



How can a struggling mall adapt to meet its community's needs? - by Dan Spiegel

August 15, 2023 - Owners Developers & Managers



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As shopping habits change and the efficiency of online retailers has improved, the future of malls has increasingly been at the forefront of commercial real estate conversations. Many cite that malls are “dying out” or that there seems to be a dwindling future for what used to be a commodity. From malls becoming increasingly deserted to wholly reimaged, there is no one future of malls. My team and I at Coldwell Banker Commercial, work with retail property owners, including malls, to address these ongoing challenges and devise a new future for success at their properties.

What Can Property Owners Do to Address Community and Consumer Needs?

I typically see two key scenarios for malls, but the right course of action depends on their community’s needs. For some communities, the overarching need for housing has property owners prioritizing the addition of mixed-use spaces with housing, shopping, and other necessary benefits for residents and shoppers. The result is both new housing in the community and new foot traffic for the retail property. In other communities, property owners are adjusting the utility of the assets by, for example, addressing a growing trend of distribution companies, such as Amazon, moving into what was once an anchor store such as Sears. Distribution companies need large footprints, so vacated anchor store properties at malls are often one of their first viable real estate options.

One interesting case study that shows how a mall can evolve over time to best utilize their existing space is in Richmond, CA. The Hilltop Mall recently changed ownership in a time of transition as buyers and sellers worked to navigate the changing economy and CRE landscape. San Francisco-based technology company, Prologis, most recently acquired the land, which formerly was anchored by Sears, and is presenting the mall as a potential mixed-use space, prioritizing a technology fulfillment center and low-income housing. This update in turn is bringing employment and housing to a community which will benefit from such additions, due to the prerogative of the new property owners.

How Malls Can Urbanize Suburban Communities

The larger conversation regarding the future of malls is that what works in one area is not always applicable to another. The Mall of America in Bloomington, Minnesota, is more than a place to shop and has established itself as a worldwide destination for the past 30+ years. Offering visitors shopping, an amusement park, aquarium and flight-simulator ride, the space has been a destination since it first opened in 1992. While it is an indoor mall, this format works for Minnesota due to weather conditions.

Southern California, on the other hand, boasts numerous open-air malls with maximized pedestrian spaces. For example, both The Grove in Los Angeles and Americana in Glendale, host a trolley car which traverses the mall’s grounds for visitors to enjoy, all wrapping around large water features and lawns. Both malls are also home to multifamily housing units located above retailers. As the country needs more housing, especially apartment units, combined living and recreational space creates a community where residents can walk to shops, movie theaters, restaurants and bars. This in turn creates convenience and added business for mall restaurants and shops as residents are more likely to frequent venues so close to home. The outdoor mall setting provides the ideal space for

this, offering an urban lifestyle in some suburban settings, like Glendale.

Conclusion

There are many examples of what makes a mall successful in 2023. Some property owners are adding jobs for communities through the introduction of fulfillment centers replacing former mall anchor stores. Other malls are being revitalized with additional housing and creating a new urban-like environment. All these initiatives are being spearheaded by property owners looking to utilize existing space or continue drawing pedestrian traffic to malls. As malls evolve, the key component as it has always been before, is meeting consumer needs through offering destinations that best fit their community's culture and lifestyle.

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