

Takeaways from Day One of the ICSC New York Deal Making Conference



Source: FGRT

On December 5, the FGRT team attended the first day of the International Council of Shopping Centers (ICSC) New York Deal Making conference in New York City. The three-day event is devoted to real estate deal making, education and networking. Top takeaways from the day's sessions include:

- 1) Short-term leasing platforms are increasing opportunities for landlords and retailers.
- 2) Consumer expectations for retail are different today and retailers must continue to innovate by trying “not obvious” things that people will want to tell their friends about.
- 3) Having a great product is not enough today: retailers must innovate with storytelling, theater and collaborations.

On December 5, the FGRT team attended the first day of the ICSC New York Deal Making conference in New York City. The three-day event draws close to 10,000 retail real estate professionals from across the country. The conference features presentations on brands, the future of retail, emerging retail concepts, and real estate trends and opportunities. Below are our top takeaways from the first day of the conference.

1) Short-term leasing platforms are increasing opportunities for landlords and retailers.

In a session titled “Emerging Trends in Specialty Retail,” panelists talked about how innovative, short-term leasing platforms are increasing opportunities for both landlords and retailers. One of the panelists, Ross Bailey, is the Founder and CEO of Appear Here, a company that provides a platform for short-term leases that is often described as an Airbnb for retailers. He described how his company’s platform has benefited both emerging brands and landlords. Bailey said that there are currently more than 100,000 retailers on Appear Here’s platform, which emerging brands can access in order to find opportunities to test their products without a long-term commitment and funding stream. He also said that larger brands are using Appear Here. For example, online dating site Match.com leased a physical space to help market its platform in London. Bailey said that the addition of a physical presence enabled the company to increase its online engagement by more than 50%.

Bailey noted that Appear Here has also helped landlords. He cited the Marylebone train station in London, which was transformed into a destination that houses more than 500



pop-up shops that rotate weekly. Rents have increased by 5,000%, Bailey said. He said the station is currently one of the most desirable locations in London, and that customers seek it out for its fresh, relevant content. Bailey noted that although it is tempting to keep a pop-up store at the station because it is doing well, it is the exclusivity and newness of the offerings that makes the destination special.

2) Consumer expectations for retail are different today and retailers must continue to innovate by trying “not obvious” things that people will want to tell their friends about.

Throughout the day, panelists highlighted the importance of taking risks and innovating in retail. In a session titled “Does Brand Matter?” Anne Marie Stephen, Founder and CEO of strategic advisory firm Kwolia, referenced one of Apple’s original ads that featured the slogan “Think Different.” Stephen said that new ideas sometimes work and sometimes do not, but that the notion that retail is going to stay the same and still succeed is gone. She said that her fellow panelists’ companies—Union Station, which is reinventing the bridesmaid experience, and Helix Sleep, which makes custom mattresses—are successful new brands because they are doing things differently. Stephen encouraged the retailers and landlords in attendance to think about new categories, new merchandise and new experiences, and to consider new ideas in terms of what services they offer to customers.

Corie Hardee, Founder and CEO of Union Station, said that her company did not have a lot of money in its early days, but that building trust among customers was very important for the brand. She said she discovered simply by asking that many companies were open to collaboration. Over the course of a year, she held pop-up events in major hotels in 12 cities. The pop-ups cost very little (less than \$2,000 each) and included a “draping” type of dressing room. Hardee estimated that the events attracted 50,000–100,000 visitors to the Union Station store experience. She said that the customer feedback she received was incredible, with many women saying it was the most fun bridesmaid experience they had ever had. Her story underscored the idea that thinking differently about where and when retail can happen and about collaborations and partnerships can be the key to success for small brands.

3) Having a great product is not enough today: retailers must innovate with storytelling, theater and collaborations.

In a panel session titled “Retail Reimagined: Embracing Change” JLL Director of Retail Research James Cook asked, “Is there a danger that the millennial customer will not shop for luxury?” Vincent Ottomanelli, former CEO and Regional Director of Salvatore Ferragamo, answered by saying that consumers across all generations appreciate beautiful craftsmanship. However, luxury items cannot just be great products—they have to weave in their history and craftsmanship through storytelling, theater and collaborations in order to remain relevant to today’s customer, Ottomanelli said. He suggested that brands should ask questions such as “Who is the customer today?” and “Who are the celebrities wearing the shoe?” He said that brands have to tell the story of who wore an item and convey the brand’s message, perception and concept. He added, “If you are not innovating, you will be gone.”

Ottomanelli noted that Gucci has seen exponential growth and that the company inspires all of its customers. He also cited luxury streetwear label Supreme, noting that the brand built its own community of customers and then built a partnership with Louis Vuitton. Supreme gets customers involved with its product releases and exclusives, he said, adding that all brands should aspire to create that type of relationship with customers and that type of excitement about product releases.



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Deborah Weinswig, CPA

Managing Director
FGRT
New York: 917.655.6790
Hong Kong: 852.6119.1779
China: 86.186.1420.3016
deborahweinswig@fung1937.com

Erin Schmidt
Research Associate

Hong Kong:

2nd Floor, Hong Kong Spinners Industrial Building Phase 1&2
800 Cheung Sha Wan Road, Kowloon
Hong Kong
Tel: 852 2300 4406

London:

242-246 Marylebone Road
London, NW1 6JQ
United Kingdom
Tel: 44 (0)20 7616 8988

New York:

1359 Broadway, 18th Floor
New York, NY 10018
Tel: 646 839 7017

FungGlobalRetailTech.com