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Request for Proposals (RFP)

The International Council of Shopping Centers Foundation, Inc. (the "Foundation") is pleased to issue its Request for Proposals for research funding for 2005. For over 10 years, the Foundation has funded research related to retail real estate that explores issues of importance to the shopping center industry. During that time, it has funded a variety of research projects covering such topics as the design and location of retail outlets; trends in retail channels; the confluence of entertainment, tourism and retail; the impact of the Internet and technological innovation; and the effects of demographic trends and consumer behavior. For a list of funded projects and an example of completed work, please visit www.reuw.washington.edu.

We are proud to report that the Foundation received a record number of submissions last year and funded 10 research projects with an aggregate value exceeding \$140,000. Based on the strength of the submissions, the Foundation has increased funding levels and will make similar efforts into the future. The Foundation strives to create meaningful streams of research to expand knowledge in key areas of retail real estate, including:

- **Demand-side analysis:** exploration of trends in the demand for retail goods and services
- **Supply-side analysis:** exploration of new trends in retail concepts and formats
- **Investment-side analysis:** evaluation of retail from an investment perspective, ranging from individual assets to real estate portfolios
- **Retail innovations and trends:** analysis of emerging retail development trends including mixed-use, urban retail and lifestyle/festival centers
- **Growth management and retail:** analysis of "growth management" and its implications for the retail sector.

The Foundation is particularly interested in funding researchers new to the retail arena. We encourage academics from a variety of disciplines to apply, including real estate, retailing, consumer behavior, marketing, finance, general business, planning, law and public policy. Where appropriate, we encourage interdisciplinary approaches that explore issues from a broad base.

2005 Request for Proposals

Overview

The Foundation is the non-profit public foundation of the International Council of Shopping Centers, Inc. (“ICSC”) the worldwide trade association of the shopping center industry. The ICSC Foundation promotes and supports college and university programs, institutes, and centers involved in the study of shopping centers, real estate, and retail commerce, primarily at the graduate level. Foundation activities include:

- Providing free copies of ICSC publications, including the monthly *Shopping Centers Today* magazine, *ICSC Research Quarterly*, the annual award-winning *Shopping Center Designs* and other texts, studies, and reports
- Providing center, institute and association memberships
- Awarding scholarships and research grants and — new this year — financial support for the thesis research of Ph.D. candidates
- Funding long-term, large-scale faculty research projects
- Hosting scholar/intern partnerships and shopping center research conferences
- Publishing the *Journal of Shopping Center Research*

Primary funding for the Foundation comes from ICSC and from gifts and grants from individuals and organizations.

Research Funding

Over the past decade, ICSC and the Foundation have provided almost \$900,000 in funding, including a record \$140,000 in 2004. Prior to last year, the Foundation averaged six grants per year, ranging between \$10,000 and \$15,000 per grant. We expect to keep the same funding range for 2005. The amount of funding issued depends upon the strength of the submissions and how well they reflect the Foundation’s research agenda. A panel of judges selects winners from respondents to the formal RFP. Researchers will generally receive half of the funding at the time the award is announced and the remainder upon acceptance of final papers.

Eligibility

In general, research funding will be restricted to full-time faculty members at degree-granting universities. In some cases, support may be provided to Ph.D. candidates to further their dissertations and/or help launch their academic careers, as long as the overall research timetable can be satisfied and academic rigor can be assured. In the event such applicants are not serving in a faculty capacity, the application must identify an academic sponsor who will take responsibility for the project oversight and completion.

Research Support

In addition to funding, industry specialists from the Foundation are accessible to grant recipients to serve as a resource. Acknowledged leaders in their areas of expertise, these practitioners will be available to assist researchers in identifying relevant data and other materials and, where appropriate, will be available as mentors to the researcher in preparing their final products for publication.

Research Product

The end product for the grant recipient will be a formal paper, written in a manner that can convey the research hypotheses, design, analysis and conclusions to a professional audience. The format of the paper will adhere to the publishing standards established for the *Journal of Shopping Center Research*. Full-text copies of prior funded research published in the *Journal of Shopping Center Research* can be viewed at: <http://www.reuw.washington.edu/JSCR/index.php>

Research Outlet

To help disseminate its funded research, the Foundation may elect to publish submitted research papers in the *Journal of Shopping Center Research*. However, this will not preempt authors from publishing variations of their research in traditional academic outlets if proper attribution is provided to the Foundation and copyright approvals are obtained.

The *Journal of Shopping Center Research* was inaugurated in 1993 and is celebrating its 10th year as a professional journal. The editorship of the *Journal of Shopping Center Research* has recently changed, with James R. DeLisle, Ph.D., the Runstad Professor of Real Estate at the University of Washington, assuming the role. The journal will continue to provide an outlet for Foundation-funded research, and will introduce additional features, including a section with refereed articles that will serve as an outlet for high-quality, unsolicited research that deals with the retail real estate sector.

General RFP Cycle

The RFP is issued in the latter half of the year, with a due date established toward the end of the first quarter. Award winners will be announced at ICSC's Spring Convention in May. Researchers must provide an interim report prior to the ICSC Research Conference in the fall, with completed papers due at a specified date in the first quarter of the second year of the award. Selected papers will be published in the *Journal of Shopping Center Research*. Award winners will be invited to the ICSC Fall Research Conference and will have an opportunity to discuss their research with members of the ICSC community (Please see page 6 for particular dates in the RFP cycle).

2005 Research Priorities and Suggested Topics

The 2005 Research Priorities reflect the interests of ICSC members and academic advisors. It is anticipated that future RFPs will reflect the same general priorities, but that research within each class will change to reflect emerging trends, issues and interests. The following list provides some examples of the specific topics that are of interest; researchers are invited to respond to these topics or submit topics that address similar issues or questions.

- **Demand-Side Analysis.** The retail industry is the ultimate “customer-driven” property sector, focusing on satisfying the need for goods and services of an ever-changing consumer. Specific topics under this category include:
 - The impact of changing demographics on retail demand
 - Ways retailers can respond to immigration and ethnicity trends
 - The ways consumer demand is changing and how such changes can be addressed
 - The demand for inner-city retail and how it can be met
 - Determining the optimal retail location for products and customers

- **Supply-Side Analysis.** The retail industry is undergoing a number of evolutionary and revolutionary changes on the supply-side, covering new retail concepts, formats, stores and retail outlets. Topics of interest to the ICSC community include:
 - Determining whether markets are under-stored or over-stored
 - Assessing market share, and who among the players controls what
 - Figuring out when renovation pays
 - The options for recycling retail properties, especially big boxes
 - How retailers can use multi-channel retailing to enhance success
 - Determining what best represents success — market share, penetration, sales per square foot or productivity by unit?

- **Investment-Side Analysis.** The level of capital flows to the retail sector and the expectations of investors are key determinants of market balance and the ability of the industry to respond to consumer demand. The industry is interested in a number of research topics along these lines, including:
 - Assigning the appropriate asset allocations to retail within in real estate portfolios
 - Within a retail sub-portfolio, figuring out the optimal mix among sub-categories (e.g., REITS, public funds, private partnerships) for achieving certain goals and objectives
 - Determining the highest returns in the retail sector (e.g., domestic/international, development/renovation, debt/equity) and how they can be captured
 - Observing the ways returns vary between private and public forms of ownership and what causes those differences
 - Measuring capital flows to retail and determining their appropriateness in light of the risk/return profile for the sector
 - Assessing which form of ownership is best suited to supporting innovation in retail formats
 - Determining how best to measure GAAP in a market

- **Retail Innovations and Trends.** The retail industry is in a constant state of flux, with new concepts and innovations constantly being introduced to respond to market dynamics. Topics of interest include:
 - Gauging the demand in inner-city retail and how best to satisfy that demand, and assessing what support is necessary to make it successful
 - Measuring the opportunities and challenges retailers face with infill development and how to incorporate it into their portfolios
 - Investigating the impact of technological innovations on retail in terms of concepts, formats and channels of distribution
 - Assessing how mixed-use projects work for retailers and their key success factors
 - How shopping center design and customer service combine to make a winning project and whether this varies by demographic category
 - How retailers and developers can use “new tools” (e.g., census data, aerial photography) to make timely decisions

- **Retail and Growth Management.** One of debates that has emerged over the past decade is the fundamental question of how to accommodate growth. This interest has resulted in a number of policies and practices that have a significant impact on the retail industry in terms of its growth and vitality. The Foundation is very interested in these issues, particularly those that affect the level, nature and costs of retail development and redevelopment. Topics of interest are both general and retail-focused, including:
 - How successful communities have responded to growth pressures in the face of budget, transportation and infrastructure issues
 - What the consequences are of various growth-management initiatives in terms of cost-benefit, social equity and resource utilization
 - How the retail sector can advance smart-growth principles in an economically viable manner
 - How to measure the impacts of various growth-management programs on a community, on citizens, on the real estate market and on retail
 - How properly to measure growth, determining whether it is perceptual or quantitative and how it is affected by factors ranging from demographics to location

RFP Requirements

RFP responses should provide sufficient support to help reviewers make an objective determination of the merits of the proposed research. Submissions should be no more than seven pages, double-spaced. This limit does not apply to the addendum, which should include a bibliography and vitae for members of the research team. In addition, a number of standards should be followed, including:

- **Title.** A clear, descriptive title that conveys the general research topic.
- **Research Agenda Item.** Identification of the ICSC Research Priority under which the research fits.
- **Research Summary.** A brief (one paragraph) explanation of the proposed research, including the general topic of interest, the research method that will be applied and the questions the research will address.
- **Research Design.** A comprehensive and developed framework of the proposed research design.
 - **Empirical Research.** Statement of the research hypotheses, sources of data, analytical tools and applications. Particular attention should be paid to the sources of data and how the data will be secured in a timely manner.
 - **Non-Empirical Research.** If the project is not empirical, the proposal must explain how the topic will be researched in a systematic and rigorous manner.
- **Research Timetable.** The proposal should lay out the research timetable, identifying key decision points and benchmarks that will be followed during the projects.
- **Research Budget.** A summary budget that indicates the major line items of expenses, including data, travel and staffing. It should be noted that it is the written policy of the ICSC Educational Foundation that it does not fund university overhead and related charges not directly attributable to the costs of conducting the proposed research.
- **Research Team.** This section should provide a brief profile of the research team, including an identification of the principal researcher and the roles the various parties will play in the research process. Submissions should also indicate any special expertise or insight the team brings to the topic and how the proposed research will fit into its overall research program. The addendum should include copies of academic vitae for members of the research team.

Submissions. Research submissions should be made electronically, either in Word or Adobe PDF format, to Sarah Ritchie (sritchie@icsc.org) by 5:00 p.m. Eastern Standard Time, Friday, February 25, 2005. The file name should include the principal researcher's last name and should be fully contained, including the addendum. Submissions will be acknowledged to confirm receipt. If mailed, submissions must be received by the end of business Friday, February 25, and can be posted to: Sarah Ritchie, Manager, ICSC Educational Foundation, 1221 Avenue of the Americas, 41st Floor, New York, NY 10020-1099.

Review Process

A panel of judges comprised of trustees of the Foundation, members of the ICSC research advisory task force, and industry and academic representatives will review the RFPs. Selection criteria will be based on such factors as:

- 1) Relevance to the Foundation research agenda.
- 2) Clarity of the proposal.
- 3) Adequacy of the research design and appropriateness to the proposed research question.
- 4) Relative value based on funding request and relevance of topic.
- 5) Experience and track record of researchers.

The last criterion focuses on the likelihood of successful completion of the research, rather than on the extent of publishing and/or familiarity of the researcher with the retail sector. One of the objectives underlying the Foundation's support of academic research is to encourage more and stronger researchers to apply their expertise and perspectives to issues of interest to the retail industry. Thus, the RFP reflects an effort to reach out to members of the academic community in hopes of encouraging researchers to develop a stream of research that can contribute to the industry's body of knowledge.

Timetable

The following timetable will be adhered to for the RFP review and the selection of projects:

- RFP Submission: Due at 5:00 p.m. Eastern Standard Time, Friday, February 25, 2005 by e-mail; an additional hard copy is optional.
- ICSC Review
 - Acknowledgement of receipt of submission: by March 1, 2005
 - Announcement of winning proposals: April 8, 2005
 - Mentors appointed: April 15, 2005
- Funding
 - Negotiation of research agreement: April 28, 2005
 - Dispersal of funds: 50 percent May/June 2005
- Interim Report
 - Mentor endorsement: July 29, 2005.
 - Interim report to the Foundation: October 7, 2005
- Final Report
 - Mentor release: March 1, 2006
 - Submission to Foundation: March 8, 2006
 - Submission to editor, *Journal of Shopping Center Research*: March 16, 2006
 - Disbursement of final 50 percent of funds: April 2006
- Presentation: ICSC Research Conference
 - Optional presentation: invited papers, November 2006
 - Optional attendance:
 - Supported travel to conference, November 2006
 - Recognition dinner with ICSC Foundation trustees

Questions

Questions should be forwarded to Sarah Ritchie (sritchie@icsc.org) or call (646) 728-3490.