

**LEWISVILLE 2025 VISION ADVISORY BOARD  
MEETING MINUTES  
OCTOBER 29, 2018**

**Members Present:**

Derik Hayenga, Co-Chairperson  
Tamela Bowie  
Kristin Green  
Peter Taggart  
Nneka Cos-Okpalla  
Amanda Ferguson

**Members Absent:**

Karen Locke, Chairperson  
Toya Gant  
Robert Solete

**City Staff Present:**

Donna Barron, City Manager  
Eric Ferris, Deputy City Manager  
Melinda Galler, Assistant City Manager  
Claire Swann, Assistant City Manager  
Gina Thompson, Director of Strategic Services  
James Kunke, Director of Community Relations & Tourism  
Stacie Anaya, Director of Parks & Recreation  
David Salmon, City Engineer  
Jennifer Malone, Executive Assistant

**Call to Order and Announce a Quorum is Present**

**(Agenda Item 1)**

The scheduled session of the Lewisville 2025 Advisory Board was called to order by Co-Chairperson Derik Hayenga at 5:07 p.m. on Monday, October 29, 2018, in the Recital Hall at the MCL Grand, 100 N. Charles Street, Lewisville, Texas. Co-Chairperson Derik Hayenga announced there was a quorum present.

**Approval of Minutes from July 19, 2018 Meeting**

**(Agenda Item 2)**

**MOTION:** Upon a motion made by Board member Kristin Green and seconded by Board member Amanda Ferguson, the Board voted six (6) “ayes” and no (0) “nays” to approve the minutes of the Lewisville 2025 Advisory Board July 19, 2018 meeting. The motion carried.

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**The Role of Local Market Indicators in  
Business Retention and Recruitment –  
Jason Claunch, President, Catalyst  
Commercial**

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**(Agenda Item 3)**

City Manager Donna Barron introduced Jason Claunch with Catalyst Commercial. Mr. Claunch gave a presentation to the Board members.

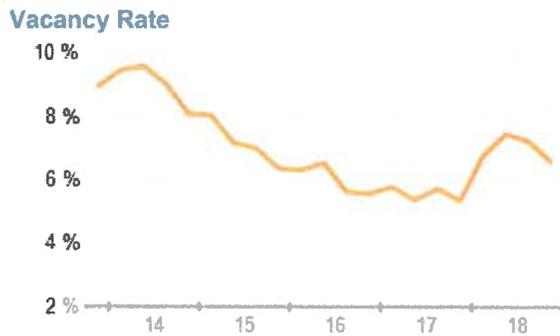




Results as of October 2018

**Vacancy**  
**10.8%** 2012 4Q

**Vacancy**  
**6.6%** as of 10/29/18  
represents 696,106 SF



\* Source: CoStar 10/29/2018

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Results as of October 2018

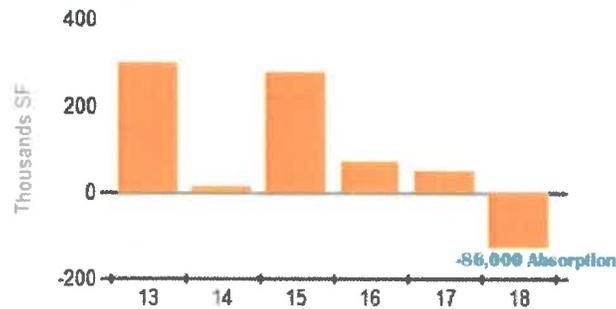
**5 yr. Avg. Leasing**

**282,344 Sf**

**12 mo. Leasing**

**353,593 Sf**

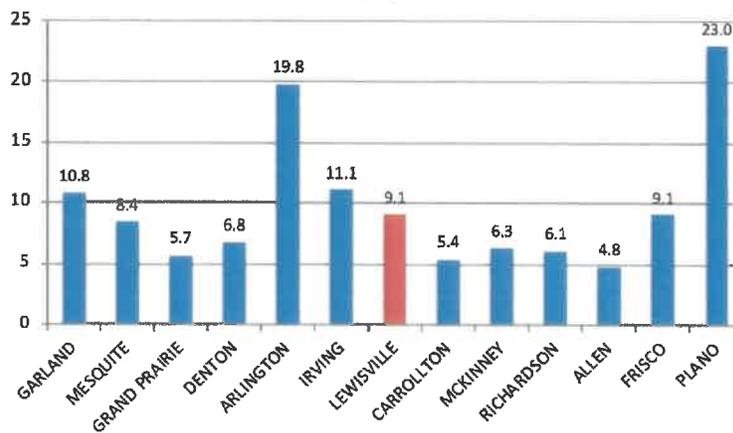
Net Absorption



\* Source: CoStar 10/29/18

**TOTAL RETAIL SF**

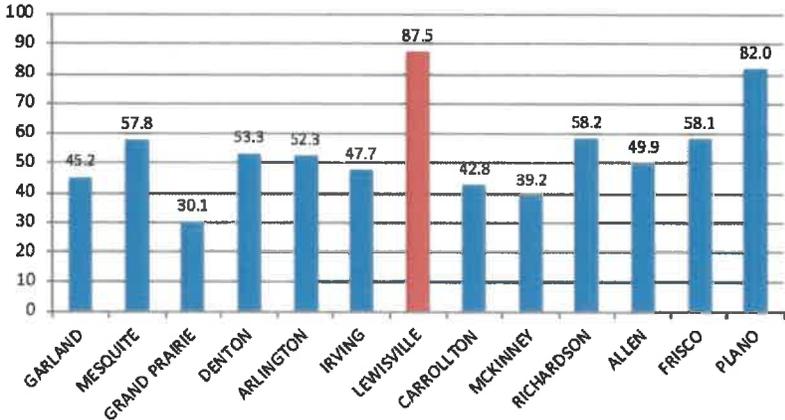
In Millions of SF



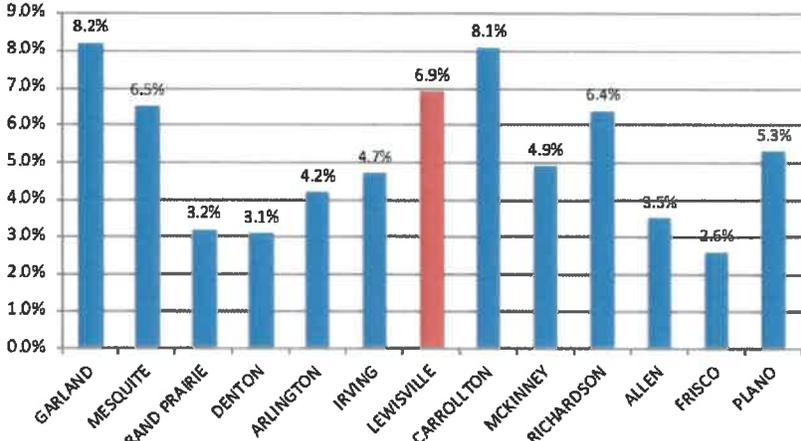
\*Buildings/Centers with a minimum of 10K SF

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**RETAIL SF PER CAPITA**

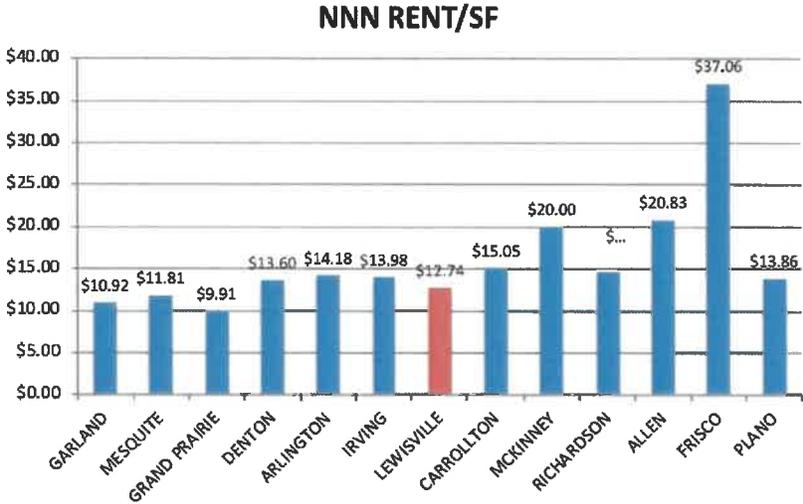


**% VACANT**



\*6.6% as of 10/29/2018

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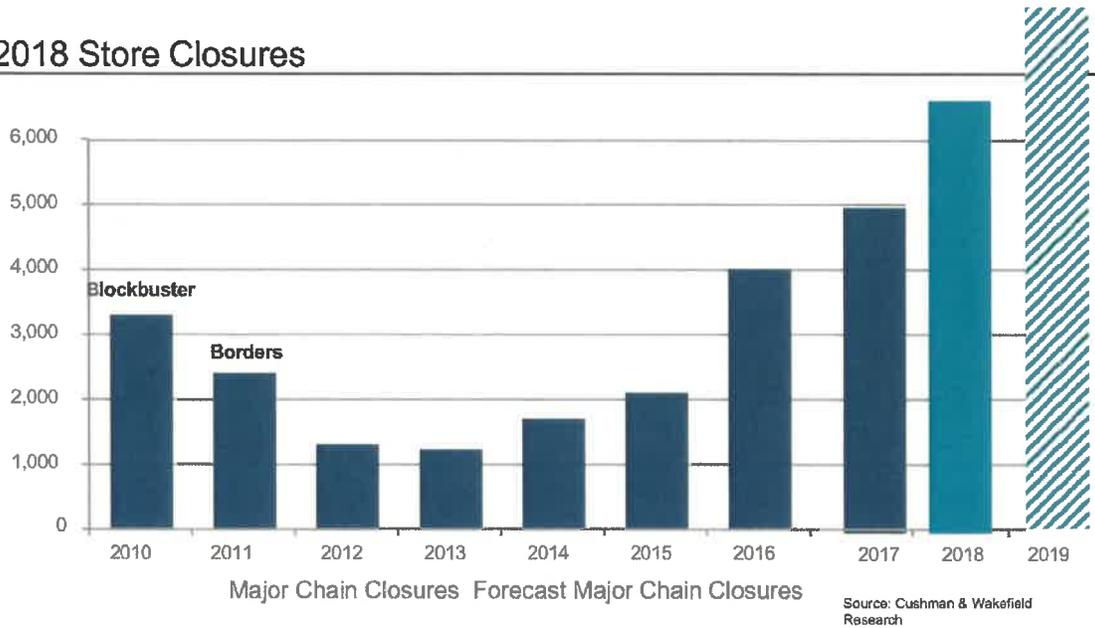


# Retail Trends

Where are we now?

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**2018 Store Closures**



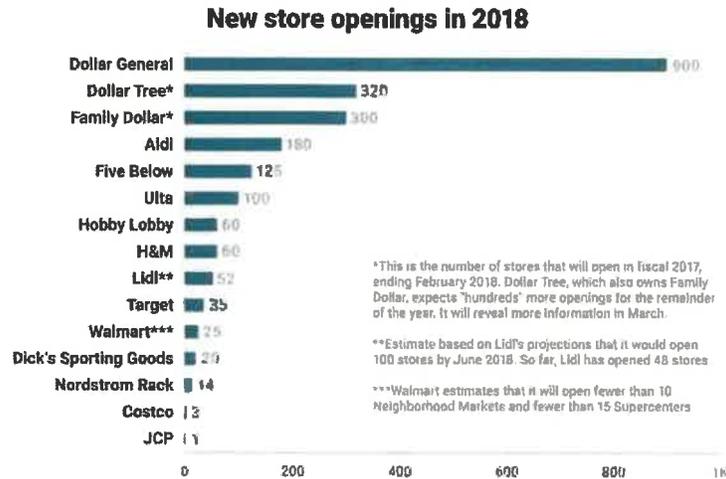
**2018 Store Closures**

RETAILER	CLOSURES
Walgreens	600
Ascena Retail Group (Arii Taylor, Loft, Dress Barn)*	500
Rue21**	396
Teavana	379
Gap Inc**	200
Toys R Us***	200
The Children's Place**	144
Vitamin World	124
Gymboree	102
Guess*	100
Charming Charlie	100
Crocs	64
Vera Bradley	50
Michael Kors	50
Kmart	45
Bon-Ton Stores	40
Sears	18
J.Crew	39
Macy's	30
Target	12
Last Call by Neiman Marcus	10

**Notes:**  
Walgreens to close with Rite Aid  
Ascena due to earnings  
Rue 21 Chapter 11  
Teavana underperforming  
Gap underperforming  
Toys R Us Chapter 11  
Bebe – closed all stores

\*Estimate based on company projections  
\*\*Closures are currently in process  
\*\*\*Toys R Us has not confirmed this number, which is based on news reports

## 2018 Projected Store Openings



## US CONSUMER SENTIMENT

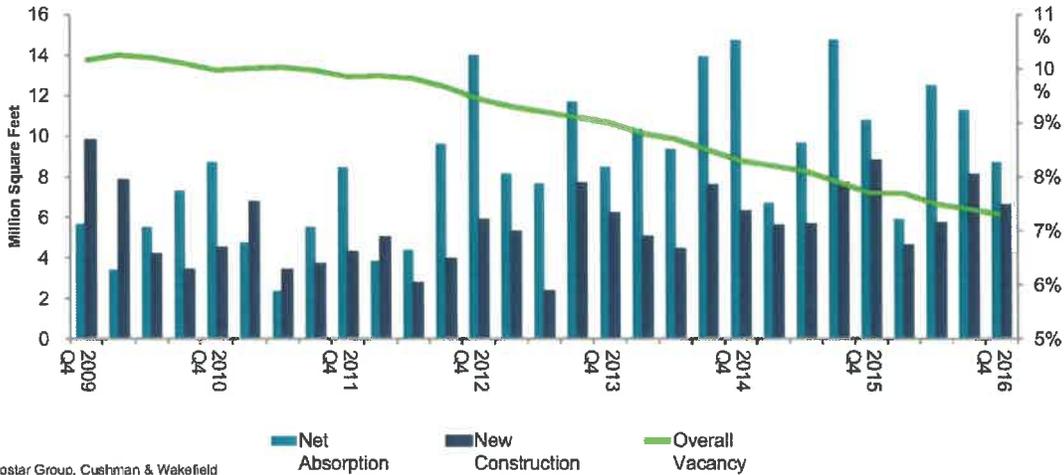


SOURCE: TRADINGECONOMICS.COM | UNIVERSITY OF MICHIGAN

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**Non-Mall Shopping Center Vacancy is Actually Down**

National Shopping Center Vacancy, Absorption & Construction

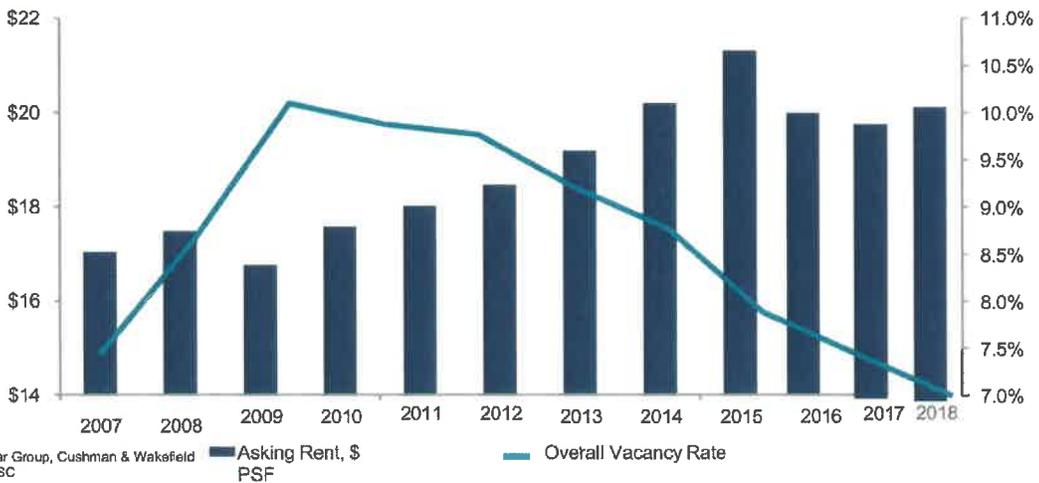


Source: Costar Group, Cushman & Wakefield Research

**2018:  
Rental Rate \$19.56  
Vacancy: 6.9%**

**Non-Mall Rents**

National Shopping Center Asking Rents & Vacancy

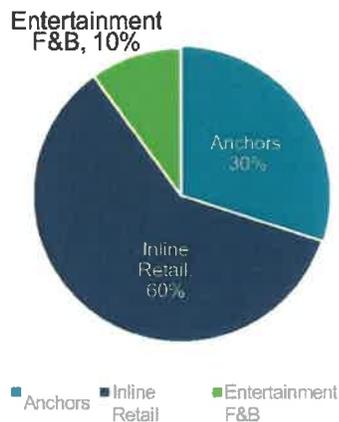


Source: Costar Group, Cushman & Wakefield Research, ICSC

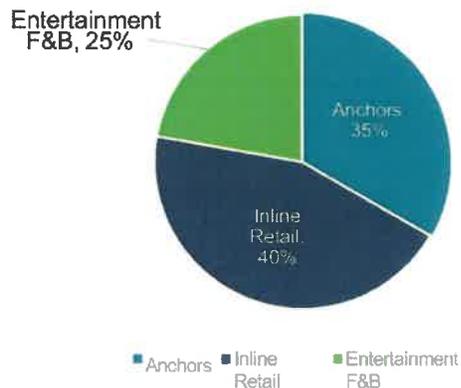
## Retail is Changing

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**2007 Typical Mall Mix**



**2018 Typical Mall Mix**



## Experiential Retail

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What is it? Really?

**Interactive Retail** (in-store and omnichannel).

**Service, service, service!** (low/no service model only succeeds now for off-price... experiential retail requires higher customer service levels).

**Personal services** such as nail and beauty salons.

**Health and fitness facilities** such as yoga, massage and meditation studios, as well as traditional gyms.

**Restaurants.**

**Cinemas and theaters** that present plays, concerts, comedy shows, lectures and more.

**Art galleries and stores. Arts and crafts and hobby shops** that offer classes in activities like quilting, knitting, model making, paper art and more.

**Home improvement stores** that offer "do-it-yourself" classes.

**Appliance stores** that offer cooking classes or simply allow shoppers to try out a cooktop, dishwasher or washing machine before they purchase it.

**Grocery stores** that have incorporated food and wine bars

where people can enjoy a meal or a drink as well as a social experience before or instead of shopping.

**Sporting goods stores** that incorporate climbing walls, golf and tennis simulators, etc. that enable shoppers to "test drive" equipment.

**Outdoor outfitters** that offer lectures, classes and even travel adventures to deepen customer relationships.

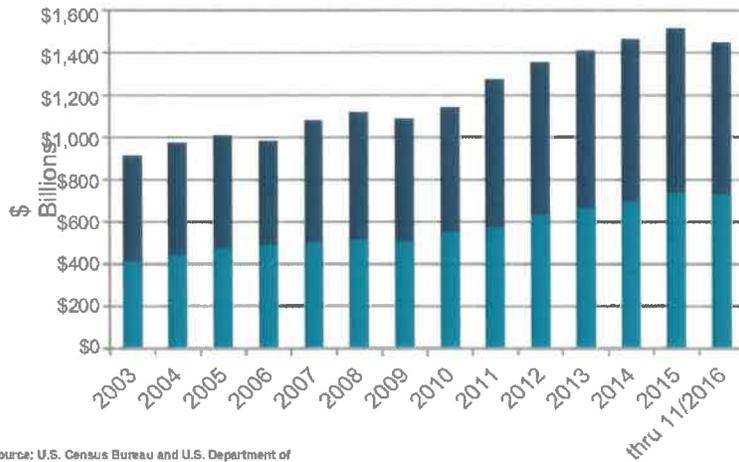
**Clothing retailers** with high-tech fitting rooms that enable shoppers to see what an item of clothing would look like in different sizes, colors, styles and so forth.

**Retailers of all types** that offer shoppers refreshments, free samples, social gatherings and more.

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**Restaurant Recession?**

Americans Now Spending More Dining Out Than Eating In



Source: U.S. Census Bureau and U.S. Department of Agriculture

**US Food Expenditures Through November 2016**

At Home: \$718.1 B

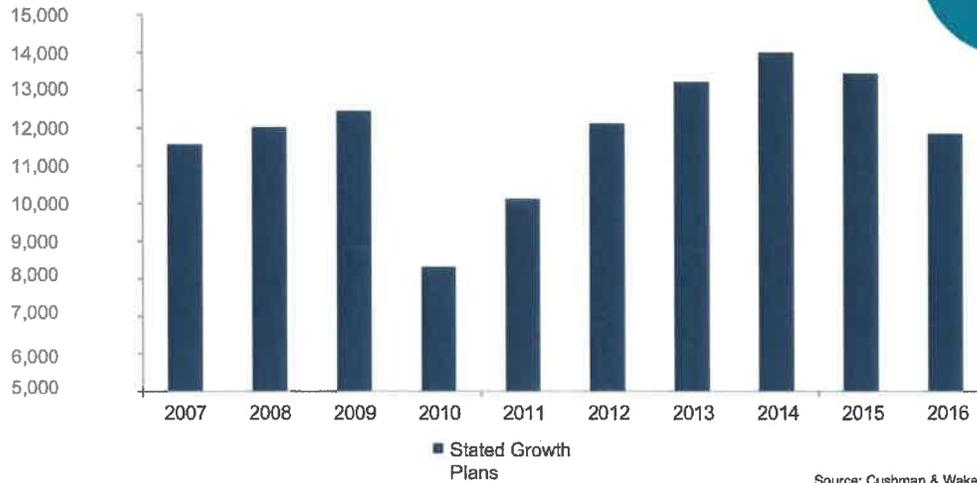
Away From Home: \$730.6 B

At Home  
Away From Home

LAST YEAR MARKS THE FIRST TIME THAT AWAY FROM HOME FOOD SPENDING OUTRACED AT HOME

**Restaurant Growth**

Announced Restaurant Chain Growth



75% of all retail activity is restaurant related

Source: Cushman & Wakefield Research

## 2017 – 2019 Unprecedented Retail Reinvention

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### Winners

Entertainment Concepts  
Authentic Dining (All Tiers)  
Retail Mash-Ups  
Bricks-to-Clicks  
Curated Retail  
Class A/Trophy Malls  
Cool Streets  
High Streets

### Losers

Commodity Retail  
Homogenous Retail  
Class B – or Below  
Malls

### Biggest Challenge/Opportunity Ahead?

“Survivable” Class B  
Malls  
In-fill Redevelopment  
Restaurant Clusters

## Retail Risk Factors The Challenges Ahead—Five Year Outlook

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1. **Acceleration of eCommerce** and omnichannel retail particularly in the apparel sector...
2. **Anchor obsolescence...** Department store contraction is only in early stages...
3. **Slowing tourism spending...** Strong dollar will likely negatively impact retail sales, particularly for urban retail and retail in gateway cities...
4. **Softening retail demand...**
  - a. Most retail concepts are looking to boost sales productivity by cutting square footage and using sales floors more productively...
  - b. Many retail categories that had been in growth mode are slowing expansion or increasingly facing issues of market saturation.
5. **Trade war (taxes/tariffs)...** a trade war impacting imported goods (most retail products are manufactured overseas) would drive prices up potentially slowing sales, and retailer margins. It could also potentially impact inventory access.
6. **Changes in Economic Conditions**
  - a. Widespread income growth has finally returned and is accelerating. Economic downturn would halt this. However, potential tax cuts on personal income would benefit consumer spending...
  - b. Heightened uncertainty could lead to unexpected increase in savings rate. Though good for long-term economic growth it would hurt consumer spending in short term.

# Retail Analytics

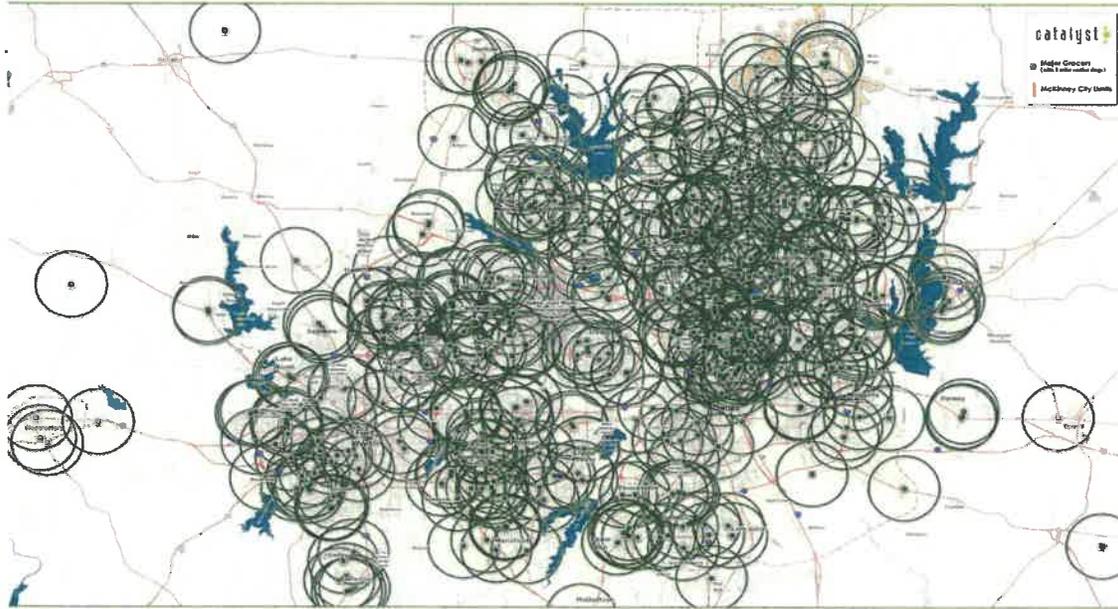
## Grocery Drivers

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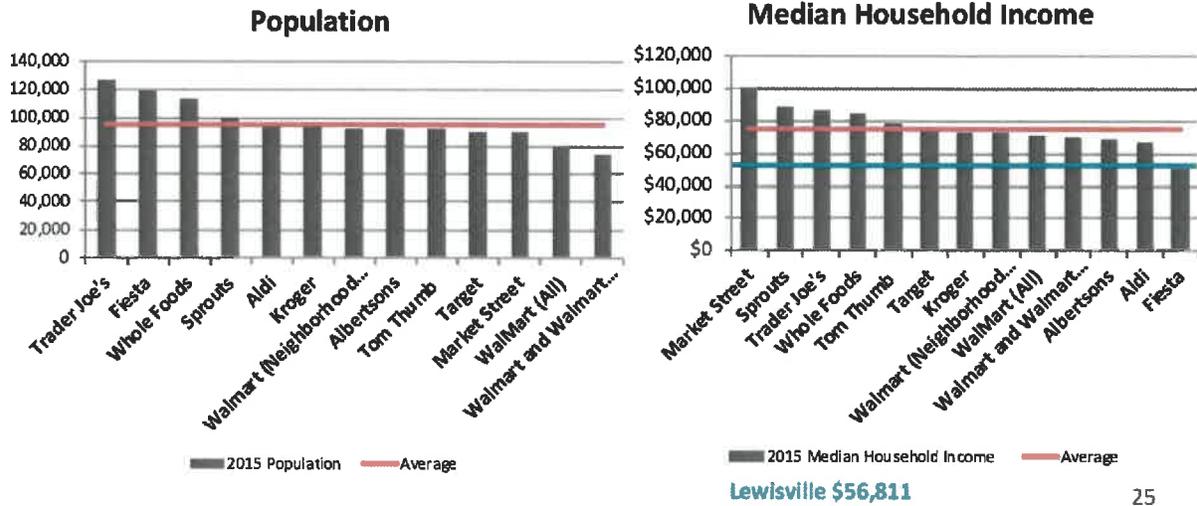
- All DFW area grocers analyzed  
Analyze income, population, workforce, home values and spatial characteristics (3 mile ring)
- Typically anchor a neighborhood center (30,000 to 120,000 GLA) or community center (120,000 to 400,000 GLA)
- Traditional supermarkets tend to locate in neighborhood centers with a trade area of 3 to 6 miles
- “Fresh format” upscale grocers, such as Whole Foods and Trader Joe’s, tend to locate in community centers, with a trade area of 5 to 15 miles

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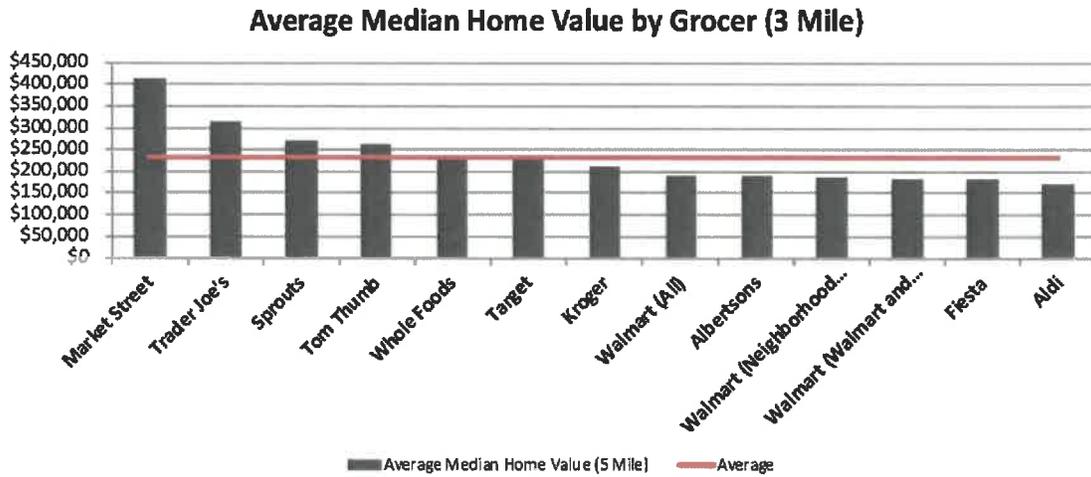
**Grocery Drivers**



**Grocery Drivers**



Grocery Drivers

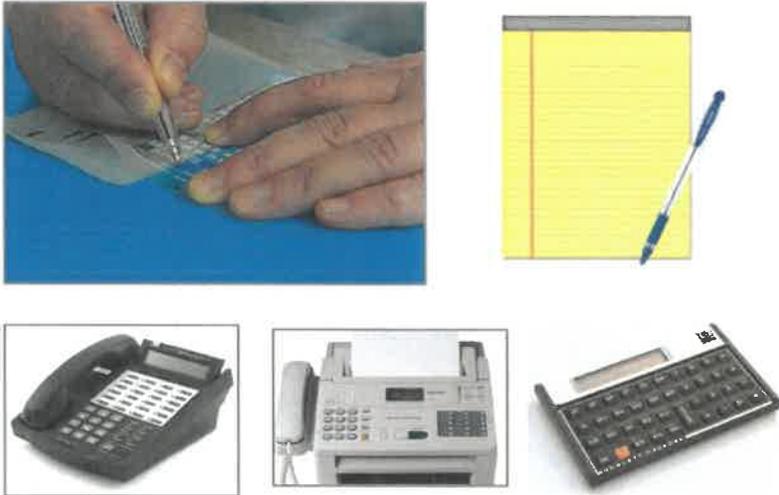


# Technology

Is online the death of traditional retail?

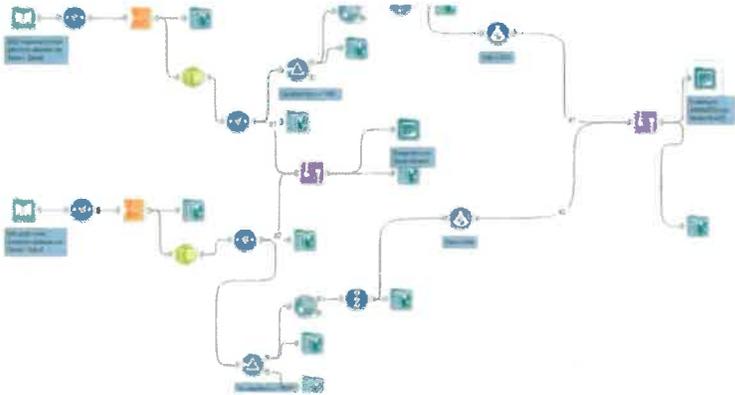
**Real Estate Tools (1990)**

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**Technology**

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Analytics and Big Data



**Update on Hike and Bike Trails, Kayak  
Docks and Pocket Parks – Stacie Anaya**

**(Agenda Item 4)**

Due to the length of the prior presentation, it was decided to move the update on Hike and Bike Trails, Kayak Docks and Pocket Parks to the next meeting.

**Approval of Schedule for 2019 Quarterly  
Meetings**

**(Agenda Item 5)**

The 2019 quarterly meeting schedule was presented to the Board members as follows: Thursday, January 10, 2019; Thursday, April 18, 2019; Thursday, July 18, 2019; and, Thursday, October 17, 2019. All meetings will be located in the City Council Conference Room at Lewisville City Hall, 151 W. Church Street, Lewisville, TX 75057.

**MOTION:** Upon a motion made by Board member Amanda Ferguson and seconded by Board member Kristin Green, the Board voted six (6) “ayes” and no (0) “nays” to approve the schedule for the 2019 Quarterly Meetings. The motion carried.

**Adjournment**

**(Agenda Item 6)**

The next Lewisville 2025 Advisory Board meeting is scheduled for January 10, 2019 at 6:30 p.m.

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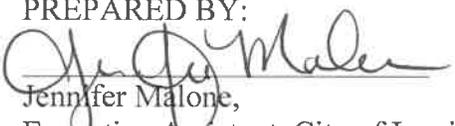
**MOTION:** Upon a motion made by Board member Tamela Bowie and seconded by Board member Kristin Green, the Board voted six (6) “ayes” and no (0) “nays” to adjourn the meeting of the Lewisville 2025 Advisory Board at 5:59 p.m. on Monday, October 29, 2018. The motion carried.

APPROVED:



Derik Hayenga, CO-CHAIRPERSON  
LEWISVILLE 2025 ADVISORY BOARD

PREPARED BY:



Jennifer Malone,  
Executive Assistant, City of Lewisville