



## 8 simple ways investors can evaluate retail properties - by Ben Crosby

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With the worst of the pandemic—in terms of economic impact—behind us now, and 80% of American consumers reporting that they intend to spend as much or more in-store than they did before the pandemic (source: Deloitte Economics Spotlight 2021), retail is set for a welcomed and very much needed recovery.

What should site selectors for retail investors who are looking to capitalize on renewed growth be on the look-out for when they scout sites? What follows is a list of eight areas to evaluate potential investments.

**Corner site or in-line store:** Will the business need a corner site, will it thrive as an in-line store that is embedded in a shopping center, or is it part of a retail block of stores? Convenience stores (not coincidentally often referred to as “corner stores”) are one type of retail operation that is best situated on a corner site. For other types of operations, a corner location will be part of the problem, not the solution.

**Side of the street:** Just as some businesses do better on corners than others, some retail operations will perform well based on the side of the street at which they are located. Any outlet which serves people getting to work in the morning (a donut or coffee shop for example) is ideally located next to the lane that people drive in to get to work. This way, commuters can conveniently turn right in and out of the place, continuing their journey to work with the least friction. Shops that serve people who come from work—like grocery stores, for example—are best located along the road that people take while driving away from work.

**Parking:** Site selectors would do well by assessing in advance how many parking spaces per 1,000 s/f they will want to have available. Needless to say, zoning regulations will impact what is possible for any given location.

**Traffic lights:** Are traffic lights available at the intersections along the site? For any operations where the new activity will not have a meaningful impact on traffic, this requirement will not carry much weight, however, retail companies that plan to put in a sizable grocery store will want traffic lights to keep their customers, employees, and suppliers safe.

**Demographics:** Thanks to technology, retailers know their target customers better than ever before. They know how much their customers make, their age, and even their ethnicity. Site selectors

should assess the demographics of the area under consideration and compare that with the customer profile of the retail operation. What total area needs to be considered will depend on the type of retail business, though. Drugstores usually won't look farther than 1 mile when they conduct this analysis, but large grocery chains will typically assess an area with a radius of up to three miles.

**Level of service:** The level of service (LOS) of a road is a measure for the traffic flow in terms of vehicle speed, density, congestion, delays, and even the condition of the road. Retail shops will often have very specific demands towards the LOS of the roads and intersections around the sites where they (plan to) build their activities.

**Drainage:** Is the site fully equipped to adhere to local drainage requirements? In most cities, a retail property will need to be able to hold all the water that the site generates. If such a drainage system is not yet in place, time and budget will have to be allotted for construction.

**Build-to-suit:** Finally, site selectors will have to assess whether build-to-suit solutions are available where they are needed or desired. A build-to-suit solution entails that a contractor builds and then rents out (or sells) a retail space according to the custom requirements of the client.

For retail site investments to become a success, site selectors should have a checklist in place where they score coveted sites on important criteria such as location (on multiple dimensions), utilities, and level of service of roads that are meant to feed the new retail operation. Since every retail business has unique needs, the desired scores on the criteria will be different for each project!

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