

Tips For Choosing The Right Retail Location

By **ED COLEMAN**

As a commercial and investment real estate broker and consultant specializing in the area of retail, I am often retained by retailers who are looking to establish operations in our area and/or throughout the state.

Generally, I am charged with assisting these retailers in finding and securing site locations which are suitable for their business.

It often is said that the three most important characteristics of any property are location, location, location. Indeed, the retailer's success is more dependent on the "right location" than any other commercial user.

Certainly, the retailer who fails, more than any other commercial user, is quick to blame his failure on the "wrong location." Since location is perceived to be such an important key to retail success, it is prudent to have a better understanding of the site variables which the typical retailer considers when comparing locations.

It should be noted that this is not meant to be an all-inclusive list, but it does include some of the more important variables for consideration.

EXPOSURE AND VISIBILITY

— Exposure and visibility are important to the retailer. The site analyst must ask: What is the average daily traffic count? How many people could see your store at a given site and how do they see it? Are they stopped at a stoplight or driving past in bumper-to-bumper traffic at 50 mph.

Many retailers are quite satisfied to be located adjacent to a grocery store in a location which can't be seen from the highway but can't be missed by regular customers to the grocery store.

DEMOGRAPHICS

— Some of the questions, related to demographics, which must be answered include: Who is your potential customer? Do the people in the vicinity of a site fit into your target market? Are they college kids, young families, blue collar, aging baby boomers?

What is their disposable income level? How much do they customarily spend on the products which you offer and how well are they being served by existing retailers.

Where does one find the answers? There are a number of sources which maintain extensive data bases of demographic information. Their sources are mailing list compilers, census data, postal service data, etc.

For around \$100, companies such as National Decision Systems can provide comprehensive demographics on any site in America if given the nearest cross streets.

SIGNAGE — Signage often is the least expensive and most effective form of advertising for the small retailer. He, of course, needs to know: What signage is available? Must it conform to a particular size or style? Can logos and/or colors be used by the tenant on signage?

ACCESS — In an effort to move traffic more efficiently over crowded streets and highways, governing bodies are increasingly restricting access to major traffic corridors. When considering sites, a retailer must know, in advance, the situation regarding access.

The wise retailer recognizes that if ideal access is not available to anyone, indirect and/or less desirable access can be adequate in creating a successful site. The days of two or three curb cuts on a one-acre site are history.

Oddly enough, I often see retailers with only one access reach performance levels which exceed projections made when they were counting on two or three access points.

ZONING — Some elected officials have become increasingly more determined to limit retail growth, despite the jobs and services which it creates for a community. Zoning of commercial sites has become more of a factor and rezoning has become more and more difficult.

It is, therefore, imperative that the retailer purchase only sites which are properly zoned or rezoned before closing the transaction.

UTILITIES — Many retail users, especially food-related users, require public utilities in order to meet the needs of their customers. Therefore, adequate utilities must be available. If utilities are available, but are not on site, then the cost of bringing them to the site must be factored into the overall cost of the site.

PARKING — The availability of adequate parking is another im-

portant factor to be considered. Does the site have adequate parking for the type of retail use and is it conveniently located?

City requirements often are inadequate for certain types of retail users such as restaurants. Even if the user's parking requirements are well served by the available parking, he must consider the "parking space hog" which may be located next door.

Special consideration must be given to customer perceptions. While some types of retailers require their employees to park in front of their stores, in order to make their parking lots look full and to make their businesses look busy and desirable to potential customers, other retailers lose business if their customers are unable to park directly in front of their front door.

COMPLIMENTS AND COMPETITION

— The overall compatibility of retailers in an area can be a key to high retail sales volume. Often, fast food retailers like to be near their competition while other retailers want to be located in an area where there is little or no competition.

Compatibility of tenants is especially important in a shopping center. There are certain retailers who will locate in practically any shopping center which has a Walmart or Kmart store. We see a growing trend for some compatible users to actually share sites.

Wendy's is currently testing a concept where it shares a building with gas/convenience stores at interstate locations.

RESPONSIVENESS OF LANDLORD

— It is important that the landlord, in a lease situation, be responsible to the

retailer's needs. Is he willing to financially participate in tenant improvements?

Is he willing to provide lease terms which offer flexibility to the retailer? Is he committed to the retailer's business success or merely concerned with the retailer's credit worthiness and ability to guarantee the financial obligations of the lease?

Is the property managed in a responsible manner which will contribute to the retailer's success.

INTESTINAL TACTILITY

— Despite the above variables which can be analyzed and compared by objective qualitative and/or quantitative methods, the final decision often rests with the "gut feeling" of the retail decision-maker.

The real estate professional must understand that the site which the retailer should buy may not be the site which he wants and ultimately buys.

CONCLUSION

— Selection of a retail location requires time and careful consideration. It should not be done in haste just to coincide with the retailer's development schedules or loan approvals.

If the retailer hasn't found the "right retail location," he should not plan to open until he does. A few months delay is only a minor setback compared to the massive, often fatal, problems that occur from attempting to succeed in a retail business which is poorly located.

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