

THE FUTURE OF STAND ALONE RETAIL STORES

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Current Valuation Trends For Tax Assessment

- ▣ Big Box “Dark Theory”
- ▣ Drug Store “Contract Rent vs. Market Rent”
- ▣ 11:00 am Friday, September 14



LOWE'S

STOP

CHEVROLET













Big Box Threats

- ▣ Consumer Electronics (Best Buy)
- ▣ Book Stores (Digital)
- ▣ Toys R Us
- ▣ Kmart Closing
- ▣ HHGregg
- ▣ Sam's Club
- ▣ Gander Mountain
- ▣ Circuit City
- ▣ Best Buy(?)

Big Box Opportunities

- ▣ Home Goods and Self Help
- ▣ Contractor Services
- ▣ Clothing Trends
- ▣ Targeted Demographics
 - Wal-Mart
 - Target





Branch Bank Threats

- ▣ Bank Consolidations
- ▣ On-Line Banking
- ▣ Kiosk Services

Branch Bank Opportunities

- ▣ Start Up Banks
- ▣ Conversions
 - General Office
 - Dental Office
 - Jewelry
 - Urgent Care



APPLIANCES
REMOVERS

HAND & BODY LOTION
SKIN CARE

a 2 b

FACIAL CARE
BATH CARE
BODY WASH

SHAMPOO
CONDITIONERS
HAIR STYLING

Beauty
100% money back guarantee

natural
beauty care

facial
moisturizers

premium
hair care

hand &
body lotions

facial
cleansers

shampoo
& conditioners

therapeutic
hair care

masqueBAR

ALMAY

ULTRA-MOISTURIZING BUTTERY LIP COLOR

98% WATER

LOVE WITH

LULA

ESSENTIALS

ESSENTIALS

AMERICAN GREETINGS

cara

Pharmacy





Drug Store Threats

- ▣ On-Line Pharmacy
- ▣ Home Delivery
- ▣ Complimentary
 - Sam's Clubs
 - Wal-Mart
 - Harris Teeter
 - Family Practices

Drug Store Opportunities

- ▣ Alternative Convenience
- ▣ Perishable Items
 - Amazon – Whole Foods



Parts Store Threats

- ▣ Drop Ship to Service Area
- ▣ No More Ag and Shop
- ▣ No More Combustion Engines
 - Tesla Sales In August 2018 – 23,175 (Models 3, X, S)
(www.latimes.com/business/autos)
 - BMW Sales (all models) – 23,789 (August 2018)
(www.bmwgroup.com)

Parts Stores Opportunities

- ▣ Direct Service
- ▣ Self Help
- ▣ Charging Stations





Small Dealership Threats

- ▣ Trade Wars
- ▣ Drop Ship to Service Area
- ▣ No More Ag and Shop
- ▣ No More Combustion Engines
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Small Dealership Opportunities

- ▣ Alternative Mixed use
- ▣ Self Service Repair
 - Lease Lift Bays and Tools





Jewelry Store Threats

- ▣ Changing Buying Habits
- ▣ Impulse vs. Destination Space

Jewelry Store Opportunities

- ▣ Gemology Repair
- ▣ Mixed Use (Complimentary)
 - Verizon
 - Edward Jones



Urgent Care Threats

- ▣ Consolidations
- ▣ Regional Emergency Rooms

Urgent Care Opportunities

- ▣ Second Generation
- ▣ Lower Cost Basis
- ▣ Nurse Practitioners &
Physician Assistants (PA)



Movie Theater Threats

- ▣ Streaming Content
- ▣ Cable Content
- ▣ Conversion to Digital

Movie Theater Opportunities

- ▣ Last Date Night Standing
- ▣ Boutique (Adult Beverage & Content)





Express Lube Threats

- ▣ Drop Ship to Service Area
- ▣ No More Ag and Shop
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Express Lube Opportunities

- ▣ Direct Service
- ▣ Self Help
- ▣ Charging Stations



Micro-Brewery Threats

- ▣ Safety Issues
- ▣ Patron Issues
- ▣ Lease Covenants Restricting Use
- ▣ Fickle Consumers

Micro-Brewery Opportunities

- ▣ Good Conversion Alternatives
- ▣ Good While Trend Lasts





Discount Tire Threats

- ▣ Supply Chain may shift
- ▣ Changing Automotive Buying

Discount Tire Opportunities

- ▣ Changing Automotive Buying
- ▣ More Service Opportunities
- ▣ Charging Stations





MATTRESS FIRM

0% APR
20% OFF
OPEN

8
BODY FELLOW

LABB SA
KING
QUEEN

Jeep

24122882

Mattress Store Threats

- ▣ Market Saturation
- ▣ Direct Home Delivery

Market Store Opportunities

- ▣ Consumer Test Drives
- ▣ Local Delivery
- ▣ Alternative Product Space



Fitness Center Threats

- ▣ Market Saturation
- ▣ Changing Buyer Habits
- ▣ Home vs. Neighbors

Fitness Center Opportunities

- ▣ Renewed Focus on Active Lifestyles
- ▣ Specialty Exercises for Favorite Sport
- ▣ Physical Therapy
- ▣ Wellness Centers/Services
- ▣ Non-Traditional Fitness Tenants
 - Swim Centers, Trampoline Parks, Indoor Skydiving
- ▣ Lifestyle Real Estate Developments





Furniture Store Threats

- ▣ Trade Wars
- ▣ IKEA Model
- ▣ Wayfair & Others

Furniture Store Opportunities

- ▣ Alternative Uses
 - Consignment
 - Hobby Stores
 - Flea Markets



Other Considerations

- ▣ Appliances
- ▣ Cell Phone Stores
- ▣ Sporting Goods

Summary & Conclusions

- ▣ Impact of Cell Phones & iPads
- ▣ On-Line Shopping Trends
- ▣ Changes in Automotive Industry
- ▣ Home Delivery Systems
- ▣ Lending Rates
 - Fed. rates increased 3 x in 2017
 - Foreign Lending
 - “Brexit”

References

- ▣ 3 Commercial Real Estate Trends to Watch in 2018 by Ely Razin, January 17, 2018.
- ▣ Five Ways the Retail Fitness Industry Might Look Different in the Future by Lanie Beck, National Real Estate Investor, May 24, 2018.
- ▣ Industrial Cap Rates Will Continue to Compress, Brokerage Firms Predict by Patrick Kirk, National Real Estate Investor, Sept. 07, 2018

Thanks for coming!

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