

Pitfalls of Site Acquisition: What You Need To Know

— by Scot Hennon

It's obvious to all developers that finding the right location is critical to a successful retail project. Demographics of the local population and proximity to main thoroughfares, for example, are keys. The site must be conveniently located for a critical mass of consumers who have enough income to support the desired retailers. A developer wouldn't be in business very long if they didn't follow this principle.

What's not obvious to many is that the characteristics of the site layout are almost as important as location to the long-term success of the project. Site layout and design encompass many critical factors, including:

- Retail space density
- Parking density
- Traffic flow
- Pedestrian routes
- Green space/landscaping

Density, one of the key measures to consider when figuring potential return-on-investment (ROI), can be measured in gross leasable area (GLA) per acre. For the most part, a higher GLA should lead to higher revenue and profits for the developer. In order to accurately estimate ROI for a development, it's important to have a reliable GLA estimate. This will indicate how much of the site can generate revenue. A poorly laid out site could yield a lower-than-desirable GLA.

Estimating GLA, however, is more complicated than it may seem. A layman may think that one need only plug in a formula that sets aside percentages of gross acreage for parking, green space, service roads, and loading areas, with the remaining space comprising GLA. If it were only that simple!

Every site has its particular quirks and challenges. Natural features such as streams, wetlands, rock formations, and drainage qualities of the soil can limit the amount of acreage suitable for development. Other site challenges may include:

- Poor visibility from the main road
- Competitors occupying part of the site's frontage
- Gerrymandered subdivisions on adjacent property creating irregular-shaped lots
- No neighboring land available for expansion or extra parking

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The features of a site influence how the structures, parking areas, and vehicle and pedestrian ways are located, shaped, and sized. Factors such as the number of parking spaces and their proper layout to maximize parking convenience for customers are critical to ultimate success. A site plan needs to balance adequate parking with the desire to maximize GLA. Too little parking will frustrate customers, possibly reducing their visits; too much parking may mean GLA was limited unnecessarily by perceived parking needs. The number of parking spaces must also take into consideration local zoning regulations.

Developers that do not evaluate site characteristics accurately can overestimate GLA. They may mistakenly think that a site will yield 300,000 sq. ft. GLA instead of 200,000 sq. ft., for instance, and spend the rest of the design process trying to make up 100,000 sq. ft. GLA cramming in more retail space into the site than it can realistically support. Hennon Group Architects maximize the efficiency of the project's footprint from the earliest stages to prevent this type of miscalculation utilizing tools such as Building Information Modeling (BIM). A thorough site evaluation and preliminary plan is essential before finalizing the deal and the financing to make it happen. By creating and evaluating project site and scope information through BIM a complete 3D graphical model is created to help better visualize the finished product to aid in marketing endeavors.

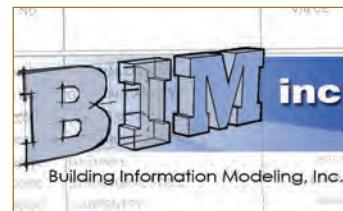
Our firm develops site plans with what we call the "360° Shopping Zone". This view takes into account the full-range of the customer experience, including:

- The off-site approach to the property
- The entry sequence including all entry points
- Shopper orientation to major tenants
- The "event" of shopper arrival
- The experience of shopping including navigating the parking lot by auto and by foot
- The exit of the shopping center

The goal in all of our designs is to provide customers with an enjoyable shopping experience. We use tenant directories, graphics, signage, landmarks, hardscape and landscape features to ease navigation and entice the shoppers from one location to the next. These way-finding elements hint that "more" and "something new" is just around the corner.

This approach provides for a high degree of shopper and tenant satisfaction. It requires a thorough site assessment as early in the development process as possible. In short, the real estate mantra of "location, location, location" is critical, but the configuration and physical attributes of the site as well. Keep this in mind when you are scoping out new locations.

ADDITIONAL RESOURCES



HGA / BIM Inc. bring 20 years of virtual leasing model development solution experience on dozens of retail centers across the country to provide unique and specific solutions tailored to meet your needs.

425 East Statesville Avenue
Suite 101
Mooresville, NC 28115
T: 704.662.9216 F: 704.663.4935
www.BIMinc.us

UPCOMING EVENTS

Fusion Conference
(Merger of ICSC's annual Specialty Leasing and Fall Conferences)
March 29–April 1, 2009
Hollywood, FL

National Retail Federation's Washington Leadership Conference
National Press Club
May 11–13, 2009
Washington, DC

RECon: The Global Retail Real Estate Convention
May 17–20, 2009
Las Vegas, NV

2009 Commercial Construction Show
Phoenix Convention Center
June 2–4, 2009
Phoenix, AZ

Construct 2009
Indiana Convention Center
June 16–19, 2009
Indianapolis, IN

CONTACT

HENNON GROUP ARCHITECTS, PA
425 EAST STATESVILLE AVE.
SUITE 101
MOORESVILLE, NC 28115
T: 704.662.9216
F: 704.663.4935
SCOT@HENNONGROUP.COM

About Hennon Group
Hennon Group Architects (HGA), based in Mooresville, North Carolina, is a full-service architecture and interior design firm that provides retail and commercial design services nationwide. The firm specializes in upscale factory outlets, big box stores, and neighborhood centers.

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