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# SHOPPING CENTER BUSINESS™

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## WHY TRIPLE NET LEASE PROPERTIES ARE ON A ROLL



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# Designing A Positive, Memorable Shopping Experience

Developers discuss customer-driven trends that inspire center design.

*Noel Cupkovic*

Developers are showing greater interest in developing and designing commercial retail shopping center projects based on the needs and wants of not only their clients, the retailers, but of their clients' clients, the day-in-day-out customers of today's shopping centers.

"Now development professionals are much more focused on the customer and what the customer is looking for," says Michael Lebovitz, senior vice president/mall projects at CBL & Associates.

The idea is to design a shopping center where people feel comfortable and to create a positive, memorable experience so they will want to linger as well as come back again to shop.



Developers are finding that food courts are taking on a more important role than ever. The Promenade at Temecula's food court presents a colorful, open atmosphere for relaxing between shops.

That comfort and experience can be achieved in several different ways or in a combination of ways involving details in design and the type of development project selected for a given area.

"They [shopping centers] are more human in scale — they've got more of a sense of place that people can relate to," explains Ian Bacon, vice president/commercial development at Forest City Development Group.

The idea of creating a "sense of place" and keeping the shopping centers, even in the largest super-regional centers, on a "human scale" are inherent in that focus and philosophy of this type of customer-driven development.

Shopping center décor and amenities — both for malls and strip-style centers — are changing to create an atmosphere more like home.

"I think the big things we're focusing on are what the people touch and feel and what's at eye level," says Michael Glimcher, senior vice president/mall projects at Glimcher Realty Trust, about their most recent development projects in Columbus, Ohio — Polaris Town Center and Polaris Fashion Place. The biggest trend in this area seems to be with soft and upholstered seating. "Malls used to be very cold and impersonal — you'd sit on a wooden bench or a steel bench or some type of built-in concrete planter, today we're getting away from that," says Glimcher.



Shopping center décor and amenities are changing to create an atmosphere more like home. Comfortable, upholstered furniture grace this seating area at Arbor Place in Douglasville, Georgia.

Ten or 20 years ago, everything had to be impervious to damage or indestructible. Today retailers and shoppers have developed a mutual respect. Developers aren't seeing these softer amenities destroyed, so they use more of them to add warmth to the shopping environment.

Speaking about the Polaris projects, Glimcher gives an example of this philosophy, explaining that the design includes upholstered sofas, rocking chairs and even wooden tables to create a unique shopping environment. "The types of finishes that customers are used to seeing in their homes — those are the types of finishes we're using in our malls. Things that are on the human scale feel good to people and make them feel more at home."



Rivertown Crossing in Grand Rapids, Michigan, strives to create a sense of place with its nautical theme.

But, finishes and furnishings don't need to be expensive to convey a high-quality, home-like feeling.

"The key is to spend the money intelligently," explains KA Inc., Architecture's director of design, Darrell Pattison. Pattison sees the trend towards softness and comfort being followed across the board by KA's developer clients. "If it feels elegant, if it seems well built and if the craftsmanship seems good, the project will be perceived as a quality project, which creates an inviting environment for the customer," he says.

Key to making this work cost-effectively is to buy into the idea of "planned obsolescence" for certain items. Instead of using only items that will endure high use indefinitely, developers are accepting the fact that they can create a warmer, friendlier shopping experience and, by planning ahead for it, know that those things can simply be replaced when they wear out or as style trends dictate. Using materials that endure for decades may save a little on replacement costs in the short term, but when those features cause a mall to look dated and the owner or developer decides to redevelop the site, the cost of replacing those products is still there.

Another key is to know when and where to incorporate these elements. "People respond to flooring because they see it and walk on it," says Pattison, "the ceiling — probably not as

much — spend accordingly." Pattison further explains that it is the amount of daylight perceived, not the way it's accomplished, that the customer notices. If that daylight appearance can be generated in an inexpensive fashion, it will be just as appreciated as an elaborate skylight section that introduces the same amount of lighting.

Thus far, discussion has been about the "how" — how design impacts the shoppers and the shopping experience and how developers are using those elements. But, developers are seeing or making changes in the "what" of retail development as well. What constitutes an anchor tenant, what impact entertainment and theming has on customers, what shopping center layout and merchant mix a community needs.

A term exploding in the development industry right now is "lifestyle center." The basic way to look at this type of shopping center is as an open-air mall, which includes high fashion shops and smaller yet significant anchor tenants. The lifestyle center is a response to an outstanding demographic that requires convenience.

"We're finding now that there's a certain interest in doing smaller centers that don't necessarily have the big anchors, but have more of the convenience shopping, and I don't just mean service types with drug stores and the supermarket," says Bacon. He describes instead neighborhood centers of somewhere around 200,000 to 250,000 square feet on properties already zoned for retail that include "lifestyle stores" such as fashion merchants, bookstores, hardware stores and restaurants.

"We're seeing a lot of that going on," says Pattison, who hypothesizes that the reason these open-air centers are becoming more prevalent may have to do with reduced CAM charges compared to those paid in traditional enclosed malls. "The reason behind going open air is to reduce the capital investment up front, thereby reducing operating costs; the less it costs to operate it, the less it'll cost to rent it out."

Lebovitz sees lifestyle centers as a means for reaching a secondary marketing segment. "Even Old Navy has announced that they are going to put 25,000-square-foot stores into 'smaller markets,' it's a way for them to grow," he explains.

While some developers are scaling down projects for secondary market penetration, others are scaling theirs up with regional, super-regional and hybrid, or mixed-mall, projects. CBL's most recent mall opening in Douglasville, Georgia, Arbor Place Mall is a large regional mall combined with a power center on the same site. Likewise, Glimcher Realty Trust's Polaris Town Center is a power center connected to a grocery anchored neighborhood center.

Glimcher explains the benefits of this type of mixed shopping environment: "Power center patrons may visit only once a month or so, whereas with the grocery store, the average customer visits two or three times a week." Glimcher Realty Trust felt it could increase business to their power center by combining it with the community-centered, service-oriented businesses.

Despite the hybrid shopping center being almost 700,000 square feet, architectural elements and design strategies were employed to create a unique shopping environment. Projected entrances and vestibules were used to bring two and three-story retailers down to a human scale. High quality, upscale finishes such as brick, copper and glass are appealing. Amenities such as parks, bicycle parking, double-wide sidewalks and water features, including ponds and fountains, create a sense of place for the shopper.

Because of its tenant mix, inclusion of community and lifestyle stores and an emphasis on design with features and amenities targeted at its customers needs and wants, Polaris Town Center should be an interesting case study on how this mixed-center layout operates.

Another new prototype KA has just completed is Rivertown Crossings, which just opened in Michigan. "It is a



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combination power center/lifestyle center mixed with the mall to provide a mixture of tenants," explains Pattison. "Instead of doing three projects a stone's throw away from each other, you're doing a mixed-mall, which has a certain number of lifestyle tenants included and usually a power center to accommodate the retailers that opt not to be directly connected to the mall."

Big-box retail development is also changing. Cinemas and fine restaurants — traditionally constructed on out-parcels — are now landing on anchor tenant pads and drawing new patrons into the malls.

"Bringing them [big boxes] into the mall is a huge must from our perspective," explains Lebovitz. Big-box retailers are joining enclosed malls as anchors in configurations ranging from single-level and dual-level stores to stacked boxes — one big-box retailer above another. The goal is to bring a new energy to the enclosed malls. "They're new, they're draws, and they're exciting," he concludes.

"Great in-line retailers or mid-sized big-box retailers like Old Navy or Barnes & Noble and Borders, 'mini-anchors,' are doing \$5 million and \$10 million," says Glimcher without drawing volume away from traditional department store anchor tenants. He also points out that the average size of the traditional in-line retailers is growing — from about 2,000 square feet on average to around 3,500 square feet. "There are in-line stores today that we're working with that are 10,000-12,000 square feet and restau-

rants that are 15,000 square feet," he adds.

Cinemas, restaurants and food courts are more than just big volume draws. Separate or in tandem, they compose an entertainment element, which can integrate or propagate the shopping center's overall theme and design scheme. Further, they act as a social gathering spot in shopping centers, which encourages patrons to linger.

Developers are finding that food and food courts are taking on a more important role than ever in how well a mall does, not just with customers but with leasing agents and retailers.

"We had a huge amount of heart burn putting the food court on the upper level," explains Lebovitz talking about the food court at Arbor Place Mall. But "it's built, we all see it — the upper level on the mall is stronger [than anticipated, since] the parking is predominantly lower level." Asked how he explains, he says, "It's really weird, I can't explain it — I think the only answer is that we put the food court up there and now it's a leader of what level is the strong level." One theory among these developers is that there is a "synergy" that goes along with the entertainment component and especially the food court areas, which act as a draw to tenants and customers.

"One thing you can't buy on the Internet is a dining ex-

perience," says Glimcher with a chuckle while epitomizing a growing concern to developers and retailers — the Internet and e-commerce. "If we can have great dining venues in our shopping centers, we think that's a big reason for people to get out of the house and come to our malls," he adds.

With that, the discussion comes full circle — offering the customer a good reason to come out to the mall. After all is said and done in deciding what to put where and how to design it, that is the bottom-line. In today's growing and evolving market, a positive, memorable and tactile experience will bring customers to the mall and will keep them coming back time and again. **SCB**

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