

# CASE STUDY



## Tumon Sands Plaza, Guam

Owner Tumon Sands Delaware, LLC, engages CB Richard Ellis to assist with the re-development, re-positioning, asset management and marketing of Tumon Sands Plaza as an international luxury retail destination.

### CHALLENGE

Tumon Sands Delaware, LLC, the owner of Tumon Sands Plaza—an outdated, languishing retail center—saw potential for its asset to house a high-end luxury retail community, given the plaza’s location in the heart of Guam’s leisure and entertainment district.

In February 2005, CBRE was hired by Tumon Sands Delaware to enter the Guam market and assist with the asset management and strategic repositioning of the centrally located retail asset. The CBRE team would need to work with the developer to remerchandise the 83,200-sq.-ft. plaza’s retail tenants to create a new image, and restructure the property as a premier luxury shopping center.

The assignment would include a consumer marketing strategy to generate awareness of the future luxury shopping destination throughout Japan, China and Korea—countries whose citizens frequent the vacation spot. The marketing program needed to attract post-arrival visitors through local advertisements and strengthened relationships with the island’s premier hotels.

Finally, Tumon Sands Delaware sought to enhance Tumon Sands Plaza’s value by improving operations, customer outreach and services, and property performance. Another challenge was selling a property that was only 35% leased, with the upper floors still under construction, as well as the aggressive return expectations of the developer. As a result of Hanover’s prior success with the Houston Multi-Housing team, CBRE was engaged by the company to sell The Ashton with a mandate to secure as high a price as the market would bear.

### SOLUTION

The CBRE team oversaw the initial renovations to Tumon Sands Plaza, including demolition and reconstruction to create additional leasable space. Then, CBRE’s Facilities Management team upgraded the existing tenants’ antiquated interiors to reflect the quality build-outs of upscale retailers. The CBRE team also played an integral role in refurbishing or replacing the plaza’s fundamental infrastructure—elevator cabs, corridors, and HVAC and lighting systems.

CBRE then worked with the tenant association and an outside advertising agency to develop a marketing plan to attract pre- and post-arrival visitors through airport marketing and other initiatives. As part of the strategy, Tumon Sands Plaza enhanced its “Guest Services” department, aiming to deliver the finest amenities to its customers.

Meanwhile, CBRE analyzed all facets of the property’s day-to-day operations—fiscal administration, tenant relations and accounting functions. The team ultimately developed a strategy to help the owner consistently maintain the highest standards at the plaza. The Retail Management team successfully coordinated the training of on-site professionals, implemented reporting schedules and optimized the employee base.

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## RESULT

CBRE, working with its client Tumon Sands Delaware, successfully completed the re-development, re-positioning and marketing of Tumon Sands Plaza, securing its status as an internationally recognized luxury retail destination.

By revamping Tumon Sands Plaza and improving operating efficiencies, operating expenses were reduced by 8% and on-site payroll decreased by 25%. Furthermore, with a new tenant roster that includes luxury brands Chanel, Cartier, Rolex and Louis Vuitton, among others, revenue increased by 10% through April 2007, with an increased Net Operating Income of 23%.

## TEAM

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