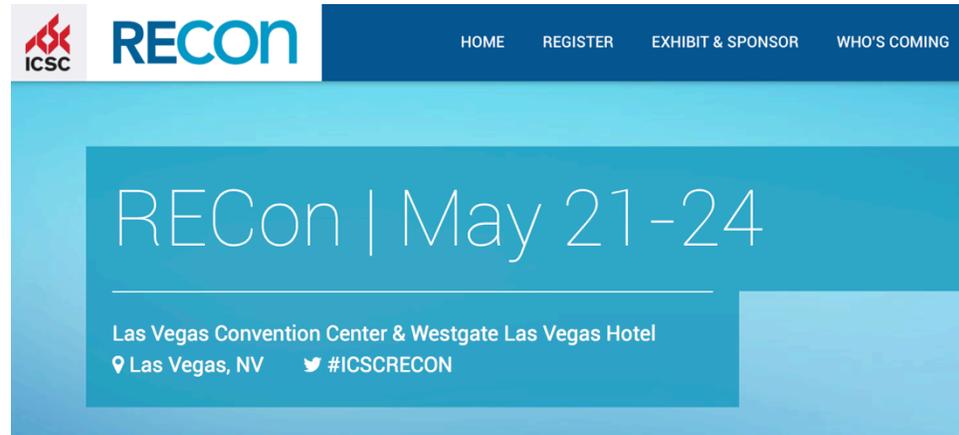


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Top 5 Takeaways from ICSC RECon 2017 Las Vegas, Day One



Source: icsc.org/recon

The Fung Global Retail & Technology team is attending the International Council of Shopping Centers (ICSC) RECon 2017 convention held in Las Vegas, Nevada this week. Here, we share our five key takeaways from day one of the event.

- 1) Serena Williams is fearless in fashion
- 2) Retailers are using geofencing to target consumers
- 3) We're not overbuilt; we're under demolished
- 4) Mixed-use space: creating a community and increasing property value
- 5) Vision and innovation are about taking risks

This week, the Fung Global Retail & Technology team is in Las Vegas, Nevada, attending RECon 2017, the largest global convention for the shopping center industry organized each year by the International Council of Shopping Centers (ICSC). More than 37,000 attendees and over 1,200 exhibitors are expected at this year's event, where participants can network, make deals and learn about the topics and trends affecting the industry across the globe.

The convention began on Sunday with a full day of sessions on varied topics such as reinvention and repositioning properties, specialty leasing and retail as a catalyst for economic development. The event's official kickoff and opening session was co-hosted by tennis champion, philanthropist and entrepreneur, Serena Williams.

1. Serena Williams Is Fearless in Fashion

Serena Williams, the number-one ranked women's tennis champion, philanthropist and entrepreneur, spoke with Sandeep Mathrani, CEO of General Growth Properties (GGP), in the opening day keynote presentation. Williams turned pro at the age of 14, and has since won 23 grand slam titles. She said that getting to the top is hard and staying at the top is just as hard. It takes a lot of preparation and one must be ready to put in a lot of work. You have to work harder when you are at the top because you have a target on your back. Always be thinking, "what can I do different? What can I do better?"

Williams has her own fashion brand, and tennis has helped her to develop her business. She said she wants to be the best in everything she does, and does not let fear of failure get in the way. On her weekly fashion call, she is excited to hear what the mistakes are, because mistakes present opportunities. Her target customer is a strong, powerful woman that feels confident when she puts an outfit on. Williams said that passion is missing in women’s fashion today. She would like her legacy in the fashion world to be a customer who feels confident, looks fabulous and “struts their stuff.”



Source: Fung Global Retail & Technology

2. Retailers Are Using Geofencing to Target Consumers

Geofencing analytics is an emerging technology that is helping retailers to better target consumers. The technology is also being used in acquisition evaluations, as investors are choosing which retailers are good candidates to place into properties.

Geofencing uses a GPS device signal to quantify and qualify traffic patterns, trends and demographic profiles. In one example, the geo-technology was able to analyze and understand the shopper demographics of an 8- to 10-mile radius using visit counts. The technology estimated the average household income and the annual household expenditure on apparel, food away from home and home furnishings.

Geofencing segment data can also be used to compare visit share among competitive shopping venues. For example, one study found that a luxury fashion retailer drew 40% of traffic during non-peak times whereas during peak times, this number fell by 5%.

Understanding this comprehensive level of consumer information allows retailers to place targeted marketing on social media to audiences around specific offerings, at designated times. The technology also helps retailers understand where consumers are shopping, and compare the share of wallet of different product categories. From a shopping center’s perspective, understanding this data helps to predict the types of retailers that may have a higher level of success in a specific geographic area.

3. “We’re Not Overbuilt; We’re Under Demolished”

There is too much retail space today. According to a Costar study conducted earlier this year, there are 13 billion square feet of retail space in the US, and an estimated 1 billion square feet would need to be repurposed or demolished to reach an equilibrium point.



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3. “We’re Not Overbuilt; We’re Under Demolished”

There is too much retail space today. According to a Costar study conducted earlier this year, there are 13 billion square feet of retail space in the US, and an estimated 1 billion square feet would need to be repurposed or demolished to reach an equilibrium point. Beyond the overcapacity issue, the US faces the issue of not having the right kind of retail for particular markets. As a result, there are transformations occurring in every market to determine what the needs are for redevelopment and the impacts on the communities.

4. Mixed-Use Space: Creating a Community and Increasing Property Value

As the industry is looking to reposition and repurpose space, mixed-use retail was a popular conference topic, including the types of retailers that should be in a mixed-use space and the overarching purpose of retail. Today with mixed use, the idea is to help to create a community around the center, with retail offerings becoming more regional, experiential and aspirational. According to Yaromir Steiner, Founder and CEO of Steiner + Associates, Inc., a real estate developer and master planning company, the purpose of the retail space needs to be evaluated first when considering a mixed-use project. For example, “aspirational-based” shopping environments define and add value to a community and contribute to its economic development. These are locations that consumers want to go to spend time and enjoy. Aspirational retail is boosting rents in surrounding areas by as much as 20%, and is also an important driver of the overall economic development of towns.

5. Vision and Innovation are About Taking Risks

The VIVA (Vision, Innovation, Value, Achievement) Shopping Center Awards honor the most outstanding examples of design and development, sustainability, marketing and community service. These awards are the ICSC’s “top honors” and shopping centers from around the globe compete for these honors in all categories. The top award for Design and Development this year was awarded to Markthal Rotterdam, located in the Netherlands. More than 8 million people visited Markthal within the first 18 months of opening, and standout features include its colorful interior, artwork and 3D images. The Markthal Rotterdam is also home to one of the Netherlands largest food markets, with over 9,600 square meters of food, retailers, high-end apartments, including four parking levels built underwater. The recipients of the award highlighted that they believed vision and innovation are about taking risks.



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