SHOPPING CENTERS: AMERICA’S FIRST AND FOREMOST MARKETPLACE
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Shopping centers and the players who make up our industry are in the midst of one of the most exciting periods of evolution since the rise of the suburban mall in the 1950s.

The principal driver of this evolution has been the rapid development and implementation of technologies that have revolutionized the way individuals and businesses interact with each other and the world around them. Specifically, the Internet and e-commerce are providing consumers and retailers with brand-new tools that enhance the shopping experience and ultimately drive sales in stores.

Despite sensational reports to the contrary, the “shopping center” as a commercial property type is thriving.

The industry’s key fundamentals are strong; the U.S. economy has recovered from a deep recession, the labor market has improved and consumer confidence is increasing. The U.S. is experiencing continued population growth with more than 2 million people per year creating natural new demand for goods and services. The vast majority of these retail sales occur in-store and with new retail supply at historically low levels retailers will need space as they plan to open more than 40,000 stores over the next 12 months and more than 77,000 stores over the next 24 months. These factors are all contributing to increasing occupancies and rents in most major markets and for most retail properties.

What is known for certain is that customers want a physical space that allows them to interact with the merchandise and service professionals and gives them a “third place” away from home or the office to have a social experience, dine or be entertained.

The following study lays out the fundamental reasons why the shopping center industry is currently vibrant and healthy and why we believe it is poised for unprecedented success going forward - not in spite of e-commerce, but because of it.

Michael P. Kercheval
ICSC President & CEO
The shopping-center industry continues to be successful, vibrant and vital to commerce now and well into the future. This continued success is a testament to the shopping center’s ability to dynamically and effectively adapt to changing technologies and consumer tastes and preferences. The physical shopping environment is at the heart of the omni-channel shopping experience.

**OMNI-CHANNEL SUPPORTS FOOT TRAFFIC AND HIGHER SALES**

- E-commerce is complementary to brick-and-mortar retail as omni-channel customers tend to shop more frequently (3x) and spend more on average (3.5x) than single-channel shoppers.
- In-store conversion rates are four times higher than online-only conversion rates.
- For online sales with direct delivery and exchange, retailers can only expect a net sale of 77% of the original transaction—whereas, for online sales with in-store pick-up and return, retailers can expect a net sale of 107%.
- Macy’s commented, “The Internet is actually making some stores stronger than they might have been otherwise.”
- Effective omni-channel strategies increase the number of ways retailers can interact with consumers and ultimately increase net sales.

**SPENDING MAINLY IN STORE**

- Consumers still prefer in-store shopping to:
  1) Fill an immediate need or want;
  2) Provide a “one-stop” shopping trip whether it is for everyday staples or discretionary goods and services; and
  3) “Touch and feel” the merchandise.
- 94% of total retail spending takes place in stores.

**FAVORABLE DEMOGRAPHIC TRENDS**

- U.S. population growth is projected to be more than 2 million people per year between now and 2050, creating natural new demand for goods and services.
- Baby boomers, millennials, and Hispanics provide an opportunity to customize offerings to those influential demographic groups.

**IMPROVED CENTER PRODUCTIVITY AND APPEAL**

- New shopping center supply grew at its slowest pace in more than 40 years in 2013, improving the supply-demand balance and occupancy rate.
- Retailers plan to open more than 40,000 stores over the next 12 months and more than 77,000 over the next 24 months – near a five-year high.
- Online-only retailers are beginning to establish brick-and-mortar channels to grow their brands, such as: Athleta, Bonobos, Boston Proper, and Warby Parker, and innovative concepts like the Apple Store create new destinations.
- The industry is enhancing its traditional tenant mix. Shopping centers are adding consumer services and entertainment, while malls hone merchandising, food, and entertainment offerings to broaden the appeal.
- The industry’s focus on increasing productivity is paying off. For example, sales at General Growth Properties “are 20% higher than 2007 and 40% higher than 2009,” according to CEO Sandeep Mathrani.
Despite sensational reports to the contrary, the “shopping center” as a commercial property type is thriving. The concept of a singularly owned and operated multi-tenant property for the purpose of transacting commerce is just as relevant now as when it was first conceived. The primary reasons why that model creates and sustains value – the benefits that accrue due to the economic principles of scale, scope, and agglomeration – have not changed to any large degree. The industry’s fundamentals are undeniably strong and getting stronger. In the five years since the end of the last recession, supply has been carefully constrained in the face of rising demand resulting from population growth and a net increase in both traditional retail and non-traditional establishments.

ICSC data show that inflation-adjusted shopping center-inclined sales and rents are up and nearing pre-recession levels (see Figure 1). In a similar trend, shopping center vacancies and capitalization rates are both down and approaching pre-recession lows. The consumer is also back. According to a recent Gallup poll, U.S. consumer spending hit a six-year high in May.

### U.S. Shopping Center Vital Signs

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Although these traditional metrics are encouraging, given the current dynamic state of the industry, it will be important going forward to ensure that these are in fact the best indicators of the health and vitality of the retail real estate market.

For example, one frequently-cited barometer of the industry’s strength is foot traffic, with the assumption being that more people in stores and malls equal more sales. While this may have been the case at one point, that pattern is slowly changing as increasingly time-pressed customers are becoming better, more efficient shoppers. The Internet has allowed them to do their research and price comparisons online (“webrooming”) so that they can save time and money when they make a greater amount of in-store purchases per visit. In the future, benchmarks like dwell time, shopper frequency, ticket size, and conversion rates may become the new standards by which shopping center productivity and potential are measured.

All of this is part of the primary forces impacting the shopping center of today and shaping it for tomorrow. In so doing, they demonstrate the long-term viability of the industry. At the same time, retailers are embracing new technologies to strengthen themselves and, by extension, the properties they occupy.

**MODERATION OF RETAIL SPACE:** Aggregate net new shopping center space has slowed dramatically since 2009 as a result of the 2007-2009 recession and the sluggish jobs recovery in the subsequent years. This has helped to rebalance the supply and demand for space. “Backfilling” of existing vacant space has been a factor helping to drive up occupancy rates and lift the shopping center industry’s profitability to record highs.

Between 2000 and 2008, U.S. shopping center space - gross leasable area - grew by an annual average rate of 2.6% or a net addition of 169 million square feet (sq. ft.) of retail space per year. However, beginning in 2009, the supply increment slowed dramatically to about one-tenth of that pace. In 2013, the addition of new retail supply grew at its slowest pace in more than 40 years. According to Cushman & Wakefield, over the next three years (2014-2016), the addition of new supply will pick up somewhat as 120.5 million sq. ft. are added to U.S. shopping center inventory. This moderated supply growth is a positive sign going forward (see Figure 2).
FIGURE 2: ANNUAL NET ADDITION TO U.S. SHOPPING CENTER SPACE

Source: CoStar Realty Information, Inc.

NET GROWTH IN RETAIL ESTABLISHMENTS: According to the U.S. Bureau of Labor Statistics, the total number of U.S. private retail establishments grew from 1,023,696 in 2011 to 1,028,242 in 2012 – an increase of 4,546 establishments. Preliminary 2013 figures show a further increase of 7,887 retail establishments over 2012 figures to 1,036,129.

In early 2014, The Dealmakers – a newsletter on retailing and real estate – surveyed 2,500 retail chains (covering more than one million locations) and found that slightly over four-fifths of the retail chains expect to open new locations within the coming 18 months, with food uses accounting for about a third of that growth. This is better than twice the percentage of those that planned expansions in 2010.

This sentiment was echoed in the January 2014 issue of National Retailer Demand Monthly, which reported that retailers plan to open more than 40,000 stores over the next 12 months and over 77,000 stores over the next 24 months – near a five-year high.
NEW STORE CONCEPTS IN THE WORKS: According to the 2013 General Growth Properties Annual Report, “[a]s the shopping center industry evolves, existing retailers are expanding their [aggregate] footprints and incubating new concepts.” Identified among those retailers aggressively increasing their store counts are fast-fashion brands, including H&M, Uniqlo and Zara. Among those named as examples of new/spinoff concepts are Victoria’s Secret Pink, Foot Locker’s House of Hoops, J. Crew’s Madewell, and Kate Spade’s Saturday.

One unique example of an innovative concept is Staples’ announced partnership with 3D Systems to pilot 3D printing services in select stores. The technology allows consumers and businesses to create personalized products using original or stock designs. This new “additive manufacturing” process will likely be adopted by an increasing number of retailers looking to enhance their customer experience and product customization capabilities.

In a recent Platt Retail Institute article on emerging retail technologies and store formats, the authors took a long view, speculating that future growth in retail-store formats will vary much more than in the past. This study anticipates the new stores will serve different purposes depending on the specific location and customer base. Beyond the typical store, this could include serving as a distribution/pick-up location.

ONLINE MOVING TO PHYSICAL LOCATIONS: Another significant trend is a move by online retailers to open brick-and-mortar locations. Examples of online firms looking for space include Athleta, BaubleBar, Bonobos, Piperlime, and Warby Parker just to name a few. These companies are finding that consumers welcome this enhanced opportunity to interact with goods and complete purchases on their own terms.

General Growth Properties’ CEO Sandeep Mathrani noted that the online retailers-openings in brick-and-mortar locations may also be occurring as online customer acquisition costs (including shipping fees) rise.

“We had tested offline in a few different pop-up concepts, but [then] last summer we saw a couple of customer behaviors that made us realize we needed to move fast in terms of offering physical retail to customers. A lot of online-first brands have seen this happen.”

— Amy Jain, co-founder of BaubleBar, an accessories e-tailer

“The opportunity online is synergistic with our retail strategy, and... creating beautiful, profitable freestanding stores just complements our Web business in several ways.”

— Neil Blumenthal, co-founder of Warby Parker

“[O]n average, order values in the Guideshop stores are double what they are online, return rates are lower, and repeat transactions happen in a shorter time period.”

— Kaitlyn Reilly Axelrod, senior public relations manager, Bonobos
FAVORABLE POPULATION TREND: According to projections by the U.S. Census Bureau, the U.S. population will expand by an average of 2.3 million individuals per year over the next 37 years. Population growth is driven by net birth rates, crude death rates and net migration. While U.S. birth rates are not as high as they were during the late 1950s, the Census Bureau projects that the total U.S. fertility rate will remain at or above replacement level through 2050. Combined with increased life expectancy and increasing projected net migration, the Census Bureau predicts that the total population growth rate will continue to remain positive over the next nearly four decades. Based on Census projections, the U.S. population is expected to grow to almost 400 million persons by 2050 – an increase of nearly 84 million individuals (26.5%) from 2013 levels.

POPULATION GROWTH OUTPACES RETAIL SUPPLY GROWTH: With slower expansion in the industry’s retail stock, the U.S. civilian population growth now is outpacing the addition of retail space by 3.5 times. As a result, shopping center space per capita – which peaked in 2009 at 24.2 sq. ft. – has been receding and, as of early 2014, stands at 23.7 sq. ft.

SELECT DEMOGRAPHIC OPPORTUNITIES: As part of the net population increase, the growth and maturation of specific demographic cohorts will provide the shopping center industry with significant opportunities going forward.

Baby boomers – some 77 million people strong – are beginning to enter their retirement years. Although many boomers will continue to work long past their normal retirement age, this group – which largely grew up with the shopping center – will look to this format to provide their shopping, dining, entertainment, and service needs.

Further, studies suggest that the retired baby boomers will live, shop and play differently than past generations. There is a changing view of age in society (the “anti-age shift”) whereby recent retirees are choosing to spend their money on consumables and experiences rather than save it for the next generation to inherit.

Going beyond the baby-boom generation, as life expectancies increase, the percentage of the population aged 65 years and over is expected to grow to around 20% of the total population by 2030. Compared to 9% in 1960 and 13% in 2010, it is clear that a great number of opportunities exist for shopping centers to craft their offerings for this increasingly large and powerful consumer group.

At the other end of the generational spectrum are the millennials. Although the definition of “millennials” is not consistent from source to source, it is generally agreed that they are the first generation to grow up after the Internet, smart phones and social media became the norm. According to a McKinsey & Company study, this group, which currently makes up around 15% of U.S. consumers, is expected to account for nearly one-third of total spending by 2020.
The McKinsey study goes on to highlight another significant demographic group: Hispanics. According to the study, the retail spending of Hispanic consumers will nearly double over the next 10 years and account for almost one-fifth of total retail spending. The Hispanic population, for instance, is generally younger than the overall population, with higher birth rates creating a stronger wave of potential spending.

Other important characteristics of this group include that Hispanics shop more often, they shop in groups, and they care about and are willing to pay for quality. According to a 2013 report, Hispanics shop with company (spouses, young, and/or adult children) on nearly 80% of their shopping trips compared to just over 50% for the typical consumer. The report also found that Latinos “spend 14% more on routine shopping trips and 10% more on stock-up trips” and are “more likely to shop for fun or entertainment.”

THE IMPORTANCE OF CONVENIENCE RETAIL: The U.S. shopping center industry is dominated by convenience-oriented centers. As of January 2014, strip/convenience and neighborhood centers accounted for over 100,000 or 88% of all shopping center properties in the United States. Those centers provide local consumer needs – grocery, dry cleaners, barbers, community banking, shipping services and thousands of other services of which the vast majority do not compete with non-store channels.

The convenience format caters to a consumer looking to get in, shop, and get out. As a 2013 report by Nielsen points out, convenience demand is the underpinning for smaller shopping centers, which are “seeing greater diversification” than many other formats, as the consumer market “still favors ‘quick trips’ as seen in the continued openings of new convenience stores.”

THE MARKETPLACE OF IDEAS: An article by architect Eric Kuhne examined the other end of the shopping center format spectrum: The need for designing space with the goal of providing the user with an “experience.”

Kuhne advocates, along with many others in his field, that the core of the shopping center should be a “holistic experience” for the customer – to make the mall a “marketplace of ideas.” He observes that, “[w]hat is often overlooked is that the physical world of the marketplace – unlike the Internet – captures the vitality of civic life, which can yield a potentially unparalleled and needed experience for customers.” This notion of a shopping center as a “third place” away from the home or office to engage in social, community-based activities is something that is being widely embraced by mall developers and managers in centers across the country.
ENHANCED TENANT MIX: In 2013, consumer service expenditures accounted for slightly over two-thirds of total consumer spending (66.4%). This trend will undoubtedly have implications for the future shopping center tenant mix.

The data are already starting to show this evolution. In the fourth quarter of 2010, according to ICSC analysis of CoStar data, the share of total shopping center space that was non-retail, non-restaurant space was 20.6% - by the fourth quarter of 2013, that figure had risen to 22.4%. The industry continues to expand its tenant mix from retail and restaurants towards a greater mix of consumer services to broaden the appeal of the center as a consumer destination and not just a shopping destination. Increasingly, shopping centers of all sizes and shapes are blending traditional retail tenants with more non-traditional tenants including, medical and dental services, fitness and spa facilities, college and trade schools, and a wide array of entertainment options - and the list goes on.

On a recent earnings call, Kimco’s President, then COO, Conor Flynn noted that, “[a]n area that showed strong positive net absorption in our small shop space was medical use, such as physician offices and outpatient urgent care facilities. Medical service use, along with restaurants and personal care services, increase the strength of our small shop population, is Internet resistant, and drives traffic to the center on a recurring basis.”

CUSTOMIZED DISTRIBUTION: With a focus on increasing the consumer convenience of shopping, some of the major U.S. mall operators are testing or rolling out same-day delivery services. In late 2013, General Growth Properties, The Macerich Company, Simon Property Group and Westfield Group - which collectively own more than 600 malls - launched consolidated mall delivery services through an outside vendor. This allows customers to leave the goods they purchase from retailers (either in-store or online) at the mall for home delivery at a convenient time later in the same day.

Zacks, an investment research firm, commented that, “[w]e consider this latest move to be a strategic fit for the mall operators as the availability of such services would help these firms to grow in the era of advanced technology in the retail arena. The move will expectedly boost the shopping experience and enhance sales volume at the tenant stores consequently boosting demand for the mall properties.” Of course, this delivery option will co-exist with the “click and collect” options that many retailers offer consumers to shop online but pick-up items at the store.
More Consumers Opting to Shop In-Store: The results from a January 2014 Accenture consumer study heralded that, “more U.S. shoppers plan to buy from stores, but want the in-store shopping experience to match the convenience of online.” The survey found that in 2014, 21% of U.S. shoppers plan to increase their in-store purchasing versus just 9% who responded that way in 2013.

FIGURE 3

Given these market forces and consumer trends, shopping centers and the retailers that inhabit them are on the cusp of an exciting new era. Those that embrace these changes and are able to quickly and effectively adapt to this new competitive landscape will thrive; those that do not or cannot, will fade away as has always been the case.

In Kimco’s 2003 Annual Report, company co-founder Milton Cooper reminded investors of the necessity for keeping businesses dynamic, always evolving with, and improving for, the customer. Cooper wrote that, “Retail is a tough, dicey business! If a modern Rip Van Winkle were to wake up after a twenty-year slumber and stroll down Fifth Avenue, he would no longer find W. J. Sloane’s, E. J. Korvette, Arnold Constable, Russek’s, or a number of others. These retailers are gone, but the real estate in which they dwelled is thriving.”

Arthur M. Coppola, CEO of Macerich concurred: “Macerich experienced numerous anchor evolutions over the years, and, in almost every case, when one anchor goes out of business or is purchased by another anchor, the Darwinian nature of the retail business results in greater productivity from the replacement anchor.”

Today’s challenges are not easy to deal with, but the industry is experimenting with new formats and offerings and adapting to the fast-paced changes in technology and consumer demand. The industry’s laser focus on increasing the productivity of their properties is paying off as vital signs are promising, vibrant and healthy now and well into the future.
At the end of the day, this is a story about real estate property, but, because strong tenants make strong properties, it is necessary to address what retailers are doing to remain competitive given the significant changes in technologies and consumer shopping behaviors. The fact is that retailers have been exceedingly active in adapting to e-commerce growth. The retailer of today is not the retailer of yesterday, nor will it be the retailer of tomorrow.

Over the last several years, a number of retailers have invested a great deal of time and capital in building out their information-technology capacity. This includes adopting an omni-channel presence and developing sophisticated real-time inventory tracking procedures to monitor goods as they move seamlessly through those channels.

Well-executed omni-channel strategies:
• Allow consumers to buy products online and pick them up in-store or, conversely, buy products in-store for home delivery.
• Ensure that promotions are ubiquitous across channels and inventory is fluid, allowing retail locations to become fulfillment centers for online purchases.
• Facilitate a knowledgeable and increasingly tech-savvy consumer.

A study by IDC Retail Insights recently found that omni-channel shoppers spend up to 3.5 times more than single-channel shoppers. As the touch points increase, so too do the opportunities to convert a sale. Or, said another way, one plus one equals three.

By embracing the e-commerce channel, retailers are finding that the Internet is complementary to their brick-and-mortar establishments. One study found that for a particular department store, customers who shopped exclusively online browsed the website an average of three times per year while those who shopped exclusively in-store visited the store an average of 7.5 times per year. However, those individuals who used both channels were found to have shopped nine times a year (1.7 times online and 7.3 times in-store).
Moreover, conversion rates at brick-and-mortar stores are far higher than for online-only sites. ShopVisible found that in-store conversion rates typically average around 20%, while online retail conversion rates average just 4.8%. (See Figure 4.)

**FIGURE 4: ONLINE VERSUS IN-STORE CONVERSION/PRODUCTIVITY RATES**

This is significant given all of the various combinations and permutations of interactions an individual can have with a retailer executing an omni-channel strategy. For example, consumers are now free to buy online and pick up and/or return in-store. The ShopVisible study found that this flexibility and increased exposure generated additional sales that would have been lost with online-only purchases and deliveries/returns.

- For online sales with direct delivery and remote exchanges, retailers can expect a net sale of 77% - 100% of the sale minus 23% returns.

- For online sales with in-store returns, retailers can expect a net sale of 95% - 100% of the sale minus 23% returns plus 18% purchases made in-store during the return.

- For online sales with in-store pick-ups and returns, retailers can expect a net sale of 107% - 100% of the sale plus 12% purchases made in-store during the pick-up minus 23% returns plus 18% purchases made in-store during the return (see Figure 5).

**FIGURE 5: ADDITIONAL SALES OPPORTUNITIES FROM IN-STORE PICK-UPS AND RETURNS**

This effect was supported by the comments made by Macy’s CFO Karen Hoguet: "We find that people shop more [online] when we have a store in their neighborhood. So, if we were to close this store, we not only lose the store sales, we also often lose [online sales] and we’re also finding customers like the convenience to come into the store, look at it, make returns. So, interestingly the Internet is actually making some stores stronger than they might have been otherwise, and also as stores become fulfillment centers, we’re able to put more fashion in some stores that might not otherwise have gotten it, because if it doesn’t sell there, we’re able to ship it out to satisfy Internet demand."
Macerich’s Coppola agreed, noting that, “[i]t is evident to [Macerich] that the dot.com business of each of our retailers is synergistic with its other distribution channels, whether these retailers are full price, off price or outlet.”24

In the media and elsewhere, much has been made of the dramatic growth rates in online sales.

The fact is that the vast majority of retail sales still occur in physical stores. In 2013, brick-and-mortar establishments accounted for 94% or $4.3 trillion of total retail sales compared to the 6% or $263 billion for e-commerce sales. Moreover, a recent study by A.T. Kearney found that, “[m]ore than half of all online retail sales are captured by retailers with physical stores” and so, “[i]t’s not about physical or digital; it’s physical with digital. Having multiple channels is good for business.”25

In 2013, online retail sales totaled $263 billion, which accounts for 6% of total retail sales.

In-store sales totaled $4.3 trillion, which accounts for 94% of total retail sales.
These advantages were highlighted in a recent ICSC survey that asked respondents to identify the most important factors when choosing to shop in-store versus online.  

- **73%** “touching/trying on merchandise before buying”
- **58%** “easier to shop for/ find a specific item”
- **58%** “ability to combine shopping [in-store] with other errands”
- **40%** “fun activity with friends/family”

And these trends are not just for the older age cohorts. The study found that, “[r]egardless of age, stores are generally preferred across the shopping journey.” This includes millennials and an even younger group referred to as “teens.” Interestingly, the teens group had one of the highest overall preferences for physical stores – greater than millennials and even Generation Xers.

A 2013 study by the Urban Land Institute found similar results. The survey found that 74% of millennials (referred to as Generation Y) go to a neighborhood or community center at least once a month and 64% visit an enclosed mall at least once a month. When asked about the preferred way to shop for clothing, respondents overwhelmingly favored in-store shopping (80%) to buying online (20%).

There is no doubt that Internet sales will continue to grow in the short term as this sales channel is far from being completely utilized. Going forward, pure-play online e-retailers and brick-and-mortar players alike are expected to continue investments in technologies to enhance their e-commerce offerings. At some point, however, an equilibrium will be reached between physical and virtual channels. Where that point is will vary by retailer and product category type, but the extreme notion that physical retailers and shopping centers will disappear entirely is unrealistic.

Devin Wenig, President of eBay Marketplaces, concurs: “I should say the death of the store has been greatly exaggerated. There will be a transformation of retail real estate, but not an end to it. You could step back and connect the dots and say, ‘the world’s going to have e-commerce only’ and that ‘stores are dead,’ but we don’t see that future at all – in part because I don’t think consumers want that future. I think people like to shop and they like the serendipity of stores. Shopping is as much about entertainment and engagement as it is about utility.”

In study after study, consumers have confirmed this assessment. Simply put, human beings are curious social creatures who want and need to interact with people, places and things. A fully virtual experience will never be able to completely replace the inherent competitive advantages of a physical environment.

To be clear, there will be winners and losers across product categories and retailers. But those that stay ahead of the curve will benefit from the shift, as has always been the case. Savvy owners and managers will adapt their tenant mix accordingly.
A Shopping Center Evolution

Shopping center properties will remain viable because:

- They serve an economic and social need;
- They are experimenting with new formats, designs, and technologies;
- They are increasingly complementary to non-store shopping; and
- They satisfy a wide range of consumer needs and wants from convenience to services to experience.

The shopping center as a commercial property type is on solid ground. The data clearly show that retail real estate fundamentals are strong and getting stronger as they approach pre-recession levels. The prevailing demographic, social, and economic trends all point to a continued success going forward.

However, as noted previously, the industry is currently evolving as a result of technological innovations and changes in consumer tastes and preferences. Rather than trying to stop or slow this evolution, the shopping center industry has embraced it – seeing it as the next wave of opportunity and a way to connect with consumers like never before.

Larger regional centers will likely supplement their retail and fashion offerings with a greater number of “experiential” activities while neighborhood centers leverage their physical presence in communities across the country to provide a convenient place to satisfy the goods and services demands of increasingly busy patrons. The research challenge of the future will be to understand the optimal blend of tenants and activities to maximize center sales and productivity.

In this new world of technology and increasing consumer touch points, property owners and tenants are joined at the hip. Strong exciting properties will showcase tenants and unique innovative tenants will drive center productivity.

Those retailers with the vision and will to create a seamless omni-channel shopping experience will thrive as they enjoy a whole that is greater than the sum of its parts.

This transformation in the industry is bringing about one of the most exciting eras in the history of the shopping center. The opportunities that exist for savvy property owners and tenants who are best able to take advantage of them are unprecedented. To paraphrase the often-cited retailer – Allen Questrom, the CEO and board member of several major U.S. retailers over his career – if the shopping center did not exist, we would be scrambling to invent it.

For instance, in a recent survey, ICSC Research reported that three out of four households do research online before shopping at a store location for back-to-school items. See “A Promising Back-to-School Season in the U.S.,” Retail Real Estate Business Conditions (Vol. 11, No. 15), July 21, 2014.


Kimco’s First Quarter 2014, Earnings Conference Call, May 2014.


Kimco’s First Quarter 2014, Earnings Conference Call, May 2014.


