Changing World of Retail

ULI MN Regional Council of Mayors

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Retail and E-Commerce

- E-commerce sales are growing 20% annually

- Growth is driving demand for logistics real estate as distribution activities (to store) transition to fulfillment centers (to customer)

- Logistics facilities are increasingly viewed as revenue drivers
Retail and E-Commerce

• E-commerce fulfillment is still in its infancy

• Online sales only 8.5% of total retail sales Q1 2017
E-Commerce and Cities

• Proximity to consumers will be critical

• Last mile delivery; impact on infrastructure
  • Was 7-business days, then 2-day, now 1-day or same day, soon same hour...

• How will cities handle retail, office, industrial and housing all wanting the same thing?

• More trucks, bikes, drones...
• Facilities that meet today’s standards for ceiling height and coverage ratios can continue to attract e-commerce requirements.

• There is a broad range of e-commerce business models; affecting the types and locations of the logistics facilities that are needed.
What does this all mean?

Less of these....

More of these...
What does this all mean?

- Smaller retail footprints
- Larger, taller (multi-story?) warehouses
- Demand for “urban industrial” space;
  - Proximity to customers, employees, amenities, employees
  - Proximity to transit
  - Proximity to affordable housing
Thank you!

- Eden Prairie
- Coon Rapids
- North Branch
- Chanhassen
- Maple Grove
- Brooklyn Park
- Blaine
- St Paul
- Shakopee
- Lino Lakes
- Centerville
- Minneapolis