

# THE CHANGING FACE OF RETAIL

Presentation to the  
Seven Corners Task Force

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**Managing Principal**  
**Streetsense**

# WE ARE

an uncommon collective of designers, brokers, architects, developers, planners, researchers, and creative thinkers. We are inspired by the desire to create distinctive places and meaningful brands. Whatever the challenge, our team of experts is ready to take it on with you – our collaborative ideology is our greatest differentiator.

# STREETSENSE.

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## ARCHITECTURE + INTERIOR DESIGN

architectural design  
restaurant design  
retail store design  
prototype development  
prototype adaptation  
construction documentation  
contract administration  
sustainability consulting  
3-D visualization

## PLANNING

site + master planning  
design guidelines  
site analysis  
streetscape + urban design  
entitlements  
site signage + wayfinding  
landscape design  
community outreach

# WE DO

## CREATIVE

naming  
branding  
logo development  
environmental graphics  
signage  
packaging  
marketing  
print collateral  
advertising  
public relations  
web development  
social media  
interactive media  
photography

## DEVELOPMENT

feasibility studies  
due diligence  
tenant coordination  
pro forma analysis  
design + construction management  
value engineering  
advisory services

landlord rep  
tenant rep  
market research + analysis  
custom demand modeling  
site assessment  
investment sales  
roll-out strategies  
merchandising strategies

## BROKERAGE+ REAL ESTATE STRATEGY

streetsense.

# 1. OVER SUPPLY OF MAJOR RETAIL BRANDS



- Leading up to the downturn in 2008, Wall Street and the Investor Market was driving Retail Expansion
- Many major retailer lost sight of sound expansion strategies resulting in store cannibalization and dilution of brand
- National retailers will be scaling back on new growth moving forward with some stores reducing the store count by 50% over the next five years

## 2. MAJOR CHANGE IN CONSUMER BUYING PATTERNS



- Post 2008 the Baby Boomers started to cut back spending, particularly with respect to Goods and General Merchandise
- The X & Y Generation is becoming a significant buying force focused on “Experience” over “Things”
- The new shopper is brand Conscious but not brand Loyal and views most national retailers as a commodity
- National and Local Retailers are adjusting to the new buying patterns and trying to regain their footing....There will be some winner and losers

# 3. INTERNET SHOPPING INSURGENCE



- Leading up to 2008...Internet shopping was insignificant compared to the dollars spent in bricks and mortar retail...roughly 3 to 8 % of sales
- According to recent studies...internet sales represent over 18% of total sales with the curve trending almost vertical
- Many National Boxes and commodity retailers are seeing the relevance of their stores diminish...some will not survive
- Specialty store are trending towards “gallery” locations

## 4. DEVELOPMENT PATTERNS SWITCHING TO “URBAN” OVER “SUBURBAN”



- Both Boomers and X & Y's are seeking the city and retailers are following with them with their growth strategies
- Streetsense has experienced the brokerage work shifting from a majority of our leasing activity outside the beltway to the majority of leasing volume inside the beltway
- Urban markets are underserved by most retail categories and represent the biggest opportunity for retail expansion

# 5. STRATEGY IS KEY TO SUCCESS



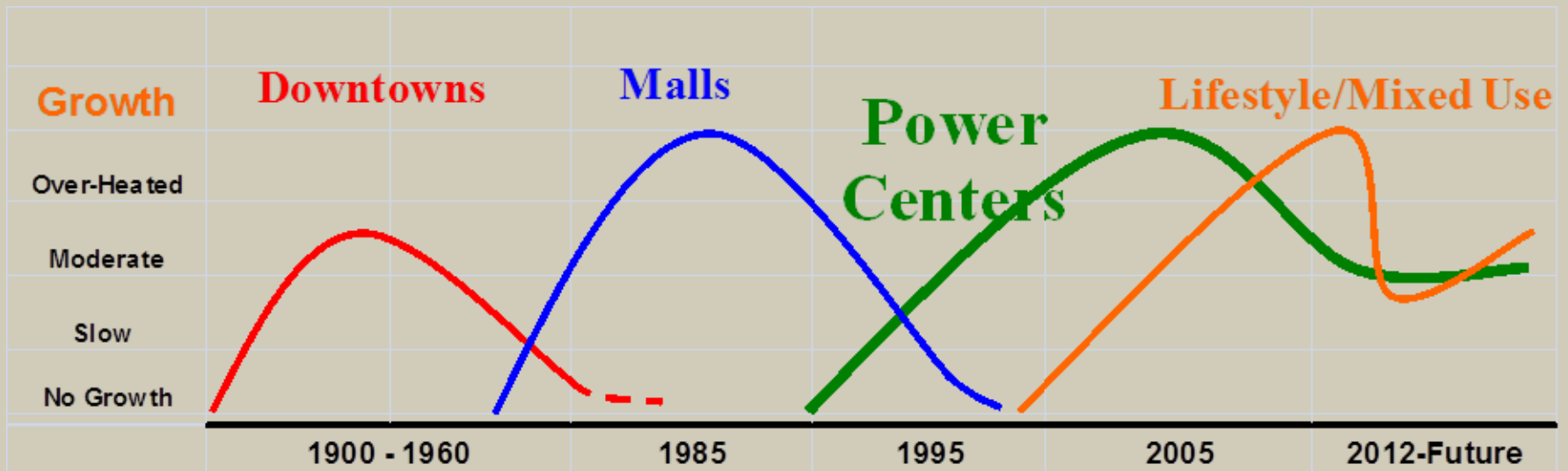
- Understanding the specificity of a market today is critical for success
- Immersive is in...commodity retail is going on-line
- Speculative development has no place in today's development cycle and is very difficult to underwrite
- Harsh Reality: Build It and They might Not Come!





# 100 YEARS OF RETAIL IN AMERICA

## Shopping Center Growth Curves



# ALL CATEGORIES MAINTAIN THEIR RELEVANCE – SOME MORE THAN OTHERS



power center



specialty center



placemaking

# URBAN & IMMERSIVE IS “IN”....

- Many consumers are looking for a mixed-use experience. Some of the main groups are:
  - Aging Baby Boomers looking to simplify their lifestyle.
  - Young professionals looking for a more urban living experience with the convenience of a suburban location.
  - Retirees looking for a more immersive environment that provides public areas to spend leisure time.



# FINAL THOUGHTS



# PLACE MATTERS TO TODAY'S RETAILERS... THE CONNECTION BETWEEN DESIGN AND SUCCESSFUL RETAIL HAVE NEVER BEEN STRONGER



Architect's Vision

Project is receiving push-back from the retail community as “too sterile....we don't get it”



Project Under Construction

**Washington DC's City Center**

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Animated Sidewalks and Cafes

Annual gross sales  
over \$1,000/sf



Unique Storefronts with a mix of National and Local  
Brands



Historic Architecture and Urban Context

## Washington DC's F Street

# PLACE MATTERS TO TODAY'S RETAILERS... THE CONNECTION BETWEEN DESIGN AND SUCCESSFUL RETAIL HAVE NEVER BEEN STRONGER



Annual gross sales:  
\$500/sf

**The Shops at Wisconsin Place**

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**Bethesda Row**

