approaching tenant & merchandising mix strategy – checklist

• Target, list and rank the **best retailers in each category** based on brand recognition, range, performance and customer expectation, all clearly clustered and easy for visitors to overview and grasp.

• Focus on **Junior Fashion Anchors**

• Focus on **Newcomers-First-to-Market** and/or **unique tenants**

• **Diversify Tenant Mix** – ensure that one category does not dominate too much, especially in markets where the same fashion brands are found at all competing shopping centres.
Approaching tenant & merchandising mix strategy - checklist

• Price points range – ensure broad appeal, particularly with middle price point.

• Support tenant mix with services, food & beverages, playgrounds, sport and other leisure facilities to make the mall more attractive and to prolong the dwell time.

• Bring in food stores to increase frequency.

• Strive for at least 40% cross border retailers.
Brands

- The strength and importance of brands vs categories
- Brands take the lead over pure mix: Apple, A&F, Primark etc.
3. B2B MARKETING

An example: Leasing brochures
3. B2B MARKETING

An example: Leasing brochures
What other key info will you generally find in a *Leasing Brochure*?

**Hint:** something that starts with a ‘C’ + something that starts with a ‘D’ and what else?
Thank You!..

Avi Alkaş, CRX, CSM, CMD, CLS

Chairman
JLL Turkey

avi.alkas@eu.jll.com
www.jll.com.tr
Class Evaluation:

Please remember to complete the class evaluation by using your smartphone or tablet.

Class Evaluations Link:

survey.icsc.org/2014ERPS