

Retail Leasing Strategies

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When it comes to leasing a retail shopping centre, the mechanism of leasing can be quite specific and specialised. That is why some leasing experts only specialise in retail property. It is a very special part of the property market requiring good market knowledge and excellent tenant contact.

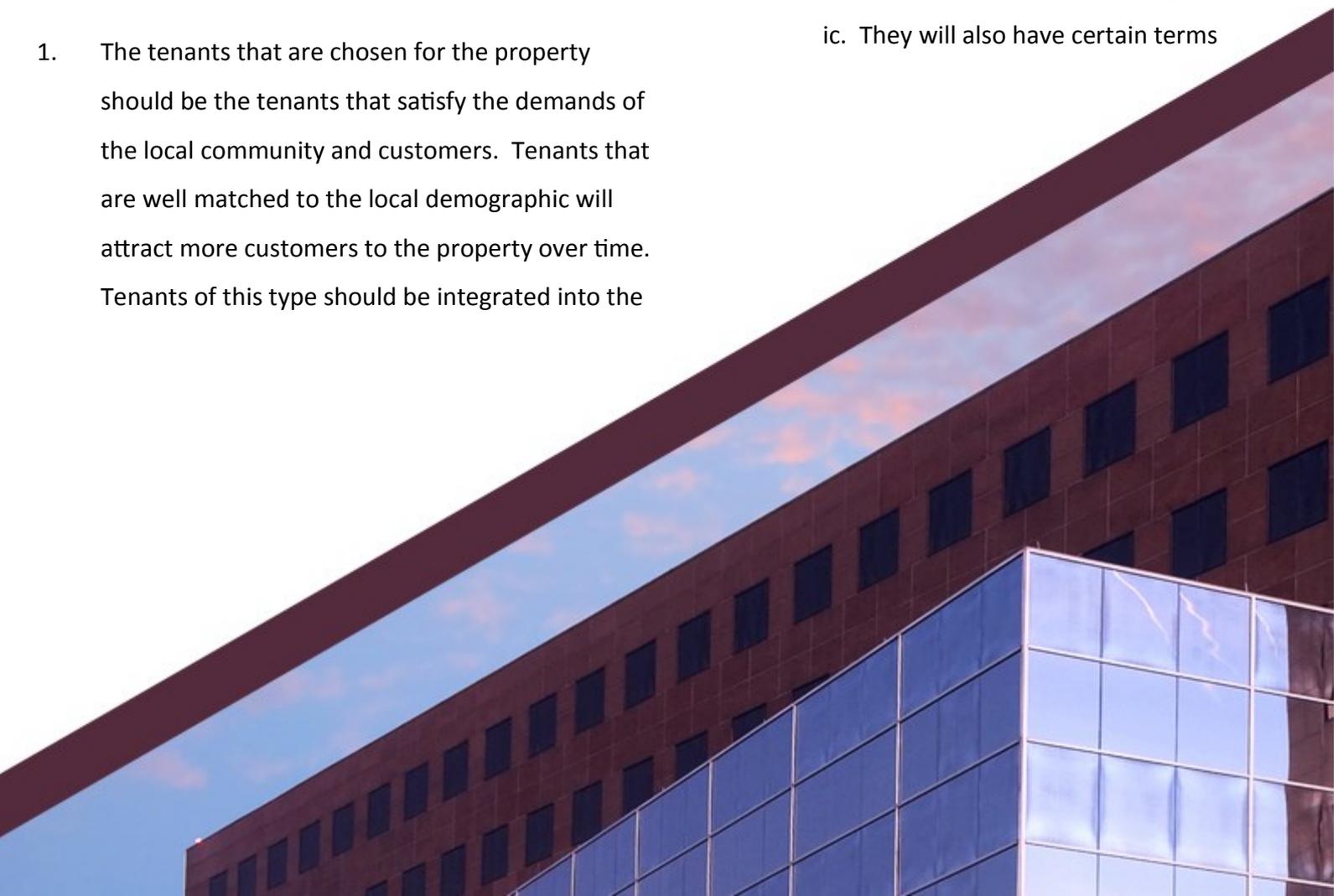
A shopping centre or a retail property is a vibrant business environment and it needs to be understood for the best leasing results to be obtained. To a great degree, the success of the tenants will be generated from property performance, tenant mix, customer interaction, and the landlords support. There are many ways that these issues need to evolve if the retail property is to succeed for the long term.

Here are some tenant mix strategies to apply to a retail shopping centre to assist the leasing process and the overall tenancy mix.

1. The tenants that are chosen for the property should be the tenants that satisfy the demands of the local community and customers. Tenants that are well matched to the local demographic will attract more customers to the property over time. Tenants of this type should be integrated into the

overall tenancy mix at strategic places and within specific retail clusters. Clusters of tenants generate more sales in the property. A cluster is a specific retail tenant mix strategy.

2. Get to know the franchise groups in the local area that may require premises in your property at any future time. There will also be other franchise groups that are not yet located in your region or town. Connect with all the franchise groups that have a reasonable retail offering and therefore potentially an attraction to your customer base. Understand what these franchise groups require of a property, and population demographic. They will also have certain terms

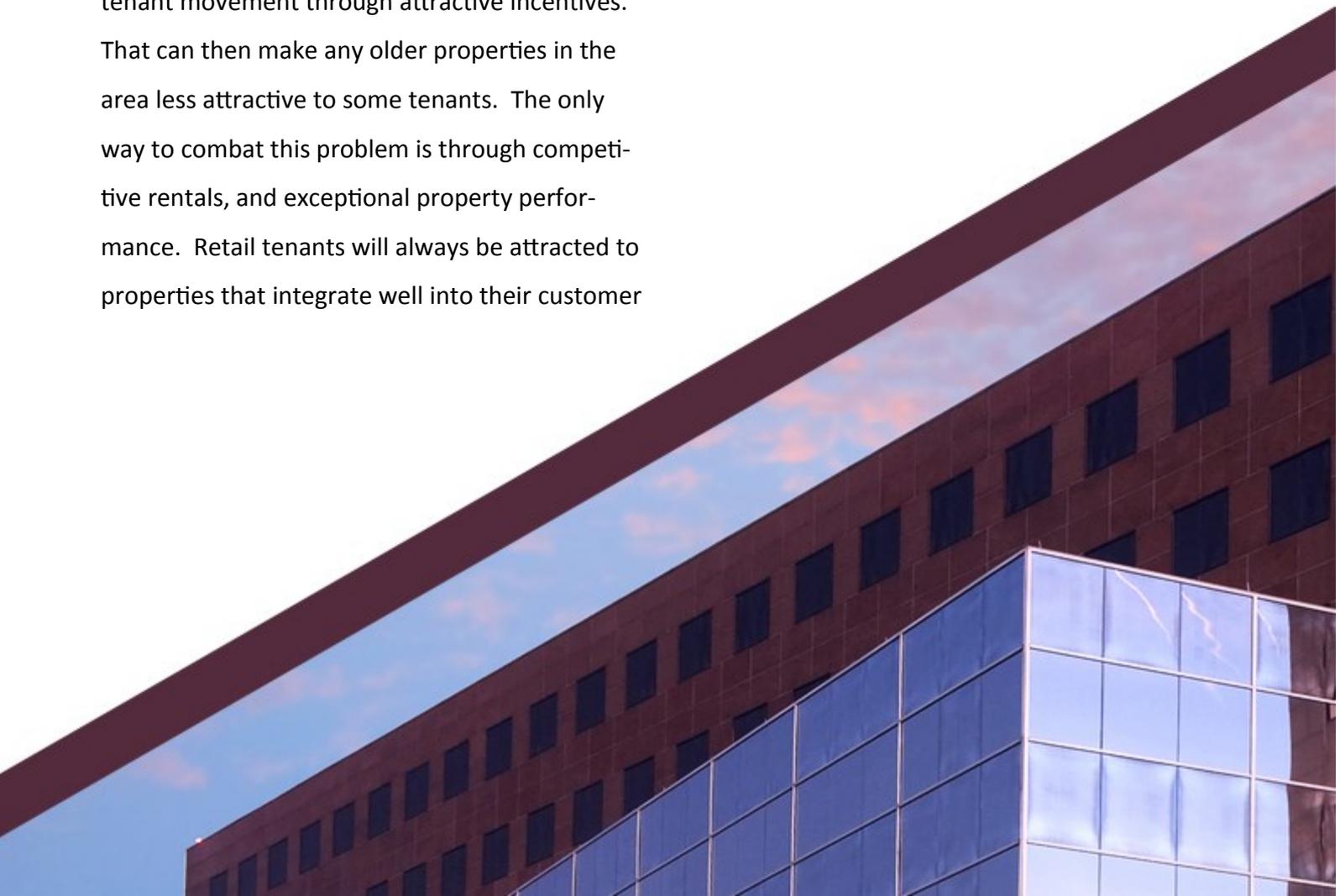


and conditions that relate to their lease occupancy and property selection. In many cases they will share that information with leasing professionals in preparation for identifying the right property. Get to know the franchise groups.

3. Monitor the activity of all competing retail properties locally. That will include the rental profiles, vacancy activities, and lease occupancy. Selectively approaching the tenants within these properties will help you with market intelligence and leasing strategies.
4. Identify any new property developments that are soon to be released on the market. They are likely to shift the balance of available space and rental across the region. They will also try to entice tenant movement through attractive incentives. That can then make any older properties in the area less attractive to some tenants. The only way to combat this problem is through competitive rentals, and exceptional property performance. Retail tenants will always be attracted to properties that integrate well into their customer

base. Make sure your retail property does exactly this.

5. Your existing tenancy mix will contain tenants that are more or less attractive to the future of the property. You will require a tenancy retention program to define the differences between those tenants. Over time the retention program can remove difficult tenants, reposition better tenants, and reduce your vacancy profile. The tenant retention program is a significant business tool and point of difference for many retail leasing experts.



So all of these things will help you with the necessary momentum to improve your leasing activity; over time you can lift your tenancy outcomes. Respect the differences in retail property leasing, and understand the specialised nature of lease negotiation. Many commercial property agents have made a significant and very rewarding career from retail property. You can too.



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