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Shopping Center Characteristics

COMMERCIAL REAL ESTATE BROKERAGE

by John Highman

If you specialise in retail shop leasing, you will need to know about shopping center characteristics for your area and what makes a retail property thrive. Not all shopping center properties are the same and the competition for customers is high.

A regional retail shopping mall or center will have a big impact on surrounding areas and other retail properties given the size and drawing power of such a large retail asset. Every retail property should be reviewed regularly to understand how it is positioned in pulling in tenants and customers. The review process should be part of the business plan for the property.

So here are some factors to include in your property review:

1. Understand the location and its impact on property use and occupation. The local roads and public transport will have an impact on people moving to and from the asset. Do the roads and the public transport add value to tenant trade and property performance? Is there a

need to lobby for better transport access?

2. Assess the demographics of the area and the shopping patterns of the ideal shopper. Why will a shopper come to your property? Can that attraction be improved? Is the tenant mix matched well to the shopper?
3. The tenant mix should be assessed in a number of ways. That will include product and service offering, vacancy factors, lease types, renovation plans, and critical dates.
4. Options to renew a lease can be a good and bad thing. Some retail property owners will not give options as part of a lease negotiation, as any option can have a long term impact on property performance and tenant placement. It is better to renegotiate retail leases based on the need of the client, the tenants, the customers, and the property. It is a difficult equation to balance and any options to renew a lease can frustrate the directions and strategy behind the tenant mix.



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5. What is the customer type for the property? What days do they shop? The patterns of your shopper should be matched to your tenant mix. That matching will be in location and shop size. Choose the tenants for a shop based on the rent they can afford, the movements of shoppers, and the visual attraction of the premises.
6. Understand the current and future vacancy factors that could apply to the tenant mix and the property performance. Work on your vacancies early so you can stabilise rental in all respects.
7. Look at the clusters of tenants as they apply in different zones of the property. Clusters are those tenants of similar or complementary type. When you get the clusters right you can improve the chance of sales and customer retention within the property. Successful tenants improve property performance and therefore underpin rent and reduce the vacancy factors.
8. How well is the property marketed? Is there a marketing budget for the tenant mix and do the tenants contribute? Is the marketing of the property improving sales and customer visits?

So there are plenty of things to do here with this list and to fully investigate. Expand the list and improve the future of the property. Take into account the directions of the retail shopping center business plan.



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