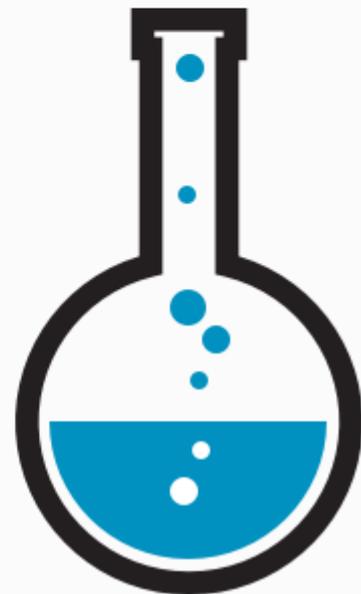


Top Rated Solutions for Shopping Center Leasing Opportunity

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Most retail shopping centres have a few levels of opportunity that can and should be tapped from a leasing perspective. Finding those 'windows' of leverage and growth is important to investment performance. It is something that you can use to your advantage as a leasing and investment expert in the property class.

So, where do you start? A property 'business plan' will help with seeing and tracking those various leasing opportunities; encourage the 'property planning idea' in your client contact and service planning. Then engage with your retail shop tenants and look for the leasing leverage that will exist.

This whole concept suggests that retail property and shopping centre leasing is an important asset class to optimize. It can also be very lucrative as an asset class for specialist leasing brokers and agents. Connect with your shopping centre owners and refine your leasing services to cover key retail changes and leasing opportunities locally in your town or city. Seize the changes in the property market to grow your real estate client base; be that with business owners, franchise groups, or property owners.

What do you do when it comes to finding the property and leasing opportunities in a retail asset? You can look at key property facts; It's called an opportunity assessment. It can be a strategic part of your retail leasing business services to landlords.

Changing Retail Trade

The retail trading patterns are changing around the World as a direct result of customer shopping patterns on the internet and with online businesses. Here are some ideas to help you get started:

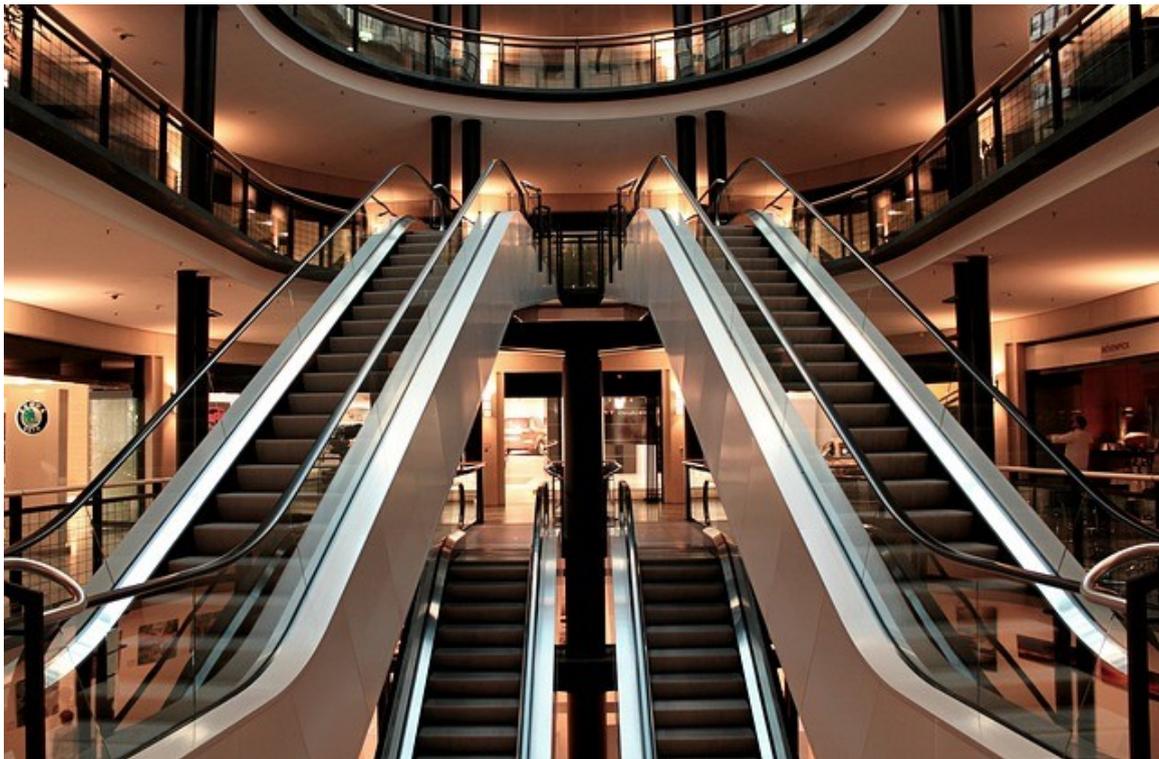


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1. **The larger tenants** – Talk to your larger tenants frequently, and particularly the ‘anchor’ tenants. Know what they are experiencing with trade and customer shopping patterns. They are your ‘leading indicators’ of change and challenge. **Keep close to the larger tenants** to understand what they are experiencing in retail trends. They are likely to ‘feel and see’ the customer shopping preferences at the front counter or the checkout before other tenants will.
2. **Property intelligence** – Most leasing managers of shopping centres will meet with the ‘anchor’ tenants at least monthly; that’s a good idea from a ‘property intelligence’ perspective. A history of trade with the main tenants will tell you how the shopping seasons are changing and where leverage in sales can be achieved. The activities of the anchor tenants should be integrated closely to the activities and actions of the specialty tenants.
3. **Split the merchandise segments up** – That will help you see **what customers are buying**, needing, and overlooking. As the internet has an impact on sales and customer visits, the pressures and trends will be seen in the merchandise groups. Track the sales trends and MAT (moving annual turnover) with all the tenants and the merchandise groups. You will see patterns and how they shift trade results during the year.
4. **Analyze the clusters** – In larger retail properties there will be clusters of tenants to watch, shape, and change. The clusters will be around the entrance doors, the corridors of the mall, and the zones where the foot traffic factors are the highest. It is a good idea to build on the success of your tenant clusters. Look at how some tenants can trade off the activity of other nearby tenants.
5. **Branding and marketing of the property** – Ask about the property promotions locally and know how effective the retailer signage would be at the entrances to the property, the carpark, and the doorways.
6. **Franchise group presence in the mix** – The retail franchise groups and franchisors, can bring reasonable attraction into a tenant mix. They have a business model that is designed to make their franchises successful. Talk to the franchisors regularly, so you know what they are looking for in new occupancy opportunities.
7. **Look for occupancy weaknesses** – **Weaknesses in a tenancy mix** are generally centered around a tenant that is suffering from a low trade, lack of exposure, poor marketing, or lack of customer interest. Conversely, there will always be some tenants that are stronger than others. Look for the weaker tenants and act to help them with their marketing or retail offering. It is better to action these things early than to wait for an accumulating arrears problem.
8. **Know the ‘door counts’** by days of the week and the different times of the year – Some doors into the property will be busier than others, and that is a promotional advantage to be worked. That then gives you the chance to boost property and tenancy marketing at the entrance points. Look at your signage in the entrances and across the property where people pass or congregate.
9. **Transport points assessment** – Look at the transport points where people may leave and enter the property, and consider the taxi ranks, car parks, train, and bus drop off points. You can quite likely do more with signage at those points, and you can also assess the days of the week or times of day where those points are busiest and primed for ‘customer attraction’.

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10. **Assess the local area marketing** – Review the existing or recent marketing campaigns for the shopping centre and determine the effectiveness locally. Seasonal sales and holiday periods will give you some good indicators to work with when it comes to tenant and property marketing. Also, review the status of the marketing funds for the property and decide if more funds can be ‘channelled’ to better use. Look at the attraction ‘results’ from earlier marketing campaigns. There is no point in spending marketing money without a reason and a tracking mechanism. Track and measure your marketing outcomes.
11. **Marketing funds and campaign use** – See where funds are spent currently and what funds are available for [ongoing customer connection and marketing](#). Any retail property should be comprehensively promoted to its customer base in a direct way. There are primary and secondary ways to do that as well as ‘online’ versus ‘offline’ initiatives. The media channels used will be one aspect to understand. However, you can get your tenants involved in promoting the property, and they will give you plenty of feedback. Their business can be your property marketing success indicator.
12. **Common area uses** during busy periods of the day or week – It is notable that the common area of a shopping centre can be so important to business attraction and customer involvement; perhaps even sales at a tenant level. [Look at the design elements of the property](#) to see how customers are served and supported as they move around the asset.



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13. **Do regular annual customer surveys** – Over time you can track what customers want in a retail tenant mix, and then those matters can shape into the property changes and opportunities of reconfiguration. In retail property, the customer survey strategy is valuable. Use the concept as part of your shopping centre business planning for the year ahead.
14. **Ask the tenants** – As strange as it may seem; your tenants know a lot about what customers think and how trade is going at a weekly level. Connect with your good quality tenants regularly to understand what they are seeing and feeling about retail trade and sales numbers.
15. **Lease expiry dates and options** – Keep well ahead of lease critical dates. The best time window for that is around 12 months to 18 months out. Look at what could be coming up with leases ending, market rent changes, and tenants seeking to improve occupancy. Lease options can always negotiate early. You can also offer incentives to sitting tenants to encourage them to stay in the property and or move to another location.
16. **Lease documentation and standards** – Good [quality lease documents](#) can improve the asset over time. That then can lead to better rents, sales prices or investment yields. Create a standard lease in the property that can match the investment targets of the landlord. Use that standard lease as you introduce new tenants to the property, and or renew any occupancy requirements for sitting tenants.
17. **The shopping centre trading seasons and patterns** – Review the trading year for the opportunities of activity and growth in retail sales. From that investigation, you can see the customer changes and growth
18. **Successful specialty tenants** – There will likely be a few tenants in your tenant mix that are notably more successful than others in the property. There will be reasons for that. Look at their product offering, their marketing, and customer attraction factors. What is drawing in the sales and the people? Can you replicate those attraction factors for other tenants in the property?
19. **Expansion potential and design changes** within the property – Simple change factors in property design, customer movement, and [tenant placement will help with boosting property performance](#). Expand the property in the right way. Look into the design elements of the property. Look at the factors of expansion as they may apply in the common areas, around other tenancies, at the entranceways, and within the property design.
20. **Licensed areas and 'pop up' tenants** – Decide where you can add other small casual tenants in the common areas for better customer interaction and attraction. Address any immediate vacant location with a 'pop up' strategy.
21. **Rental growth and stability** – One of the first things to do when looking at a shopping centre is to [understand how the tenancy mix may change over time](#) and particularly the next 18 months. Some tenants will be leaving the tenancy mix and others will be needing special attention when it comes to expansion and contraction. On that basis look for situations of stability, change, and opportunity. Rents can improve over time providing you adopt the right process.

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22. **Vacancy reduction** – When you look at the schedules of leases within the ‘clusters’ and retail zones of the shopping centre, there will be some vacancy factors active or coming up. On that basis, those vacancies should reduce where possible and desirable. Let the vacancies occur only where poor-quality tenants should be leaving the asset. **Choose replacement tenants of good quality** and try to do that well in advance. Create a tenant marketing and retention plan to help with that.
23. **Landlord risk assessment** – Some landlords are exposed to elements of significant risk in property performance, and those risk factors can be either financial or physical. Understand the property for what it is physically, and look at the matters of **lease documentation**, a turnover by merchandise group, customer use within the property, and rental income today. Look for the risk factors that you can work on and resolve through careful lease planning and activity.
24. **Market rental benchmarks** – While it is good to improve the market rental over time, that strategy should be realistically applied by customer attraction and property success. There is no point in putting too much **pressure on the tenancy mix** when ultimately your tenants need sales to achieve stability and ongoing occupancy. It’s a fine balance to work with.
25. **Property maintenance requirements and activities** – Where are the maintenance pressures in a retail property now? How do they impact trade, customer movement, and retail ‘vibrancy’? Capital works programs of a major nature will be in that assessment as they typically impact a zone of any retail property for a reasonable amount of time. A retail property must look good and ongoing maintenance is part of that.
26. **Competing properties** – Survey the other properties in the location and particularly those shopping centres that you would consider as ‘competing’ with your listing, or your client’s property. Those competing properties will have **unique elements of tenancy mix and tenant change** to know and track. Get to know what’s going on with those properties when it comes to the average vacancy factors in the region and within the property class.
27. **Vacancy averages** – Do you have more vacancies in your asset on an area basis, and why is that? You could also attract some tenants from other properties to your vacancy listings and your shopping centre. Connect with all the major tenants in the competing properties on a regular basis and track those connection processes. Perhaps you can offer a better level of occupancy in your asset.
28. **Occupancy costs averages** – In some retail properties, the occupancy costs are merged into **the lease rental structure**. The tenant then pays for some or all the property occupancy costs based on an area of occupancy. While that is good for the landlord, it is critical to know if those costs are around ‘industry average’. A shopping centre with higher occupancy costs will be hard to market and promote. Any new tenants will assess those numbers before taking up a new lease.

These key factors of review become the basic model of opportunity assessment in a retail shopping centre tenant mix and property operational plan. You can refine your professional leasing services around this special property review process.