

RETAIL

Santa Monica's luxury shopping destination indicates return to storefront retail

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The RealReal store on 26th Street and San Vicente Blvd. in Santa Monica, CA. Image credit: Kennedy Wilson Brokerage

By MICKEY ALAM KHAN

Santa Monica, with its salubrious weather, beach, talent pool and proximity to Los Angeles, is looking increasingly attractive to upscale retailers looking to target affluent audiences that live in and visit the Californian city.

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In this Q&A, Christine Deschaine a senior vice president at Kennedy Wilson Brokerage, sheds light on the growing potential for luxury retail in Santa Monica. As a specialist in the leasing and sale of retail properties, Ms. Deschaine has more than 30 years of experience in tenant and landlord representation and has worked extensively in urban redevelopment with some of the industry's most prominent investors and developers.

"Santa Monica is an affluent, business-friendly community within the larger Los Angeles area with good schools, luxury housing, popular beaches, great job opportunities and well-established hospitality," Ms. Deschaine said. "It attracts both high-net-worth residents and tourists.

"For these reasons, luxury brands are drawn to the city's shopping and dining nodes and corridors," she said.

Please read on:

What are luxury businesses looking for in commercial real estate to garner a higher-income shopper? Luxury retailers weigh a variety of factors when evaluating a potential property to showcase their brand.

Like anything in real estate, location is the most important consideration.

For luxury, the submarket demographics and consumer base need to support higher ticket goods and services.

In general, we find that luxury retailers are looking for strong reflective retail, which means that high-end shopping and dining is nearby.

Other desirable property attributes include a high visibility storefront, flexible interior space for premium buildouts, and ample on-site parking and valet options for its customers.



Christine Deschaine

Why is Santa Monica, California, a prime city for high-end businesses?

Santa Monica is an affluent, business-friendly community within the larger Los Angeles area with good schools, luxury housing, popular beaches, great job opportunities and well-established hospitality. It attracts both high-net-worth residents and tourists.

For these reasons, luxury brands are drawn to the city's shopping and dining nodes and corridors.

One great example of a desirable retail pocket in Santa Monica is 26th Street and San Vicente Blvd. This intersection is home to Brentwood Country Mart with popular luxury retailers such as James Perse, goop, Christian Louboutin and Cos Bar.

Located across the street is San Vicente Place with Nordstrom Local, The RealReal, Elaine Kim and others.

My team at Kennedy Wilson Brokerage recently brought San Vicente Place up to 100 percent occupancy by targeting luxury retail and services that would appeal to a sophisticated shopper and are complementary to the established dining and retail in the immediate vicinity.

San Vicente Place's current tenant mix includes the luxury retail brands mentioned and high-end services such as Kalologie medspa (coming soon) and Equity Union Real Estate, a luxury realty office that attract the same consumer.

Another popular luxury destination in Santa Monica is Montana Avenue where our team has had years of success bringing high-end retail concepts and services together.

For example, our listing at 17th Street and Montana Avenue is now fully leased with distinctive brands that have a loyal customer base.

Popular bakery Sweet Lady Jane serves as the de facto anchor at the hard corner of the property and is flanked by California Closets, NWLA Bridal, Femmelle apparel, Nail Spa Lane, Orchid Republic floral boutique and Ame Salon. It's a perfect tenant mix.

What advice can you give to up-and-coming commercial real estate brokers?

Build value and return for your customers. This is first and foremost.

As a broker, your focus should be on building long-term relationships with reputable owners and operators who value your services and, in turn, remain life-long clients.

The number of clients we continue to work with year in and year out is a wonderful thing to see. We have formed bonds with brands that refer business, provide additional valuable leads and more.

We see it as a synergistic relationship. After all, one of the best aspects of the business is being able to see how an

area or property you develop can change over the years.

We're seeing major growth in other key areas of the region beyond Santa Monica including Culver City, Burbank and Downtown Los Angeles.

Also, continue to grow your service offerings and diversify the types of properties you represent.

We're currently seeing a strong return to retail, but a slow and uncertain return to the office.

By working in various property types, we are able to help our private capital and institutional clients make better business decisions based on both high-level economic trends and local market knowledge.

Is there a return to storefront retail?

During the pandemic, we saw mandatory closures of businesses to help slow down the spread of COVID-19.

Across Santa Monica, retail and crucial tourism have definitely bounced back. As a result, businesses seem to be doing well amidst inflation and economic uncertainty.

Which types of businesses and commercial properties are going to thrive in the new year?

Food and beverage, medical and grocery businesses will keep going strong in the new year.

We will also continue to see all-day-restaurant operators thrive with breakfast, lunch, dinner and even late-night offerings at the same location, tapping into distinct customer groups throughout the day and night.

From a development perspective, mixed-use will also continue to dominate in 2023 since cities like Santa Monica, Culver City and Burbank need to create more housing and many properties are being redeveloped.

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