

# Restoring Global Retail Expansion

*NAI ReStore offers retailers in-depth market analysis and global expansion capabilities.*

Kevin Jeselnik

In the realm of commercial real estate, companies focused singularly on tenant representation have not been a part of the story for very long. According to David Solomon, president and CEO of NAI ReStore, a full-service firm dedicated to retailers and retail property owners with national and global real estate needs, his experience with one of the first tenant rep firms in the 1980s lead him to believe that it was a specialized service that could offer great benefits to retailers. With a career spanning retail and real estate endeavors, Solomon has had a wealth of experience dealing with retailers across the world, including an ownership interest in the Toys “R” Us franchise in Israel and an Israel-based retail concept that he imported to the United States and sold to McDonald’s approximately 2 years ago.

Upon the disposition of the retail concept to McDonald’s, Solomon began his newest endeavor, NAI ReStore. The company, a joint venture with NAI Global, a real estate firm with more than 8,000 employees in 375 offices in 55 countries, focuses on cross-border retail services, acquisitions/dispositions and market analytics. The company uses a unique mix of GIS analytics and NAI’s widespread pool of local professionals to provide in-depth demographic and market data to retailers looking to expand, relocate or close stores in the 65 countries across the globe.

Solomon was particularly drawn to NAI’s network of offices in secondary markets across the United States and other countries. The access to local brokerage professionals in smaller markets has increased ReStore’s ability to handle dispositions and site selection efforts within markets in which many global real estate firms are not located.

“We wanted to create a way for retail chains to expand, dispose of property — basically, manage their real estate portfolio — and get maximum value out of their



David Solomon, president and CEO of NAI ReStore, and George Anderson, the firm’s vice president of analytical services, discuss the company during a meeting at *Shopping Center Business*’ home office.

assets more efficiently across city, state or national borders,” Solomon explains. Since forming, ReStore has assisted retailers such as IKEA, Lowe’s Home Improvement Warehouse, Best Buy, BMW and Wal-Mart.

Recently, Centro Properties Group retained ReStore to market a 16-property portfolio of community and grocery-anchored shopping centers located in nine Midwest and Southeast states. Together, the shopping centers total more than 1.5 million square feet of space, and are being offered for an aggregate price of approximately \$98 million.

“Domestically, things are heating up with dispositions/investment sales,” Solomon says, when discussing the Centro disposition. “There is plenty of money on the sidelines looking for value-add deals; the response to this recent offering has been terrific.”

To offer in-depth demographic and market data for multiple countries, Re-

Store’s vice president of analytical services, George Anderson, has called on his past experience with Canada’s ScotiaBank, for which he has opened branches in dozens of countries. Demographic data is collected differently in every country, from the census every decade in the U.S. to the quarterly studies conducted in China. ReStore draws data from government reports, as well as more frequently updated reports from sources such as universities and banks’ investor relations departments.

“The data is really a commodity,” Solomon says. “It’s what you take from it and make relevant to your business that is the important part.”

Anderson’s relationships and alliances from his banking experience have helped ReStore collect hard data on the people and markets within 65 countries. In the increasingly global economy, U.S. retailers need to expand their reach into new markets in Mexico, Canada and beyond.



David Solomon points out a component of NAI ReStore's unique market analytics, which provide demographic and market data for 65 countries.

The challenge lies in understanding the differences between consumers across borders.

"In the past, the one thing we had to come up to speed with was market analytics, because we often found that the market would go down one track and real estate would go down another," Anderson says. "We didn't understand the culture; we didn't have the data. Big boxes are running out of room to grow, so where do they go next? You may say Mexico, but first we have to understand the market and the data, which is not collected the same as it is in the States. Now, Mexico has one of the most detailed censuses out there."

The firm's market discovery process collects data and builds an understanding of a new market for its client. The old model of finding multiple sites within a market and offering a choice to the retailer has evolved into ReStore's Retail Compass program, which is a targeted analysis including catchment zones, retail gap analyses, share-of-wallet studies and look-alike target customer profiles. ReStore doesn't generate a circular trade area encompassing a default number of households surrounding a prospective site. Its catchment zone studies take into account the physical land barriers, local competition and other factors.

"We want to map out where 80 percent of your customers are going to come from; that is your catchment zone," Solomon ex-

plains. "Within that area, we can fill in everything: share-of-wallet, which goes across 200 consumer product purchasing categories from toothpaste to coffee to toys, and look-alike customer profiles, which can show you where the highest concentration of a particular targeted consumer is located. And we can do this in any country in which we operate."

After the Retail Compass program, ReStore maps out the strategic blueprint through its Retail Builder program, which identifies the best areas to open stores within a chosen market as well, as the optimal store sequencing. The plan pinpoints targets down to the street level, whether the retailers is looking at China, India or Mexico. Only at that point does ReStore begin the site selection process.

"We want to make sure we understand who the retailer is and how its offerings translate across each border," Solomon says. "The first step is never real estate; it is about the customer."

The company's brokerage network of NAI professionals can utilize a program called Movie Maker that ties in with Google Earth Pro, using a car-mounted camera that can be employed to create brief movies of targeted areas with zoning and demographic data overlaid onto the image. Linking ReStore's analytics with the maps, the firm can show clients the age, income and education of residents within a target market, as well as data on what residents in that area spent on various products tracked in the share-of-wallet studies.

"It really comes down to mitigating expansion risk," Anderson says. With information available on spending habits, income and population, retailers can learn more than ever about the previously unknown markets into which they are attempting to expand.

Beyond the market analysis and site selection capa-

bilities, ReStore also uses its "dogs and stars" reports to identify its clients under and over-performing stores. Locations are segmented into different categories, showing which stores are dogs, which should be disposed of, and which are stars. The studies also discover which stores may have untapped potential and which are performing above expectations, whether the cause is real estate or operational issues.

With NAI's network behind it, ReStore can offer a level of technology that many other traditional tenant representation firms cannot. The apex of its offerings is RealTrac, NAI's proprietary online technology platform that enables clients to track and monitor all tasks of all assignments it has going anywhere in the world. Clients and their team members can upload or download any necessary files (site plans, architectural renderings, lease abstracts) in any format. Whenever something is added to RealTrac, or a new task is posted, the program automatically generates an e-mail that is sent to the client and team members. ReStore is building its business on extensive data and new technology in its efforts to aid retailers in expanding into the new global economy.

"Data is extremely expensive, and not just the cost of the data, but the manpower used to mine the data and figure out how it is going to work for you," Solomon says. "To be able to outsource that to a firm like NAI ReStore, which has a core business focus on real estate deals, can be a very cost-effective way to access this data."

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George Anderson, vice president of analytical services for NAI ReStore, talks about his company with *Shopping Center Business*.