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## **GREEN RIVER'S ECONOMIC DEVELOPMENT AGENCY**

*"The application of public resources to stimulate private investment."*

### **RETAIL BUSINESS RECRUITMENT LESSONS**

*I attended four courses at the annual training sponsored by the International Council of Shopping Centers at the Wharton School at the University of Pennsylvania in Philadelphia in early March. I focused my training on retail development strategies, retail site selection, downtown development and grocery anchored projects. The courses were taught by high level experienced retailers and developers including the directors of real estate for The Gap and Walgreen pharmacies. 735 students attended the training from 20 countries. The following are the key lessons learned.*

- 1) **SPECIFIC PRODUCT:** Retailers, restaurants, and hotels prefer to work with developers that have specific or planned projects that they can occupy. They want to see locations with a specific building design, building size, parking numbers and layouts, names of other tenants, population radius, traffic counts, construction schedules, and proposed lease rates. For example, once the initial concept plans for the hotel project are completed for the First Springs Canyon project, the developer and I will attend the annual shopping center trade show in Las Vegas in May with project plans, and meet with potential tenants. More than 40,000 retailers, developers, restaurant owners, property owners, and brokers attend the largest retail gathering in the US.
- 2) **CO-TENANCY:** Retailers, hotels and restaurants like to locate with other known tenants. Most national companies are not willing to take risks in un-proven markets. They want to know who else is coming. Many project leases require certain neighbors in projects before they will commit. This is why it is easier to work with regional, smaller companies that already know the market and do not base their decisions on computer projections alone. Once retail activity develops and proves that the market is profitable,

*then the national chains will follow. Futures has been actively recruiting Mountain West based firms.*

- 3) **PERSONAL CONTACTS:** *Deals are still done on a face to face basis. Trust between partners and participants are still a critical factor in closing deals.*
  
- 4) **STREAMLINED PERMITTING:** *One of the most common complaints by developers and retailers was the time it takes to secure all zoning and building permits (these are referred to as entitlements) and the permitting costs to get projects approved. Every month a store remains un-opened is lost sales revenue. Communities that establish streamlined permitting processes with defined schedules with no surprises are much more competitive. The companies and developers also talk to one another and word travels quickly about markets that are streamlined and business friendly.*
  
- 5) **KNOW THE COMPANY:** *One of the main themes from the companies was to do detailed research on the company you are pursuing. Know who they are, what trends they are facing, what their buildings look like, and what type of customer they are seeking. They have population, traffic count, income, education, visibility and other requirements. Most companies list their site criteria on their web pages. DO NOT waste their time with sites and projects that do not meet their initial project standards. For example, the director of real estate for Walgreen's noted that each member of his real estate team gets 50 or more calls per week from brokers and developers for potential sites. Generally less than 5 meet their criteria. Walgreen's is in an aggressive expansion mode with new store opening goals of 475 for 2006, 550 for 2007 and 550 for 2008. They are actively seeking sites, but they still have standards based on proven business and income models. The average Walgreen's store is 14,800 s.f., has \$9 million in annual sales, and requires 1.5 to 2 acre sites with great visibility.*
  
- 6) **PROPOSALS:** *When sites are submitted, provide good, concise data including aerial maps, traffic counts, population information, photographs, engineering data, and transportation access information in less than 5 pages. Make it easy for the company to plan a site visit.*

7) **SITE VISITS:** *Because the companies get so many bad proposals for bad sites, if a company actually decides to visit the site, they are already pretty interested.*

*Futures will continue to proactively attempt to recruit various retail, hotel and restaurant companies to Green River, but as noted above, we need a cooperative approach from all of the stakeholders (The City of Green River, developers, property owners and, brokers) to be successful.*

*Stephen Heavener, executive director*

*Green River Futures*

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