

Strafford

Presenting a live 90-minute webinar with interactive Q&A

Converting Commercial Properties: Repurposing Vacant Real Estate to Create Value and Meet Market Demands

THURSDAY, JANUARY 28, 2021

1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

Today's faculty features:

Gary S. Forshner, Founder, **Law Offices of Gary S. Forshner**, South Amboy, NJ
Deborah A. Lawlor, FAICP, PP, Discipline Leader, Planning Services, **Maser Consulting**, Red Bank, NJ
Todd Scheffler, Vice President, Retail Repositioning, **Colliers International**, San Francisco, CA

The audio portion of the conference may be accessed via the telephone or by using your computer's speakers. Please refer to the instructions emailed to registrants for additional information. If you have any questions, please contact **Customer Service at 1-800-926-7926 ext. 1**.



RETAIL REPOSITIONING ADVISORY SERVICES

THE REPOSITIONING LANDSCAPE *it starts with vision*

Today's rapidly growing inventory of obsolete retail assets present opportunities for savvy retail investors. Colliers International's Retail Repositioning experts create strategic value for our retail investor clients by deploying the right tools and resources, analyzing and successfully repositioning properties into thriving assets.

We understand that the time value of money requires owners and investors of high-risk, high-reward redevelopment opportunities to swiftly evaluate viability and formulate repositioning solutions. This is where our Retail Repositioning Advisory Services can help.

STRATEGIC APPROACH *from vision to value*

At Colliers, we're at the forefront of re-imagining retail assets and conceptualizing repositioning solutions. With a finger on the pulse of property and investment trends and our expansive knowledge across asset classes, we are uniquely positioned to advise owners and investors in modeling the future of their assets. Our approach — backed by data and actionable insight — results in out-of-the-box alternatives that disrupt the marketplace and deliver measurable results for our clients.

Colliers
INTERNATIONAL

PROVEN PERFORMANCE



SAMANEA NY MARKET

Westbury, NY

CHALLENGE

Samanea purchased The Source shopping center which was 90% vacant, intent on establishing a vibrant retail destination featuring a first to the United States home furnishings concept with a global footprint. The 700,000-square-foot mall is attached to a 200,000-square-foot building, formerly the Fortunoff department store. With Samanea's general concept for repositioning the entire property, Colliers was retained to evaluate the concept, refine its merchandising strategy and provide marketing expertise to capture its primary customer base.

STRATEGY

The Samanea/Colliers team developed two merchandising scenarios supported by financial analysis, market data, risk-reward hypothesis, merchant void studies and occupancy phasing:

Option 1: Expedite leasing the project as-is, without in-depth analysis and deliverables, limiting project capital. Financials would be penalized by high-vacancy reserve and lower rent proforma plugging NOI and threshold returns.

Option 2: Formulate a 'dream plan' with Colliers' repositioning strategy to significantly increase customer traffic, eliminate vacancy penalty and produce substantially greater cashflow, return on gross investment (ROGI) and deliver the landmark destination for home products and innovation.



RESULTS

Rebranded as Samanea NY, the property will showcase internationally sourced home products, strategically placed retailers, engaging entertainment and a curated collection of dining opportunities. The strategy capitalizes on the center's location and advantages community partnerships, engaging public activities and fresh retail concepts never before available in the market.

To date, the Colliers team has executed a number of LOIs from national restaurant operators and entertainment concepts.

CREATING VALUE SOLUTIONS

A Phased Approach

PHASE 1 Asset Classification

- > Zoning
- > Entitlements
- > Incentives
- > Use
- > Parking



PHASE 2 Market Analysis

- > Comps
- > Demographics
- > Rents
- > Use Category Overview
- > Voids





SACRAMENTO DOWNTOWN COMMONS (DOC)

Sacramento, CA

CHALLENGE

Conversion of an 800,000-square-foot former Westfield Shopping Center into a 1.5 million square foot mixed-use complex consisting of the Sacramento Kings' basketball arena, offices, hotels, restaurants, a cinema, parking facilities and 400,000 square feet of retail, including a Macy's department store. The challenge was to complete the project in 28 months, navigating stakeholder and government requirements.

STRATEGY

Development of a close working partnership with the City of Sacramento, the State of California and local business stakeholders was critical to establish the bond financing required to move the project forward. In addition to bond funding for the development of parking facilities, special zoning districts were established to increase residential density within the designated Opportunity Zone that were essential to the project's success.

RESULTS

Open in October 2017, the project continues to gentrify a large portion of downtown Sacramento, becoming the communal gathering place for the City attracting new housing, commercial office, educational facilities, entertainment venues and retail. The combined economic impact estimates the addition of approximately 4,000 permanent jobs and \$11.5 billion in economic activity over a 30-year lifespan. The project is on target to bring as many as 1.6 million visitors to Sacramento, generating a projected \$8.5 million in sales tax revenue.

BROADWAY PLAZA URBAN DEVELOPMENT

Walnut Creek, CA

CHALLENGE

The urban redevelopment of downtown Walnut Creek included the upscale Broadway Plaza shopping center as part of the City's project. Comprised of 22 acres, the project was a joint venture between fee owners Macy's, Macerich and the City of Walnut Creek, with Macy's contributing approximately seven acres of land for parking in return for capital to expand and remodel its store. The project involved demolition of 150,000 square feet of retail shops and two parking decks, with the developer foregoing 18 months of rental income and parking through two holiday seasons. Swift execution, strategic parking management and strong communications were needed to articulate the long-term value of the project.

STRATEGY

The redevelopment included a new Neiman Marcus store, an expanded Macy's and the addition of a Nordstrom anchor. The three-year project timeline for planning and completion was critical to maximize entitlements on 500,000 square feet of retail and office under the adopted master plan permit. The developer fast-tracked the construction and related permit requirements, maintaining a high profile in the local community to ensure project visibility.

RESULTS

With the project's capital investment greater than \$125 million, re-merchandising of downtown Walnut Creek retail and new residential housing, the City experienced tax revenue increases greater than 35%. The project established downtown Walnut Creek as the mixed-use destination in the East Bay area and, as a result of the redevelopment, retail sales in the area increased 65% per square foot.

PHASE 3 Property Analysis

- › Asset Data
- › Depreciation
- › IRR
- › Operating Metrics
- › Projections on OPEX & NOI



PHASE 4 Site Plan Modeling

- › Cap Ex
- › GFA/GLA Use
- › Occupancy
- › Parking
- › Phasing Potential
- › Redevelopment Options



PHASE 5 Financial Modeling

- › Construction PSF
- › Cost Variables
- › Exit CAP
- › NPV
- › ROC



PHASE 6 Value Creation Decisions

- › Option Review
- › Strategic Planning
- › Value Creation Opportunities

GLOBAL EXPERTISE



INTEGRATED SERVICES

Colliers delivers a comprehensive portfolio of real estate services to occupiers, owners and investors across all sectors worldwide.

With our client-centric approach, we provide a deep level of knowledge in specialized industries and product types, across markets and regions. Combining this knowledge with data and analytics creates powerful service offerings with integrated solutions for our clients.

RETAIL REPOSITIONING ADVISORY SERVICES



TODD SCHEFFLER

Vice President
Retail Repositioning
+1 513 340 3960
todd.scheffler@colliers.com



ANJEE SOLANKI

National Director
Retail Services USA
+1 415 288 7871
anjee.solanki@colliers.com

