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**STORE
AGE**
Realigning retail

Next-Generation

PATRICIA L. KIRK

retail

Looking for ways to **differentiate** their projects from the pack, innovative developers are inadvertently nearing the tipping point of a **new retail age** where customer convenience rules and the local entrepreneur is king.

The popularity of pedestrian-oriented, open-air shopping venues has set off an explosion in retail development and led to a proliferation of national store brands nationwide, with major retailers now going into secondary, tertiary, and niche markets they would not have considered a few years ago.

Five years ago, for example, national brands were bypassing the small but growing community of Papillion, Nebraska. But with the opening of Shadow Lake Towne Center to serve the metropolitan Omaha region, Kansas City, Missouri-based RED Development LLC had no trouble filling space with national specialty tenants like Ann Taylor Loft, Coldwater Creek, and Chico's.



Bench, the most popular fashion concept for teens and young adults in the Philippines, is testing its brand in the Daly City, California, market before expanding to other U.S. markets. Daly City has the largest concentration of Filipinos in the nation.

SERRAMONTE CENTER

bench/



Spanish fashion retailer Zara is one of the foreign fashion concepts that have caught on in the United States, due largely to its fashion agility, which brings about 10,000 new styles to market each year. Zara has 26 stores in the United States so far.



A similar lineup of tenants went into Columbus, Ohio-based Continental Real Estate Companies' Streets of Chester in the small but affluent community of Chester, New Jersey, which has an annual median family income of \$106,000.

National specialty and foreign retailers are also putting stores in hip, urban neighborhoods to increase coverage, particularly in markets with traffic problems,

such as Los Angeles, says Jeff Kreshek, principal for leasing with Los Angeles-based CIM Group. He recently signed up two foreign fashion concepts for space on Hollywood Boulevard—Swedish retailer H&M and Zara, a chain created by Spanish retail giant Inditex Corporation.

When shoppers face problems with traffic patterns and parking, they stop visiting stores, he notes, suggesting that even the most attractive shopping venues, such as the Grove in west Los Angeles and Rodeo Drive in Beverly Hills, are affected by the nearly gridlocked traffic that afflicts the region.

Macerich, a locally based real estate investment trust (REIT), however, is working to turn the traffic problem into a competitive advantage. The company plans to redevelop the enclosed Santa Monica Place mall to create an open-air center, providing a smooth transition to the adjacent Third Street Promenade, as well as competition for Rodeo Drive's luxury retail market.

The old mall will be positioned as "a bridge to luxury" for affluent west Los Angeles beach communities, with introduction of Macerich's upscale Lumenati retail center concept, explains Tony Grossi, chief operating officer of Macerich. "There are lots of tourists, a daytime population," says Grossi, "and the only opportunity for luxury [shopping] is Beverly Hills"—seven miles (11 km) and up to an hour away, depending on the time of day and traffic.