

P R O S P E R I T A S

EUGEN KLEIN REAL ESTATE BROKERAGE & MARKETING SYSTEMS

FOURTH QUARTER 2006 ■ FEATURE: CHASING YOUR RETAIL ■ MARKET UPDATE ■ INTEREST ARTICLE: TAKE A MOMENT

from the office of
Eugen Klein



As the year comes to a close, I would like to thank those of you who helped us make 2006 a record year, even better than 2005. Our very best to you and your families for the holiday season and New Year.

I am pleased to announce that Natasha Butenko has joined my team. Ms. Butenko headed office operations for over nine years with Louis Dreyfus as a commodities broker throughout the Ukraine.

I was also honoured to be elected as the Chairman of the BC Commercial Council. It is an association of BC real estate boards committed to the sharing of commercial real estate services and to encourage real investment into the province.

Please visit our website for the newest properties and opportunities in 2007.

Eugen Klein

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In the past two issues of Prosperitas, I have talked to you about the crunch in the office market in Canada and specifically in Vancouver. For this issue we will change the scope and discuss retail real estate, or more specifically, issues that should be considered when selecting the location from which you deliver your product to your valuable customers and to attract new ones into the fold.

1. What can you afford to pay for retail lease rates?

This number should be related to your anticipated revenues, best case and worst case, which is included in your detailed business plan. Each business, scale and type, has an operating percentage for gross rent as a function of gross revenue. A good rule of thumb lies between 10% and 15% of your gross revenue. Anything over this amount and

Chasing Your Retail

Considerations When Selecting a Retail Location

you may as well invest in the real estate, not the business. Keep in mind that most business owners overestimate revenue and underestimate market penetration. Be reasonable in your calculations and not willing to overpay for busy locations.

2. Your Customers

Where do they live? What do they eat? What clothes do they wear? How much money do they make? Where do their kids go to school? What clubs are their parents a part of? What

else can I get to know about my customers? In marketing these factors make-up what is known as your customer demographic and psychographic profiles. Companies spend serious time and resources tracking and tabulating their customers through surveys, focus groups and any other systems they can utilize. They attempt to learn as

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COMMERCIAL ■ INDUSTRIAL ■ INVESTMENT ■ PROJECT MARKETING ■ BUSINESS BROKERAGE

The 'Professional Directory' is dedicated to a few of the extraordinary people who have contributed to the value of our service to our clients. I would like to share my good fortune of knowing them with you. Please feel free to convey my recommendation.

FRANCHISE / BUSINESS LAW

Mr. Logan Nainaar
Vancouver 604.434.2977

GRAPHIC ILLUSTRATION

Mr. Denis Mayer Jr.
Burnaby 604.777.0550

INVESTMENT PLANNING

Mrs. Vanessa Stenner-Campbell
White Rock 604.535.4749

MEDIATION & ARBITRATION

Mr. Kenneth J. Glasner, Q.C.
Vancouver 604.683.4181

MARBLE & GRANITE

Mr. Frank Mahovich
Vancouver 604.293.0093

HOME INSPECTION

Mr. Dean Kazoleas
Vancouver 604.681.2108

MEZZANINE FINANCING

Mr. Axel Christiansen
Vancouver 604.877.6582

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Take A Moment ...

A wonderful message by George Carlin after the May 11, 1997 loss of his wife:

The paradox of our time in history is that we have taller buildings but shorter tempers, wider freeways, but narrower viewpoints. We spend more, but have less, we buy more, but enjoy less. We have bigger houses and smaller families, more conveniences, but less time. We have more degrees but less sense, more knowledge, but less judgment, more experts, yet more problems, more medicine, but less wellness. We drink too much, smoke too much, spend too recklessly, laugh too little, drive too fast, get too angry, stay up too late, get up too tired, read too little, watch TV too much, and pray too seldom. We have multiplied our possessions, but reduced our values. We talk too much, love too seldom, and hate too often. We've learned how to make a living, but not a life. We've added years to life not life to years. We've been all the way to the moon and back, but have trouble crossing the street to meet a new neighbour. We've conquered outer space but not inner space. We've done larger things, but not better things. We've cleaned up the air, but polluted the soul. We've conquered the atom, but not our prejudice. We write more, but learn less. We plan more, but accomplish less. We've learned to rush, but not to wait. We build more computers to hold more information, to produce more copies than ever, but we communicate less and less. These are the times of fast foods and slow digestion, big men and small character, steep profits and shallow relationships. These are the days of two incomes but more divorce, fancier houses, but broken homes. These are days of quick trips, disposable diapers, throwaway morality, one night stands, overweight bodies, and pills that do everything from cheer, to quiet, to kill. It is a time when there is much in the showroom window and nothing in the stockroom. A time when technology can bring this letter to you, and a time when you can choose either to share this insight, or to just hit delete. Remember, spend some time with your loved ones, because they are not going to be around forever. Remember, say a kind word to someone who looks up to you in awe, because that little person soon will grow up and leave your side. Remember, to give a warm hug to the one next to you, because that is the only treasure you can give with your heart and it doesn't cost a cent. Remember, to say, "I love you" to your partner and your loved ones, but most of all mean it. A kiss and an embrace will mend hurt when it comes from deep inside of you. Remember to hold hands and cherish the moment for someday that person will not be there again. Give time to love, give time to speak, and give time to share the precious thoughts in your mind. AND ALWAYS REMEMBER: Life is not measured by the number of breaths we take, but by the moments that take our breath away. ■

Are you paying too much?

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much as they can about the ever elusive "CONSUMER!!" For you this may not be necessary. Perhaps just paying attention to the customers you currently have will do the trick. Ask them for their opinions, they may surprise you. If you are starting a new venture, hopefully in the course of your due diligence you have identified some characteristics about your potential customers. Do a bit more research on those that you have identified.

3. Traffic

Is your business a destination or a neighbourhood shop? Every retail business owner desires high levels of traffic, but what sort of traffic will benefit your business? For example, in Vancouver both Broadway and Mainland would be considered "high traffic"; however, the type of traffic is very different. Broadway has six lanes of traffic and is a main thoroughfare for commuters.



The most successful retail outlets have large signage that is visible from a great distance, such as Toys R' Us and Chapters. Broadway also benefits from clusters

of stores selling similar products such as outdoor activity stores surrounding the Mountain Equipment Co-op (tenant mixing). Mainland is a one lane, one-way street in Yaletown. Yaletown is a densely populated area. Shoppers in the area comprise of local residents and the area workforce. Yaletown also sees those who

"Is your business a destination or a neighbourhood shop?"

make the trip to enjoy the restaurants and shops in the area. What type of traffic will benefit your business?

4. The Appeal

So let's fast forward. You have found your ideal space. You can afford it, your current customers like it and your store is surrounded by the right kind of traffic. The next question is how are you going to attract new customers into your store? Do not underestimate the importance of your lighting, floor layout, colours, signage and frontage. In the cluttered retail world, it is probably in your best interest to hire a retail designer. Many small business owners believe that a professional is a luxury and out of reach when cash flow is tight; however, the cost may be lower than you think

and the return is fantastic. The photos included in this issue are of work done by the professionals at reflectionsofyou.ca. I have worked with Karen and Lawrence and recommend them without hesitation.



Of course, the most important thing you must consider when deciding on retail space is the commercial REALTOR® you choose to work with. Your commercial REALTOR® will provide you with accurate, timely information on the market areas you are considering and guide you through negotiations with potential landlords or sellers. Your commercial REALTOR® should also be able to recommend professionals who will increase the value of your business and provide a full service, one stop shop. ■

This communication is not intended to induce a breach of already listed properties or businesses. All information must be verified by the purchaser. Images are representative only.

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"Eugen is very well qualified ... Eugen is a conscientious hardworking member of our profession and I have every confidence in [him]"

John R. D'Eathe, LL.B., R.I.(B.C.)
Chairman Penreal Capital Management



Feel free to contact us at **604.818.5888** for all your real estate needs.

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