



PROSPERITAS

FOURTH QUARTER 2007

FEATURE: WINDOW SHOPPING

MARKET UPDATE

PROFESSIONALS DIRECTORY

from the office of
Eugen Klein



We are extremely appreciative of those who made 2007 a record year for us. We wish to thank all of our clients, new friends and those who have made our business reach an all-time high of over 68% referral rate for this year! Our sincere thank you - we hope to continue to serve you.

This year marked sales projects in land, development, investment, business brokerage and resort properties. We also received a handful of new assignments in asset management to add to our portfolio.

Although 2008 will see a further slow of our sister markets to the south, the larger players in the Canadian market should fair well with a mindset to hold assets. Those clients with equity at their disposal will see more creative transactions come to fruition. I anticipate that we will continue to invest our clients' monies south of the border in below market priced assets with cash flow.

The very best of the season to you and your families. Happy New Year! ■



Window Shopping

Find Your Business A Retail Location That Fits
- Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI, CCIM

So you've come to one of three conclusions about your retail business outfit:

1: It's just not being noticed these days - and the slim silhouette of your net sales are less than you are comfortable being seen with in public with. With Canadian retail sales rising faster than they have in 10 years, and Canadians much more interested in spending than saving - you are not really following the trend. Time to switch your look. Maybe something in a town? Either Yale or Gas might fatten up your register just the right amount.

2: Your business has become packed tight with throngs of delighted customers. People are starting to point and stare; so you need to let out its seams a bit. A few hundred more square feet should fit nicely.

3: You're company is literally still in its Birthday Suit. Nude may be natural, but in the case of retail, the clothes (or real estate in this obviously over-analogous case) make the man. Time to make the leap into something - but not just anything. Take your time - consult the experts, and you could comfortably slide into your cut of Canada's 390 Billion dollar retail market.

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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.

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The Retail Game -

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No matter which of the above scenarios reflect your commercial retail space woes, there are some basics that every retail business owner needs to be savvy to. At the top of that list is (as the tired but true three-peating cliché goes) location.

If you're selling low cost necessities (see tissue, food stuffs, home essentials), then high quantity traffic is the name of your game. All your target consumer needs to do is see your store (provided your signage makes a lick of sense) and - "ding" - "I need XYZ"; they'll pop in for what they need. If they do make a special trip for said necessities, they'll most likely stay close to their home base. One study taken near a central city showed that almost 70 percent of women would only travel one to five blocks to fetch these goods. On the topic of women and retail, one would be wise to both consider the female population around their prospective location,

as well as tailor there business with women's interests in mind. Why? Because North American research has shown that the increasing control of women in the retail economy has lead to them making almost 80% of all household purchases. That is quite a chunk.

Turning 180 degrees to the opposite end of the retail price point scale, is the niche or high-end retailer. Their most important factor is quality of traffic. Antiquities dealers beside Dollar Stores tend to have short life spans - so try to land yourself in a higher end area, or at least around other businesses with similar niche or complimentary brands. That takes us to the next principal of basic retail - Love thy neighbours (or move!).

Commercial real estate with retailing in mind has always been a bit of a team sport. The success of your store can often be in-part attributed to the compatibility with the stores that surround you. Are they attracting the

crowd you want? Are they supportive of one another? Are you all closely surrounded by inhabitants that fit your target demographic? These are important questions you need to ask yourself before planting in your retail roots. For example, you should always inquire if a merchant's association exists in the area you're considering. Being part of an effective merchant's association can mean successful lobbying for municipal funded neighbourhood upgrades like building re-facing or lighting upgrades (customers are not fans of pitch black parking lots), and more importantly, they often pitch in together on group advertising initiatives over peak retail periods that a lone retailer could never afford. If you're interested in finding out if there's a merchant's association in the area or shopping centre you're looking at, simply ask your local

**"Love thy neighbours
(or move!)"**

Business Improvement Association (BIA) or the Vancouver Board of Trade. They will be happy to let you know any important facts such as what yearly dues are, and what the association has achieved with them in the last year or two.

The last lesson in retail space 101 is owning vs leasing vs sub-leasing (This is the tricky part). The variables in choosing what makes sense for your business are rich and diverse; reaching from questions of initial

investment, expansion, zoning, and countless other tidbits that can give you a headache if you don't have the necessary people on your side. In just one scenario, you may be interested in subleasing. This arrangement alone holds many potential pitfalls. Consider the fact that if the primary tenant is evicted, you would also be put out in the cold through no fault of your own. Not to mention, if the same primary tenant is interested in having more of their own space, they might simply take back what you are currently using.

Ideally, you'll want to get in touch with a commercial real estate agent that understands what you want to accomplish, and has a good track record of placing entrepreneurs and companies in successful locations. They can look over your financial picture and goals, and recommend a financial arrangement that's going to work well for you now - and in the long term.

Contact a commercial specialist on the Klein team, and they will be happy to get started finding you a retail space that makes you not only feel like a million dollars, but gives you the opportunity to make it. ■

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