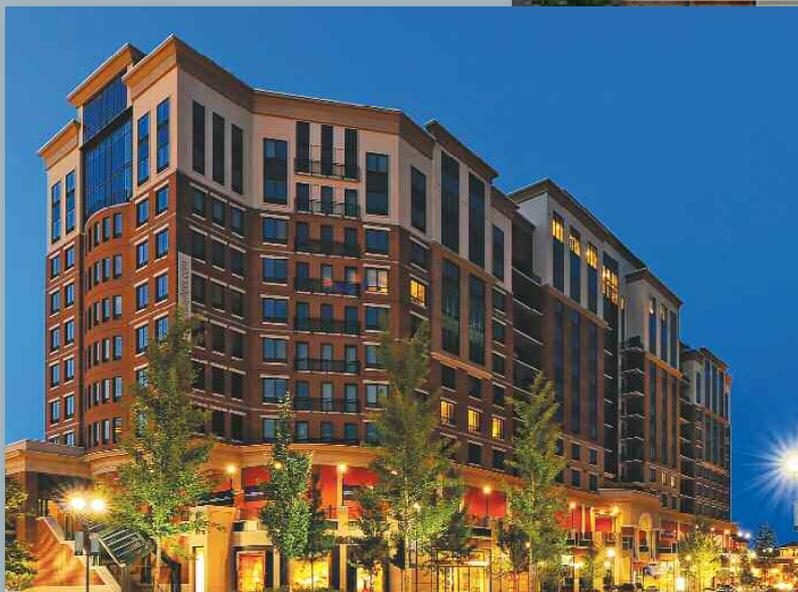
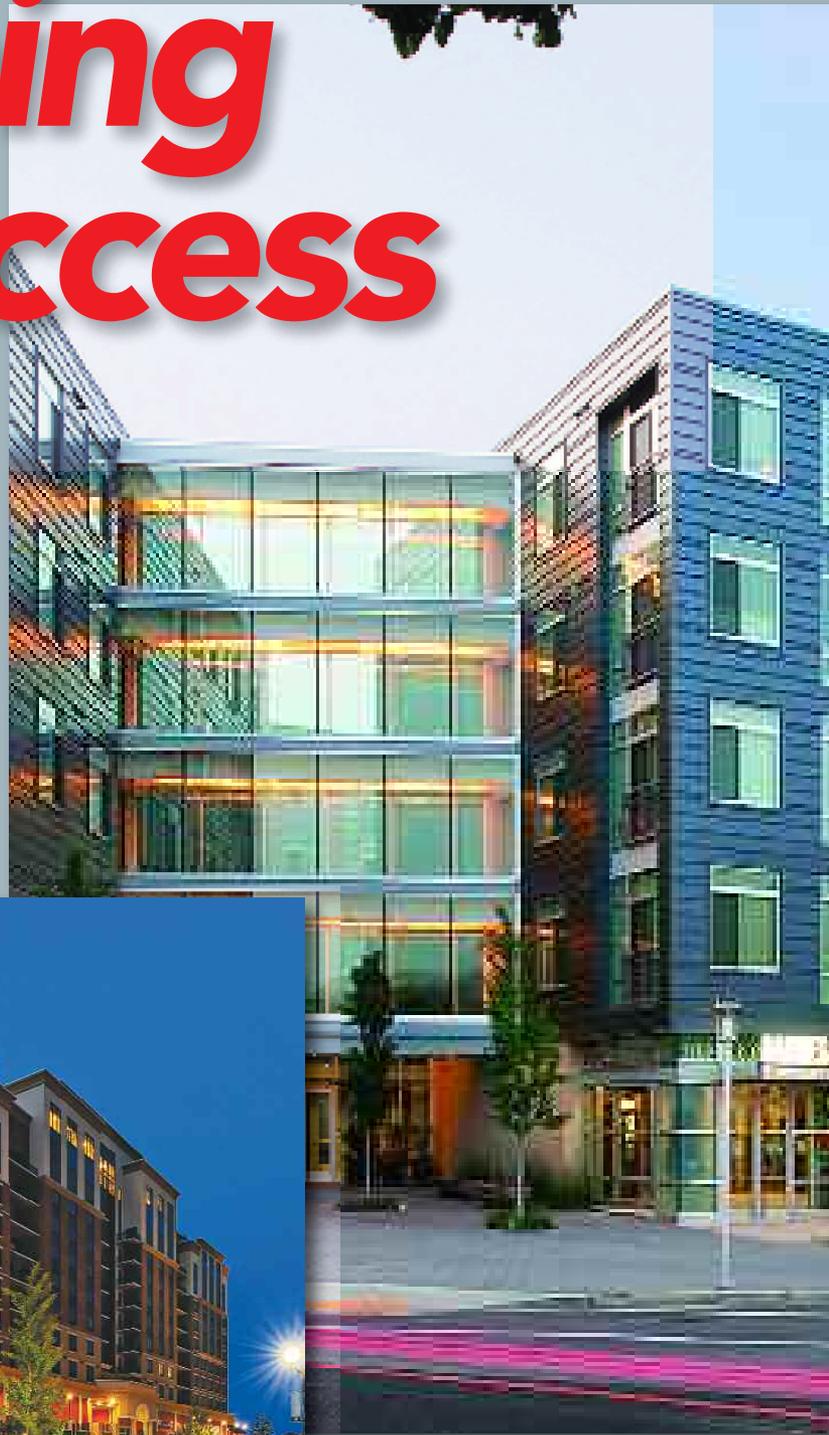
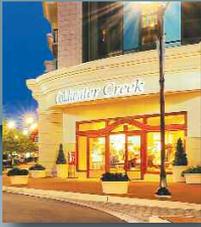


# MIXED-USE

# Shopping Success

*Combining retail with rental property works best when demographics, population and consumer needs match.*





Bozzuto's portfolio is split fairly evenly between mixed-use (52 percent) and non-mixed use (45 percent) projects.



Well-chosen retailers such as grocers and fitness can serve as resident amenities.

**J**ohn M. Pezzulla recently was named Director of Retail Assets at Bozzuto. He sat down with *units* to discuss the retail side of mixed-use residential community development strategy based on his more than 20 years in the industry.

**Q** *Describe an ideal market where a mixed-use community could or could not thrive.*

**A** A suburban or fringe urban environment where the mixed-use property becomes a community amenity and convenience for its residents is ideal. But, depending on the retail use, the area where the mixed-use community is built may first need to establish itself as a destination that has broader reach and interest than simply the immediate, walkable one- to three-mile radius.

Generally speaking, mixed-use can work almost anywhere, assuming the merchandising mix is on target for the demographic and population densities. It would be challenging to make it work in rural environments where the densities are not there to support residential occupancy or necessary retail traffic.

**Q** *Once a successful mixed-use community is established, what can the retail side of operations do to sustain the popularity or assist the community in improving its occupancy levels?*

**A** Ideally, retailers and restaurants need to establish themselves (their brand) as destinations and not only rely on the immediate community for traffic and sales. They must strive to provide excellent service, great food and keep their concepts fresh if they want to sustain their popularity and grow their businesses right along with the community's. Keeping retail spaces leased with merchants that provide convenience for residents—providing bonus amenities, so to speak—such as a restaurant/café; specialty fitness concepts such as yoga or spinning; etc.; or necessary services such as a grocery



***"In general, mixed-use can work almost anywhere, assuming the merchandising mix is on target."***

*—John M. Pezzulla, The Bozzuto Group*



Space for retailers is necessary, such as at Bozzuto's Monroe Street Market.

store, pharmacy, bank, hair salon, etc., is optimal. This will help reflect the first-class standard the community aims to achieve, leading to greater residential occupancy.

**Q** *Is there an ideal retail company or company type (clothing, electronics, restaurant, etc.) that is most effective to include at mixed-use communities?*

**A** Typically, these communities will include some type of food tenant (restaurant/bar, café or fast-casual eatery). If there is a need in the neighborhood, and if the development has the required space, a full-service grocery store or specialty grocery store works well. As for specific merchants/brands, it really depends on the market demographics, co-tenancy at the community and what else is in the neighborhood or nearby.

Bozzuto's The Fitzgerald and Barnes & Noble is a perfect marriage. The Fitzgerald is situated between the University of Baltimore and the Maryland Institute of Art in Baltimore's cultural Mount Vernon district. Barnes & Noble has been a perfect fit for The Fitzgerald's residents, the neighborhood residents: the area students and college faculty and staff members alike.

**Q** *Is there an ideal retail company or type of company that is least effective to include?*

**A** Effectiveness is based on the demographics, market demand and property configuration and infrastructure. It is often challenging for an apparel/gift retailer to succeed

unless there is a critical mass of apparel/gift stores nearby, for example, although destination stores with the right location and demographics can succeed. Another example would be a restaurant bar that emphasizes and focuses on live entertainment, because it may not work operationally in a residential environment because of late-night noise and/or neighborhood disturbance.

**Q** *When establishing a mixed-use community, do you first sign up the "anchor" store for the property? Or does this not matter?*

**A** It certainly helps. This often sets the tone for how the community is merchandised. But it is not always necessary, because one or two terrific smaller specialty destination retail tenants can have the same effect.

**Q** *What "do's and don'ts" can you offer on how to structure the lease terms for the retail stores?*

**A** Every deal is different; every property is different. Structuring of lease terms can vary.

**Q** *How challenging is the parking component to the mixed-use development plan?*

**A** Having a well thought-out and well operated parking program is critical to the success of a mixed-use property. Parking can certainly be challenging, but important as well. Specifically, making sure that adequate space is carved out for retail customers and making sure that the parking needs of those who live there are met. Often, in the effort to ensure an efficient and customer/resident-friendly parking component, and at the same time make sure that designated retail and residential parking areas are being used as intended, it is necessary to install gate control and card-access systems.

**Q** *How challenging are noise or smell components to the mixed-use development?*

**A** Although noise and smell issues can be challenging, both can be addressed with proper design (such as locating exhaust vents in places where odors will not affect residents and pedestrians; or placing trash rooms/grease rooms where they can be serviced/cleaned thoroughly and effectively). Also be sure that retail tenants adhere to operational guidelines, rules and regulations. —P.B.