



## **Bricks & mortar retail: Upstate in the COVID-19 aftermath - Part 1 - by Tom Bailey and Sean Phelan**

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Topped by four rust-belt cities with MSA populations of approximately one million each, bisected by a “Main Street” boasting agricultural and Finger Lake tourist hamlets, and supported along the Southern Tier by a line of smaller cities and towns closer in social, industrial, and political sentiment to the midwestern United States, upstate New York offers retail designers and engineers a microcosm of the best examples of what the future of retail is likely to be.

Although lacking the pressing and self-sustaining demand of the New York metropolitan area, upstate suburbs are now both fully mature and continuing to expand. The “shopping malls” business story resembles that of most of the nation, with sophisticated regional magnets scrambling but still viable, and under performers being pushed over the cliff by the unrelenting assault of online options (with COVID performing the coup-de-gras).

Included in that full upstate retail array are sophisticated convention centers, vibrant college and university towns, and art districts that more resemble the “archetypical” Greenwich Village and SoHo experience that those neighborhoods gave away decades ago to astronomically priced lofts and expensive boutiques. Moreover, the successes of remote-working models suggest an even more viable reason to fuel the “return home” of the child-rearing generation that has tasted the excitement of “big-city living” but simply can’t afford it.

Will this be enough to sustain upstate bricks and mortar retailers? Let’s start with our biases.

Number one, as designers and planners at HUNT Engineers and Architects, our goal is help drive additional revenue to our property owning and municipal partners. Two, we think that requires both an “end of life” bricks-and-mortar retail strategy, as well as a “10-year-and-virtual-beyond” one. As we have written elsewhere, our architects and designers see their roles as helping our retail and residential development in both maximizing profits in the near term — the waning days of traditional retail and positioning them for the interwoven virtual and less “place-centric”, consumer experience to come.

Finally, this article’s perspective reflects our professional and life experiences in Florida (think Disney World surrounding neighborhood planning), New York metro (the romance of Manhattan and grit of Astoria, Queens), Southern Tier (HUNT’s role as a bedrock community player), and Rochester (a classic upstate and Rust Belt test case....).

Retail – A Brief History of Pocket-Shopping & Upstate Statistical Snapshot!

We start with a look at the smart phone’s role in this sea of change, layout the current economic statistics, and suggest several likely scenarios. For the purposes of this audience, we disassemble the basic elements of a prototypical retail store and attempt to illuminate even a few of the changes already in place and others likely to come.... for example, “Why have a cash register when I can go to Amazon Go, open my Prime app, put my food in my cart, and walk out the door without talking to soul!?” (30 stores now open and coming to your neighborhood soon....)

In early 2021, with virtually all of us carrying smart phones, we understandably forget that the smart-phone culture and the economy that has grown up around it is for all intents and purposes barely 15 years old. While the phrase “smart phone” was coined in 1995, the addictive power of the Blackberry (‘crackberry’) did not take hold until around 2005, with the first iPhone being introduced in 2007 and Android systems in 2008. Between 2011-2014, the sophisticated touchscreens and camera software we now take for granted started to appear as standard phone features, and with them the battle truly commenced for the approximately \$27 trillion worldwide, retail consumer

market.

Although we start with what will sound like a doomsday statistical scenario of trends, store closings, and deep challenges to the traditional retail model, we believe there is enormous opportunity in the near and long term for retailers and engineer designers if they accept the inevitability of on-line shopping and create spaces that answer the “continued” need for a customer-centric “experience”, however different than the one of even several years ago.

And, in fact, according to the US Census Department, US retail sales were anticipated to have fallen in 2020 by 10.5% (from \$5.47T to \$4.89T), with over 8,000 stores reported to have closed in 2020 and more than 10,000 more at risk in 2021. (Counterbalancing those losses, more than 3,000 stores are expected to open in 2021, and the retail industry continues to be the largest private-sector employer. Amazon’s “last-mile’ delivery service alone employs over 500,000 contractors).

The on-line competition is daunting for bricks and mortar stores that cannot adapt to the changing landscape. A reported 66% of consumers go first to Amazon alone when considering a purchase, and in early February, the New York Times reported that propelled by its “Prime fast-shipping program, which has more than 150 million members...Amazon had posted a record \$125.6 billion in sales for the fourth quarter (2020), while profits more than doubled to \$7.2 billion from a year earlier. It was the first time the company had exceeded \$100 billion in sales in a single quarter.... Amazon shows no sign of pulling back from its ambition to push into more corners of the economy”.

Intrigued? In our May edition, we’ll be picking up the Upstate retail story with a focus on how designers are responding to the new bricks and mortar challenges and how “placemaking” and “remote-working” paradigms are converging.

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Part two will appear in the May 4th issue of NYREJ in the Upstate section.

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