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RETAIL PROPERTIES Quarterly

Brighton capitalizes on changing consumer demands

Jay Weise Photography

The area's agricultural backbone is evolving to further embrace retail trends. For example, in addition to farm production, the historic Bromley Farm in Brighton now provides tours, classes, seasonal activities and event space.

by Michelle Z. Askeland

Two retail trends are shaping how the city of Brighton and Adams County prepare for future development and community growth while honoring the agriculture backbone that has defined much of the area's culture for generations. The trends – the retail experience placing a greater emphasis on buying and supporting local in tandem with consumers' increasing demand for healthier foods – are naturally intertwined with local agriculture.

Nationally, the local food business, defined as food produced, processed and distributed within a consumer's community, is booming. Local food sales grew from $5 billion in 2008 to $12 billion in 2014, and sales are projected to reach $20 billion by 2019, according to the Urban Land Institute's Cultivating Development report.

In addition, the U.S. organic industry saw an 11 percent increase in sales from 2014 to 2015, while the overall goods market saw just 3 percent growth during the same period, the ULI report stated. Further, 73 percent of U.S. residents said they considered access to fresh, healthy foods to be a high or top priority, according to the ULI's America in 2015 survey.

In response to these consumer demands, we're starting to see the food component become more of an anchor for real estate development projects. New development projects that include some sort of food-based businesses, such as restaurants, food halls, grocery stores and farms, bring value, create a sense of attachment to the development and foster stronger community ties, the ULI report stated.

Incorporating these retailers is proving to be fruitful for other shopping center tenants as well because they generate traffic and increase the amount of time customers spend at a particular retail center, the ULI and PwC's report Emerging Trends in Real Estate 2016 found. For these reasons, nonfood-related retailers are beginning to request locations near "chef-driven" restaurants.

"We're going to see a trend where food is going to weave back into retail in a major way," said Jon Beckner with Agriburbia Development. Due to market disruption from online retailers, brick-and-mortar stores are blending in social components, often in the form of entertainment and food, he said. "I think local products are going to be what's driving the market in the future."

Brighton/Adams County

Thanks to the proximity of Adams County, the Denver metro area enjoys some of the shortest food miles – the distance food travels from where it is grown to where it is consumed – in the country. Many city residents might

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Letter from the Editor

Lessons from Sears

As the debate rages on regarding the future of brick and mortar in the face of e-commerce, an alternative discussion is gaining momentum. This is the phenomenon of online retailers moving into physical stores. Lisa Macneir's article on Page 16 highlights the success three online-only retailers – Warby Parker, Bonobos and Indochino – are enjoying after establishing physical stores. The most discussed online retailer making a splash in the real estate community is Amazon, through its purchase of Whole Foods, which gives the company more than 450 storefronts across the nation.

While researching for this issue, I came across a fascinating article in The Atlantic, written by Derek Thompson, titled, "The history of Sear predicts nearly everything Amazon is doing." The article drew many parallels between the two retailers, and offered insights that can transcend the brand and be applied to the larger pool of online retailers moving to brick and mortar.

A 100 years ago, Sears, Roebuck & Co. was the No. 1 mail-order retailer in the nation, with a famous catalog-ordering system that saw its revenue grow from about $750,000 to about $38 million from 1895 to 1905, according to the article. After firmly cementing itself as the mail-to-consumer behemoth, the company branched out to brick-and-mortar stores.

According to the article, the company strategically expanded and built stores based on data from the U.S. Census, following national migration from farms to cities and then to suburbs. Between 1925 and 1929, 300 Sears stores cropped up across the nation. As it expanded, the company began to branch out into adjacent businesses.

"It's remarkable how Sears's rise anticipates Amazon's," the article states. "The growth of both companies was the result of a focus on operations efficiency, low prices and a keen eye on the future of American demographics."

While there were growing pains in the process of this expansion, Sears, Roebuck & Co. managed to not cannibalize its catalog business with a physical presence for years to come.

It's ironic now that the latest iteration of retail trends – the move away from big-box retailers selling everything – is causing the once-giant retailer to scramble and try to stop six years of diminishing sales and profit loses. While its staff has been cut by more than 200,000 employees, the company reports it is executing a turnaround plan.

Time will tell if the company can reinvent itself once more – just as time will tell how today's online-only retailers signing leases will do. If they learn from history, they should recognize the inevitable growing pains that accompany this change, while finding ways to gain loyalty by bringing more convenience to their customers.

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NewMark Merrill MOUNTAIN STATES

ACTIVE ACQUISITION & DEVELOPMENT

NewMark Merrill is an opportunistic buyer specializing in neighborhood and community shopping centers and focused on properties with redevelopment and retenanting potential.

Whole Foods, Sam's Club, and Regal Cinemas have now opened at Village at the Peaks in Longmont with more exciting tenant announcements coming soon. The project nearly fully leased with only a single front entry pad remaining.

THIRD-PARTY MANAGEMENT

NewMark Merrill Companies is a full service management and leasing company with over 80 properties totaling more than 10M sf and a value of more than $1B in 3 states. We have a selective approach in accepting properties to manage allowing us to devote our complete team of retail professionals to ensuring the implementation and achievement of very specific financial goals to maximize both the short and long term cash flow and value of the property.

COMMUNITY BUILDING

NewMark Merrill understands that the enduring success of a development is based on its community appeal and brand. In addition to its exceptional operational, leasing and development platform, NewMark Merrill focuses on creating experiences and "third places" that bring together municipalities, merchants and community members in creating lasting neighborhood landmarks.

The updated tenant mix at Broomfield Plaza on 120th & Sheridan is well underway with JAX Outdoor Goods and Chuze Fitness recently added. New pads are now available. Call for more information.

Boulder County's Newest Regional Destination Coming to the Village at the Peaks in 2017.....

VILLAGE AT THE PEAKS

La Madeleine, French Bakery & Cafe

La Madeleine's 5000 sq. ft. Longmont cafe is the Dallas-based company's first of up to 12 café restaurants in Colorado. Plans for the café features French county architecture, an open pastry kitchen, traditional fireplace, wood floors, beamed ceilings, large outdoor patio, private dining room and wine room.

Next Door, an American Eatery

The Kitchen Restaurants are a family of restaurant concepts with locations across America, focused on sourcing and preparing real food at every price point, with a special emphasis on strengthening the local food economy. Next Door, an American Eatery is a family of urban casual, American eateries serving affordable real food sourced from American farmers.

COLORADO PROPERTIES

Arvada Marketplace
I-70 & Wadsworth Blvd.
Arvada, CO
164,611 Sq. Feet

Citadel Crossing
Academy Blvd. & Platt Rd.
Colorado Springs, CO
470,000 Sq. Feet

Village at the Peaks
Ken Pratt & Hover St.
Longmont, CO
555,602 Sq. Feet

Broomfield Plaza
120th Ave. & Sheridan Blvd.
Broomfield, CO
105,064 Sq. Feet

Fort Collins Marketplace
College Ave. & Horsetooth
Fort Collins, CO
79,071 Sq. Feet

Fox Creek Marketplace
17th Ave. & Pace St.
Longmont, CO
80,454 Sq. Feet

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Market Update

Denver's retail market riding Rocky Mountain highs

Denver's roaring economy continues to attract businesses and new residents, sustaining demand for goods, services and retail real estate. Ongoing job growth well above the national average has supported the unemployment rate contracting to 2.2 percent by the end of the second quarter, one of the lowest rates in the nation. By the end of the year, the metro's labor force is expected to expand by 2.4 percent. In addition, a rise in high-paying positions has supported rising median household incomes, which is $17,100 more in Denver than the national median and translates to higher spending power. These positive economic trends have created robust demand for retail goods and services at a time when market-wide concern over the state of retail as a product type has been prevalent.

Ryan Bowlby
Senior associate, Marcus & Millichap, Denver

The largest retail developments are occurring in the outskirts of Denver in suburban communities such as Castle Rock and Thornton. Alberta Development continues to deliver new retail square footage as part of the planned 1-million-sf Promenade at Castle Rock. A 139,000-sf Sam's Club and a 125,000-sf King Soopers opened earlier this year, joining Ulta Beauty and several smaller-scale retailers. On the northern end of the Denver metro area, Simon broke ground on the Denver Premium Outlets, which will contain 80 outlet stores totaling more than 330,000 sf.

Drew Isaac
First vice president investments, Marcus & Millichap, Denver

While the larger retail developments mostly are occurring in the outlying suburban communities, in the urban core, older neighborhoods are being redeveloped with mixed-use apartment and office buildings that also include retail components. The most notable is the 9th and Colorado Project, which is being developed by Continuum and will include between 235,000 and 300,000 sf of retail space once the project is fully completed.

In the first half of the year, 284,000 sf of new space was delivered, with the bulk of the activity occurring in the northwest submarket. By the end of 2017, builders are slated to complete a total of 750,000 sf of new retail space. While this is an increase of 110,000 sf from last year, it's important to note that the pace of development still is far below the long-term average prior to the recession. Developers' restrained and cautious approach to new retail projects since the recession has kept the market in balance and tenant and investor demand for premium retail product at very high levels.

Despite the increased deliveries this year and a changing retail landscape, strong retail demand will compress vacancies in the Denver area. While the third quarter saw a slight increase in the vacancy rate due to new product coming on line, the full-year 2017 absorption levels will once again outpace new inventory, resulting in the vacancy rate dropping 20 basis points and building on last year's 40-basis-point drop. And, as retail vacancies fall, rents will continue to rise.

Overall, demand for retail space is driving rent growth in Denver. As of June 30, the average asking rent increased to $17.47 per sf and is expected to climb 4.8 percent to $17.60 per sf by the end of 2017, the largest percentage increase in nine years and surpassing the prerecession high. While new retail construction routinely commands $30 to $40 per sf for well-located shop space premises.

Denver's positive retail real estate performance and the area's favorable long-term growth outlook continues to attract investors. Single-tenant restaurants and fast-food stores remain the prime choice of many buyers, driving yields into the 5 percent range. Many investors who have been priced out of this market were able to achieve more attractive yields – in the low 6 percent range – in recently constructed multitenant strip centers with long-term leases and attractive tenant mixes. One such asset we recently sold in Stapleton was leased to eight tenants, seven of which had signed 10-year leases with absolutely no landlord responsibility to cover any property expenses. These types of multitenant assets are uniquely positioned to appeal to investors more familiar with single-tenant,

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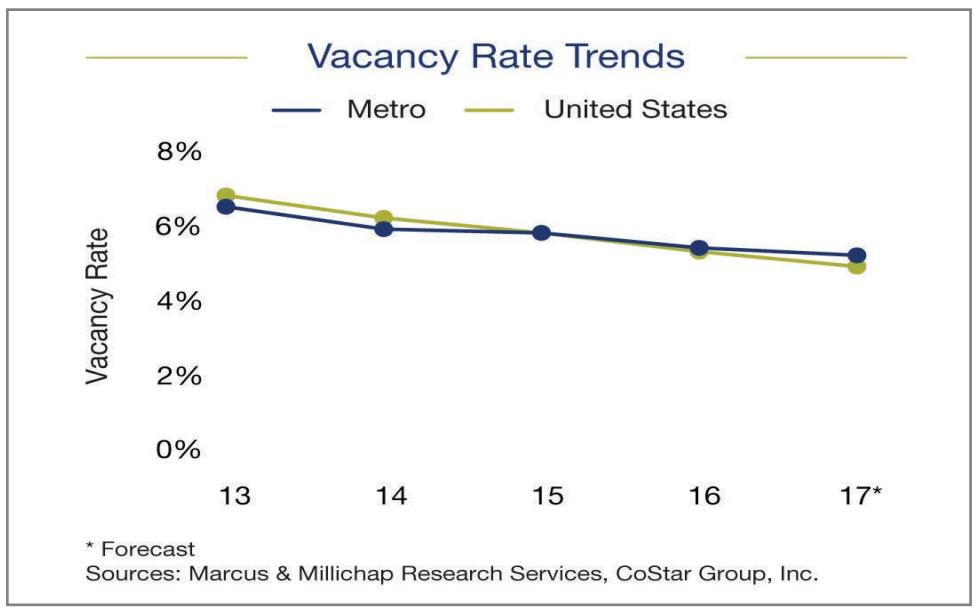

Marcus & Millichap

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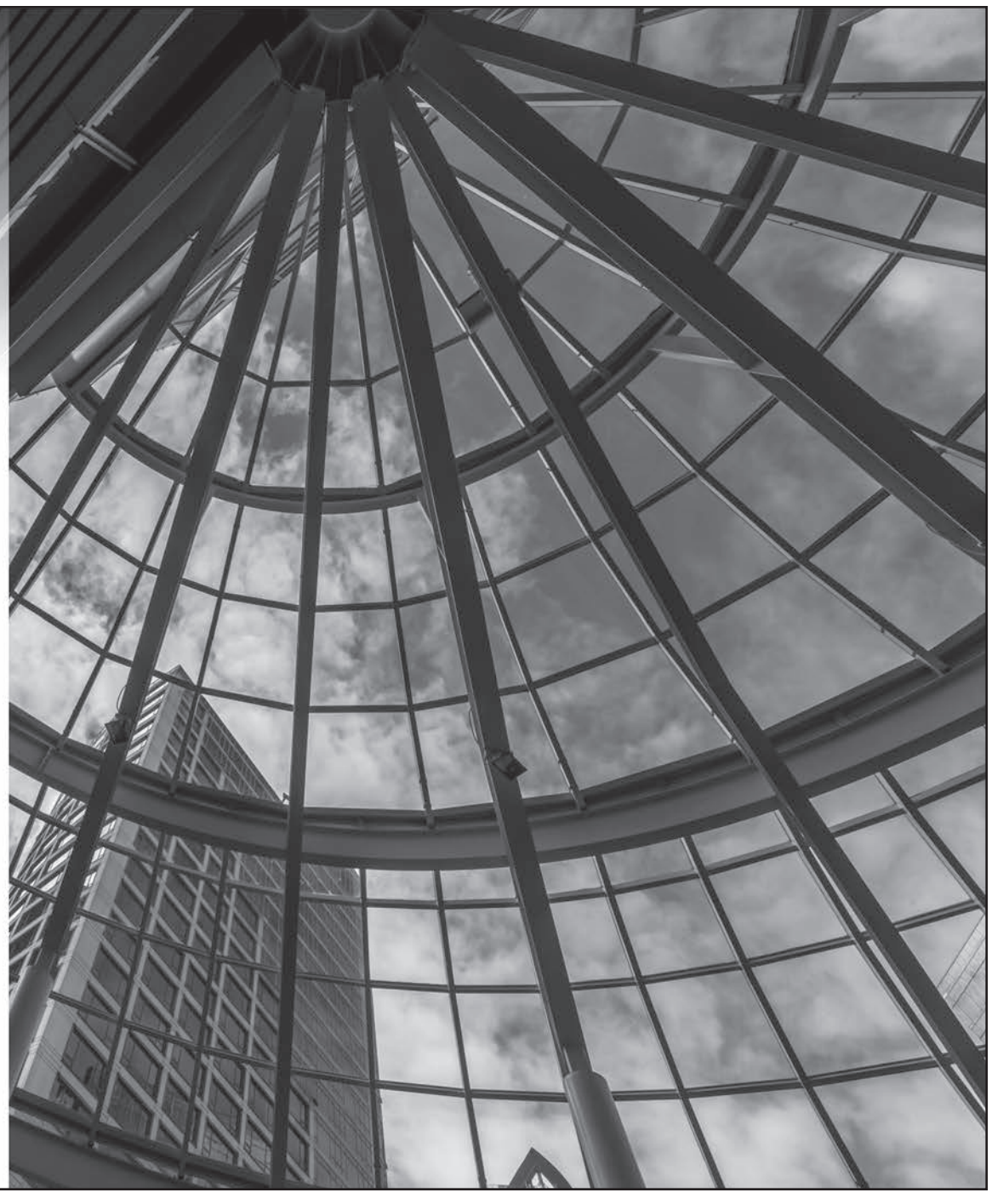


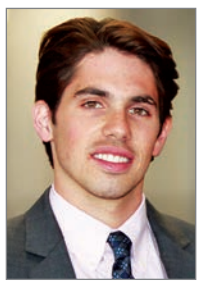
Market Update

Why dollar stores are the retailers of the future

Real estate investors and 1031 exchange buyers continue to gravitate toward single-tenant net lease properties as these properties typically offer long-term leases, minimal management responsibilities and credit tenants. However, the supply of new construction single-tenant properties with long-term leases continues to diminish. With many consumers abandoning brick-and-mortar retail in favor of e-commerce, numerous retailers have significantly reduced or halted their expansion plans. This has resulted in a lack of supply of new construction long-term, single-tenant properties.

Few retailers are expanding at the pace of dollar stores. Dollar General is expected to open 1,000 stores in 2017 while Dollar Tree/Family Dollar plans to open 650 stores. Needless to say, dollar stores are expanding at a ferocious pace – and for good reason.

In 2016, Dollar General grew its same-store sales by 0.9 percent, which represented the 27th consecutive year of same-store sales growth. Meanwhile, Dollar Tree, which is the parent company of Family Dollar, saw its same-store sales grow by 1.8 percent, which accounted for its ninth consecutive year of same-store sales growth. Both retailers continue to grow their same-store sales despite significant new store expansion, increasing prevalence of e-commerce and the Great Recession of the late 2000s. Dollar stores have been careful to expand rapidly while not cannibalizing existing locations. Their business model has proven to be largely e-commerce resistant as a majority of their consumers are located in secondary markets that make e-commerce cost-prohibitive and inefficient. Lastly, dollar stores are resilient in difficult economic times as their products are convenience goods offered at an affordable cost.



Zach Wright
Investment sales broker, Pinnacle Real Estate Advisors, Denver

Dollar General and Family Dollar sell name-brand products that frequently are used and replenished, such as food, snacks, health and beauty aids, as well as cleaning supplies, family apparel, housewares and seasonal items. The products typically range in price from $1 to $10. The Dollar Tree business model is slightly different as it sells snacks, food, candy, health and beauty products, toys, gifts, party supplies, stationery, craft supplies, teaching supplies, books, seasonal décor, glassware, dinnerware and cleaning supplies for $1 per item or less.

Dollar General, Family Dollar and Dollar Tree offer real estate investors favorable lease terms. A new construction property offers an initial lease term of seven to 15 years with up to 30 years of renewal options and minimal to no landlord responsibilities.

Helping fuel the rapid growth of the dollar store sector are the preferred developers, some of which are building more than 25 stores per year. Because the developers have such large pipelines of properties under construction, they typically sell a significant amount of their product to either allocate capital into future development or take a profit. Since the start of 2016, there have been over 510 new-construction dollar stores sold nationally, according to CoStar. Previously, institutional buyers and investment funds acquired large portfolios of new-construction dollar stores but have since limited their acquisition of this sector as they fulfilled their allotment.

Dollar stores continue to grow their same-store sales despite significant new store expansion, increasing prevalence of e-commerce and the Great Recession of the late 2000s.

Where in the past the developers could rely on an institutional buyer or investment fund to acquire the pipeline of stores, developers now are selling the new stores in small portfolios or one-off transactions to private capital buyers. This has resulted in a significant increase in the supply of new-construction dollar stores on the market and capitalization rates that have risen slightly year over year. Cap rates for new-construction dollar store properties typically are between 6 and 7 percent, which is priced at a slight discount to the single-tenant retail market as a whole. The discount associated with dollar store properties can be attributed to their location, which typically is in a secondary market.

Older dollar store properties with less than 10 years of lease term remaining also garner significant investor interest as the properties typically offer a higher return. These

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Leasing

Don't overcommit to fast-casual dining tenants

I grew up with three brothers, so the first question we asked when we got home from school was, "What's for dinner?" Today, for many families, it's, "Where should we go for dinner?"

My parents took us out to dinner about once a month and usually it was to a local all-you-can-eat place to top our tanks. Almost all of our meals were prepared at home and going out to eat was something special.

Today, often "cooking" looks like picking up a prepared meal from Whole Foods or King Soopers, heating it up and maybe putting it in a serving dish – or going out to eat at a fast-casual restaurant. The average American now goes out to eat over four times per week. "From 2015 to 2016, for the first time in history, Americans spent more money at bars and restaurants ($54.9 billion) than they did on groceries ($52.5 billion)," according to Motley Fool.

This growth has been supported by a juggernaut of new restaurant concepts and related space in our shopping centers, especially in the fast-casual sector. Fast-casual visits have increased between 5 and 9 percent annually for the past five years, according to NPD Group. Moreover, sales in this sector have grown over 550 percent since 1999, which is 10 times the growth in the fast-food industry. Double-digit annual sales growth is forecast to continue in the fast-casual sector through 2022, while the rest of the restaurant industry is predicted to only see about half a percentage point annual increase, according to Nation's Restaurant News.

Allen Ginsborg
Managing director and principal, mountain states, NewMark Merrill Cos., Longmont

Traditional grocery stores have taken note of the popularity of fast-casual dining and the success of grab-and-go meals. Kroger, Wegmans and Lucky's Markets are creating in-store dining, often complete with table service and alcohol. Wegman's offers burger bars with eight different choices. Coborn's market has added wood-fired pizzas in two stores. Whole Foods generates over 15 percent of its typical store sales from its eateries. This new trend of "grocerants" is on the rise.

Grocers have a competitive advantage due to their lower food costs, existing infrastructure and brand recognition. USA Today recently reported that these in-store eateries generated 2.4 billion customer trips and $10 billion in sales in 2016. What's more, NPD says these meals costs an average of $4.22 versus $7.96 at a fast-casual restaurant.

The evolution of food as an anchor tenant has been good for Colorado landlords. We lost a lot of mom-and-pop tenants during the recession and were able to replace them with fast-casual tenants who often paid higher rents due to large landlord investments justified by the higher tenant sales per square foot. However, we may be approaching saturation in the fast-casual segment. Pie Five Pizza and The Melt have each closed five stores this year and exited the state. Noodles & Co. is closing 55 units nationally, and the pioneer of fast-casual dining, Chipotle, is still recovering from near fatal problems due to food safety.

> Fast-casual restaurants are susceptible to the same forces affecting fashion and other soft goods retailers: overexpansion, changing consumer tastes and economic downturns.

Mandatory minimum wage increases of 90 cents a year in Colorado rising to $12 an hour by 2020 will increase pricing pressure on fast-casual concepts. Added to a very tight labor market due to our state's 2.3 percent unemployment rate, it is becoming increasingly more expensive and more difficult to attract and retain qualified fast-casual dining workers. Fortunately, food costs have been relatively flat, which has helped offset rising labor costs.

Just as eating out too much may be fueling demand for all the new gyms coming to Colorado, landlords need to be cautious about relying too much on food uses to fatten their returns. Fast-casual restaurants are susceptible to the same forces affecting fashion and other soft goods retailers: overexpansion, changing consumer tastes and economic downturns.

If food prices increase and exert pressure on menu pricing or an economic slowdown leads to increased unemployment, the consumer may decide to cut back on dining, or at least spend more on lower-cost food providers like Amazon and "grocerants." This could spell trouble for some fast-casual concepts that are laden with debt or unable to adjust their menus to be competitive. It's time to ramp up checking Yelp ratings and debt loads before expanding menu offerings in our projects.▲

Leasing

The art of curating: Perfecting your tenant mix

The word "curation" usually is associated with art galleries, museums or trendy music festivals. However, it is rapidly gaining traction among retail landlords. Where once they talked about "active asset management" or just "improving the tenant mix," today many landlords consider themselves "retail curators." In today's changing retail landscape, it is more important than ever for retail landlords to have tenants that complement each other, creating convenience for the customer and added traffic for the retailers.

Retail remains strong and will continue to be, despite the rumors of its demise. At its core, retail real estate is about convenience, access and visibility. As long as you have those key ingredients, there always will be a need for space that can satisfy those fundamental needs of consumers. However, a lot of the businesses and categories that landlords have relied on in the past are no longer viable options (i.e., Blockbuster, Borders, Ultimate Electronics, etc.). So, adapting to the new retail reality is important.

Although the categories and names may change, the need for well-located retail space prevails. For long-term stability, shopping center owners need to have the right mix of tenants and adapt to the new economic realities and consumer realities of the times. It is more important than ever that community shopping centers offer a unique destination that gives consumers a reason to stay. This

John Livaditis
President, Axio Commercial Real Estate, Denver

could be unique restaurants that drive nighttime traffic, entertainment options for weekend crowds or a quality mix of daily needs that bring a steady stream of daytime traffic. In many cases, we have reached the point where rents are difficult to sustain unless the landlord can find the right type of use that can generate the sales, in which case rents can keep improving.

With pressure from rising rents and competition from online sales, retailers are scrutinizing locations more than ever. It is important to understand the benefits of a particular location. Each location has a distinct set of characteristics and those characteristics will drive what type of retail will thrive there. Landlords and brokers must consider if the space is urban or suburban and what age groups it is targeting – such as millennials, elderly or young families with kids. It is important to understand who the target audience is going to be in order to create a mix of tenants that will meet the needs of the area.

It is more difficult for a retailer to thrive solely on its own than when it is surrounded by complementary retailers. For example, the health and wellness trend is as strong as ever. We're still seeing new fitness workout concepts pop up, whether it's Pilates, yoga or cycling. Along with that, you have your healthy eating options that are actively looking for new locations. These uses are great complements to each other and can provide the convenience consumers want while driving sales for retailers.

Denver's population growth is driven by millennials and young families, and both have strong buying power and are looking for very specific things on which to spend their money. As areas change, so do the needs of those who live there and the needs that should be met by retailers. Synergy is not only created with the retailers themselves, but also through the overall development of the center. Developments can drive uses by creating

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Retail categories that are key in today's new retail reality

- **Medical**. Common medical tenants include urgent care, dentists, optometrists, physical therapy and medical spas. Strip malls are benefiting from the decentralization of medical campuses. As more hospital groups reenter neighborhoods where their patients live, outpatient clinics and specialized medical services such as physical therapy centers and MRI facilities have found homes in strip centers. There also has been a surge of activity from alternative health and wellness tenants including chiropractors, acupuncture, float spas, meditation rooms, IV bars and cryo-therapy.
- **Restaurant.** From quick service to full service, the restaurant business continues to grow. This segment in not being hurt by online retailers because people still want to get out and socialize. Consumers are looking for unique offerings and healthy, locally sourced, organic foods. Burgers, pizza and chicken seem to be the categories dominating the quick-service category.
- **Fitness.** Popular fitness tenants include boxing gyms, yoga studios, Pilates, barre, cycling/spinning and CrossFit. Fitness is a category that is insulated from online competition, and is a category that has become smaller and more specialized, offering not only a place to work out but also a place to socialize and find community.
- **Beauty.** Traditional retails such as barbershops, beauty and nail salons continue to grow, and we are seeing more of these services operating under one roof in salon-suites concepts, such as Phenix Salon Suites and Sola Salons. Cosmetic services, such as laser hair removal, facials, spray tanning and Coolsculpting, are expanding, and some are putting a variety of these services under one roof in day spas such as Ella Bliss.

Leasing

Retailer perspective: 3 tips for project success

When our team purchased the Colorado franchise rights to Newk's Eatery in December 2015, the retail market was hot. A year later, when we started researching sites, Denver's market was on fire – a landlord's market with retailers clamoring to get into the hottest centers.

Luckily, Newk's was ready. Our corporate construction team spent the better part of 2016 reviewing every line item in the construction budget, then making the tough choices necessary to streamline the process. As a result, construction costs for our first Denver locations – in Arvada and Lone Tree – were approximately 20 percent less than when we signed on as franchisees. That's big savings, particularly at a time when Colorado's average construction cost index rose by about 3 to 6 percent, according to Mortenson Construction Cost Index.

Three major factors helped us accomplish this feat.

1. Look at everything. The Newk's team reviewed every line item on the construction budget, then went out into the field and reviewed them again with vendors, contractors, developers and landlords.

The process was not for the faint of heart. At the time, Newk's was building in 14 states using different architects, contactors and subs in each market. We learned some valuable lessons from those countless meetings, though. In some cases, we learned the contractor wasn't for us. In most cases, it was Newk's processes we had to "fire." Slack in our design process was

Chris Cheek
Chief development officer, Newk's Eatery, Raleigh, North Carolina

leading to expensive delays and change orders, so we created an airtight schedule that keeps the full design, construction, operations and training teams informed throughout the process.

The process worked like clockwork for our Arvada and Lone Tree locations, which opened right on schedule. Our cash registers opened on time, and our landlord recognized its revenue more quickly and with far less hassle.

2. Involve the design team early. Before the lease is even signed, Newk's real estate team engages architects, landlords, contractors and developers in the process. When we sign a lease, we want to build a building; by engaging the full team very early on, we can ensure that the site works for our customer base and, just as importantly, that it will be cost-effective to build.

This allows us to reject sites that may cause unseen costs – a second-generation restaurant rehab, for example – or conversely, identify cost savings and troubleshoot issues in the sites we do choose to prevent overages or delays.

A recent example involved an in-line location in a new strip center (not in Colorado). In most cases, the developer would pour the concrete slab before the tenant began construction. But with the eatery's

Newk's Eatery

As a result of careful reviewing, construction costs for Newk's first Denver locations – in Arvada and Lone Tree – were approximately 20 percent less than when they signed on as franchisees, even though Colorado's average construction cost index rose by about 3 to 6 percent in the same time period.

unique floor plan – with an open kitchen in the middle of the dining room instead of locating it at the back of the space – would have required contractors to cut into the slab and relocate the plumbing, which costs time and money. By starting early, we were able to make sure the landlord didn't pour a slab, and instead ran our plumbing first and poured our own slab, with a credit from the landlord. Our construction costs were lowered, our timeline was shortened, the landlord didn't have to hassle with the slab and not a single change order was needed.

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Retail Trends

Building market halls with personality, profitability

As shopping malls and big-box stores struggle to compete against the likes of Amazon and online shopping, there still is an ample audience of people who want to leave their homes to shop. Often these shoppers enjoy the more intimate experience and getting to know the vendors and retailers they are spending their money with.

As a result of this desire among consumers to personally patronize shops and boutiques, developers and retailers have become creative in the ways they are attracting customers. One of the more thoughtful and popular trends has been the rapid emergence of market halls. There are several examples in the Denver metro area, including Stanley Marketplace, The Source, Denver Central Market and the soon-to-open Zeppelin Station – and each is attracting a lot of attention. This attention is not limited to the buying public, but also to other developers and retailers who want to realize the same level of success.

Designing and building market halls varies from project to project. Some are taking historic buildings and repurposing them to become large spaces for vendors to sell their wares. Others are built new and take on a more modern tone. Regardless of whether it is a renovated existing structure or new construction, there are a number of things for an owner/developer of a market hall to consider when planning and preparing for this popular endeavor.

Chris Haugen, LEED AP
Vice president, business development, White Construction Group, Castle Rock

• **Historic preservation can equal market hall prosperity**. Many of Denver's historic buildings are being repurposed for a variety of uses and market halls are among them. People are fascinated by older structures, struck by their authenticity and the romance they conjure of times-gone-by. These emotions play nicely with the experience of shopping in a market hall, especially when the design and construction fully express the characteristics of the building itself.

In doing adaptive reuse, it is essential that the historic fabric of these building is saved and highlighted. This includes things such as underscoring original materials, emphasizing unique architectural features and utilizing interesting plays-of-light from historic textures and angles. When repurposing a historic building for a market hall, the architect and general contractor must work closely together and understand that they're doing more than just "fixing" the structure. They are celebrating the original character of the building and letting the building's charm speak once again.

Beyond thinking about how to best bring out the personality of an older building, its functionality must be addressed. This includes finding the ideal solutions to make the building accessible (for Americans with Disabilities Act and life-safety requirements), installing restrooms and elevators, putting in modern amenities and addressing unique requirements from the vendors and tenants. All this must be done while being respectful of the original design.

Dynia Architects

While some of Denver's market halls are located in historical redevelopments, others are being built from the ground up, such as Zeppelin Station.

Working with a contractor who can provide important input on the design of a building will help shape decisions and result in successful – and more cost-effective – outcomes. Contractors who have experience with historic preservation and adaptive reuse will be able to recommend solutions that may not have been considered before. (For example, The Stanley Marketplace was able to be registered as a landmark building and receive tax credits for its renovation.)

• **New market hall construction provides a blank slat**e. Building a market hall from the ground up, as is happening with Zeppelin Station, obviously provides a blank slate. This can lead to tremendous opportunities for creative construction and design, but also can present the risk of a lack of personality and a "cookie cutter" feel to the vendor spaces. It's imperative for the owner, contractor and architect to work together closely, early

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Retail Trends

Clicks to bricks: The next e-commerce frontier

Lisa Macneir
Director of business development, Scheiner Commercial Group Inc., Monument

The phenomenon of clicks to bricks is considered the next frontier for e-commerce. Online retailers have mastered the art of getting visitors' attention, keeping it and continuing the conversation with customers well beyond their visit. Yet, online retailers increasingly are realizing that there are still a few key things standing between them and their customers – the major one being the human connection. Many customers want to touch, try on and enjoy that personal attention that comes with a showroom experience.

For this reason, we're starting to see new visions for the "brick" store to complement the "click" (online) store. The physical store is about showcasing and often attempts to turn the retail experience into retail-tainment. Vendors recognize that caring about the customer experience is crucial. Along with an emotional pull, brick-and-mortar stores have proven to be integral to customer loyalty, returns and fulfillment, and even can be a driver of online sales.

The physical store still remains king of retail, even if we continue to see an increase in digital sales and mobile shopping. Of the $3.4 trillion of retail sales in the U.S., $3 trillion of that, or almost 90 percent of it, takes place in brick-and-mortar stores, according to an article from DMN, a provider of digital and data-driven marketing analysis, research and content.

Physical stores are proving crucial to supporting a retailer's online growth. Within six weeks of opening a new store, traffic to the retailer's website from the surrounding postal area increases by 52 percent, according to a report from British Land, using data from Connexity Hitwise.

Brands with fewer than 30 stores were impacted the most from store openings, with average local traffic to their websites increasing 84 percent, the report found. This means that brick-and-mortar stores enables a retailer to drive interest online while also sharing with the shopper the full brand experience.

When it comes time for these retailers to make the leap – to grow an online store by moving offline – there already are industry leaders whose footsteps they can follow. These e-commerce retailers have found success by using shopping malls kiosks, locating on college campuses, building pop-ups and featuring kiosks in hotels. Online retailers must be creative and be willing to test the waters in order to give customers a memorable experience.

There are three digitally native retailers that have nailed this phenomenon.

• **Warby Parker.** The company started in 2010 as an online eyewear business and opened its first brick-and-mortar store in 2013. Within 48 hours of the company's website launching, customers began calling to see if they could come to the office to try on the glasses. At that time, even though the employees were working from their home, they allowed it.

From there the company's vision became very clear. It must satisfy people's desire to try and feel their glasses before making a purchase. The idea for the Warby Parker showroom and pop-ups was born. One of the company's retail adventures was called "Class Trip" and involved driving a yellow school bus 4,350 miles across the U.S., visiting and setting up pop-ups in nine cities. The company's co-founder, David Gilboa, is attributed with saying that the future of all retail will have some online components as well as some offline components.

• **Bonobos.** The online "perfect-fit" khaki company started in 2007 and opened its first brick-and-mortar store in 2011. After repeated

Please see Macneir, Page 27

Warby Parker

Warby Parker's Boulder showroom was built to complement the retailer's online presence.

Design

Retail design in a transformational market

Bruce McLennan, AIA
Principal and national strategy manager for commercial development, Farnsworth Group Inc., Greenwood Village

Traditionally, retail design predominantly was an execution of market-driven formulas. Location is critical, access is slightly more critical, visibility is key, parking needs to be at the front door and everyone makes destination trips based on which merchants they can access conveniently so they can execute a purchase. These formulas tended to simplify design to a functional exercise and, for years, designs reflected these principles.

Truthfully, it didn't take much creativity to plan a site that made parking convenient and a sign visible. While formulas still inform successful design solutions, the process of understanding what the formulas have become is like translating a language you speak casually. Market forces are changing daily, requiring a new view of retail design.

Retailers are reinventing their traditional models of existence, a trend attributed to online shopping and internet browsing. The dinosaurs of the industry are dying, and the darlings are reinventing themselves. Omnichannel shopping where customers research the product they want at home, touch it in a brick-and-mortar environment, then buy it from their phone online is turning traditional retailing models upside down. Merchants are diversifying their online presence, consolidating their brick-and-mortar presence and reinventing their distribution channels to reflect the new expectations.

Contrary to emerging thought, pure online shopping is actually a challenged business model evidenced by the lack of successful pure e-commerce retailers. When Amazon purchased Whole Foods, the company demonstrated its commitment to a brick-and-mortar presence in groceries that fuel its e-commerce model. Untuckit found that it needed a brick-and-mortar showroom to enhance its e-commerce presence. Like Athleta, Warby Parker and other similar brands that began as pure online retailers, many are adding value to their business model through physical brick-and-mortar locations. E-commerce now informs our brick-and-mortar retail experience. Traditional retail layouts often are oversized for these new physical locations.

The majority of the top 10 retailers in the U.S. are brick-and-mortar concepts. These include Walmart, Kroger, Costco, Home Depot, CVS, Walgreens, Target, Lowe's and Albertson's. Add Amazon to the list and you see the reliance on a brick-and-mortar presence that will not fade away.

While younger consumers spend their free time online, they generally prefer to shop in an experiential rather than a digital environment, according to research by CBRE and Accenture. As baby boomers age, they are being replaced by millennials, which contributes to the need for different experiential environments.

Farnsworth Group Inc.

After years of strip centers, now smaller-format buildings bracketed by secondary uses gathered around highly amenitized outdoor space are gaining in popularity.

So, what do these trends mean to retail design? The basic formulas of location, access and high-quality concepts still rule in any market. However, we see many aspects of consumer behavior that are constantly changing, and most of these changes point to a more interactive model of the environments we design. The experiential aspects of entertainment uses, restaurants and pedestrian amenities coupled with the need for flexible "plug-and-play" building formats require a skillful mix of form and function for a retail environment to succeed.

The technical challenge becomes placing and creating interesting buildings that offer these interfaces while still creating flexibility with the design. For years, we placed multiple junior-sized anchors in a row, often referred to as a strip center. Now we find that smaller-format buildings bracketed by secondary uses gathered around highly amenitized outdoor space allows our clients flexibility for courting multiple retail concepts and the synergy they offer to a tenant mix.

Please see McLennan, Page 26

Management

Recognize insurance as an asset, not a liability

In the world of Amazon and online shopping, we often think that buying something for cheap is a deal. Similarly, it is easy to think that the cheapest insurance quote is the best. This stems from viewing insurance as a liability, somewhat like taxes, rather than an asset that is purchased to protect the business against possible loss.

Insurance is a relatively small investment to protect against a potential future loss. For the cost of an insurance premium, one can allocate the risk of losing a property (in the case of a fire) or losing significant money (in the case of a liability claim) to the insurance company. The costs of insurance premiums are related to the amount and types of protections or coverages purchased. Simply shopping for the cheapest policy may leave substantial gaps in coverages and significant exposures that can have catastrophic effects if disaster strikes. Instead, focusing on a transfer of risk that fits the needs of the insured will help identify coverages that are most relevant and necessary to protect against the financial effects of a significant disaster.

• **Education is key.** Understand the key elements of a standard property insurance policy and ask qualifying questions when buying insurance. No insurance policy covers everything. It is just as important to understand what the insurance policy does not cover as it is to understand what is covered.

It is important to identify the following. First, what are the major

Peter O'Brien
President, Solutia Adjusters, Arvada

coverage gaps? Some of the most common in property policies are actual cash value (pays only the depreciated cost and difference must be met by the insured), code or law and ordinance (costs that will be incurred to bring a building up to current building code), underinsured and shortfalls in extra expense and business income losses related to property damage.

Second, what is excluded? Certain types of claims are excluded under many common insurance policies. Some of the common exclusions are flood, some types of water leaks, testing and mitigation for asbestos, mold and lead, loss due to nuclear action, terrorism, war, etc.

Third, what is the deductible? The deductible is the insured's contribution to the loss. It is important to know the amount of the deductible and have a strategy in place to cover the cost of it. Deductibles can be fixed, have separate amounts for different types of claims or percentage deductibles (percentage deductibles are a percentage of the whole amount of policy coverage not a percentage of the loss or claim). Knowing the amount of the deductible and having a plan for paying it is critical.

• **Have a loss protocol in place.** When a loss takes place is the worst time to determine how to recover and find the resources necessary to make recovery possible. Having a protocol in advance that properly identify losses and report them to the insurance company on time can prevent significant loss to the company.

> Some of the common exclusions are flood, some types of water leaks, testing and mitigation for asbestos, mold and lead, loss due to nuclear action, terrorism, war, etc.

A good loss protocol involves several steps. First, identify a loss and determine if it is claimable. If a claim is below the deductible or otherwise not covered, it may be necessary to notify the insurance company in certain circumstances, but otherwise a claim produces no benefit and can in some circumstances create additional difficulty for the insured.

Second, meet the duties of the insured under the policy. There are specific requirements in every policy that the insured agrees to by purchasing the policy. Knowing these duties and incorporating a strategy to make certain these duties are fulfilled in the event of a loss is critical to ensuring the policy benefits are payable.

Third, have a procedure for determining the accurate value of the loss and insurance coverage. There are many fantastic insurance companies and claims professionals who assist when a claim takes place; however, they represent the best interest of the insurance company and do not understand your business as you do. Having resources to ensure your loss is accurately calculated and all aspects are properly evaluated will help make the claim process a smooth and effective means to restore your business after a disaster.

• **Use the right tools for the right job.** There are many facets to understanding and identifying risk exposures and just as many, if not more, to handling losses and ensuring the proper resolution after a disaster. There is no one single solution for all risk management and loss needs, so it is important to identify resources for both policy selection and loss resolution. With the right tools in place, property owners and managers will be able to quickly identify the necessary insurance and have the resources to quickly and effectively recover from a disaster. ▲

Associations: RMSCA

Where insights and knowledge are always in store

As diverse and unique as the retail industry is in the Denver metro area, there is one organization that unites us all – the Rocky Mountain Shopping Center Association. Rooted within the industry for over 20 years, the RMSCA continues to carry out its mission: to provide a forum for the mutually beneficial exchange of information among shopping center developers, owners, managers, brokers, investors, retailers and all professionals serving the Colorado retail real estate industry.

The association's membership comprises retailers and vendors. Some of the retailers include Cherry Creek Shopping Center in Denver, Southlands in Aurora, Aspen Grove in Littleton and The Promenade Shops at Briargate in Colorado Springs, to name a few! Vendor members, those serving the industry and offering a wide range of services, include Swingle Lawn, Tree & Landscape Care, All-Phase Restoration, Colorado Lottery, Denver Commercial Property Services, CAM Services and Metro State Fire.

Having been an RMSCA member for more than 10 years, and now serving my first year as the association's president, I personally can attest to the high level of camaraderie and invaluable education I've gained throughout the years. An investment with endless returns, some of RMSCA's membership benefits include discounted event membership fees, International Council of Shopping Centers continuing education credits for RMSCA educational events, members-only networking events, discounted fees at local ICSC events, access to a private online resource directory, and the ability to

Diana Fiore
President, Rocky Mountain Shopping Center Association, Denver

post job openings on the RMSCA website and share with those in its email database.

Our events are social and educational – in other words, we have fun and learn a lot along the way. Events in 2017 included multiple luncheons that featured timely topics and notable guest speakers. We kicked off the year with Tom Clark, CEO of the Metro Denver Economic Development Corp., and executive vice president of the Denver Metro Chamber of Commerce, presenting the 2017 Economic Forecast. In the spring, we hosted a mix and mingle with members and guests at Northside Tavern in Broomfield, and in June we came together for an evening happy hour at Southlands – the state's largest outdoor shopping district. Our most recent luncheon featured Colorado state demographer, Patricia Silverstein, sharing demographic trends and forecasts impacting the Denver metro area.

• **Mark your calendar.** Nov. 9 from 11 a.m. to 1:30 p.m. marks the fifth annual RMSCA Star Awards. This event recognizes outstanding retail real estate projects and industry leaders in Colorado and will be held at the Curtis Ballroom at The Landmark.

New categories added to The Star Awards this year include Extraordinary Service Provider and Retail Property Management Team Member of the Year. Additional categories include marketing campaign, social media campaign, public relations/community outreach involvement, sustainable enhancements, value enhancements through renovation/remodel or new construction, and innovative leasing concepts.

We are seeking sponsors and nominations in all categories. Sponsoring the RMSCA Star Awards supports the retail real estate community and puts businesses in front of industry leaders. Tiered sponsorships include a host of benefits with the bronze sponsorship starting at $300. I invite those working in the commercial retail industry to partake in the event as we recognize local industry leaders, network and learn about the fantastic initiatives taking place in our very own backyard.

• **Forward thinking.** It's been a productive year thus far, and 2018 promises to be just as dynamic. A sneak peek of our future programming includes an exploration of the current trends and the evolution of retail, discovering the best social media marketing techniques, and discussions about best practices in new retail developments. These educational luncheons are open to the public; however, RMSCA members pay a discounted price – a membership perk!

Along with our educational luncheons, we will continue to host happy hours specifically designed to build connections and community. These events are empowering and invite us out from our workspaces for face-to-face conversations and sharing of our own best practices.

• **Meet our directors.** RMSCA's board of directors is representative of our membership that draws from multiple specialties.

• Diana Fiore – president; general manager, The Shops at Northfield Stapleton with Forest City Realty Trust

• Jackie Herbst – past president and communications committee; account manager, Team K Services

• Dean Titterington – vice president and co-chair of the programs committee; managing partner, Peak Property Management

• Tom Gendreau – secretary and communications committee; operations director, Town Center of Aurora with Washington Prime Group

• Kelly Goodnough – treasurer; senior associate, Alberta Development Partners

• Melissa Koenig – membership chair; client liaison, All Phase Restoration

• Steve Barone – membership committee; business development, Metro State Fire

• Joyce Rocha – communications committee; director of marketing, Southlands with Northwood Retail

• Ran Meng – ICSC committee; regional property manager, Regency Centers

With nearly 20 years' experience in commercial management, including the last three years as the general manager of The Shops at Northfield Stapleton, my time has been greatly enhanced because of the connections and relationships I have made through RMSCA. I'd like to take this opportunity to invite those in the industry to join us and take advantage of all of the benefits that our organization offers.

For more information about RMSCA and to join, visit www.RMSCA.net. ▲

Retail Trends

Continued from Page 1

not even realize that a 20-minute drive from downtown Denver can place them in the heart of that farmland, and that most of the "local" food they see in their grocery stores are grown in Brighton, said Lauren Simmons, a senior planner with the city of Brighton.

"The idea of local food is not really a trend here; it's a way of life, and we definitely embrace that culture – not only our past and our present, but also it's what we want to build our future on," said Simmons. "We really see that as our opportunity to distinguish ourselves from the rest of the metro area, and it's very authentic to Brighton. If somebody wants to eat local, they can truly eat local here every day."

A new marketing campaign, "It all grows in Brighton," recently launched to raise awareness to the food production that happens right outside Denver. And a District Plan developed through a partnership with Adams County and the city of Brighton was created to preserve valuable farmland and stimulate innovative growth opportunities in the south Brighton area.

While the District Plan calls for the preservation of the best agricultural land along the South Platte River, it still is encouraging opportunities for commercial development, especially projects that are compatible with agriculture, local food and agrotourism, said Anneli Berube, agriculture innovation specialist with Adams County.

"We think the plan does preserve opportunities for real estate – retail and other commercial development – because there is a trend for local food, buying local items and being part of a community as it relates to your retail habits," said Simmons. "I think, in general, consumers are more conscientious of what they're buying and where it comes from."

Mixed-use developments that can support these local businesses and that offer residents access to local food and experiences are in high demand as well as anything that caters to tourists and encourages people to visit and learn about the area. These types of projects can include farm-to-table restaurants, breweries, value-added businesses, and food halls and markets, said Berube.

While downtown Brighton has enjoyed several long-time staples, including La Estrellita Mexican Restaurant, which uses local produce in its salsa that is then bottled and sold throughout the region, the number of retailers who use local crops is multiplying. For example, two breweries opened in the past year – including Big Choice Brewing locating in a redeveloped Buddhist temple – and another brewery and a spirits distillery are in the works, all of which use or will use local produce in their blends. And Lazy Bee Ranch Honey, through the Bromley Local Food Campus, is widening its distribution circuit.

The District Plan wants to preserve development opportunities for traditional developers, while also encouraging innovative development, said Simmons. For example, Adams Crossing, while not technically within the district, shares the spirit of the plan, she said.

The master development project will include "farm kits," by Agriburbia, as well as single-family attached and detached homes, a multifamily parcel and a farmers' market area. A second phase will focus on more retail space as well as office and hotel space.

"I think what's really unique about the Adams Crossing project is that the food and farm piece of it is not novel or an amenity," Simmons said. The farming component is a part of the infrastructure of the master development. "It will have significant agricultural land integrated in the community, and those little farms that are part of the project will actually be able to produce value-added products that will make them viable businesses."

Jay Weise Photography

Bromley Farm features seasonal activities to encourage tourism.

Adams Crossing plans to open six farm kits in the first phase, and scale up to 14 by the time the project is finished. A farm kit is essentially a small (2- to 10-acre) farm that is professionally engineered and geared for a specific type of cultivation and value-add product. This means each farm is geared to grow for a specific use, said Beckner. The farms then act as the incubators or producers for the local retail food centers.

Agriburbia has designed farm kits for a number of projects around the country and engineered for myriad purposes. For example, some farms are designed to grow food for particular diets, such as for individuals suffering from certain autoimmune deficiencies. There's also a number that are engineered to support the creation of value-add foods, such as the fixings needed to make Bloody Mary mixes, herbs for meat rubs, berry patches for jamming and canning, orchards for cideries, beers and craft wine, produce for pickled or fermented foods, and even ingredients for dog food. Other projects were engineered for owners to produce nonfood goods, such as soaps and essential oils, or mint to be used in toothpaste.

"It's all in what you want to gear your farm kit for, and then we engineer it for that type of production," said Beckner. "It almost becomes a retail farm itself."

And while not planned yet for Adams Crossing, Agriburbia hopes to pioneer a center or market area close

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Bowlby

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net-leased properties.

Grocery-anchored retail shopping centers, with the grocer included in the collateral, continue to be the most sought-after retail product, particularly by institutional investors. A limited supply, coupled with an ever-increasing pool of institutions, pension funds and real estate investment trusts solely targeting these assets has driven yields on these properties into the low- to mid-5 percent range. Recent notable transactions in this space include Bear Valley Shopping Center, which sold for $46 million, and the Orchards, which sold for $38 million. Both shopping centers are anchored by King Soopers.

A balanced market with restrained new development has not only led to favorable changes in market rents and vacancy rates, but also it has created pent-up demand with investors looking to purchase in one of the strongest and most vibrant midmarket economies in the country. Denver continues to be one of the most appealing markets for retail investors and, based on the current market fundamentals, it appears that will remain the case for the foreseeable future.▲

Wright

Continued from Page 6

investments provide a more-risk-seeking investor similar benefits as a new construction property, but with the uncertainty of fewer years remaining on their lease. Store sales, proximity to competition, strength of the market and many other factors become much more significant to investors considering older stores.

In Colorado, Family Dollar operates approximately 125 stores while Dollar Tree operates 91 stores and Dollar General operates 30 stores. All three retailers have aggressive expansion plans as it relates to the state due to favorable economics and an opportunity for each to increase their market share in our growing state. With robust expansion plans in Colorado and its neighboring states, investors will find plenty of opportunities to invest in dollar store properties over the next several years.

Despite lacking novelty, dollar stores are the brick-and-mortar retailers of the future. They have proven to be resistant to e-commerce, economic downturns and cannibalization from their own rapid expansion.▲

Livaditis

Continued from Page 10

an inviting atmosphere that encourages people to hang around to socialize and be entertained.

Millennials, for example, are looking for authentic environments that respond to their aspirations. Sustainability is a great example. Millennials wants sustainability to be present within the brand of a retail facility, because they recognize sustainability in design and respond positively to it. They also are attracted to an atmosphere that feels like an outdoor living room. In urban areas, a mix of unique shopping, entertainment, hotels and exciting restaurant and bar concepts tend to bring the crowds and invigorate retail. Areas like River North, South Broadway, Union Station, and suburban developments like Belleview Station and Old Town Arvada have managed create an exciting retail mix that is thriving.

Meanwhile, young families are looking for convenient access to medical services, uses oriented to children and a Main Street environment for shopping and dining. For the young family, a retail destination that combines activities for kids like karate, tutoring or gymnastics, with a fitness use for the parent and healthy eating options can create convenience and activity for the whole retail project. This can work in larger retail formats like lifestyle centers (Belmar, Streets of SouthGlenn, Southlands), but also is a dynamic that works great in neighborhood shopping centers.

Another driver of strip mall demand is convenience, including drive-thrus and outparcels. Many restaurants, dentists and optometrists are looking to be conveniently located in neighborhoods, offering shopping center owners opportunities to convert some of their excess parking to convenient outparcels or pads.▲

Cheek

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3. Be willing to slay some sacred cows. No, we aren't talking about the petite tenderloin steak in our salads, sandwiches and pizzas. But we did have to challenge many of the design and construction techniques that were "how Newk's has always done things."

Recognizing that every possible inch of space in a restaurant needs to generate income, we changed seating areas and added square footage for takeout, even while decreasing the average size of our restaurant. We moved doorways, redesigned our patios and ended unproductive vendor relationships. One thing that will never change? The open kitchen that sets Newk's apart, designed by founder Chris Newcomb on a napkin (which he still has, framed). But we constantly make sure we keep learning and creating more efficient designs for our business.

We also killed a sacred mantra of the real estate industry: "Location, location, location."

Of course, we know a good location drives success. But we found that a "great site" might not be "great" for us. We vary in daypart from most fast-casual chains in that we don't offer breakfast; instead lunch, dinner and catering comprise our business. A robust daytime population drives our lunch traffic, including our grab-and-go, pick-up, delivery and catering. Rooftops and evening traffic drive our dinner business, which includes a wine and beer license and a focus on outdoor dining and families. So, while we analyze locations using the same metrics as our competitors – for example visibility, traffic, access and parking – we factor in the psychographics and demographics of the market.

When taken together, these three major changes to our construction and design schedule allowed us to open new restaurants as much as 10 days early – delivering up to $60,000 in top-line revenue. Talk about the early bird getting the worm! ▲

McLennan

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Consumers come for the experiences the environment offers and jump into that mystical omnichannel shopping cycle as a component of the experience. The "look what I'm doing" aspect of the experience, and usually a social media post that proves your clout, fuels the need for personal interaction in cool places.

As omnichannel shopping habits become the cultural norm, online and in-store purchases will become integrated as a part of that purchasing process. Physical interaction in an experiential environment will fuel the need for quality retail design, and as designers we must continually adapt to the changing landscape in the retail market. ▲

Haugen

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in the process and craft a building that will appeal to consumers with a more modern flair and a personality all its own.

Unlike the adaptive reuse of a historic structure, building a market hall from the ground-up provides greater flexibility. Meeting ADA standards, accommodating proper egress, matching vendor spaces with their intended uses and incorporating special services and amenities are all more easily addressed during the design and construction of a new building. For example, sizing spaces for the different types of equipment used by tenants is a nice advantage presented by a new building. Likewise, the size openings for grease ducts and locating grease traps can be more easily accommodated.

In order for the construction process to flow smoothly, it's critical that everyone – from the architect and the general contractor to the developer and the tenant – completely understand what the scope of the buildout will be. This should be clarified in a work letters, which states what each party will provide and what services will be completed. Work letters clarify what the building owner will provide to the tenant and what the tenant is responsible for. It also may indicate specific subcontractors that the owner requires the tenant to use (i.e., fire alarm, suppression and occasionally mechanical, electrical and plumbing).

A quality general contractor, who has experience in market hall construction, will be able to make valuable connections for the tenant in regard to the fixtures, furnishings and equipment needs that will cut-out the middleman and help the tenant save money. An experienced general contractor also can help coordinate the timing of equipment orders and deliveries so that they align with the construction schedule. A general contractor is able to assist through the design process with logistical input and value-engineering ideas coordinated directly with subcontractors to allow for maximum value and timely completion of the project.

A building owner or developer can benefit by bringing on an experienced general contractor early in the process. Opinions that keep the space flexible and adaptable to multiple tenant types will save money and headaches down the road. Likewise, tenant spaces must be interchangeable, so that tenants may be relocated or added within the market hall as needed to assure tenant success.

Developers, retailers and restauranteurs are responding to the popularity of market halls, but for a location to be successful, it requires a general contractor that is experienced and knowledgeable about the nuances associated with this unique space, regardless of whether it's a new building or the renovation of an existing structure. ▲

Macneir

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requests from customers who wanted to try on items before purchasing, the CEO responded. He posted two sales representatives in the lobby of Bonobos' office building. Sales were enormous, totaling over $250,000 for each representative. The solution became their "guide shop." Customers receive one-to-one attention and a custom fitting. The customer's order is then entered online and shipped out the next day.

• **Indochino.** The online custom men's suits supplier started in 2007 and opened its first brick-and-mortar store in 2014. Again, the company discovered that many of its customers desired the opportunity to touch and feel the suit before ordering one. This demand led the company to launch its "traveling tailor" pop-up stores.

The success of the pop-ups has launched the company into 17 stores in North America, with its largest location to date being a 4,100-square-foot space at King of Prussia mall in Prussia, Pennsylvania.

The term "phygital" represents the bridge from the digital to the physical. This process doesn't have to be an overwhelming experience. Following a few of the aforementioned examples, a "click" can become a "brick" in a snap. Just remember, the true power of physical retail is the ability to enrich products with emotional and physical context.▲

Askeland

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to the farm kits that acts as a community attraction for the farm owners as well as a place to showcase their products, Beckner said.

Outside of Adams Crossing, the District Plan area offers numerous development and redevelopment opportunities where a local food-related retail component could act as the anchor.

"The area already has a significant amount of land dedicated to future retail development, so it's been in the plan for a while to have that component," said Berube. "But we see this area as having a unique opportunity to do some place-making and create an authentic experience around food and local business experience. There's an opportunity to be innovative and think outside the box to create something that will draw people from the local community and from Denver."

Berube hopes people begin to see the Brighton area as a stand-alone city that can create and develop its own identity within that growing interest in local food and local economy, she said.

Citing Denver successes with unique retail destinations, such as The Source and Punch Bowl Social, Brighton officials hope the same innovative spirit will come to its city. "Everyone thinks about a farm-to-table restaurant or a berry or pumpkin patch – people have been doing those things for a long time – but there's opportunities for something really unique, being so close to such a large population that is very conscientious of local food and healthy food," said Simmons. ▲

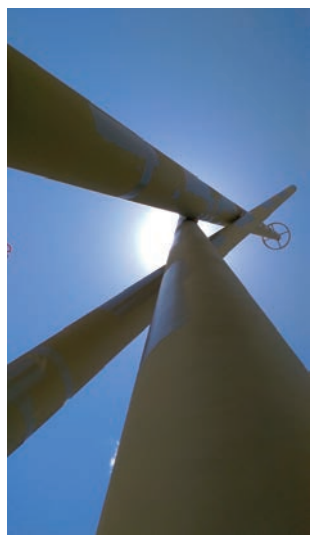
Where Retail Earns its Chops

With shopping, dining, and a sculptural radio tower dubbed "Chopstix," this new Highlands Ranch retail development is still under construction and is already transforming the Highlands Ranch Community

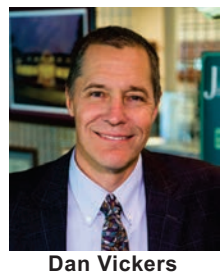
In the heart of Highlands Ranch, near the intersection of Lucent Boulevard and Highlands Ranch Parkway, **Central Park Retail Center** is satisfying the shopping, dining and recreation demands of the surrounding community. Developer Shea Properties engaged **Howell Construction** as General Contractor for the project, including full development of an 11-acre site and ground up construction of seven new core-and-shell retail structures, each approximately 8,000 square feet in size. Howell is also responsible for over-excavation and soil re-compaction below each of the seven building pads, underground utilities (storm, water, sanitary), building foundations comprised of spread footings with slab-on-grade, and structural steel building frames. Already, four retail tenants have moved into their spaces and are open for business, and several more will open within the next year as leases are negotiated. All retail shops are expected to open by summer 2018. Among the committed businesses are Barre3, Orange Theory Fitness, MAD Greens and Old Chicago.

Adjacent to the Retail Center, Howell has completed Shea Properties' Central Park Utility Building and the affectionately dubbed "**Chopstix**." Not the well-known restaurant of the same name, and not a pure sculpture despite its elegant form, it is instead a radio communications tower for the Douglas County Sheriff's Office. An arrangement of three tapering steel poles, the tallest of which is 150 feet above grade, painted a stunning International Orange (think Golden Gate Bridge), the tower improves public-safety radio coverage for the department and other first responders in the area. With its sculptural form, Chopstix, which is sited in the middle of a community plaza, also serves as de facto public art and a highly visible icon. Its vibrant orange hue is carried over as an accent color throughout the entire retail development. The utility building next to the plaza area will house the radio equipment, generator, and public restrooms.

Erecting the Chopstix towers required a critical, tandem crane pick. Using two cranes simultaneously, the team set the massive poles in place with intense safety planning and precise execution. "The safety of the public and our employees is always our number one priority," explains Jeremy Kellogg, Howell's Project Manager and a member of the company's safety committee.



Prior to starting any erection work, Howell performed an extensive job hazard analysis in cooperation with the subcontractors and engineers to ensure every possible risk was addressed throughout the entire construction process. Dan Vickers, Vice President of Howell, adds: *"Perhaps the most significant decision we made was to fabricate the tapered poles in Mississippi in one piece and ship them to the site ready to install, versus field assembling them in three pieces on site."* Howell utilized a highly specialized over-the-road rig, capable of carrying a 150-foot long, 6'diameter pole weighing 48,000 pounds, in one piece.



Dan Vickers
Vice President
Howell Construction

"Howell has enjoyed being part of this exciting collaboration with Shea Properties and designer Humphries Poli Architects," says Vickers. *"We're thrilled to be part of such a solid team, working together to build a project that will permanently transform the Highlands Ranch Community."*

Please contact us at Howell Construction if we can help you with your next project, 303-696-5800, www.howelldenver.com