



## **X Team Partner Velocity Retail Group Assists Mattress Firm in Arizona Expansion**

Our relationship with Mattress Firm began in 1997 when the company was expanding significantly mainly through franchisees. At that time our team was at CBRE and we worked initially with a franchisee with a plan to open ten stores in Phoenix and four stores in the Tucson area. The stores were between 3,500 – 5,000 square feet in size. The initial phase of the franchisee's market plan was achieved by 2001. By 2002 the company owned and operated approximately 250 locations nationally. Over the next several years the company began acquiring many of the franchisees. In 2009 they began to expand aggressively and sought out Velocity Retail to be their brokerage team in Arizona.

Mattress Firm's strategy evolved, and became more of a "Blockbuster Video" strategy – leasing very high profile corners, out-parcels, and end caps. Additionally, they were able to pay top of market rents to achieve the desired results.

One of our biggest challenges with this account was to execute the volume of transactions required by corporate while staying in front of significant competition. Competition came from all categories of retailers such as fast casual restaurants, cellular phone companies, coffee shops, and many others. This literally required our team to be familiar with the expansion activity of Starbucks, Verizon, Five Guys, Vitamin Shoppe, Panera Bread, and Chipotle to name just a few. Our team was able to track retailers and potential sites in upwards of 50 trade areas simultaneously. Finding "invisible real estate" was often necessary to acquire the desired site. Often this involved partnering with a developer to purchase a site to redevelop, or terminating or relocating existing tenants, offering key money to vacate, or even redeveloping an existing building to provide the desired elevation. The tenant would consider designing more glass, creating a larger façade, improving the signage area, adjusting landscaping – anything that would provide our client with a location that had superior visibility and signage.

With the success of the Arizona expansion, Mattress Firm hired our team to run the real estate expansion in Utah and Idaho, where we have successfully been part of over thirty transactions in the past four years.

The company has since acquired two of its major competitors, Bedmart and Sleep America, and we assisted in the conversion of those stores.

The results are that by executing a superior real estate strategy we have been instrumental in helping grow the brand of Mattress Firm in Arizona from fourteen locations to over 90 today.

***For more information on how X Team International Partners can assist you, please use the "Contact Us" form on our website***