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Three ways developers of retail properties should rethink investments - by Melissa Gonzalez and Mark Taylor

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As the pandemic forces change, and curbside pick-up or BOPIS have become the mandated way to conduct business, consumer's shopping behaviors are being permanently altered. The role of physical retail is rapidly evolving and the shift to digital accelerates, and landlords and brands alike need to be forward thinking about reshaping design both functionally and aesthetically. From planning holistically around the point of pick-up to repositioning anchor spaces, these are three areas landlords should be focusing on.

The Mall as the Last Mile Connection Point

Consumers are not only adopting order-ahead and curbside pick-up activities, but have intensified their behavior for these activities, which in turn is driving brands to implement technology at a record pace. In order to better serve the customer and create a more streamlined, well-oiled machine that delivers on "quick-serve metrics," landlords will need to partner more closely with their tenants around the last-mile logistics. Together, they will be able to identify opportunities that maximize

efficiencies around fulfillment and optimize physical footprints in a comprehensive way.

From the parking lot to the front door, the way in which we think of a package journey will be reshaped. According to recent Adobe Analytics data, the number of orders placed online and picked up at brick-and-mortar stores by customers surged 208% between April 1st and April 20th, compared with a year ago, and is still growing. We are seeing companies like Kimco and Brookfield designate curbside pick-up spaces to be utilized by tenants and shoppers, illuminating the need for zone and queue management. Some brands are even reimagining their storefront windows as a point of pick up, and malls are looking at entrances and exits for load-in and load-out opportunities. The tenant handbook will inevitably need a re-evaluation, one that focuses on optimal signage requirements, inventory management with loading docks, and streamlined operations platforms for tenants to utilize in order to better integrate their supply chain management with these new ways of working.

For the sake of survival, the partnership between the landlord and tenant will need to blur. This will have a significant impact on the physical space of the mall. Typically, tenants are limited with what they can do in the transition zone between mall and shop. If shops integrate a pick-up window into the storefront, the mall will have a pedestrian queuing problem to solve.

Turnkey Platforms as an Acquisition Tool

Pre-COVID, we saw the launch of programs such as Brandbox by Macerich, The Current by WS Development, and ShopLab at Easton as a way for brands to test the waters for longer-term tenancies. As we move into this new future, the need for turnkey “testing” will now be even more crucial. The appetite to dive into a long-term lease without proof points and data to support performance metrics will lessen. Brands will need a platform—supported by partners—to efficiently launch a store in a lower cost, expedited way, a frictionless ability layer on brand aesthetics, and of course the capability to glean insights.

With data collection around performance, both brands and leasing teams will have the ability to make more concrete decisions. Brands can A/B test layouts, merchandising strategies, and the impact of their marketing initiatives, while leasing teams will have metrics to illustrate which categories, price points, and brands perform best (or not). Leasing teams often have limited data around the specifics of four-wall performance. However, by collecting month-over-month data, teams will be empowered and able to speak to more informed metrics; metrics that brands will rely on when determining which properties will make the most sense for them to open their doors to.

Repositioning of Anchor Spaces?

With the recent news of Neiman Marcus and JC Penney closing stores, the anchor strategy of malls is obviously changing. Developers are struggling to find replacements that will generate the traffic needed to keep the mall viable. American malls have historically been centered around fashion. With the changing habits of shopping, developers are asking, “What will draw shoppers to the mall?” Around the world, many malls rely on hypermarkets and grocery to drive traffic. This is starting to

happen more in the U.S., but how will that impact the tenant mix in the rest of the complex? Entertainment with a heavy offering of food and beverage options is also a solution for anchor positions, but it's not a one-size-fits-all solution. What if the anchor itself became a distribution hub for last-mile curbside pick-up operated by the landlord? And what about those vast parking fields around anchors; will we see a resurgence of drive-in theaters? Is that part of our new normal?

Amid all the speculation regarding malls, one thing is certain: developers who want to succeed will need to have a fresh approach. The old rules no longer apply. Developers who have a pulse on the community they serve will be well-positioned to provide what is needed to ensure long-term viability.

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