

Fifth Wall Investment and Strategic Partnership with Appear Here ***Backing Supports US Expansion for the Leading Online Marketplace for Retail Space***

Fifth Wall is thrilled to announce a strategic partnership and investment in Appear Here, the leading online marketplace for retail space to join our portfolio. Appear Here has been described as the “Airbnb of retail,” spearheading a shift in the retail and real estate sectors by making it easy to find space, connect with landlords, and book in 3–6 days (compared to the industry standard of 60 days).

More than the fantastic team and concept, spearheaded by 25-year-old CEO Ross Bailey, Fifth Wall is particularly excited about the innovative marketplace Appear Here brings by providing affordability and flexibility for landlords and brands, in comparison to traditional long-term leases. With ecommerce presenting a challenge to traditional retail and brick-and-mortar, Appear Here gives retailers an alternate way to get their products in front of consumers via short-term leases to keep the modern millennial buyer interested. More than just that, landlords that are looking to keep space occupied use Appear Here to bring foot traffic back to retail streets and premium mall spaces through bookings of exciting pop-up shops.

Appear Here has evolved the way the world rents space by giving brands access to a global network of thousands of space and allowing them to search and book entirely online. By breaking down the cost of renting space, brands that previously could have never opened a store in the top retail cities in the world can afford to rent for a shorter amount of time. This offers brands the ability for low-risk market testing in physical stores, geographic locations, and to capture the seasonal sales of temporary spaces. Over 100,000 brands have signed up on the platform looking for space and Appear Here has already booked 4,000 shops in the last 12 months in London alone.

Though they have already entered the New York market in earnest, the London-based Appear Here is another Fifth Wall first: our first international investment. Our strategic partnership will help expand the supply on Appear Here’s marketplace as it continues its U.S. expansion as the company generates approximately \$33M in demand each month. In partnership with Fifth Wall’s vast retail network and LPs like Macerich, Hines, and CBRE, Appear Here is positioned to newly list millions of retail square feet in supply across the U.S. market.

Let’s Get Physical

The timing is perfect for Appear Here’s expansion. Twenty years after the global economy shifted tectonically toward Internet commerce, unexpected forces are moving the digital world back into the brick-and-mortar retail fold. Amazon is the most striking example of this trend, with its growing retail locations and blockbuster Whole Foods acquisition. And firms like Spotify, one of the most popular online streaming music services with no well-known physical products, and others such as Google, the BBC, and Ogilvy, have started leveraging pop-ups for a variety of reasons.

How do we explain the apparent mismatch between an outward online-only strategy and the apparent desire of service firms to establish time-limited terms in retail spaces? Landlords know that real estate is a risky investment. Their return, as a function of their ability to keep leasable square feet occupied, is indeed contingent upon a tenant’s ability to pay rent, the perceived desirability of the location, the amount of foot traffic tenants can expect, and the suitability of lease terms. But tenants, whether leasing or even buying locations, also keenly know that real estate is a risky investment. Just think about how much due diligence McDonald’s might put into a single franchise selection, or the differential foot traffic between a Starbucks in a busy central business district versus a suburban strip mall.

This risk has fomented tenant reticence. Though retail landlords, owners, REITs, and portfolios continue

to seek new tenants to drive foot traffic, tenants have committed to ever-shorter lease durations—from an average of 20 years in 1991 to around 5 years today.⁽¹⁾ New brands—like Makers—have massive cult followings, but may lack the resources, demonstrated B&M successes, or broker contacts to enter long-term leases in high-end locations. E-commerce brands looking to dip their toes into brick-and-mortar and further their omnichannel ambitions aren't prepared to take a 20-year plunge without some degree of an "if /where" pilot. Even established brands want to try out their "location, location, location" before they buy into a long-term lease. And as it turns out, the aforementioned Spotify—as much as Coca Cola, Disney, Adidas, and other brands trying to walk that line between e-brand and established retail player—enjoy the allure and the brand interest generated by the "pop-up economy".

Fifth Wall recognized powerful and clear benefits for three key groups in the commercial/retail real estate space:

- **LANDLORDS:** like short-term rentals and co-working spaces, short-duration "micro-leases" offered by Appear Here often command higher premiums, resulting in higher yields with incredible flexibility, low tenant acquisition costs, a more diverse tenant base, pre-vetted brands, and increased foot traffic from nontraditional customer channels. Unoccupied leasable space—rather than sitting idle, vacant, and pushing up opportunity costs by the hour—becomes strategic and helps landlords pick up the money and the value left sitting on the table in front of them.
- **BRANDS:** makers, startups, e-brand omnichannel entrants, and established players enter locations for as long as their heart desires, their buzzworthy brand campaign lasts, or as their financial resources permit—while trying desirable neighborhoods like Williamsburg or Brooklyn Heights, Soho or the West Village.
- **BROKERS:** where even the best senior brokers and tenant reps are limited to seeing or securing properties within their firm's network or where long-term leases are the rule, Appear Here injects a new network/inventory of assets, and flexibility of terms, to better service not only brands but also landlords with underutilized vacant retail space.

Fifth Wall constantly strives to invest in technologies capable of, and positioned to, disrupt the real estate technology worlds in which they operate. But above all, we find it most important to help accelerate the growth of companies that equip owners, managers, brokers, and lessees with tools—Appear Here among them—that will improve relationships, market awareness, and profitability alike. Where leases become shorter, where brick-and-mortar assumes new marketing value, and where location decisions becomes newly testable, Appear Here is a very special firm with tangible plans to expand the entire retail pie opportunistically.

(1) <https://digiday.com/marketing/pop-stores-lasting-effect-retail-real-estate-market/>