

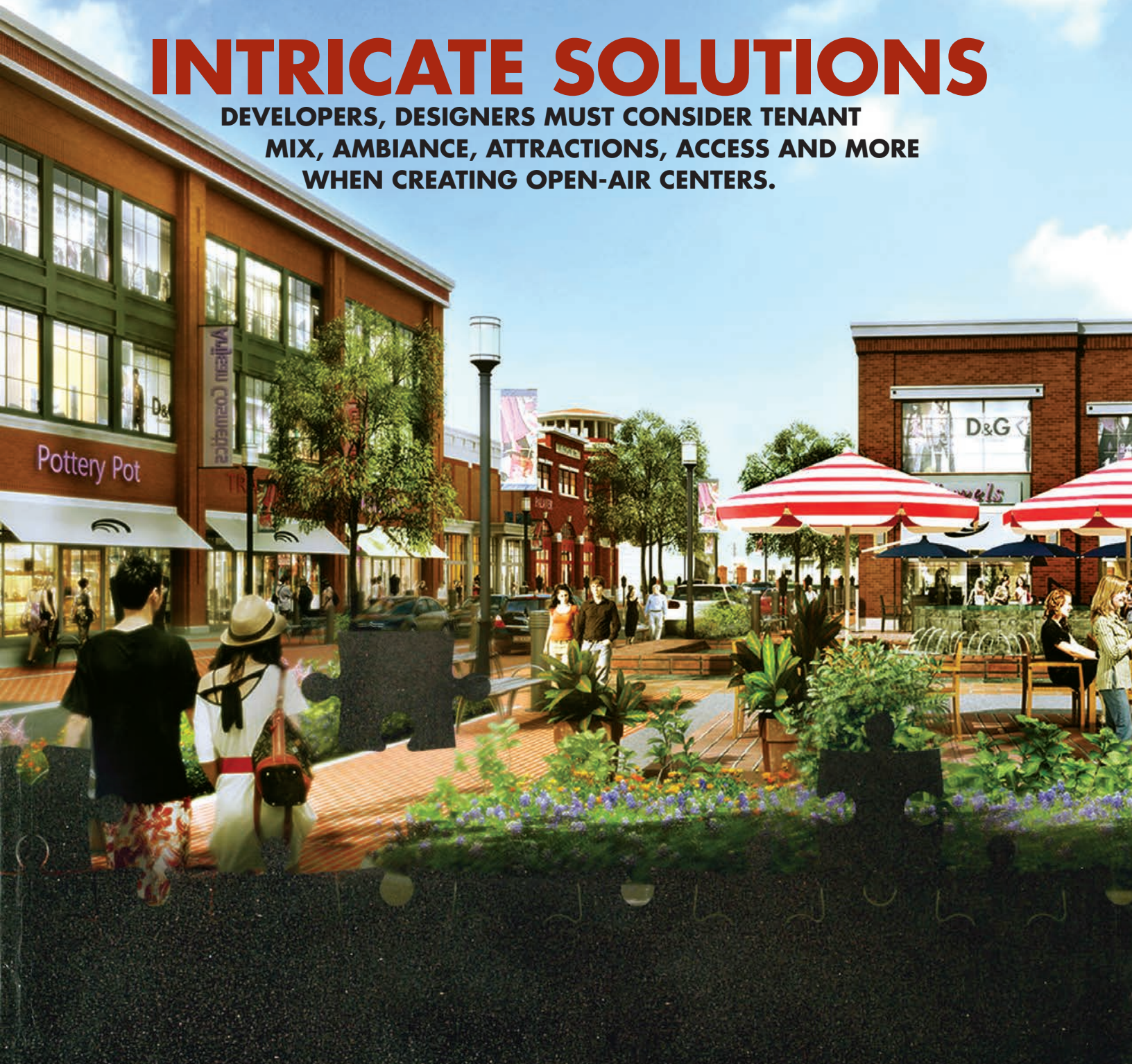
LEADING THE WAY THROUGH THE 21ST CENTURY

# SHOPPING CENTER BUSINESS<sup>®</sup>

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## INTRICATE SOLUTIONS

DEVELOPERS, DESIGNERS MUST CONSIDER TENANT  
MIX, AMBIANCE, ATTRACTIONS, ACCESS AND MORE  
WHEN CREATING OPEN-AIR CENTERS.





Easton Gateway will be a 600,000-square-foot addition to the Easton complex near Columbus, Ohio. Designed by Dorsky +Yue International, the center is incorporating the look of Easton Town Center, making it familiar to the market.

# Attracting The Right Shopper

*Open-air centers—from grocery-anchored to big box to town centers—have a big mission to fill. Here's what designers and developers are doing to create a draw.*

*Randall Shearin*

In a time when every good can be bought on the Internet, creating an experience is what continues to draw shoppers to retail centers. Over the past five years, retail centers have had to up their games to lure consumers away from screens and to their centers. Since the experience of interacting with a retailer's web site and visiting its store is intended to be seamless, it's left up to the shopping center to make up a large part of the experience that draws a shopper out of her or his home. Amenities and design work to create an atmosphere that's inviting and attractive to consumers, while the retail — and restaurant — mix provides the experience they crave.

From revitalized lifestyle centers to regional malls to outlet centers to grocery-anchored

centers, open-air shopping centers are the preferred method of redevelopment or development today. SCB spoke with a number of executives active with open-air centers to see where the sector is headed and what is driving activity.

## WHAT'S NEW IN GROUND-UP DEVELOPMENT

Creating new large-format centers has been challenging over the past few years. Not only do developers have to fight community opposition and a challenging financing market, but they have to create environments for shoppers that don't already exist in the market.

Dorsky + Yue is working on the next phase of Easton Town Center for Georgetown and

Steiner + Associates called Easton Gateway. Nearly 15 years after the original center opened, Easton Gateway will introduce a grocery- and power-anchored component. The 600,000-square-foot project adds more amenities and retail to the iconic development in Columbus, Ohio. The project is anchored by Costco, REI, Dick's Sporting Goods, Saks Off 5th and Whole Foods Market. Steiner and Georgetown made the effort to give Easton Gateway a cohesive look with Easton Town Center, despite the fact its uses are different.

“While Easton Gateway is spatially distinctive and organized for convenience and accessibility, the project reflects many of the same thoughtful architectural details and innovative design elements that give Easton Town Center its familiar brick-and-

mortar appeal,” says Anne Mastin, senior executive vice president of real estate for Steiner + Associates.

“We walk each center in our mind in the planning stages to make sure they work and that visitors have places to hang out,” adds Kevin Zak with Dorsky + Yue International, who worked on the center’s design. “We have to have an understanding of how the spaces are going to go together so that, ultimately, when the center is built, it is not just pieces that are thrown into the soup; it has been orchestrated in a way that makes sense and extends the stay, making it memorable. In addition to the great tenants that are there, that’s what makes a successful center.”

Dorsky + Yue also designed the new Palm Beach Outlets for New England Development and Eastern Real Estate, which opened in February in Florida. The company is also working on a new outlet center for Tanger Outlets in Grand Rapids, Mich.

“We are bringing to the outlet centers a lot of the town center-like walkability and amenities,” says Zak.

In addition to walkability, other successful open-air centers are making strategic tenanting moves. Petrie Ross Ventures built Woodmore Towne Centre in Landover, Md., a few years ago. The center was a model of how a community and a developer can both learn from each other. Prince George’s County had been historically under-retailed; many developers and retailers missed the demographics of the predominately African-American population. Petrie-Ross saw the affluence in the market, and set out to make retailers understand it as well. The results show in the 245-acre mixed-use project that it built and opened in 2010, the retail portion of which is anchored by Wegman’s, Costco, JC Penney, Best Buy and Petco.

“We tried to bring in the bell cows—the tenants that would really generate the traffic—and then fill in the shop space to feed off that,” says Walt Petrie, chairman of Petrie-Ross Ventures, which is based in Annapolis, Md. Sales of the anchor stores, he reports, are phenomenal.

At Woodmore Towne Centre, Petrie-Ross separated the mixed-use components of the project since it was developed during the recession. Now, the company is working on



**Park Town Village in Charlotte, N.C., designed by DMR Architecture, has amenities like seating areas and landscaping that keep shoppers engaged with the environment.**

tying the project together.

“It is hard to make all those components work together unless you are in an urban market,” says Walt Petrie. “At one point in time, retail is going to be hot and office is not; or office will be hot and multifamily will not. It is hard to hit all that at one time.”

Petrie-Ross also added restaurants with outdoor seating to Woodmore Towne Centre.

“We spent a lot of time creating pedestrian-friendly walkways, lighting and all the amenities; that has turned out extremely well,” says Petrie.

Not all profitable centers can rely on the latest trends. For some developers, classic design can be a solid bet on success for years to come.

Weingarten is a developer who has continually built and redeveloped centers over the past few years. The Houston-based company was formed in 1948 and has been building, buying and redeveloping shopping centers for more than 65 years.

“While a tremendous amount has changed during those 65 years, a tremendous amount has stayed the same,” says Drew Alexander, president and CEO of Weingarten. “A good location with good anchors, layout and adjacencies is essential so that you are giving the customer something that is exciting, convenient and fills their needs. That is as important today as it has been during the entirety of the time we have been in existence.”

Architecture is one of the ways that Weingarten makes sure that its centers are always up-to-date. The company opts for traditional centers with long-lasting looks.

“Architecture should be pleasing and interesting, but should stand the test of time and be reasonable in maintenance costs, not something that is trendy that will go out of style quickly,” he says.

Lighting is another area where developers have paid more attention, says Alexander.

“As dual income households need to get

more shopping done in the early evening, keeping the centers well-lit has become more important,” he says.

As developers strive to incorporate features that were once only found in malls and lifestyle centers to convenience and grocery centers, architects say that doesn’t mean that they have to break the bank to make a project look good.

“We are very careful about the way we spend money on a project,” says Zak. “We are very much about how to get the most bang for the buck. It has to plan well from a retailing standpoint and it has to get the most out of every dollar that we spend as a designer. That is what our clients are expecting and, moreover, they are coming to us with per square foot budgets.”

## REDEVELOPMENTS

Redevelopment has been the main focus of open-air center projects over the past few years. Owners often redevelop centers when they feel the market may be slipping slightly, or they need to increase the amount of GLA at a property.

Levin Management assisted a client with the redevelopment of Hamilton Plaza in Hamilton Township, N.J., recently. The

company created a smaller store for anchor ShopRite while remodeling the store. The older center was completely remodeled at the time. The resulting 175,000-square-foot redevelopment improved traffic flow at the center. New signage and new facades also refreshed the look of the center. The property was the secondary center in the market before its redevelopment, now it is the top center.

At Post Road Plaza in Pelham Manor, N.Y., Levin took a former Kmart space and subdivided it. The company brought in Dave & Buster’s—a tenant that will bring in multiple uses during different times of the day—and has a lease out for the other part of the space. The center is anchored by Fairway Market, another area draw.

“When the demographics of a property and the tenant mix call for it, bumping up the amenities will help,” says Harding. “But malls and lifestyle centers have a different set of tenants and a different purpose than a typical grocery-anchored shopping center. In many places, a fountain will not apply to sales. Grocery-anchored centers are generally a focused shopping trip based on convenience.”

Levin Management often redevelops centers for its clients, from overseeing design to land use to construction.

“In a redevelopment, we want to make sure that we are maximizing the ability to make the project function as best as possible for the tenants,” says Harding. “We also take the opportunity to add in amenities that can create life and activity in a center, such as pad sites, restaurants or an active use.”

Building shopping centers that won’t require extensive renovation cycles seems to be a focus for many developers today, who are tired of sponsoring redevelopment every 10, 15 or 20 years.

“Most of our clients are focused on more permanent places,” says Zak. “They want places that are going to stand the test of time, both from a materials standpoint and a design standpoint.”

Legacy Village near Cleveland is one such example that Zak points to. The project opened in October 2003 and, 10 years later, “it still looks fresh,” he says. “Because it was designed with the intent to feel permanent and handmade. You have to have a sustainable approach so the center looks to be a part of the landscape.”

“Look and design is more important than it used to be,” adds Harding. “Retailers definitely focus on that more. It also helps set your property apart more from the crowd.”

## LEASING

Tenants remain the largest draw of centers, and developers know they must push the familiar names to shoppers to get them to the centers. But they also must keep them interested once they’ve gone to the stores that were the reason for the initial visit.

“At the end of the day, the reason that someone is going to a shopping center is a tenant or a collection of tenants,” says Harding. “We focus on the core mix of tenants and try to bring in tenants that are draws. We mix in types of tenants who bring in shoppers at different types of the day. Today, that includes gyms, restaurants, coffee shops and other retail venues where people ‘hang out’ before they cross-shop at other tenants.”

Most notably, restaurants are drawing larger crowds to centers in recent years. At the very least, many supermarkets now have cafes inside that supply the restaurant offering at smaller centers. It’s a trend that’s growing in the supermarket industry, with



Outlet centers have gone full circle to include more open-air designs. Outlets are also borrowing ideas learned from traditional open-air centers, such as adding more food offerings and visitor amenities, like seating areas. Above is a rendering of the newly opened Palm Beach Outlets, a project of New England Development and Eastern Real Estate. Dorsky + Yue International helped lead the design team.



Weingarten Realty redeveloped its River Oaks Shopping Center in Houston, creating an attractive open-air environment that served the upscale residential area.

many becoming known for their specialty subs, fried chicken or other offerings.

“The vast majority of our supermarkets have cafes,” says Weingarten. “Home meal replacement has become a huge item; most people don’t know what they are having for dinner on a given evening at 4 p.m. Having a great, convenient place that they are naturally drawn to with easy access, helps aid that. As we’ve been involved in larger centers with larger supermarkets, the access and traffic flow are super important today when you have a 140,000-square-foot supermarket.”

Tenants have boosted their presence in the shopping center. In addition to using traditional methods like advertising and marketing, many are now participating in social media campaigns and social coupon campaigns that drive visits, and customers, to the center.

“Omni-channel retailing is clearly where it’s at,” says Alexander. “You still see supermarkets promoting and driving traffic by doubling or tripling the value of a coupon. Some online retailers have gone as far as to give away

grocery delivery, which could be a \$25 or \$30 expense. Buy online and pick up in-store is also effective for retailers. It offers the opportunity for a salesperson to find other products the consumer wants. It drives the [retail] experience.”

Weingarten has shifted its focus to maximizing adjacencies for supermarket tenants to increase sales for its centers. Weingarten is the retail developer for the redevelopment of the Walter Reed Army Hospital facility in Washington, D.C. The company expects to develop approximately 250,000 square feet of retail space as part of the 3 million-square-foot mixed-use project that is anticipated to also have residential, office and hotel uses.

Tenants have also used technology to help sales at stores. Accessing locational data of consumer cell phone activity while consumers are at the centers helps this cause, as does social media interaction with shoppers via mobile device. Connected consumers are now able to receive offers via mobile phone while shopping the store. While this was

pioneered by apparel retailers, grocery and other needs-based retailers are now using this technology to increase sales.

“While the Internet certainly has a place in retail, even surveys of the Millennials show that they like the physical shopping experience for all the reasons the generations before have,” says Alexander.

Other centers have looked to design and amenities as attractions to shoppers.

“We see curb appeal as very important,” says Harding. “We want the property to stand out not only to customers, but to tenants as well. We look at different amenities to make the shopping center more attractive to customers.”

WiFi has become an amenity at many centers. More urban centers use it to create a sense of place; free Internet service attracts people to spend time in the strip center environment just as much as in malls.

“You want to create an environment where people are happy to stay for long periods of time,” says Alexander. **SCB**