WHAT'S NEW – WHAT'S OLD; WHAT'S IN - WHAT'S OUT

An Overview of the types of shopping centers and their tenant mix that continue to be developed across the United States.

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During the past 38 years that I have been developing shopping centers I have also spent many years teaching the Development Process (Site Selection thru Tenant Move-In) for ICSC's University of Shopping Centers. The question that keeps arising in these sessions is the focus towards concept, content and tenant mix, which has changed and adjusted to the times. To many there are only malls and strip centers. In accordance with ICSC's national research department, there are Super Regional Malls, Malls, Outlet Malls, Power Centers, Lifestyle Centers, Community Centers, Neighborhood Centers, Strip Centers and other Specialty Centers. Let's see if we can make some sense of this and answer some of the issues noted in the subject of this paper.

93 years ago, outside of Kansas City, Missouri, the "County Club Plaza" became the first shopping center to be built. Since that time, we've found many creative ways to satisfy the desires for shopping, entertainment and living that plays to both the needs and desires of the shoppers. This was done through the creative use of a Developer's plans that is focused to the ttenants and the shoppers and is supported by the community, home owners and interested groups within the surrounding trade area.

So, before we explore "what's new & old", Let's first explore the way ICSC collects data, which is equated to the type of shopper center within the U.S. (NOTE: the information is as of year's end 2016):

There are 115,910 Shopping centers across the U.S. comprising 7,621,464,680 s.f. of space, all of which equates to about 13 million employees within these centers. The breakdown of the 115,910 shopping centers is collected by types of centers; the data follows:

- Strip Centers (less than 30,000 s.f.)
- Neighborhood Centers (30,000 to 125,000 s.f.)
- Community Centers (125,000 to 400,000 s.f.)
- Power Centers (250,000 to 600,000 s.f.)
- Regional Malls (400,000 to 800,000 s.f.)
- Super Regional Malls (800,000 + s.f.)
- Lifestyle Centers (150,000 to 500,000 s.f.)
- Outlet Centers (80,000 to 300,000 s.f.)

WHAT'S OLD: This brings up the question of what hasn't changed with time. What becomes "old" are the developments that don't reflect upon the needs and desires of today's shopper and / or the new retailers (soft lines, hard goods, groceries, entertainment etc). For example, what's old would include the centers that were built years ago and not upgraded with the industry, i.e., which reflects the needs of both the current shoppers their buying patterns as well as with the merchandise. To remain current one must also think about the mix of tenants, the layout of the center that reflects the needs of today's tenants and shoppers. For example, Power Centers typically were 50 to 100 acres in size and contained large big box tenants, e.g., warehouse clubs along with a home Improvement tenants that are mixed with a combination of large department store format tenants (clothing and promotional soft line tenants) as well as with entertainment and multiple food users and in some cases a living component and offices. When Power Centers remained stagnant with "yesterday's" foot print and layout, they stagnated.

WHAT'S NEW: For example, this could include the reformulation of the above power center by allowing the big boxes to get smaller, re-tenanting the promotional tenants into a better cluster of shopping experiences and then mixed with entertainment uses, apartments, living and food users. One must think upward in that residential can play a very important role with this new format. Of course, this needs a source of funds and the requisite zoning and EIR approvals along with community and entitlement support. for tomorrow's successful uses.

New, also connotes creative combinations of lifestyle, housing, entertainment, soft lines and other hard goods including grocery users. When properly combined into a new or reformatted center, the owner will then be ready for the next cycle of financing and business success.

WHAT'S OUT: in many respects, the developers may have overbuilt their own trade areas. For example, per the ICSCS research department, we now have approximately 21 square feet of retail space for every person within the U.S.; is this good or bad? That is the subject of another paper however, one must think about this in that our industry may have over built itself. Therein lays the challenge to find the correct mix, size and type of project, tenant mix and financing.

Some things have not changed; others have remained constant. During my years of development, some rules of thumb have been constant; some have changed. AS a rule-of-thumb, for every acre of land, one can only build 10,000 square feet of GLA (Gross Leasable Area). This typically provides a parking ratio that meets the retailers desires for 5 parking spaces for every thousand square feet of leased space (plus 10 parking spaces for all food uses and 15 parking spaces for the typical entertainment uses). Though, this surpasses most city codes, it is a standard from which we work for a successful shopping center.

WHAT'S IN: To begin, one must recognize that it takes a developer (and his development) between 4 to 5 years from the time one finds and selects a site to complete all of the requisite pre-development, development, entitlement, public hearings, construction through tenant move-in tasks. That being said, the industry, today wants to shop, live and play within the same complex all within their neighborhood. The concept of lifestyle, shopping, living, industry, office, when they come together, presents the most creative experience for all parties. The downside is that retail and hotel (if needed) component brings the most tax revenues to the City. Thus, the question is, can it be financed and "what does this new mix of uses" do to the existing suburban and downtown developments. Are we to consider all centers as a mini-"downtown" experience.?