

# Retail Real Estate Elective

## Spring 2015 - Course Syllabus



### Instructors

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### Course Overview

The success of the shopping center is driven by a combination of the strength of the real estate and the retailer. In the case of retail real estate, the success of the retailer (user) is arguably more correlated to the fundamentals of the underlying real estate than the tenants (users) of other asset classes such as office and industrial. The course will discuss retail real estate from the perspective of both the retailer and the landlord / developer.

The retail industry is very competitive, resulting in frequent turnover of the leading tenants. A thorough understanding of the retailer's business model will increase the likelihood of success for retail real estate investors and developers. New openings and closing occur almost every day. With proper due diligence of submarkets and an awareness of the competitive landscape of tenants, the constant change within the real estate industry provides opportunity for disciplined investors.

In addition to contemplating trends in the retail real estate industry, the class will review the primary considerations of the retail developer and owner, including tenant mix, shopping center design, leasing, and valuation. A strong emphasis will be placed on leasing and financial valuation. The lease not only outlines the economics of rent and expenses; it also establishes various rights and restrictions of both landlord and tenant.

### Objectives

- To better understand the universe of retail tenants and their real estate practices, including retailers' differing spatial and co-tenancy requirements.
- To gain a broad understanding of lease structures and key clauses common in retail leases, and the implications of such clauses.
- Understanding the various risks that a shopping center owner faces, such as leasing risks, competition, operational risks, and credit risks.
- Complete a financial evaluation of a shopping center that reflects the qualitative risks discussed above.

### Class: Tuesday, 4pm to 6pm

Week 1	01/26	Introduction to Retail
Week 2	02/02	Retail Leasing / Leases
Week 3	02/09	Formats: Urban, Mixed-use, Suburban
Week 4	02/16	Retailer Perspective
Week 5	02/23	Landlord / Developer Perspective
Week 6	03/02	Conclusion / Presentations

### Grading

Assignments	75%
Class Participation	25%
	100%