

HANNA COMMERCIAL NEWSLETTER

3rd Quarter 2017

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RETAIL IS ALIVE AND ACTIVE, BUT CHANGING SHAPE

BY: TONY VISCONSI, MANAGING DIRECTOR

THE DEMISE OF BRICK AND MORTAR RETAIL has been widely reported over the past several months. Although there have been many stores closing or filing bankruptcy, there is proof that retail is still alive and active, but is being reshaped from conventional standards.

In order to combat e-commerce sales, savvy merchants have increased their levels of service to provide value to their customers.

For example, furniture vendors Pottery Barn and West Elm both offer free, in-home design services. This added feature is invaluable to the busy, over-committed consumer.

Additionally, Apple created the Genius Bar in its stores to cater exclusively to customer problems and issues. This store feature has helped create millions of loyal users. Whole Foods Market employees routinely offer customers free product if they are sold out of the desired brand. One of the company's core values is that "the customer is the most important stakeholder in our business and the lifeblood of our business."

Furthermore, entertainment-based concepts have flourished recently by becoming anchor tenants in both open and enclosed shopping centers.

The list of growing and dynamic concepts includes: Legoland Discovery Center; Main Event; iFly; Pinstripes; Topgolf; Round 1; and Punchbowl Social; and movie theaters Silverspot Cinema and Movie Tavern, all of which have deals or are considering locations in Northeast Ohio.

These retail entertainment users will drive traffic to shopping regions, which should greatly benefit surrounding merchants and restaurants.

Also, there are several cutting-edge, dynamic retail concepts that are growing through brick and mortar development.

These merchants include Bonobos, Warby Parker, Homage, Shinola, and LuLulemon Athletica. Generally, they target

live, work and play developments, or urban storefront locations. Their stores are smartly merchandised and offer unique experiences to the customers.

These tenants locally will be found in four Cleveland area shopping centers: Crocker Park and Eton Chagrin Boulevard; and the two new lifestyle projects, Pinecrest and the Van Aken District.

Finally, many off-price and deep discount stores are planning on explosive growth in the near term. These users will backfill soon-to-be-vacated space, and will enter all types of trade areas, including small, rural communities.

These merchants generally will pay lower rent than their predecessor, and will demand a substantial build-out allowance. Although not an owner-friendly deal, these retailers have good financial stability. The most active of these users in the Northeast Ohio region include TJ Maxx/HomeGoods, Burlington, Five Below, Ross Stores, Dollar Tree, and Dollar General.

“ Many off-price and deep discount stores are planning on explosive growth in the near term. ”

Overall, consolidation in the retail segment will continue with pressure on full-line department stores, sporting goods, electronics, office supplies, and women's clothing stores.

This trend will impact Class B and C shopping centers. Mixed-use, lifestyle centers, and Class A neighborhood/community centers should continue to see strong tenant demand.

Small to medium sized, grocery-anchored centers seem to be best positioned to combat this retail purge. Going forward, the winners will be service- and price-driven retailers and entertainment concepts, and quality, dynamic projects as the enclosed mall world comes under attack.



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NAIOP RECOGNIZED THREE OF OUR OWN FOR OUTSTANDING ACHIEVEMENTS IN 2016

BY: MARGARET LILL, EDITOR

HANNA COMMERCIAL REAL ESTATE received three Awards of Excellence, when the honors were handed out by the Northern Ohio Chapter of NAIOP this last spring. An annual recognition program, the awards ceremony was held at Cleveland's Windows on the River on May 10, 2017. The program recognizes the best projects, real estate transactions, and individual performances during the previous year in the commercial real estate industry in Northern Ohio.

Among the 2016 winners was David Stover who secured Industrial Broker of the Year award. Stover has been with the firm for 20 years, and after the NAIOP committee reviewed his 45 transactions, he was chosen to be the top Industrial Broker.

Mr. Stover represented clients both locally and overseas that sold, purchased, and leased properties ranging in size from 10,000 SF to 125,000 SF.

Diana Whisenant, SIOR and David P. O'Neill Jr., SIOR proudly represented Hanna Commercial with winning the Industrial Transaction of the Year award. Both were responsible for assisting their client from site selection through the construction phase of the highly complex development of a 100,000 SF and \$9 million investment in a production warehouse in Bogota, Colombia. Their involvement enabled the client to consolidate warehouse operations and increase production capacity for a growing number of export markets.

NAIOP, the Commercial Real Estate Development Association, was founded in 1967, starting out as a small group of owners and developers of industrial parks in the eastern U.S. who formed the National Association of Industrial Parks to facilitate a forum for the exchange of information on development. They have since evolved into one of North America's largest, most prestigious and valuable commercial real estate organizations. They provide networking opportunities, educational programs, research on trends and innovations, and strong legislative representation. Each year, NAIOP presents annual awards to companies, individuals, and chapters who have demonstrated exemplary efforts in commercial real estate.

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Dave Stover brings enthusiasm, good nature, and over 25 years of successful real estate experience to every business encounter. Specializing in industrial properties, he has concluded more than 800 leasing, sales, and build-to suit transactions. Mr. Stover works with both local, national, and international companies. He has been directly involved in the sale or lease of over 25 million square feet of office / industrial property, and has completed transactions in the United States, Europe, Asia, South America and North America.



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Diana specializes in transaction management for corporate clients. This includes global portfolio management, strategic consulting, site selection, property acquisitions, and dispositions. The overarching goal is to create transparency and centralize the real estate portfolio, eliminate legacy issues, and implement cost-saving strategies. Her experience living and executing transactions abroad makes her well suited to partner with multi-national firms seeking expert advice on critical cross-boundary real estate decisions.



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David O'Neill is Executive Management Director of the Corporate Services Group, a team with 78 years' experience in corporate real estate. In 2016, David concluded 74 transactions totaling 4.7m SF. Activities included completing assignments around the globe on behalf of our multi-national clients in Germany, the UK, Luxembourg, the Netherlands, Italy, Hungary, Australia, Malaysia, Argentina, Brazil, Canada, and throughout the U.S. He also manages the firm's joint venture agreements with major European asset managers throughout the continent.

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RECENT TRANSACTIONS & FEATURED LISTING

RECENT TRANSACTIONS

OFFICE



**55-75 ERIEVIEW PLAZA
 CLEVELAND, OHIO**
 194,684 SF
 Buyer: Alto Partners
 Represented by:
 David Wagner & Bill Nice
 Property Management &
 Leasing now by Hanna CRE

INDUSTRIAL



**12420 PLAZA DRIVE
 PARMA, OHIO**
 110,000 SF
 Seller Represented by:
 David R. Stover

FEATURED LISTING

LAND



**FOR SALE: GEAUGA LAKE
 & WILD WATER KINGDOM
 PROPERTY**
 7350 North Aurora Road,
 Aurora, Ohio

- Total acreage: ± 651.9 acres
- Multi-use re-development opportunity
- Residential & Commercial land available
- Multiple retail sites with frontage on SR 43 (Aurora Road)
- Contact agents for more details

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