Inside

Discover b8ta’s new retail platform for new tech products, see how the Arizona market is back in a big way, meet Leasing VP and Arizona native Kim Choukalas, and explore Macerich’s sustained success in sustainability.
These brand-new tech products – and more than a hundred others in a frequently changing selection – are ready to be discovered, tried and purchased at b8ta. With three stores on the West Coast, including one at Macerich’s Santa Monica Place, b8ta is an exciting new retail concept that offers shoppers and technology product makers a new way to connect.

Happenings talked with b8ta CEO Vibhu Norby about what’s behind his company’s breakthrough idea.

Tell us about b8ta and what makes your concept unique.

At b8ta, we’re building a new type of retail store, designed as a platform for product discovery. We have a pioneering business model whereby tech makers pay us a monthly subscription fee to have their products featured at b8ta, instead of taking a margin on sales. We call it retail as a service. Our focus is on discoveries vs. transactions, and we offer makers real-time data on how people interact with their products inside our store.

For example, in March we had 20,000 people come to our stores and 2,000 transacted. We know the average shopper discovered 36 products each resulting in about 700,000 total product discoveries.

How do you select markets and locations for b8ta stores?

We’re early on this, but we look for a tech-savvy audience. Most of our smart products work with your phone or wi-fi. The good news is that almost everybody is tech-savvy today because we all carry a supercomputer in our pocket. We have a very high capture rate of people walking by who come into our stores, so we aren’t looking for stores outside of shopping areas. But it has to be the right kind of traffic. We picked Santa Monica Place because we found that people are there specifically to shop, and it’s not true everywhere. We need people with intention to shop and time to explore.

Generally, we also like to be located near new types of stores that have technology-driven visitors like our neighbor at Santa Monica Place, Ministry of Supply. They are a very like-minded brand.

We’ve also begun deploying shop-in-shops to bring an innovation pipeline into their stores. For example in California, we currently have SmartSpot powered by b8ta stores inside Lowe’s that display smart home products.

b8ta’s in-store staff seem to be a key element in your strategy – please talk more about this.

Yes, this is such an important topic. I really reject the idea that staffing a store is a cost center for retail. We want every visitor to have a guide when they enter. Our in-store teams have tried every product we feature and they know everything. In fact, they have been trained by the product makers directly. And they absolutely don’t work on commission, they are aligned with the interests of our visitors. If you look at our Facebook, Yelp and Google reviews, you can see that our visitors call out the b8ta testers who helped them by name. Most of our reviews are 5 stars. We just have this intense organizational alignment around product discovery all the way down from our business model to our staff, and as a store visitor you can just feel it when you come in.
Arizona Is Back and Better Than Ever

Arizona is hotter than ever – and we’re talking about the state’s economy, not its incredible weather. In fact, Maricopa County, where Phoenix is, was the fastest-growing in the entire country in 2016 with 222 new people moving there every day, according to the U.S. Census Bureau.

By every metric – from housing and employment to income growth – Arizona’s economy is firing on all cylinders. The Phoenix metro area, particularly, is on the rise. Per a Moody’s Analytics Report from December 2016: “Phoenix-Mesa-Scottsdale will be a top performer in 2017. Its attractive business climate will make it a destination for expansion and relocation. A rapidly expanding labor force will provide a steady supply of educated and skilled workers as the U.S. labor market tightens… Phoenix will be a robust long-run performer thanks to low business costs, a young educated workforce, and strong demographics.”

Numbers tell a powerful story of growth and strength in greater Phoenix:

### 2017 GROWTH PROJECTIONS over 2016

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<thead>
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<th>Metric</th>
<th>2016 Rate</th>
<th>2017 Projected Rate</th>
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<td>Retail sales growth</td>
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<tr>
<td>Population growth</td>
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<td>1.9%</td>
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</tbody>
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**HOME SWEET HOME**

New home permits up 10% in 2016
New home closings up 32% in 2016, and home resales up 7.9% in 2016

Phoenix ranked #7 on top 10 list of most affordable big cities for homebuyers (national mortgage research firm HSH.com)

**A MAGNET FOR NEW TECHNOLOGY**

Intel is investing $7 billion+ to complete the most advanced semiconductor factory in the world, set to deliver 10,000 long-term jobs in Arizona

Lucid Motors will hire 2,000 workers for new electronic vehicle factory

Kudelski, the Swiss cybersecurity firm, is opening its first North American HQ in Phoenix

**35.4**

**A PLACE TO BE YOUNG**

More than 40 universities

**U. of A. Eller College of Management**

The median age of 35.4 in greater Phoenix makes the region the 6th youngest metro area in the U.S.

More than 40 universities and other sites for higher learning (Greater Phoenix Economic Council)

“Scottsdale Fashion Square is my retail fix,” notes Choukalas. “I also shop Paradise Valley Mall for Gwynnie and Gymboree. I love retail. I love exploring stores and getting familiar with new emerging retail concepts. My whole career has been retail-centric.”

Making the match between retailers and the right property is a particular passion for Choukalas. “Because I know this market inside out, I can help retailers fine-tune their real estate strategies and maximize their store performance. We help educate retailers to prioritize centers, matching their customer profile to our best retail centers. It’s all about performance. I love that Macerich can bring this kind of added value and market expertise to our retail partners.”

Meet Kim Choukalas, VP Leasing, Macerich

In sports-centric Arizona, leasing VP Kim Choukalas sees herself as the Macerich quarterback for this resurgent market.

“My entire family is here. I was born and raised in Phoenix. And with all the cycles we’ve been through, I have a great understanding of the marketplace. Arizona is back – and I am extremely positive about our future here. I am proud to be part of a forward-thinking company that has deep roots in this dynamic market and I am fortunate to lease some of the best performing properties – anywhere in the country.”

Choukalas, who has been with the company for more than 20 years, oversees a team of five leasing professionals in Arizona and two in Colorado. Today she lives in Central Phoenix with her husband and three young children, and she considers herself emblematic of the region’s busy and avid shopper.

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Macerich Properties – a Match for Thriving Phoenix Markets

With a strong set of dominant, high-performing properties, Macerich carefully aligns its retail platforms with the demographics and preferences of key regions within the larger Phoenix market.

Here’s a look at three facets of greater Phoenix and the well-placed retail centers that serve their distinct resident and visitor populations. Across the metro area, a rebounded economy sets the pace for more and more growth.

On Target in Central Phoenix
The established and upscale Phoenix/Scottsdale corridor is home to the market’s trendsetters and tastemakers and is a destination of choice for well-heeled visitors from around the globe. With 300 days of sunshine and young residents who prioritize fitness and fashion, this part of town is a sweet spot for top retail, restaurants and resorts.

Kierland Commons, one of the best lifestyle centers in the country, features a wealth of chef-driven restaurants and shops to discover. Just minutes away from the expanded Scottsdale Airpark, the market’s chief jetway for private aircraft, Kierland is the place for leisurely lunches, glamorous dinners and people-watching at its finest.

Located within the largest concentration of Class A office space in all of Metro Phoenix, Biltmore Fashion Park offers classic luxury experiences, the state’s only Saks Fifth Avenue and a well-edited cache of top restaurants.

Of course, all roads lead to Arizona’s undisputed luxury leader, Scottsdale Fashion Square. This magnet for exclusive brands and refined experiences is turning up the luxury quotient with plans for a luxury wing expansion, including a striking new arrival point, sweeping two-story luxury flagships and more.

Growing Families Seek Out the West Valley
The place for spring training and pro football championships, not to mention vibrant neighborhoods of sports-focused young families, Phoenix’s West Valley is affordable, giving family budgets plenty of room for discretionary spending.

It’s no wonder that the just-renovated Arrowhead Towne Center, the only major mall in the West Valley, is the region’s best-performing platform for children’s and retailers. The new flagship H&M is a singular draw.

Tech and More Shape Growth in the East Valley
In Phoenix’s burgeoning East Valley, three Macerich centers serve every demographic. A newsworthy new neighbor for Chandler Fashion Center is the $7 billion Intel facility, set to deliver 10,000 long-term jobs. Chandler Fashion Center boasts, a vibrant enclosed property, the market’s #2 Nordstrom.

To the east, the all-outdoor, stylish SanTan Village is a shopping, dining and entertainment hub featuring a state-of-the-art Harkins Theatres. Rounding out the retail offerings in this robust part of the market is Superstition Springs Center, a destination geared to families with a brand-new T.J. Maxx.

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Connection Points for Etail to Retail

At Macerich’s top centers from coast to coast, shoppers are discovering exciting new stores as they grow into physical space from their online beginnings. Names like Blue Nile, Warby Parker, Peloton, Sole Society, b8ta and Ministry of Supply are bringing pioneering technologies and fresh retail experiences to life, bridging the retail and etail worlds.

One of the newest etail-to-retail concepts at Macerich properties – with a new location at Santa Monica Place – is Ministry of Supply, the Boston-based brainchild of MIT grad students designed to re-engineer work wardrobes to perform like fitness gear. With street retail, online and mail channels, Ministry of Supply is catering toward young professionals who appreciate technology – a great target for retailers like b8ta, too.

“These emerging brands are choosing our one-of-a-kind properties because they are connection points for desirable demographics that share an interest in all kinds of new ideas,” said Michael Guerin, VP, Leasing for Macerich.

“This is the role that great shopping centers have always played – bringing together a changing mix of what’s new that helps retail concepts build on each other’s appeal.”
We’ve taken sustainability to heart, and it shows. Today sustainability is as much a part of Macerich’s reputation for excellence as our portfolio of top-performing, one-of-a-kind retail destinations in many of the nation’s most attractive markets.

Certainly, our broad-based commitment to sustainability has merited prestigious awards, including being named the National Association of Real Estate Investment Trusts (NAREIT) Retail “Leader in the Light” for the third straight year in 2016 – an unprecedented honor. We also earned the 2016 Global Real Estate Sustainability Benchmark (GRESB) #1 Ranking in the North American Retail Sector for the second consecutive year.

While it’s important to be recognized by outside experts, for us, outperforming our own goals was the true highlight of our sustainability efforts in 2016. In fact, we reached all our ambitious 2020 environmental goals four years early.

Now we’ve set new goals that will continue to challenge our company, our industry and our peers to set the bar even higher when it comes to sound environmental stewardship.

We hope you will read more about our progress and our programs in Macerich’s 2016 Sustainability Report available at macerich.com.

The Oaks is First U.S. Building to Earn New Green Building Standard

Macerich’s The Oaks this spring became the country’s first building to earn the new BREEAM USA In-Use certified building standard – an important way to measure the environmental performance of existing buildings.

“Our company is a proven industry leader in sustainability, not only when it comes to new buildings, but also in terms of how we update, modernize and operate our well-placed, established retail properties in top markets,” said Jeff Bedell, VP, Sustainability, Macerich.

Looking ahead, Macerich plans to work with BREEAM and other partners to help certify other properties in our portfolio.