Big Boxes in Older Urban Communities

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Target Corporation
Target Profile 2008

• Founded in 1962 by Dayton-Hudson
• 1600 stores in 47 states; 380,000 employees
• Over $60b in annual revenues
• 80% of sales to women
• $3m per week in community giving
• ‘Expect more, pay less’ brand niche
Target Property Development

• Real Estate, Store Design, Construction, Operations and Building Services
• $4b in annual property development
• 110 new buildings and 60 major remodels annually
• 300 architects, engineers, store planners and $30m in consultant fees annually
• U.S. saturation will be 2500 to 3000 stores
• More unique stores every year
P09 Store Plan
S09 Store Plan
Urban Challenges

• High land and building cost, but high sales
• Diverse racial and ethnic populations
• Parking for 600; $1m/grade, $12m/structured, $24m/underground
• Prototype store about $12m for construction
• VT lobby $1.5m + operating cost
• VT freight movement -$2M NPV; 2 level sales floor -$4m NPV
• Highly complex feasibility studies and RE deals
Urban Benefits

- Population density 3X within 2 miles
- Sales are 35% to 85% higher
- 25% households without cars vs. 6% typical
- Less competition – 3.5 SF per capita vs. 5.9 SF typical
- Food/market does well due to density
- Fewer Wal-Marts
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*Numbers represent percentages.*
Regionalism: Tuscan / Mediterranean
Assistance to Development

- Always interested in incentives, but too much is not good in the long run
- City help to assemble and clean old industrial sites
- Partnering with quality developers to assemble parcels
- Shared municipal parking
- Mixed-use, planned commercial centers