WE ARE AN EXPERIENCE-FOCUSED STRATEGY AND DESIGN COLLECTIVE
we believe that

EXPERIENCES HAVE THE POWER
to not only enhance the beauty of life but to shape communities and impact the evolution of society.
RETAIL IN CURRENT CONTEXT
RETAIL DISRUPTORS
The Future of Retail
RETAIL ECONOMICS

Retail as Identity
Retail as Amenity
Retail as $$$ Generator
Retail as Place-Creation
Retail as Commerce
Who wants a bakery in our neighborhood?

### Consumer Spending Patterns

**Analyzing Expenditures**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2012 Estimate (in 100s)</th>
<th>2017 Estimate (in 100s)</th>
<th>% Comp</th>
<th>2012 Annual Avg HH</th>
<th>2017 Annual Avg HH</th>
<th>% Growth</th>
<th>2012 Index to USA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Specified Consumer Expenditures - USA</strong></td>
<td>5,992,302,761</td>
<td>6,525,325,078</td>
<td>50,195</td>
<td>52,858</td>
<td>1.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Specified Consumer Expenditures (AREA)</strong></td>
<td>209,321</td>
<td>0.00</td>
<td>226,550</td>
<td>0.00</td>
<td>41,822</td>
<td>44,283</td>
<td>1.63</td>
</tr>
</tbody>
</table>

#### Food at Home

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2012 Estimate (in 100s)</th>
<th>2017 Estimate (in 100s)</th>
<th>% Comp</th>
<th>2012 Annual Avg HH</th>
<th>2017 Annual Avg HH</th>
<th>% Growth</th>
<th>2012 Index to USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakery Products</td>
<td>2,171</td>
<td>1.04</td>
<td>2,264</td>
<td>1.00</td>
<td>434</td>
<td>442</td>
<td>0.89</td>
</tr>
<tr>
<td>Cereal Products</td>
<td>1,960</td>
<td>0.52</td>
<td>1,122</td>
<td>0.50</td>
<td>218</td>
<td>219</td>
<td>0.56</td>
</tr>
<tr>
<td>Dairy Products</td>
<td>1,883</td>
<td>0.90</td>
<td>1,956</td>
<td>0.86</td>
<td>376</td>
<td>382</td>
<td>0.78</td>
</tr>
<tr>
<td>Fresh Milk and Cream</td>
<td>492</td>
<td>0.24</td>
<td>510</td>
<td>0.22</td>
<td>100</td>
<td>100</td>
<td>0.22</td>
</tr>
<tr>
<td>Other Dairy Products</td>
<td>1,096</td>
<td>0.52</td>
<td>1,147</td>
<td>0.31</td>
<td>219</td>
<td>224</td>
<td>0.93</td>
</tr>
<tr>
<td>Eggs</td>
<td>295</td>
<td>0.14</td>
<td>290</td>
<td>0.13</td>
<td>59</td>
<td>59</td>
<td>0.35</td>
</tr>
<tr>
<td>Fats and Oils</td>
<td>212</td>
<td>0.10</td>
<td>218</td>
<td>0.10</td>
<td>42</td>
<td>43</td>
<td>0.59</td>
</tr>
<tr>
<td>Fish and Seafood</td>
<td>745</td>
<td>0.26</td>
<td>767</td>
<td>0.34</td>
<td>149</td>
<td>150</td>
<td>0.58</td>
</tr>
<tr>
<td>Fruits and Vegetables</td>
<td>2,634</td>
<td>1.26</td>
<td>2,720</td>
<td>1.20</td>
<td>526</td>
<td>532</td>
<td>0.65</td>
</tr>
<tr>
<td>Juices</td>
<td>836</td>
<td>0.40</td>
<td>862</td>
<td>0.38</td>
<td>167</td>
<td>168</td>
<td>0.61</td>
</tr>
<tr>
<td>Meats (All)</td>
<td>5,281</td>
<td>2.52</td>
<td>5,386</td>
<td>2.38</td>
<td>1,035</td>
<td>1,053</td>
<td>0.40</td>
</tr>
<tr>
<td>Nonalcoholic Beverages</td>
<td>2,374</td>
<td>1.13</td>
<td>2,436</td>
<td>1.08</td>
<td>474</td>
<td>476</td>
<td>0.52</td>
</tr>
<tr>
<td>Prepared Foods</td>
<td>3,659</td>
<td>1.74</td>
<td>3,797</td>
<td>1.68</td>
<td>727</td>
<td>742</td>
<td>0.87</td>
</tr>
<tr>
<td>Sugar and Other Sweets</td>
<td>1,043</td>
<td>0.50</td>
<td>1,097</td>
<td>0.48</td>
<td>208</td>
<td>214</td>
<td>1.03</td>
</tr>
</tbody>
</table>

#### Food Away from Home and Alcohol

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2012 Estimate (in 100s)</th>
<th>2017 Estimate (in 100s)</th>
<th>% Comp</th>
<th>2012 Annual Avg HH</th>
<th>2017 Annual Avg HH</th>
<th>% Growth</th>
<th>2012 Index to USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcoholic Beverages</td>
<td>4,015</td>
<td>1.92</td>
<td>4,216</td>
<td>1.86</td>
<td>802</td>
<td>824</td>
<td>1.00</td>
</tr>
<tr>
<td>Alcoholic Beverages at Home</td>
<td>3,360</td>
<td>1.61</td>
<td>3,524</td>
<td>1.56</td>
<td>671</td>
<td>689</td>
<td>0.98</td>
</tr>
<tr>
<td>Alcoholic Beverages away from Home</td>
<td>655</td>
<td>0.31</td>
<td>692</td>
<td>0.31</td>
<td>131</td>
<td>133</td>
<td>1.12</td>
</tr>
</tbody>
</table>

S.
RETAIL ECONOMICS

equilibrium
RETAIL ECONOMICS

Total Amount of Customers and Spending

Total Amount and Type of Retail Establishments
Stores Matter

Online shopping is growing quickly but more than 90% of U.S. retail sales are in physical stores

Online shopping’s share of total U.S. retail sales

Source: U.S. Census Bureau

Note: Figures are adjusted for seasonal variation. Data for 2Q 2017 are preliminary.
EVIDENCE OF GROWTH + CHANGE

Average length of retail lease (1991): 20 years
Average length of retail lease (today): 5 years

Source: CBRE Econometric Advisors, Q4 2016.
“WE AREN’T OVERRETAILED. WE’RE UNDER DEMOLISHED.”

Daniel Hurwitz, GGP
13B SF
of retail in US

1 Billion will need to be demolished or repurposed to achieve market equilibrium.

CoStar February 2017
NEIGHBORHOOD GOODS + SERVICES (NG+S)

Grocery
Pharmacy
Florist
Dry Cleaners
Nail/Hair Salon
Wine/Liquor Store
FOOD + BEVERAGE

Restaurant
Cafe
Bar
Coffee Shop
Fast Casual
Ice Cream Store

DINING OUT
GAFO
GENERAL MERCHANDISE, APPAREL, FURNISHINGS & OTHER

Clothing Store
Shoe Store
Furniture Store
Electronics Store
Jewelry Store
Bookstore
Home Decor Store
Hardware Store
Sporting Goods Store
Card Store
Office Supplies Store
Pet Store
Toy Store
Discount Variety Store
Thrift Store

SHOPPERS' GOODS
HH SPENDING/CATEGORY

50% Neighborhood Goods + Services

30% Food + Beverage

20% General Merchandise

Source: Bureau of Labor Statistics, Reuters
HH SPENDING/CATEGORY

50% Neighborhood Goods + Services

30% Food + Beverage

20% General Merchandise

9% Ecommerce

Source: Bureau of Labor Statistics, Reuters
Department stores have lost 18 times more jobs than the coal industry since 2001.

“The Silent Crisis of Retail Unemployment,”
*The Atlantic*, April 2017
Since 2007, ecommerce has created 355,000 new jobs compared to 51,000 bricks and mortar jobs lost.

*Forbes, April 2017*
DETROIT, MI
## N’HOOD INVENTORY SUMMARY

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Retail Supply</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>East English Village</td>
<td>258,700</td>
<td>53%</td>
</tr>
<tr>
<td>Jefferson Chalmers</td>
<td>243,800</td>
<td>52%</td>
</tr>
<tr>
<td>Joy Southfield</td>
<td>205,700</td>
<td>30%</td>
</tr>
</tbody>
</table>
## N’HOOD RETAIL FUNDAMENTALS

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Corridor Length (blocks)</th>
<th>Market Supported Double-Sided Retail (Blocks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East English Village</td>
<td>21</td>
<td>2.5</td>
</tr>
<tr>
<td>Jefferson Chalmers</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Joy Southfield</td>
<td>31</td>
<td>4</td>
</tr>
</tbody>
</table>
Although a neighborhood of neighborhoods, a unified front is needed if we want to succeed.

Total Demand: 180,565 sf
Retail Priority Area (RPA): 2.5 blocks
Use existing building stock, retail activity, and great visibility to take something good to make it better.

Total Demand: 212,938 sf
Retail Priority Area (RPA): 4 blocks
Create a community hub for the family-oriented neighborhood through a updated retail mix.

**Total Demand:**
181,453 sf

**Retail Priority Area (RPA):**
4 blocks

**Profile:**
- NG&S: 85%
- F&B: 10%
- GAFO: 5%
WHAT ABOUT THE REST?
BACK UP... NG&S AND F&B?
UH OH, GROCERY NEXT?

BLOOMBERG GADFLY: RETAILERS SHOULD FEAR AMAZON’S GROCERY AMBITIONS
What would be the biggest drawback of shopping at an Amazon Go store over a traditional grocery store?

- Lack of ability to use coupons: 34%
- Lack of product selection: 29%
- Lack of social interaction: 24%
- Not being able to pay with cash: 12.5%

86% of people said they shop at 1-2 grocery stores in a single shopping trip.
RETAIL AS AN “EXPERIENCE”
STORES AS 3D BILLBOARDS
CLICKS TO BRICKS
CLICKS TO BRICKS
SHOPPING STILL ABOUT THE SENSES
MORE THAN EVER:
+ Right Tenant
+ Right Place
+ Right Timing
+ Right Design
+ Right Amount

RETAIL NOW.
THE FUTURE OF RETAIL?

- Stores as warehouses
- Flexible retail design
- Innovation in delivery systems

- Amazon as the Blob?
- The end of community?
RETAIL AS COMMUNITY
RETAIL AS A POINT OF COMMONALITY
EVERYONE NEEDS A “THIRD PLACE”
“To belong is to act as an investor, owner, and creator of this place. To be welcome, even if we are strangers. As if we came to the right place and are affirmed for that choice.”
HOW DOES IT WORK?

Formal Interactions

Informal Interactions
WHAT CAN SOCIAL CAPITAL DO?

MOBILIZE

PROTECT

REBUILD
COFFEE = COMMUNITY/NAT’L SECURITY

PREVENTION  AWARENESS  RECOVERY

Disneyland

News Update: Unattended bag discovered in Tomorrowland. The area has been cleared, and we are working with Anaheim PD.

10 minutes ago via CoTweet
DO YOUR CIVIC DUTY

THANK YOU.