Excerpted from: Kramer, Anita et al. Urban Land Institute. Retail Development. Washington, D.C.: ULI-the Urban Land Institute, 2008.

COURTESY McCAFFERY INTERESTS, INC.

**The Market Common, Clarendon, in Arlington, Virginia, is one of the early examples of a successful open-air retail center in a mixed-use, urban infill setting. McCaffery Interests, the developer, drew inspiration from Mizner Park in Boca Raton, Florida. The first and largest phase of Market Common is built around a new U-shaped road and courtyard. The approximately 250,000 square feet (23,235 square meters) of retail in this phase includes two-story anchor tenants in the end-cap locations and at the far end of the looped road. Apartments and offices rise above the retail. Before development, the site was a 600-space surface parking lot. Parking is now primarily subterranean.**

space, entertainment, and food service. The notion of community has evolved so that today the connection to community is literal (with newly created streets internal to a development site linked to existing streets and storefronts directly on existing streets), interactive (gathering places specifically designed to encourage meeting, eating, and greeting), and aspirational (bringing stores together that reflect how customers view themselves, their community, and their environment).

These changes after years of mostly stand-apart shopping center development have led to the perception that many of these new formats are not necessarily shopping centers but something else—districts, downtowns, or just the center of a community. They do, in fact, function as shopping centers, but to reflect the changes in formats and commonly used descriptive terms, which are in turn based on trends that are growing stronger and broader and have produced numerous benefits for shoppers and their communities, the title of this book has been changed from *Shopping Center Development Handbook* (the previous edition in 1999) to *Retail Development*.

Notwithstanding new developments in shopping centers, the fundamentals of development or redevelopment remain the same—the need to determine feasibility; finance the project; plan and design the site, buildings, and parking; develop and implement a tenanting strategy; and manage and operate the project when it is open. These fundamentals are covered in detail in subsequent chapters and apply to both traditional shopping centers, new formats, and all the variations and hybrids in between.

## What Is a "Shopping Center"?

Distinct from other forms of commercial retail development, the shopping center is a specialized, commercial land use and building type. Today, shopping centers are found throughout the world but until the late 1970s thrived primarily in U.S. suburbs, occurring only rarely in downtowns or rural areas. Over the years, shopping centers have been transformed from a suburban concept to one with much broader and varied applications and locations. The Urban Land Institute standardized the definition of "shopping center" and related terms. In 1947, ULI defined a shopping center as:

> . . . a group of architecturally unified commercial establishments built on a site that is planned, developed, owned, and managed as an operating unit related by its location, size, and type of shops to the trade area that it serves. The unit provides on-site parking in definite relationship to the types and total size of the stores.[1]

Zona Rosa, with its town center format, creates a destination in the northern Kansas City, Missouri, suburbs. Architectural dissonance in the retail center makes it seem as though the project evolved over the decades and reinforces a sense of place for the community. The lack of signs with Zona Rosa's name at the site or nearby undergirds the notion that Zona Rosa is a place, not a shopping center.


STEINER + ASSOCIATES

Zona Rosa during construction.

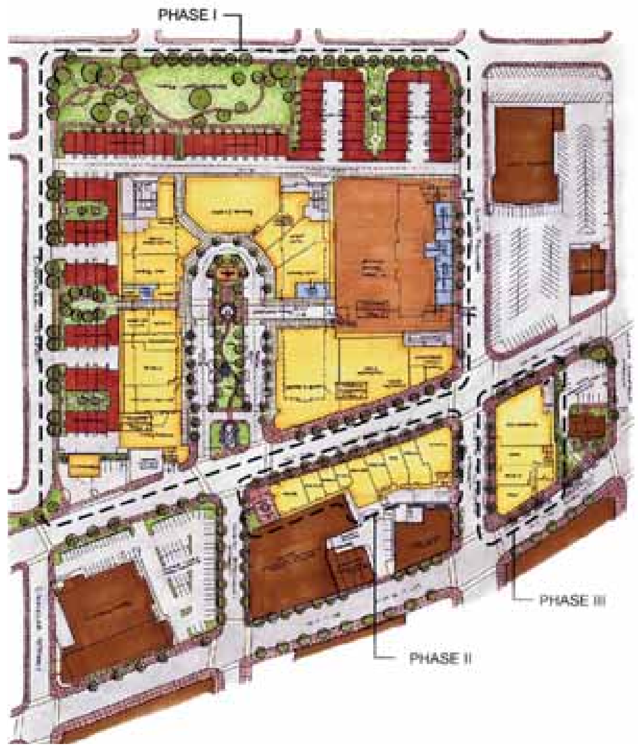
STEINER + ASSOCIATES

In the decades that followed, ULI refined this definition so that a shopping center must also have a minimum of three commercial establishments, and, in the case of urban shopping centers, its on-site parking needs may be related not only to the types and sizes of the stores but also to the availability of off-site parking and alternate means of access.

Although the scope of this revised definition still appears broad, it actually is rather restrictive and excludes much retail development. Individual retail stores, even when grouped side by side along streets and highways or owned by a single owner, are excluded if they are not centrally managed. Thus, any number of commercial strips or downtown shopping clusters do not qualify as shopping centers, although they may constitute significant shopping districts. On the other hand, an intergrated shopping center can form the nucleus of a shopping district in an existing or emerging commercially zoned area, or it may represent the first project around which other commercial land uses eventually are developed. Today, what may appear to be individually managed shops may actually be centrally managed, as in the case of a well-integrated infill project.

The following elements more fully describe the well-planned shopping center and set it apart from other commercial land uses:

- Coordinated architectural treatments, concepts, or themes for the building or buildings, providing space for tenants that are selected and managed as a unit for the benefit of all tenants. A shopping center is not a miscellaneous or unplanned assemblage of separate or common-wall structures. Moreover, a coordinated architectural approach does not imply that all buildings must appear the same. On the contrary, architectural diversity in style and height among buildings and/or tenants is desirable for tenant identity, project authenticity, and overall enjoyment of the shopping experience. It does mean that overall planning and control are important.
- A unified site suited to the type of center called for by the market. The site may permit expansion of buildings and addition of new buildings, uses, or parking structures if the trade area and other growth factors are likely to demand them.
- An easily accessible location in the trade area with efficient entrances and exits for vehicular traffic as well as convenient and pleasurable access for transit




COURTESY McCAFFERY INTERESTS, INC.

**The Market Common, Clarendon, in Arlington, Virginia, took advantage of the underdeveloped site's proximity to a mass transit station and the need for greater density. This pedestrian-oriented development revitalized the Clarendon neighborhood with approximately 303,000 square feet (28,000 square meters) of retail, 87 residential townhouses, and 300 apartments.**

**In addition to two underground parking garages, Clayton Lane in Denver, Colorado, includes a mixed-use parking structure: a five-level, 454-space parking garage with 16,000 square feet (1,490 square meters) of street retail, 5,300 square feet (490 square meters) of office space, and a 21,000-square-foot (1,950-square-foot) Sears Auto Center in the basement of the structure.**


COURTESY THE NICHOLS PARTNERSHIP

Kierland Commons—a mixed-use retail center in a master-planned community in Scottsdale, Arizona—incorporated extensive landscaping and large sidewalk canopies to create a comfortable and aesthetically pleasing atmosphere.

COURTESY EDAW/PHOTOGRAPH BY DIXI CARRILLO

passengers, where appropriate, and pedestrians from surrounding development.

- Sufficient on-site parking to meet demand generated by the retail uses. Parking should be arranged to enhance pedestrian traffic flow to the maximum advantage for retail shopping and to provide acceptable walking distances from parked cars to center entrances and to all individual stores. Where alternative modes of transit are available, the definition of "sufficient" may change.
- Service facilities (screened from customers) for the delivery of merchandise.
- Site improvements such as landscaping, lighting, and signage that create a desirable, attractive, and safe shopping environment.
- A tenant mix and grouping that provide synergistic merchandising among stores and the widest possible range and depth of merchandise appropriate for the trade area and type of center.
- Comfortable surroundings for shopping and related activities that create a strong sense of identity and place.

Although some shopping centers may not exhibit all these characteristics, the most successful shopping centers project a strong overall image and a clearly identifiable orientation for customers and tenants alike. Unified ownership and management and joint promotion by tenants and owners make it possible.

Each element in a shopping center should be adapted to fit the circumstances peculiar to the site, neighborhood, development concept, and market. Innovations and new interpretations of the basic features must always be considered in planning, developing, operating, and remaking a successful shopping center. To succeed, each center must be not only profitable but also an asset to the community where it is located.

## Shopping Center Terms

Several terms commonly used in the shopping center development and management industry are used in this book:

- Gross leasable area (GLA) is the total floor area designed for a tenant's occupancy and exclusive use, including basements, mezzanines, or upper floors, expressed in square feet (or square meters) and measured from the centerline of joint partitions and from outside wall faces. It is the space, including sales areas and integral stock areas, for which tenants pay rent.[2]

  The difference between gross leasable area and gross building area (GBA) is that enclosed common areas and spaces occupied by centerwide support services and management offices are not included in GLA because they are not leased to individual tenants. Specifically, GBA includes public or common areas such as public toilets, corridors, stairwells, elevators, machine and equipment rooms, lobbies, enclosed mall areas, and other areas integral to the building's function. The enclosed common area may range from less than 1 percent in completely open centers to 10 to 15 percent

## Retail Development in a Master-Planned Community: Lowry's Story

COURTESY LOWRY REDEVELOPMENT AUTHORITY

Development of Lowry's town center began in July 2001. Although the original master plan for the site of the former Lowry Air Force Base in the center of metropolitan Denver called for the area to be developed as a business park, it soon became clear that the community needed a town center that would integrate a variety of uses in a pedestrian-friendly environment. The first step in developing the town center involved transforming a once-residential building that had been converted to military offices back to residential use, albeit a very different one. Although at the time of the base closing the building was being used as the base headquarters, the Lowry Redevelopment Authority (LRA)—facing a difficult commercial market at the turn of the 21st century—decided to sell the structure so that it could be renovated into a 261-unit apartment project. The building's size and shape allowed for more than 50 different floor plans and some unusual features, including several 1,000-square-foot (93-square-meter) decks. This project, which was completed in 2000, kicked off residential development in the Lowry Town Center District.

By then, Lowry had enough rooftops to attract retailers. The LRA selected Englewood, Colorado–based Miller Weingarten Realty as the retail developer, and the firm began negotiating with grocery store chains to select an anchor for the planned neighborhood retail center. All the chains identified as potential tenants wanted to build large stores with frontage on Quebec Street, a location and orientation that would have turned its back on the Lowry community. It was a two- to three-year struggle to attract a firm willing to build a smaller full-service supermarket in the town center district. By remaining patient, the LRA got what it wanted—a 50,000-square-foot (4,645-square-meter) Albertson's store that now anchors the town center's inline retail and restaurant offerings. Once the supermarket was built, the town center became an active place, and additional development followed. Today, the town center district contains approximately 500 residential units, schools, parks, a museum, office space, 130,000 square feet (12,100 square meters) of retail, and recreational uses. Buildout is expected in 2009.

Source: Excerpted and adapted from Urban Land Institute's *Development Case Studies*, April–June 2006.

in centers developed as enclosed malls. Because the percentage of common area varies with the design of the center, the measurement of GLA was developed.

- The parking index also uses GLA to determine the appropriate number of parking spaces for a shopping center, because it affords a comparison between the shopping area and the parking demand from shoppers.

In defining the relationship between the demand for parking and the building area of a center, the shopping center industry developed a uniform standard by which to measure parking needs. The standard, known as the "parking index," is the number of parking spaces per 1,000 square feet (93 square meters) of GLA. (See Chapter 4 for a detailed discussion of parking needs.)

- Trade area is that geographic area containing people who are likely to purchase a given class of goods or services from a particular shopping center or retail district. The size of the trade area varies based on the shopping center type and size, tenant categories, proximity of competitive centers, level of distinctiveness and innovation, population density, and accessibility. The trade area is usually expressed as primary or secondary. Defining a trade area and the role it plays in development decisions is discussed in Chapter 2.

## Types of Retail Goods

Retail goods are classified as shopper goods, convenience goods, specialty goods, and impulse goods.

- Shopper goods are those on which shoppers spend the most effort and for which they have the greatest desire to comparison shop. The trade area for shop-

FIGURE 1-1
**Characteristics of Shopping Centers**

| Type of Center | Leading Tenant (Basis for Classification) | Typical GLA (Square Feet) | General Range in GLA (Square Feet) | Usual Minimum Site Area (Acres) | Approximate Minimum Population Support Required |
|---|---|---|---|---|---|
| Neighborhood | Supermarket | 60,000 | 30,000–100,000 | 3–10 | 3,000–40,000 |
| Community | Supermarket, drugstore/ pharmacy, discount department store, mixed apparel (women's/men's/ children's) | 180,000 | 100,000–400,000 | 10–30 | 40,000–150,000 |
| Regional | One or two full-line department stores | 600,000 | 300,000–900,000 | 10–60 | 150,000 or more |
| Super Regional | Three or more full-line department stores | 1,000,000 | 600,000–2,000,000 | 15–100 or more | 300,000 or more |

per goods tends to be governed by the urge among shoppers to compare goods based on selection, service, and price. Therefore, the size of the trade area for shopper goods is affected most by the overall availability of such goods in alternate locations.

- Convenience goods are those that consumers need immediately and frequently and are therefore purchased where it is most convenient for shoppers. Shoppers as a rule find it most convenient to buy such goods near home, near work, or near a temporary residence when traveling.
- Specialty goods are those on which shoppers spend more effort to purchase. Such merchandise has no clear trade area because customers will go out of their way to find specialty items wherever they are sold. By definition, comparison shopping for specialty goods is much less significant than for shopping goods.
- Impulse goods are those that shoppers do not actively or consciously seek. In stores, impulse goods are positioned near entrances or exits or in carefully considered relationships to shopping goods. For example, a table of scarves or other accessories might be located between the entrance and the dress department in a women's clothing store. In a shopping center as well, certain stores are stocked primarily with impulse goods—costume jewelry, accessories, snack food, for example. Such tenants need positions in a center where they can benefit from traffic generated by stores selling shopping, convenience, and specialty goods. Many of the stores selling impulse goods could not exist outside shopping centers because they require anchor tenants to attract customers.

## Types of Shopping Centers

The major tenant classifications in a shopping center and, to a lesser extent, the center size and trade area determine the type of center. Size alone or size and configuration are inadequate to define shopping centers because they imply a direct correlation between size and all other factors—trade area, tenant characteristics and mix, and categories of retail goods. This handbook classifies shopping center types by using all these factors.

Figure 1-1 compares the characteristics of the major types of shopping centers. The numbers shown on the table must be regarded as the broadest indicators to define the various types of centers; the basic elements of any center may change if it needs to adapt to the changing characteristics of the trade area, including the nature of the competition, population density, and income. The number of people shown as needed to support a shopping center of any type cannot in actuality be fixed because income, disposable income, competition, and changing tenant mixes, methods of merchandising, and store sizes all enter into these calculations. No rigid standard population for size of trade area could be realistic; local conditions in a trade area (number of households, income, existing retail outlets) are more important than any standard population data in estimating the purchasing power needed to support a center.

The community shopping center is the most varied type of shopping center in terms of anchors, market size, and drawing power. The Village at Shirlington in Arlington, Virginia, sits directly off a major highway and, in addition to a grocery store, offers a variety of entertainment—a cinema, a performing arts theater, a library, and restaurants. The center, in a first-ring suburb of Washington, D.C., is now the second location of a hip independent restaurant started in downtown Washington.

COURTESY FEDERAL REALTY INVESTMENT TRUST

### Convenience Shopping Centers

Convenience centers contain a small group of shops and stores that provide a limited range of services. Tenants most frequently found in convenience centers are restaurants and other food services; personal services such as dry cleaners, beauty parlors, and nail salons; professional services such as medical doctors, dentists, and finance, insurance, and real estate offices; small drugstores or pharmacies; and convenience markets.[3] In denser urban areas where convenience centers may be part of a larger shopping district, tenants may offer more high-end shopper and specialty goods.

A convenience center is typically about 20,000 square feet (1,860 square meters) of GLA, but it does not exceed 30,000 square feet (2,800 square meters).[4] Customers typically live near the center and walk or drive to it on the way to other activities.

### Neighborhood Shopping Centers

Neighborhood centers provide for the sale of convenience goods (food and food service, drugs, sundries) and personal services (those that meet the daily needs of an immediate neighborhood trade area). The principal anchor tenant in most neighborhood centers is a supermarket or superstore that combines grocery shopping with a pharmacy and other convenience goods and services.[5] Consumer shopping patterns show that geographical convenience is the most important factor in determining a shopper's choice of supermarkets. A wide selection of merchandise and customer service is a secondary consideration. Other principal tenants in neighborhood centers are drugstores and small variety or dollar stores.

The neighborhood center ranges from 30,000 to 100,000 square feet (2,800 to 9,295 square metesr) of GLA, with a median size of about 60,000 square feet (5,575 square meters), based on a sample of 244 centers.[6] Requiring a site of three to ten acres (1.2 to 4 hectares), the neighborhood center normally serves a trade area of 3,000 to 40,000 people within a five- to ten-minute drive.

### Community/Super Community Shopping Centers

Of all the shopping center types, the community shopping center is the most varied in terms of its anchors, market size, and drawing power. It draws customers from a greater distance than a neighborhood center but does not have a trade area as large as a regional center. The community center is truly the in-between center. Some neighborhood centers have the potential to grow into community centers, just as some community centers can expand into regional centers. They are increas-

## Abercorn Common, Savannah, Georgia

When a shopping center includes a McDonald's with a Gold Leadership in Energy and Environmental Design Core and Shell (LEED-CS) rating, you know it is not your standard mall. Savannah-based owner/developer Melaver, Inc., and Atlanta-based Ozell Stankus Associates Architects completely renovated Abercorn Common in 2006, enlarging the 1960s center from 90,000 to 169,000 square feet (8,365 to 15,705 square meters). A pilot project for LEED-CS, Abercorn Common earned a Silver rating overall. A highly reflective white roof, energy-efficient glazing, a tight building envelope, and high-efficiency lighting and heating/ventilating/air-conditioning systems are designed to reduce electricity use by more than 30 percent. A large cistern stores rainwater gathered from the roof for irrigation and other uses. Pervious pavement in parking areas reduces stormwater runoff. Located near three bus lines, the center also offers preferred parking for hybrid vehicles and carpoolers. Plaques throughout the center educate shoppers about the sustainable strategies applied.


PHIL BEKKER/COURTESY MELAVER, INC.

DAVID ARNOLD/THE PARTNERSHIP

Source: Excerpted and adapted from Ron Nyren, "ULX Greener Retail," *Urban Land*, January 2007, pp. 50–54.

ingly community oriented, integrating more successfully with their surroundings.

The community center typically ranges from 100,000 to 400,000 square feet (9,295 to 37,200 square meters) of GLA—more in some cases. Because the range for this type of center is so great, a new subcategory was established in the 1980s for centers that range from 250,000 to more than 500,000 square feet (23,235 to 46,470 square meters) of GLA—the super community center. The community center needs a site of ten to 30 acres (4 to 12 hectares) and normally serves a trade area of 40,000 to 150,000 people within a ten- to 20-minute drive.

The traditional community shopping center offers greater depth and range of merchandise in shopping and specialty goods than the neighborhood center. It tends also to provide certain categories of goods, particularly commodities, that are less likely to be found in regional centers such as furniture, hardware, and garden and building supplies. In addition, the center also may include banking and professional services, personal services, and recreational facilities. Many centers are built around a discount department store, super drugstore, mixed apparel (women's/men's/children's) store as well as a supermarket. The median traditional shopping center size is about 170,000 square feet (15,800 square meters) of GLA (based on a sample of 234 centers), with a lower decile of 110,000 square feet (10,225 square meters) and an upper decile of about 300,000 square feet (27,880 square meters).[7]

In metropolitan areas, a community center typically can be quite vulnerable to competition. It is too large to thrive off its immediate neighborhood trade area but too small to make a strong impact on the whole community unless it is located in a much smaller city. The development of a strong regional center with the pulling power of one or more department stores may impinge on a community center's trade area if both centers sell the same types of merchandise. In a typical market area, however, both can succeed even if they are close to each other when they offer different types of merchandise and they form a synergistic shopping destination that is stronger than each center would be standing alone.

In small cities with populations of 100,000 or fewer, community centers, although lacking the full-line department store that anchors all regional centers, may actually take on the stature of a regional center because of the center's local dominance and pulling power. An off-price or discount department store may function as the leading tenant, substituting for the full-line department store.

In the late 1980s and 1990s, expanded-format stores, often known as "category killers" and specializing in such items as books, sporting goods, and office supplies, became options for anchors. A new form of community center, the power center, appeared. A power center contains at least one super anchor store of at least 100,000 square feet (9,295 square meters) of GLA such as a discount department store or a warehouse club and at least four category-specific anchors of 20,000 or more square feet (1,860 square meters). These anchors typically emphasize hard goods such as consumer electronics, sporting goods, office supplies, home furnishings, home improvement goods, bulk foods, drugs, health and beauty aids, toys, and personal computer hardware and software. They tend to be narrowly focused but deeply merchandised category killers, and the largest power centers may draw from a trade area that approaches the size of that for a regional shopping center.

MCG ARCHITECTURE

**Desert Ridge Marketplace in Phoenix, Arizona, combines elements of a power center and a more traditional community shopping center to create a "power village." Instead of building three separate shopping centers in the master-planned community of Desert Ridge, the developers chose to incorporate the most popular components of all these retail types into one large project.**

Anchors in power centers typically occupy 85 percent or more of the total GLA, with the balance occupied by small shops, each usually less than 10,000 square feet (930 square meters) of GLA. As is the case with the largest anchor tenants in regional and super regional centers, the shopping center may not own space for the super anchor store, although all space is managed as a unified shopping center. The center is generally open air and configured as a strip, an "L," or a "U."

The median size of power centers, for a sample of 23 centers, was 360,000 square feet (33,460 square meters) of GLA, with a lower decile of 260,000 square feet (24,165 square meters) and an upper decile of 800,000 square feet (74,350 square meters).[8]

Some power centers now include tenants typically found in traditional community shopping centers as well as entertainment-oriented tenants to form "power towns." For example, Desert Ridge in Phoenix, Arizona, is anchored by a super discount department store, mixed apparel (women's/men's/children's) stores, category killers, a supermarket, a drugstore, an 18-screen cinema, Dave and Buster's, and a large number of restaurants.

### Regional and Super Regional Centers

ULI divides regional malls into two subcategories—regional centers and super regional centers. By definition, a regional center has one or two full-line department stores, and a super regional center has three or more full-line department stores. By definition, no other type of shopping center has any full-line department store. The median size of a regional shopping center, based on a sample of 41 centers, is about 600,000 square feet (55,760 square meters) and can range from about 300,000 to 900,000 square feet (27,900 to 83,700 square meters).[9]

Super regional shopping centers share all of the same characteristics as regional centers except that they have three or more full-line department stores and are usually, although not always, larger. A super regional center typically contains almost 1 million square feet (93,000 square meters) of GLA, ranging from about 600,000 to about 1.5 million square feet (55,800 to 139,400 square meters),[10] although some centers exceed 2 million square feet (185,900 square meters).

Regional and super regional centers generally seek to reproduce all the shopping facilities once available only in central business districts. They provide primarily a full depth and variety of shopping goods, general merchandise, shoes, clothing and accessories, home furnishings,

**The developer's first foray into large-scale projects, Southlands has 1.7 million square feet (158,000 square meters) of retail, restaurant, and entertainment space. Having opened in three phases over a two-year period, it now serves Denver's southeast metropolitan area. Numerous initial challenges faced Alberta Development Partners: assembling seven individually owned parcels, the 120-foot (36.5-meter) difference in elevation from the southern to the northern perimeter on the site's 300 acres (121.5 hectares), relocation of utilities, and expansion of a two-lane collector road that bisected the site and of an adjacent two-lane road to six-lane arterials.**

WONDER WORKS PHOTOGRAPHY

gifts and specialty items, and electronics. Typically, they also provide food, personal services, and entertainment. The main attraction, around which the center is built, has traditionally been the full-line department store, which as a rule has a minimum GLA of 50,000 square feet (4,600 square meters) in regional centers and 75,000 square feet (6,970 square meters) in super regional centers but ranges from about 40,000 square feet (3,720 square meters) in smaller markets and older centers to more than 200,000 square feet (18,600 square meters), particularly in super regional centers.

As a result of bankruptcies and consolidation in the department store industry starting in the late 1980s and continuing into the early 2000s, fewer choices of full-line department stores are available to fill vacant anchor spaces or to locate in new centers. Consequently, in addition to full-line department stores, nontraditional large tenants that earlier would have been considered inappropriate or unworkable are now becoming common in regional and super regional centers. This new generation of tenants includes large discount department stores of 50,000 square feet (4,600 square meters) of GLA or more, elaborate food courts and restaurant rows, large off-price category killers such as sporting goods and home accessories, megaplex cinemas, and specialized large-scale entertainment attractions.

Regional and super regional malls do not differ in function—only in their range and strength in attracting customers. Regional centers typically serve a population in excess of 150,000 people, who often travel more than 25 to 30 minutes to reach the center. Super regional centers require a larger trade area that typically includes a minimum of 300,000 people. Both regional and super regional centers attract customers through their ability to offer a full range of shopping facilities and goods, thereby extending their trade areas to the fullest extent possible. In some cases, the trade areas of regional and super regional centers may overlap. Customers sometimes pass a smaller regional mall to shop

CHRIS EDEN/CALLISON

**As the concept for repositioning Alderwood, an existing enclosed mall outside Seattle, took shape, one department store anchor closed its store after filing for bankruptcy and liquidation. The closing created a series of opportunities, resulting in construction of a new Nordstrom on the site of the closed store and construction of a new outdoor shopping area on the old Nordstrom site.**

Bella Terra in Huntington Beach, California, is the result of a $170 million revitalization of Huntington Beach Mall, an enclosed mall that sat vacant for 20 years. The site is directly adjacent to a major southern California freeway, but the mall had been eclipsed by more innovative, larger centers in its trade area. The repositioning strategy included tearing down the enclosed portion of the mall, rebuilding medium-format and boutique retail in its place, and retaining many of the larger anchor tenants to create a 777,000-square-foot (72,210-square-meter) contemporary outdoor entertainment and shopping environment. Recognizing that the existing anchors would become the backbone of the site plan, the designers sought to soften the scale of the anchors by layering their facades with smaller shops.

PAUL TURANG/COURTESY PERKOWITZ + RUTH ARCHITECTS

at a super regional mall to take advantage of greater choice and more diverse tenants.

The sites for regional and super regional centers vary dramatically—from ten acres (4 hectares) or less for a vertical multilevel urban center to more than 100 acres (40 hectares) for a large single-level exurban one.

## Variations of the Major Types

Shopping centers can no longer be neatly confined to the major categories; even early in their development, shopping centers varied somewhat. Over the years, the shopping center industry has continually invented a variety of additional real estate products to accommodate and advance trends in retailing. Specialization or subcategorization of shopping centers became a widening trend as early as the 1970s, and the trend has been accelerating.

### Entertainment Centers

An evolving concept, the entertainment center was one of the hottest new concepts in the 1990s when elements of entertainment were merged with retailing. The forerunners of this concept were festival marketplaces such as the Rouse Company's Harborplace in

Baltimore. Urban entertainment centers were based on a concept of "trinity of synergy," which combined entertainment, dining, and retailing in a pedestrian-oriented environment. The new generation of cinema megaplexes at the time was the most common entertainment attraction, although numerous other entertainment retailers were often combined with a variety of entertainment/impulse dining attractions and entertainment-oriented brand extension retailers, product showcase stores, leisure-oriented category killers, brand license stores, specialty retailers, family entertainment centers, specialty film venues, and fully themed attractions.[11] Urban entertainment centers proved most successful in limited locations because of the need for a large population base as well as tourists.

If this type of retailing involved any formula for success, it was in creating a powerful sense of place where people can congregate in a safe and sociable environment with entertainment—the same elements that soon created interest in town centers and other innovative open-air centers. But these newer types have more staying power and more flexibility as to location—tenants have smaller markets, food is more oriented toward better dining, and the overall feel of the outdoors and open space is part of the entertainment. The evolution has progressed from entertainment to entertaining environments.

### Lifestyle Centers

This term was originally coined in the late 1980s by Poag & McEwen to describe their open centers that combined the convenience of strip center shopping with well-known specialty and aspirational tenants. The grouping of highly branded national retailers served as anchors without the traditional department store, discount store, or grocery store of other types of shopping centers. They were most often located in high-income areas.

The term increasingly was applied to any open-air center that emphasized design, landscaping, and outdoor amenities such as fountains and street furniture. Many were anchored by a grouping of highly branded, upscale stores along with such entertainment tenants as a cinema and/or a bookstore, although others included department stores (often in a smaller format than typically found in regional malls) and discount stores. Today, as shopping centers in general evolve and become hybrids, the term "lifestyle center" has become a marketing term, which may indicate that lifestyle as a separate category is already fading. Today, centers referred to as lifestyle centers can be categorized as neighborhood, community, regional, or super regional, depending on their major tenant classifications, size, and trade area. They may be in a town center format but are not necessarily configured as one.

### Town Centers

A town center is an open-air center with public space and streetfront retailing on at least two pedestrian streets. In addition to retail, a town center typically has residential and/or office uses and may also have civic or other commercial uses vertically or horizontally integrated with the retail component.[12] This form of development is an attempt to create or re-create the essential elements

**The overall feel of the outdoors and open space is an essential part of entertainment in open-air centers and is a defining component in town centers. These young children playing in the fountains at Victoria Gardens in Rancho Cucamonga, California, are part of the first generation to grow up fully engaged in the outdoor facilities.**

TOM FOX, SWA GROUP


THE CORDISH COMPANY

**Before development of Atlantic City Outlets–The Walk in Atlantic City, New Jersey, much of the area between the convention center and the boardwalk was a vacant, neglected white elephant. The city had very little retail, and local residents traveled five to ten miles (8 to 16 kilometers) to malls outside the city to shop.**


THE CORDISH COMPANY

**The Cordish Company proposed an outlet shopping center to link the convention center to the boardwalk, believing it would have the broadest appeal to a varied demographic market base—the city's ethnically diverse and service-oriented population and tourists. Today, The Walk has become a regional shopping district, drawing patrons from a 30-mile (48-kilometer) radius.**

of downtowns as they once existed. It is typically master planned and developed block by block in line with projections for absorption of space for the various components.

Depending on its major tenant classifications and the size of the town center and its trade area, the retail component of a town center may be classified as a super regional, regional, or community shopping center, or, in a very small town, even a neighborhood shopping center.

Town centers such as Zona Rosa in the northern suburbs of Kansas City, Missouri (see Chapter 9), and Victoria Gardens in Rancho Cucamonga, California, are being created on greenfield sites, and they are being created in urban areas, such as the Market Common, Clarendon, in Arlington, Virginia. This approach to retailing is as much about creating a social environment as it is about providing a commercial center. It is a more promising form of development for the new millennium than a typical suburban shopping center because it counteracts sprawl, encourages walking rather than driving, and integrates retailing with other daily activities in a more convenient configuration.

Town centers were once thought to have certain limitations, including the difficulty of incorporating large-format big-box stores that typically do not contribute to a pedestrian environment. But innovative developers and retailers have found solutions such as second-story locations or multilevel stores with escalators specifically built for shopping carts.

### Outlet Centers

An outlet center is an aggregation of factory outlet stores—manufacturers' and labels' own branded stores where they sell their products directly to the public—each owned by a different manufacturer but managed collectively as a shopping center. Clothing, sporting goods, electrical products, cosmetics, and toys are among the types of items sold at outlet centers. The merchandise usually is a lower-priced line created exclusively for the outlet stores, but it may also include overstocked merchandise and possibly the previous season's goods.

Although outlet stores have existed since 1936, when Anderson-Little, a men's clothing manufacturer, opened the first "factory direct" stores, bringing them together in a center was one of the most important retail developments in the 1980s. According to *Value Retail News*, the number of outlet centers in the United States peaked in 1996 at 329; in 2005, the number was down to 225, partly the result of retenanting. *Value Retail News* requires that, to be called an outlet center, 50 percent or more of the tenants must be manufacturers' outlets. Moreover, the number of grand openings declined from 22 to 43 per year between 1988 and 1995 to just three during 2004 and 2005. Still, the average size of existing centers has grown steadily, to about 244,000 square feet (22,700 square meters) in 2005.[13]

Outlet centers have no specific anchor tenant, although one or more of the largest or most prestigious tenants may perform this role. The trade area for an outlet center is regional or extraregional, with locations about an hour's drive from major metropolitan areas. Typically, 30 to 50 miles (48 to 81 kilometers) is required between outlet centers and 20 miles (32 kilometers) between the center and stores that carry their full-price merchandise. Outlet centers are often located in or on the way to resort locations. One new center, The Atlantic City Outlets—The Walk, is located in downtown Atlantic City, New Jersey, a city that had few full-price retail offerings. The Walk has become a regional shopping district, drawing in patrons from a 30-mile (48-kilometer) radius and appealing to both the local service-oriented population and tourists.

Outlet centers can now be found around the world, in locations such as the United Kingdom, Europe, Turkey, Australia, New Zealand, Mexico, South Africa, Japan, and the United Arab Emirates.[14]

### Megamalls with Entertainment

One of the earliest examples of mixing large-scale retail with entertainment is the West Edmonton Mall, which opened in phases starting in 1981. Within two years, the mall was 2.27 million square feet (211,000 square meters) and offered both retail and entertainment attractions, including a theme park and an ice-skating rink.[15] The mall now has 3.8 million square feet (353,000 square meters) of GLA and includes a wave pool, a sea water habitat, and miniature golf.[16]

The introduction of entertainment into large-scale retail continued with off-price centers. Although off-price retailing is now energizing all types of centers, broadening their market appeal and filling space that will not be filled by full-price tenants, a small but well-known segment of the shopping center industry combined substantial concentrations of off-price retailing with large-scale entertainment attractions, including megaplex cinemas, Dave and Buster's, and bowling. The off-price megamalls—Potomac Mills near Washington, D.C., Ontario Mills near Los Angeles, Gurnee Mills near Chicago, and Sawgrass Mills near Fort Lauderdale, for example—feature a mix that may include factory outlet stores coupled with department store outlets such as Nordstrom Rack and Off Fifth, category killers such as the Sports Authority, and large specialty retailers such as IKEA and Burlington Coat Factory.

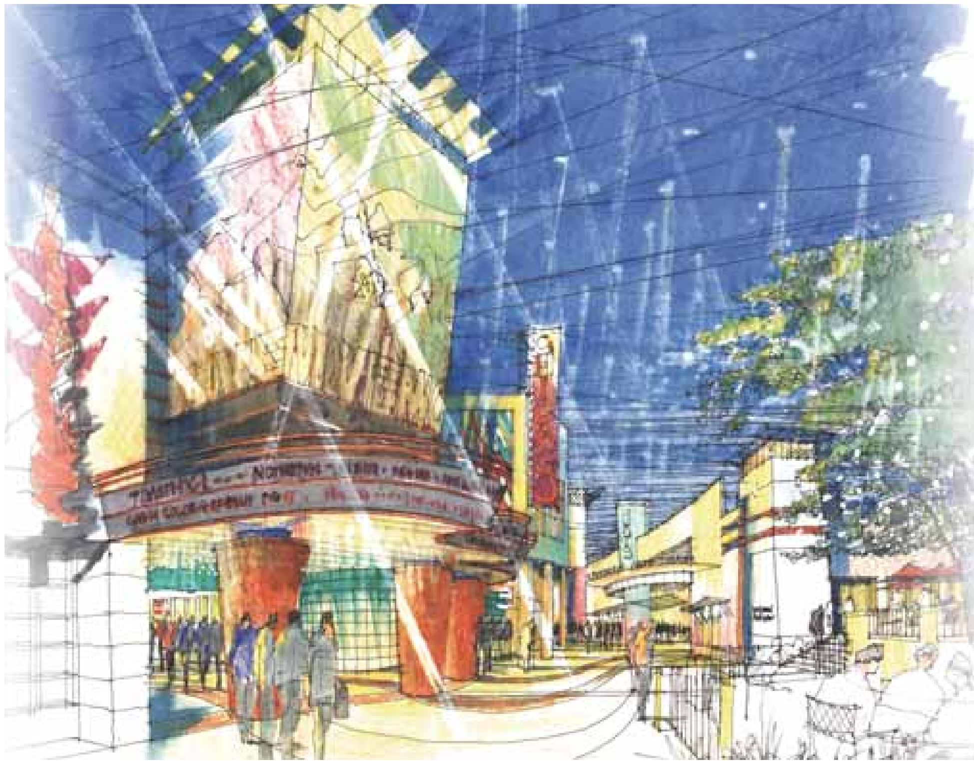
Such value-oriented malls are huge, often encompassing 1.5 million to 2.5 million square feet (139,400 to 232,300 square meters), usually laid out in a linear or circular design, and located along a major freeway on the exurban fringe of a metropolitan area so that their factory outlet tenants will not encroach on the manufacturers' full-price retail clients. Typically, a metropolitan area can support only one or two off-price megamalls. Customers regularly drive 25 miles (40 kilometers) or more to take advantage of the perceived bargains. These centers also rely heavily on tourist trade for their success.

The notion of combining entertainment and large-scale retail centers is now expanding to incorporate sports, full-price fashion, fine dining, fresh produce, live performances and events, and children's education districts, all in mixed-use settings. Meadowlands Xanadu™ in northern New Jersey is an example of this new hybrid: developed in the Meadowlands Sports Complex (a football stadium, racetrack, and sports arena), Xanadu will be a 2.2 million-square-foot (204,500-square-meter) sports, leisure, shopping, and family entertainment destination featuring the United States's first indoor ski slope, one of the largest ferris wheels in the country, and a simulated sky diving adventure. Meadowlands Xanadu follows Madrid Xanadu in Spain, a 1.2 million-square-foot (111,500-square-meter) entertainment and full-price retail venue, also with an indoor ski slope.

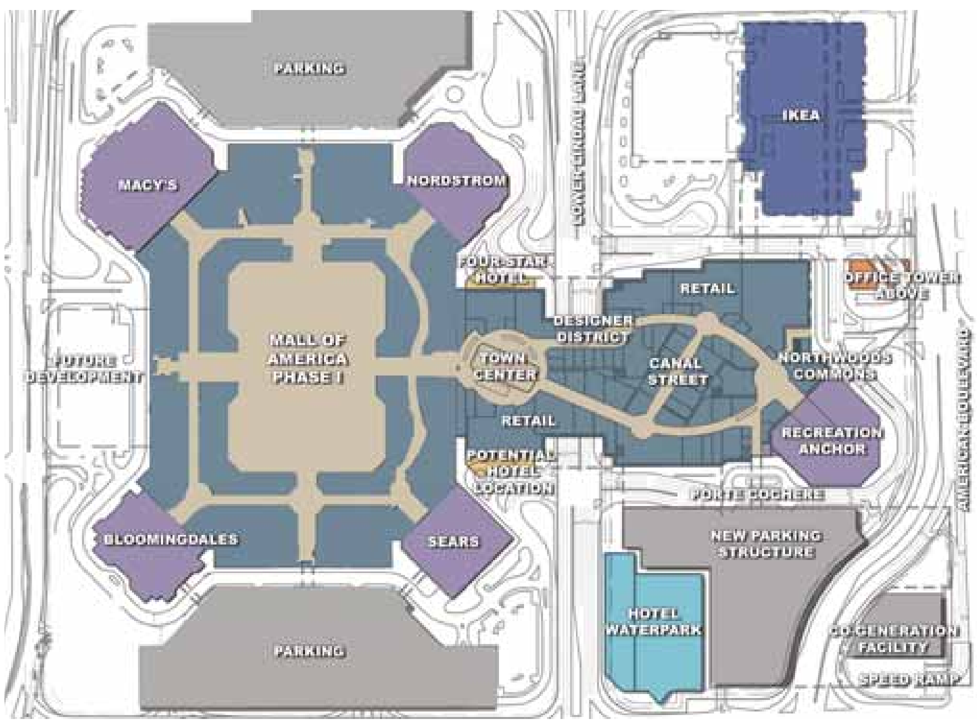
### Fashion Centers

A fashion center, unanchored by a full-line department store, is a concentration of apparel shops, boutiques, and custom quality shops carrying special merchandise,

**Mall of America Phase II in Bloomington, Minnesota, is a four-story mixed-use complex zoned for up to 5.6 million square feet (520,400 square meters) of new development. It will be built on 42 acres (17 hectares) of property adjacent to the north of Mall of America on the site of the old Met Center. Mall of America draws more than 40 million visitors a year, and market research predicts that Phase II will attract an additional 20 million visitors a year. Nearly 40 percent of those visitors live farther away than 150 miles (242 kilometers).**



COURTESY MALL OF AMERICA




COURTESY MALL OF AMERICA

usually of high quality and with high prices. It represents market segmentation by quality, taste, and price. Although not a necessary criterion, a fashion center may include one or more small specialty or "resort" department stores; gourmet food and food service or a "gourmet" supermarket could also be included.

High-fashion centers can also draw on wide rather than limited trade areas when high-income areas are more broadly scattered. A fashion center could therefore have a market area scaled toward a neighborhood, community, or regional center. When it serves a neighborhood or community, it comprises small clothing

Featuring retailers like Barneys New York CO-OP, Gucci, and Louis Vuitton, the Collection at Chevy Chase is a fashion center in Chevy Chase, Maryland, with more than 100,000 square feet (9,295 square meters) of upscale, luxury retail goods. This streetfront center was developed on a site previously occupied by a surface parking lot, with Saks Fifth Avenue on one end and Neiman Marcus less than a block away in the other direction. A Bloomingdale's subsequently opened across the street. Parking is provided primarily in a parking structure behind the center, with some surface parking also available. A public transit stop is within one block.


JOSEPH ROMEO PHOTOGRAPHY

and gift shops, and the traditional supermarket might instead be represented by a gourmet food shop, a butcher, and a greengrocer. When such centers reach community and regional size, they typically have as an "anchor tenant" a group of small specialty department stores. They also probably have some tourist trade. Today, most true fashion centers are unanchored, small, and at the extreme high end in price.

Generally, a fashion center sports distinctive architecture using high-cost finishes and materials. It often has a sophisticated architectural theme (occasionally as an adaptation of a historical structure), special landscaping, or an unusual site configuration because of site restrictions. On average, fashion centers have smaller site areas than more traditional neighborhood, community, or regional centers. Parking requirements for a fashion center are usually below those typically required for similarly sized centers, as the dollar volume per customer at a fashion center is higher than that at a conventional center and customer trips required for the center's success are therefore fewer but longer. A fashion center often provides additional amenities such as valet parking and reserved parking. The term "fashion center" is now often inaccurately applied in advertising copy to many conventional centers whose management sees its use as an effective marketing tool. As a result, the term's impact has been diluted.

Still, some new developments clearly fall into this category—the Collection at Chevy Chase in Chevy Chase, Maryland, for example. Opened in late 2005, the Collection is more than 100,000 square feet (9,295 square meters) and includes stores such as Ralph Lauren, Barneys New York CO-OP, Jimmy Choo, Bulgari, and Cartier.

### Transportation-Integrated Retailing

Although retail shops have been part of transportation facilities such as train stations and airports for some time, they usually have been limited and disorganized. They typically were not managed or merchandised in a coordinated way, and retailers usually occupied leftover space that was not needed for the efficient operation of the related transportation system. In other words, they did not qualify as shopping centers. But the restoration of Union Station in Washington, D.C., in the late 1980s demonstrated the potential for shopping centers in major transit stations, and others have followed on a smaller scale, including 30th Street Station in Philadelphia and Union Station in Los Angeles. The restoration of Grand Central Terminal in New York City has created the opportunity for high-end specialty shopping that will serve commuters, tourists, and office workers in the surrounding Midtown office core.

Because of the use of mass-transit stations by commuters, travelers, and consumers who do not own vehicles or wish to avoid their use, these stations also provide a market for various types of retail development adjacent or near the station—from convenience centers to regional malls—and they can add significantly to the performance of these centers. Transit authorities are now touting their stations to developers as ideal locations for a variety of retail amenities that are community assets with economic benefits to the city, its residents

## The Glen: Glenview, Illinois

When Glenview Naval Air Station, a key training ground during World War II, closed in 1993, the trustees of the village of Glenview took on the role of master developer. An extensive public process led to the decision to replace the base with a major mixed-use retail, residential, and lifestyle center. Skidmore, Owings & Merrill's master plan called for integrating the base into the town, with new roads and pedestrian-oriented neighborhoods. Nearly 40 percent of the 1,121-acre (454-hectare) site has been set aside for public space, including a 140-acre (57-hectare) park with a new lake. In 2003, San Diego–based developer OliverMcMillan opened the 45-acre (18-hectare) mixed-use Glen Town Center at the heart of the redevelopment project, incorporating part of the base's historic Hangar One and its control tower as the central icon to keep the base's history alive.

RICHARD BURRITT/COURTESY OLIVERMcMILLAN

Source: Excerpted and adapted from Ron Nyren, "ULX Public/Private Prosperity," *Urban Land*, July 2006, pp. 36–40.

and workers, and visitors. Retail development at transit stops allows communities and transit systems to capture additional revenues through joint development of station property, increased ridership by providing a more efficient and pleasurable experience, increased property and sales taxes where the station is located, and added buying power for a neighborhood's market, thus providing retailing that otherwise could not be supported. For example, successful urban and suburban transit-integrated retail centers are numerous along the Washington, D.C., heavy-rail system. Pentagon City, Ballston Common, and Mazza Gallerie are regional shopping centers with direct, enclosed access to Metrorail stations, and Crystal City, Union Station, and Chevy Chase Pavilion are specialty centers with directly connected access to the system.

Airport retailing also has come a long way from the days of a small newsstand, a gift shop, a lack of merchandising, bad food, and inflated prices. Now, security procedures have increased waiting times, and many airports have become hubs, forcing arriving passengers to wait an hour or more between incoming and outgoing flights. Airport operators have embraced a new philosophy of retailing and have joined with shopping center developers and operators who specialize in airport locations to create carefully integrated and centrally managed shopping centers that capture what otherwise could be downtime, offering a wide range of retail concessions at prices comparable to in-town locations. Typical mall stores such as Brooks Brothers, Borders, and the Body Shop; local specialty retailers often offering locally made products; and other stores that relate specifically to the local community such as the Smithsonian Museum stores at Washington-area airports have found their way successfully into the retail mix in airports in Pittsburgh, London, Amsterdam, San Francisco, Singapore, and elsewhere.

## Strip Commercial Development

Strip commercial development does not constitute a shopping center. Such a development is a string of commercially zoned lots developed independently, or a string of retail commercial stores on a single site that has no anchor tenant and no central management and whose mix of tenants results from leasing to available tenants with good credit, not from planning and executing a leasing program. Strip commercial development typically is linear and faces a street or parking lot; planning and design generally are not coordinated. Access, curb cuts, parking, and landscaping often are chaotic, site and building plans do not conform to any unified urban design, and the layout is decidedly pedestrian unfriendly, making it difficult to walk from store to store. As a result, strip commercial developments are less concerned with customers' convenience or being