

GREENWOOD, SC - KITSON MILL AND CENTER CITY STUDY

Retail Market Analysis & Recruitment Plan

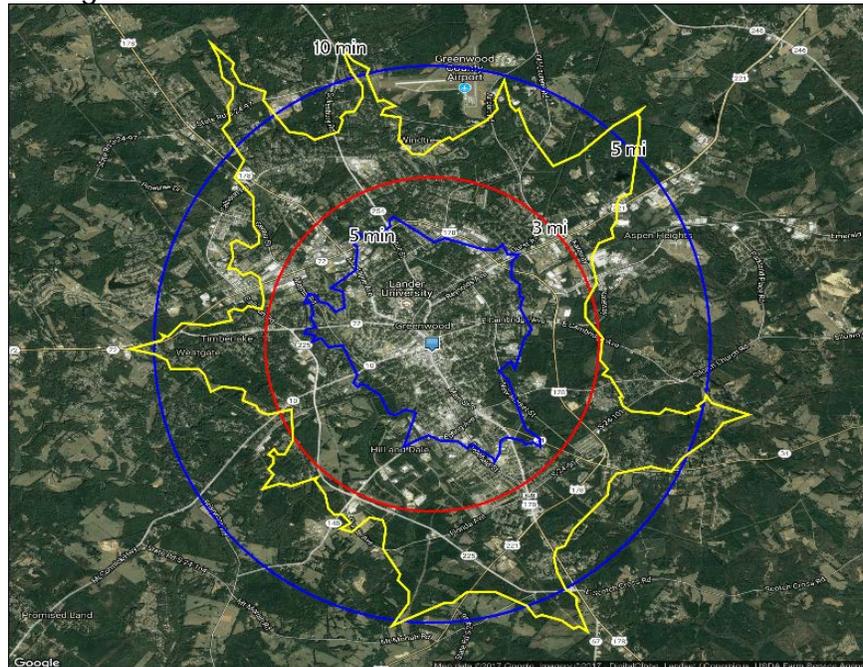
Task 1: Perform Retail Market Analysis

When a retailer considers opening in a new market, they first attempt to project their sales figures by looking into an area's demographics. Key criteria include population, median income, traffic counts, and growth rate. Knowing and understanding Greenwood's demographics outlook is key to knowing how retailers view the market and which retailers are likely prospects.

Method

Retailers do not focus on the demographics within the boundaries of a municipality or downtown. Instead, retailers use mile-radius rings and drive times as their standard trade area to compare against other site possibilities. These boundaries more accurately depict where a retail location draws from.

This report uses the intersection of Main and Maxwell Street as the address to run its 3-mile, 5-mile, 5-minute, and 10-minute reports. This intersection was used because of its central location. A prospective retailer will run these same reports but from a possible site it is considering.



Demographics

Main & Maxwell Intersection Greenwood, SC		3 Mile Radius Ring	5 Mile Radius Ring	5 Minute Drive Time	10 Minute Drive Time
DEMOGRAPHIC OVERVIEW	Current Year Estimated Population	32,311	47,492	17,545	41,711
	Number of Households	13,026	18,729	6,807	16,781
	Projected Annual Growth (5 YR)	0.4%	0.3%	0.4%	0.3%
	Current Year Median Household Income	\$ 32,126	\$ 36,492	\$ 25,215	\$ 35,788
	Current Year % Bachelor's Degree	15%	17%	12%	17%
	Total Number of Employees	25,886	29,931	19,309	28,928
	Daytime Population	50,256	64,748	34,647	60,127

This report includes four demographic boundaries because different retailers use different measuring sticks to compare markets. These four are the most commonly used.

2016 Average Annual Daily Traffic Counts (per, SCDOT)

- 2,100 on Main Street
- 3,300 on Maxwell Avenue
- 6,000 on Seaboard Avenue

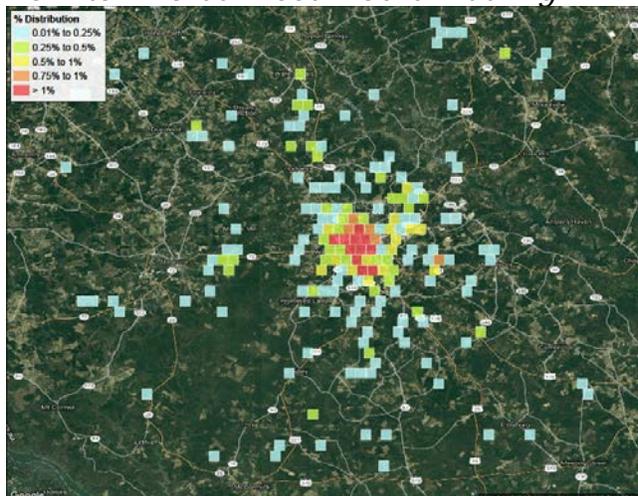
Mobile Tracking

The mobile tracking tool used by this report uses data collected from mobile phone users. By drawing a polygon around a shopping center or institution, we are able to gather data about the area's drawing power.

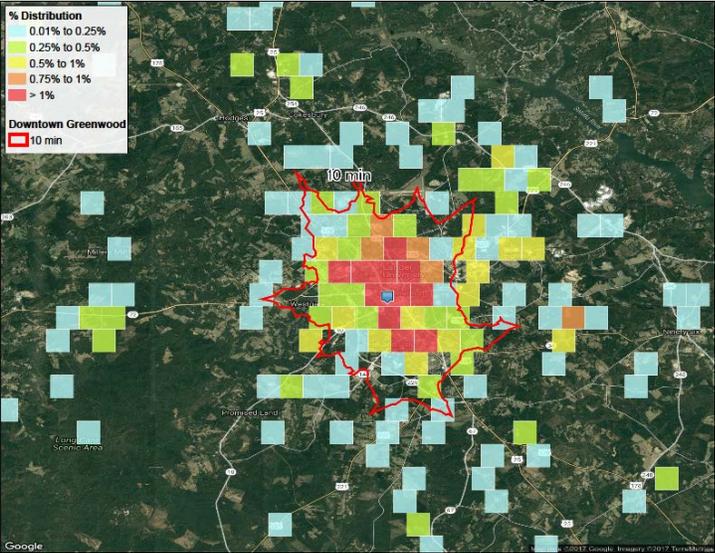
This tool allows us to see where customers are coming from to shop in your market using actual data. This information is used to optimize your trade area, analyze business locations, compare frequency of visitors, and assist retailers in site selection.

This report used the courthouse to represent downtown Greenwood and the Walmart as a general comparison.

Downtown Greenwood Mobile Tracking

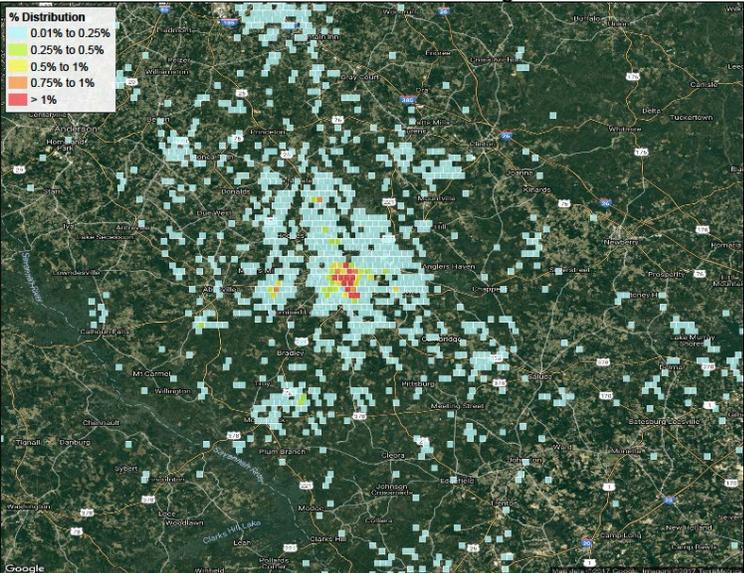


Downtown Greenwood Mobile Tracking + 10-Minute Drive Time



The mobile tracking report for downtown Greenwood shows a narrow but strong draw. As shown in the adjacent image, the mobile tracking data essentially aligns with the 10-minute drive time area for downtown.

Greenwood Walmart Mobile Tracking



Walmarts are typically the strongest retail nodes within a market, and the mobile tracking data for Greenwood's Walmart supports that. The data for Walmart is only shown as a comparison to demonstrate a stronger pull.

Analysis

Greenwood's demographics are solid for a mid-size city. National and some regional retailers have set demographic criteria that a market must have before they will consider it, but those criteria are not set in stone. For instance, although Greenwood's

median household incomes are below the common \$40,000 threshold for most national retailers, the downtown's high daytime population might make up for that.

The demographic measurement this report will rely on is the 5-minute drive time since it seems to align with the pull of Greenwood's downtown.

Task 2: Complete Retail Node Comparison Report

To help identify prospective retailers, this report will find downtowns that compare with the downtown Greenwood area. A mapping and data process took the 10-minute drive time demographics for Greenwood and produced peer downtowns that have similar populations, median incomes, and other demographic criteria. This report filtered the results to downtowns in North Carolina, South Carolina, and Georgia to ensure the most realistic prospective retailers.

Peer Downtowns/Nodes

Your Community		Greenwood, SC	41,711	28,928	\$35,788
Analog Average			39,834	28,035	36,674
	City	State	Residential Pop	Employees	Median HH Income
	Brunswick	GA	33,740	30,229	\$31,357
	Carrollton	GA	42,691	25,045	\$40,061
	Statesville	NC	37,152	29,932	\$39,020
	Trinity / Archdale	NC	42,052	25,853	\$36,836
	Sumter	SC	43,534	29,116	\$36,098
	Aiken	SC	35,617	24,640	\$45,565
	Greer	SC	53,706	27,586	\$46,614

This report identifies six retail market peers for Greenwood's downtown. These results do not mean that Greenwood is necessarily similar in size and makeup to these peers. However, the results are intended to show retail nodes that are similar to the 10-minute drive time area around Greenwood's downtown. Although this report does consider Aiken a peer, it does not consider Greer a peer due to its higher median income and population levels.

Task 3: Identify Retail Prospects

This report used a void analysis to compare which retailers are in Greenwood's peer retail nodes but not in the downtown Greenwood area. Since a retailer is already open in a peer community with similar demographics, it should be willing to consider a location in Greenwood as well.

The void analysis for downtown Greenwood identified more than 100 national retailers. This report filtered those results to only include expanding retailers, retailers likely to consider downtowns, and retailers with locations in the surrounding region. The retailers' preferred square footage is listed as well as site preferences for those with particular needs.

National Prospects



Baskin Robbins

- Size: 1,200-1,500 SF



Dunkin' Donuts

- Size: 1,500-1,800 SF
- Site Preference: On right side of road towards employment base; drive-thru window



Einstein Bros. Bagels

- Size: 2,100-3,000 SF
- Site Preference: patio space; drive-thru window



Jimmy John's

- Size: 1,200-1,800 SF
- Site Preference: endcap; drive-thru window



Long John Silver's

- Size: 2,000-4,000 SF on 1/2 to 3/4 acre
- Site Preference: freestanding building at lighted intersection or on shopping center outparcel



Mellow Mushroom

- Size: 4,000-5,000 SF
- Site Preference: patio space



**Benjamin
Moore®**
Paints

Benjamin Moore

- Size: 2,400-4,000 SF

Kimbrell's
FURNITURE • BEDDING • APPLIANCES • ELECTRONICS

Kimbrell's Furniture

- Size: 7,000 SF

ingles

Ingles Markets

- Size: 38,000-80,000 SF

Task 4: Retail Recruitment Plan

Knowing how a retailer considers a market and site helps cities better recruit retail. This section will include information on the retail process and actionable retail recruitment steps for Greenwood.

Terms

The major sides in retail real estate are the retailers, the property owners, and developers. Each side has its own players that perform specific roles in the process.

Retailers

- Corporate real estate directors look for sites for new locations for the retailer.
- Tenant representatives are hired by corporate real estate directors to assist in the search for sites for new locations.
- Franchisees are the operators of the stores and restaurants. Without a franchisee in place, a retailer cannot open in a market.

Property Owners

- Owners have control of the site. Many will handle the sale and leasing of their property.
- Brokers are hired by property owners to sell and lease their property.

Developers

- Developers will purchase properties from owners with the hope that they will attract retailers to build for. Many developers have strong enough relationship and experiences with certain retailers to know what kind of sites they prefer.

Market Factors

Before a retailer will even consider sites in a market, it will first consider the market's demographics. The main criteria reviewed by retailers are population density, median income, and traffic counts. Retailers use these criteria to project sales to estimate a new location's profitability. The higher these factors are, the higher the projected sales will be.

National retailers have standard criteria that they prefer markets to have. However, a higher than average factor (such as median income) can make up for a lower factor (such as population). Another factor that retailers will consider are the sales of their competitors in the market. If a retailer's competitor is doing well, the retailer will be more inclined to open in that market. The retailer collects all this information to compare against other markets in competition for a new location.

Site Factors

Each retailer also has its own preferred site criteria. These factors impact a retailer's projected return on investment, and a retailer will not move forward with a site if the

numbers do not work. Local and regional retailers are more flexible on these factors than national retailers.

Size

- Size of property in acres
- Size of building or space in square feet

Buy or Lease

- Some retailers will only buy, some will only lease, and others will do either.

Cost

- The rent or purchase price of a property will determine

New or existing

- Some retailers will only do new construction, some will only do existing spaces, and others will do either.

Accessibility

- The ease of access to a site in terms of traffic and parking is a major consideration

Visibility

- Retailers are more interested in spaces and sites that are visible from major traffic corridors.

Process and Timeline for a Typical Retail Real Estate Deal

After a retailer has approved a market and found a possible site, the negotiation process begins. This process can last from one to two years depending on the size of the project.

1. The retailer submits a letter of intent or purchase offer to property owner
2. Retailer and property owner review, make comments, and sign (6 weeks or more)
3. Once under contract, the retailer's corporate team will review and approve the site against sites in many other markets (4 to 12 weeks)
4. Once approved by corporate, the legal teams of both sides review and negotiate certain conditions before signing the final deal (up to 12 months)
5. Plans are submitted to the city once the lease or purchase is soon to be executed
6. Lease or purchase offer are signed and publicly announced
7. Construction or retrofitting begins (3-18 months)

Retail Recruitment Recommendations

Catalog Available Retail Sites and Spaces

A first step for downtown Greenwood's retail recruitment should be cataloging all available retail sites and spaces. This catalog would include vacant land, structures, and retail spaces. Important information to catalog with each site is the property owner, broker (if applicable), asking rent or sale price, size, and the site's marketing flyer (if applicable).

Knowing which properties are available will help Greenwood connect these real estate opportunities to prospects. Additionally, these sites can be listed on an online platform to help market them further. Real estate listing services such as Loopnet or Catylist can be expensive, but cities have put real estate opportunities on their own websites with successful results.

Ask Local Retailers and Restaurants for Sales

As this report has mentioned, retailers want to know that other retailers – especially their competition – are doing well in the market. Most operators will not share their sales, but having a general sense of how well they are doing is useful information to share with prospective retailers.

Continue Supporting New Residential Construction

Increased population counts in and around the downtown area will bolster retail recruitment since retail generally follows residential construction. Apartment units, senior living facilities, and single-family homes all contribute. Although hotels do not increase the residential population, they do drive traffic and retailers enjoy locating near them. These new residents and visitors will also improve Greenwood's traffic counts.

Be Prepared to Offer Incentives

Not every retail project needs or warrants public incentives to happen. However, Greenwood should have an idea of the types of incentives it is willing to offer if needed. Sales tax abatements are the most common for larger retail projects, but there are many incentive possibilities that a community can use. Cheap land, rent assistance, fast-tracked permitting, and reduced fees are a few other options commonly used.

Recruit Regional Retailers

Because regional and local retailers do not have as standard a real estate process as national retailers, it takes a different approach to recruit them. Shops and restaurants that have locations in multiple cities around Greenwood should be initial prospects. These smaller retailers typically do not have a real estate staff member, and it's usually best to talk directly with the owner about their expansion plans. Ask what type of retail space they prefer and connect them with similar retail spaces already in downtown Greenwood. Giving a brief, simple pitch about downtown Greenwood and its recent momentum will help.

Recruit National Retailers

Identifying the right contact for a national retailer is the first step. Each retailer has a real estate director that has a defined territory – usually broken up into states. Greenwood should look for the real estate directors that cover South Carolina. Many retailers list their real estate departments on their websites, and that will provide territory maps for their real estate directors.

Another way to find the right real estate director is to attend International Council of Shopping Center (ICSC) conferences. The real estate directors for retailers attend these conferences and are available to meet. The most applicable ICSC Conferences for Greenwood are the Carolinas conference in Charlotte held annually in March and the Southeast Conference in Atlanta held annually in October.

Once the right contact is found, pitch the retailer on the phone or over email on the Greenwood market. If they show some interest, ask where in the market they would prefer to locate. Although they may not have initial interest in the downtown area, mentioning possible incentives and recent developments that could sway them to consider it in addition to another area. Providing them with possible sites that match their real estate criteria saves the retailer time and helps ensure they actually consider the market.

Conclusion

Retail recruitment is an ongoing process. As Greenwood talks to retailers, developers, and property owners, it should continue to update its retail prospects and property catalog. The city will also continue to add to its contact list and hone its pitch as it talks to more individuals involved in the retail real estate sector. Retail expansion plans are always changing, so Greenwood should stay on retailers' radars by reaching out and following up with them about sites in the community.