

Retail Goes Grass Roots

The ever-changing landscape of retail has seen no sector of more change than the offerings and marketing of homegrown products. While there will always be a place for standardized products via national retailers and the demand for such by consumers, there has been a cultural adjustment made that is clearly retro when it comes to purchase priority.

The most obvious examples of this shift have occurred in the food sector with proliferation of organic farms, menu subsets devoted to dietary restrictions, entire retail concepts developed around local products, non-GMO produce of all varieties, etc. The list of “back to basics” is a well that is far from dry as our culture continues to embrace more and more of these consumer philosophies.

Corresponding with these new buying interests are the buying venues in which they occur. While specialty menus obviously exist within their respective restaurants, groceries and other non-food items are presented to the market in a variety of retail platforms.

Pop-up retail, farmer’s markets, community exchanges, CO-OP’s and retail promenades are growing more prevalent across the country. While once considered venues for the lower end of the economic spectrum, they are now found in very healthy demographic trade areas.

As the entire sector grows there is a fluid evolution in styles and characteristics that are difficult to describe or label but the underlying interest in “grow local/buy local” has not waned. It is commonplace to see master planned developments designating an area for this type of retail as an amenity for the surrounding community.

One of the evolutions has resulted in some retail developers creating essentially a multipurpose retail area in their projects. The spaces are primarily utilitarian and versatile with relatively inexpensive buildout. They could be considered a blank retail canvas upon which retail can take many forms. While merchandise mix is traditionally thought of as complimentary products & services, the fundamental driver behind these mixes is simply the fact that they are home-grown and non-national.

The lower cost of investment for the developer means tenant rollover is less significant and the deal structures are set up more like license agreements so economic thresholds for both the landlord and tenant are considerably lower than a traditional leasing scenario. If a tenant’s concept is working, then they continue on, but if what they attempt does not work, then the landlord frees up the space for yet another local business looking to market their widget.

This type of retail is eclectic – somewhat the A.D.H.D. equivalent of consumerism. On the other hand it can also endear a developer to the surrounding community. Assuming the construction costs of such a venue can be controlled adequately, it does not necessarily have to be a loss leader. The community’s interest in homegrown retail helps in that they currently enjoy a rustic or unfinished experience which works favorably when considering the almost warehouse-style structures or the repurposing of an existing building this kind of retail evokes. The Brewery Block in Kailua-Kona on the Big Island is a nine acre project anchored by Kona Brewing Company along with their branded restaurant and is a great example of just such a development. Stay tuned for more on the Brewery Block project in a future newsletter.

In Hawaii this sounds far more utopian than practical given our cost of land, but there are several developments planning these kinds of platforms among their other uses. Some are larger, planned communities and others are more purely commercial. There is widespread interest in meeting this consumer demand but it is difficult to imagine how the continued increase in land values can substantiate such a trend. It will place a premium on creativity as the demand for this kind of retail is far from subsiding.



223 S. King St, Ste 200
Honolulu, HI 96813
(808) 533-BLUE (2583)



FRED M. NOA (S)

Principal

T | (808) 533-BLUE x101
F | (808) 369-8669
frednoa@bluerockhi.com



ANTHONY J. HUNT (B)

Principal

T | (808) 533-BLUE x102
F | (808) 369-8669
anthonyhunt@bluerockhi.com



MERRY CHRISTMAS
& HAPPY NEW YEAR

We are grateful for both your friendship & business as we reflect during this time of year and wish you a blessed holiday season.



223 S. King St, Ste 200
Honolulu, HI 96813
(808) 533-BLUE (2583)