

VALUATION & ADVISORY

RETAIL/ **REGIONAL MALLS**



MEET OUR TEAM

Newmark Knight Frank Valuation & Advisory's (V&A) Retail/Regional Malls practice is the premier appraisal group focused exclusively on retail properties.

The Retail/Regional Malls group performs valuations, feasibility studies and market studies, as well as rent, expense and leasehold analyses for a broad range of existing and proposed retail properties. These include department stores, big box stores, shopping centers, theme/festival centers and mixed-use developments. In addition to investors and owners, we have completed valuation assignments for developers, corporations and public agencies. Newmark Knight Frank V&A's Retail/Regional Malls team core offerings also include financial reporting and property tax services.

Our team is among the most experienced in the business. Each of our experts is an MAI-designated appraiser with at least 10 years of dedicated retail and regional mall experience; we also have access to a dedicated mall research staff and a proprietary regional mall database for analyzing comparable sales, income and expense data and trends.

DEDICATED EXPERTISE

Newmark Knight Frank V&A's Retail/Regional Malls group takes a unique, consulting-based approach to valuation assignments. Instead of focusing solely on the value of a property, we are equally attentive to the asset's specialized business operations. For both large malls and smaller single-occupant assets, this process typically comprises an analysis of store sales, tenant reimbursement structures and a consideration of the dynamics existing between retailers and consumers. Our approach enhances the services we provide, and enables our clients to fully appreciate the value of the asset under analysis.

Our Retail/Regional Malls practice is supported nationwide by Newmark Knight Frank's in-house retail brokerage platform, which has completed transactions nationwide for retail properties of every size. Our experts also utilize an extensive network of market participants—brokers, investors, developers, leasing agents and lenders—to keep abreast of the latest developments in the retail markets.



PROPERTY TYPES

The Retail/Regional Malls team offers a breadth of expertise in super-regional malls, regional malls, lifestyle centers, power centers, community centers, neighborhood centers and single-tenant properties that is unrivaled in the industry.



Regional Malls



Lifestyle Centers



Community Centers



Power Centers



Neighborhood Centers



Department Stores



Big Box Stores



High Street Retail



Net Leased Properties





Regional Malls & Lifestyle Centers

The Regional Mall concept, once the pinnacle of the American shopping experience, is undergoing rapid structural change. Heavy competition from discount retailers and e-commerce has resulted in the closure of numerous stores across the U.S., notably those retailers that typify tenant lineups in malls. Lifestyle Centers, which are generally more upscale with large dining and entertainment components, have not been immune to this trend. In fact, some Lifestyle Centers have no backfilling options for vacant apparel space, as they have already maximized their restaurant and entertainment offerings. Alternatively, well-located and highly successful Mall and Lifestyle Centers have pre-empted this tenancy erosion by reinventing themselves with the latest retailers and consumer draws.

Understanding what drives value in these types of centers begins with a deep understanding of macro-market conditions and industry trends, followed by an in-depth knowledge of the local competitive landscape. Extensive experience with cash flow modeling software, expense pools, percentage rent structures and legal real estate intricacies is of supreme importance. Newmark Knight Frank V&A's regional mall specialists have the experience, knowledge and expertise to accurately analyze and communicate value.

Having the resources at one's fingertips is also important. At Newmark Knight Frank, this begins with our own proprietary database of shopping center sales and rent comparables, rent-to-sales and health ratios, expense comparables and other current data specific to Regional Malls and Lifestyle Centers.





Power Centers, Community Centers & Neighborhood Centers

The Power Center concept features category-dominant anchors, including discount, off-price stores and wholesale clubs, with only a few small inline tenants. Community Centers feature general merchandise or convenience-oriented offerings with a wider range of apparel and other soft goods offerings. Neighborhood Centers are largely convenience-oriented, anchored by one supermarket.

The valuation of these three shopping center types requires a deep knowledge of the local market from which the center draws its consumers. Understanding local traffic patterns, demographic characteristics, demand drivers and existing and proposed supply is fundamental to the accurate assessment of each type of center. Our appraisers' local knowledge is enhanced with the tools and resources needed to comprehend national and industry trends.



Department Stores & Big Box Stores

The Big Box and Department store concepts are undergoing significant changes, as several retailers look to reduce their overall inventory of space. The advent of e-commerce has hurt the Department Store concept more than other retail space types, as their goods can often be purchased at a lower price online with free home delivery. In the coming years, many Department Stores and Big Box Stores will be shuttered, redeveloped or converted to an alternative use.

Newmark Knight Frank V&A's Retail/Regional Malls specialty practice has a long history of appraising Big Box and Department stores. We understand the value that a functional layout, strong location and quality retailer collectively bring to the real estate at hand. Examining the highest and best use of this property type in a climate of change can uncover alternative uses not readily apparent. Our experts go the extra mile to answer the questions our clients need answered.





High Street Retail

Each major U.S. city features a High Street, a premier retail corridor tenanted by the world's most exclusive retailers. Rental rates in these luxurious districts can reflect levels that are 10 times or greater than those in neighboring districts just a few blocks away. To attract these top tenants—and their associated high rents—landlords must provide the highest-quality buildouts in the most creative designs.

Being “in the know” is a requirement when appraising a High Street asset. Knowing the investors, brokers, developers and tenants who are active in this world is necessary to understanding where values were, are and will be. Newmark Knight Frank V&A's retail specialists build upon years of experience in this arena and have developed the necessary relationships with market participants to develop truly expert opinions.



Net Leased Properties

The Net Leased property segment, also known as Triple-Net property, covers numerous subcategories including dollar stores, bank branches, fast food, medical, auto parts and drug stores, among others. This segment typically consists of single-tenant, free-standing retail buildings leased on a triple net basis (or absolute net lease) with minimal, if any, expenses to the owner of the property, hence the term “net lease.” The Tax Reform Act of 1986 created a vehicle that can be used to defer capital gains taxes when a property is sold: the 1031 tax free exchange. This has created significant demand for net-leased properties and ground-leased properties. The market for this type of transaction is so strong that a number of regional and nationwide firms, including several Real Estate Investment Trusts (REITs), specialize in the purchase and sale of Net Leased property.

At first glance, Net Leased properties may appear to require less complex analysis than other, larger retail assets. In fact, the Net Leased market has become quite sophisticated and requires experienced valuation experts who can identify the implications related to a property's remaining lease term, tenant credit quality and differential between its market and contract rent. Newmark Knight Frank V&A's retail specialists are experts in this property segment. Moreover, our portfolio team has the experience, tools and knowledge needed to handle large portfolio property valuations within this segment.



AN INTEGRATED REAL ESTATE PLATFORM

Newmark Knight Frank Valuation & Advisory is a leading industry innovator, comprising an extensive team of the most trusted and recognized names in the valuation sector. Headquartered in New York and Houston, Newmark Knight Frank's V&A professionals serve clients from more than 60 offices throughout the Americas. Our valuation and advisory practice is supported by Newmark Knight Frank's industry-leading offerings including research, leasing, corporate advisory services, capital markets, consulting, project and development management, and property and corporate facilities management services—allowing us to add significant value for clients that goes beyond mere reporting.

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CALIFORNIA

El Segundo
Irvine
Los Angeles
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Roseville
Sacramento
San Francisco
San Jose
San Mateo
Walnut Creek

COLORADO

Denver

CONNECTICUT

Stamford

DELAWARE

Wilmington

FLORIDA

Boca Raton
Jupiter
Miami
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Tampa

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Atlanta

ILLINOIS

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New Orleans

MARYLAND

Baltimore
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MASSACHUSETTS

Boston

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Detroit

MINNESOTA

Minneapolis

MISSOURI

Kansas City
St. Louis

NEVADA

Las Vegas
Reno

NEW JERSEY

Marlton
Rutherford
Whippany

NEW YORK

Buffalo/Amherst
New York

NORTH CAROLINA

Charlotte

OHIO

Cincinnati
Cleveland
Columbus

OKLAHOMA

Oklahoma City

OREGON

Portland/Lake Oswego

PENNSYLVANIA

Allentown
Philadelphia
Pittsburgh

TEXAS

Austin
Dallas
Houston

UTAH

Salt Lake City

VIRGINIA

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