Ten Principles for Rethinking the Mall
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President

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The shopping mall is the quintessential American contribution to the world’s consumer culture. It has been praised by the millions who find an unmatched selection of fashion and specialty merchandise in its climate-controlled splendor, and it has been vilified for promoting both suburban sprawl and the decline of downtown shopping districts and mom-and-pop stores. But regardless of the differing opinions they evoke, malls are a unique and inescapable part of everyday life in America—and, increasingly, around the world. In many places, the mall is the community’s de facto downtown—the main public gathering spot—as well as a highly valued shopping location. As a result, what happens to the mall may ultimately define what happens to the community.

Today there are more than 1,500 shopping malls in America, ranging in size from several hundred thousand to more than 3 million square feet (278,700 square meters). Malls are found in every city and town, and dozens surround major metropolitan areas. Most malls are enclosed, dominated by well-known chain stores, and anchored by iconic department stores. They offer many shopping advantages, and their success has depended on their unique position within the metropolitan marketplace: they are typically centered amid the vast middle-class suburbs that fueled their rise; they are sited at the most accessible and visible locations along major arterials and freeways; they are under single management and provide controlled shopping environments that are perceived as clean, safe, and predictable; they have the largest concentration of the most desirable brand-name stores in their trade areas; they are part of customers’ established shopping patterns; and, perhaps most importantly, they offer plentiful and convenient parking.

But the conditions that led to the creation of shopping malls and sustained them for decades are changing rapidly:

- The market for malls is now mature; and because most markets are saturated, only a handful of new malls are under construction at any one time. Large sites that are suitable for mall construction are difficult to secure, if they can be found at all; public approvals are increasingly difficult to get; and, except in certain very high growth exurban areas, new markets are limited.

- Because most malls are now decades old, the stock of centers is aging rapidly. Built at what were then metropolitan edges, aging malls are now deeply imbedded...
within an urban context. Some malls are so dominant in their trade areas that complex redevelopments and expansions can be justified; other centers, however, are small and obsolete, with limited ability to expand because demographics in their trade areas have become less favorable for reinvestment.

- Retail competition has become ferocious, as overbuilding and the emergence of newer formats and delivery channels erode sales among retailers in the traditional middle of the market—leading to their rapid disappearance. Specialty, boutique, entertainment, and especially “lifestyle” retailers are taking away business at the experiential high end, while big-box, outlet, and Internet shopping are taking away business at the value-oriented low end. Hundreds of malls have foundered because they provided neither the experience and the shopping environment that appeal to a customer’s aspirations and lifestyle, nor the value and selection associated with off-price shopping.

- While shopping preferences were becoming more diverse, mall design—until recently—was becoming more standardized, with predictable architectural designs, finishes, layouts, environments, and stores. Customers are now seeking authenticity and a deeper sense of connection to their community, culture, climate, and daily lives. Among many shoppers, there is also an emerging preference for outdoor, streetfront shopping experiences—either in new centers or in older shopping districts—that are better integrated with other daily activities. Unfortunately, few of today’s malls provide such environments.

- Demographically, families in which one parent works and the other stays at home (and has time to shop) no longer dominate. “Nontraditional” households of all types—including singles, elderly people, and two-income families—are ascendant, and often have very different, and often more cosmopolitan, shopping expectations than households of earlier generations. The mall as it is currently configured simply does not work as well for today’s households.

- As traffic congestion reaches crisis proportions in many locations, the vaunted convenience of mall shopping is disappearing. Most malls can be reached by only one means—the automobile—and, in more and more metropolitan areas, this puts them at a disadvantage in relation to locations that are walkable or linked to public transit, and that offer more multidimensional urban environments. While it’s probably true that most customers will always drive to the mall, their busy lives are reducing the time they are willing to spend shopping.

Bella Terra, in Huntington Beach, California.
As choices increase closer to home in smaller, more convenient shopping environments that offer many of the same stores, customer preferences will continue to shift.

The disappearance of many department store anchors (because of bankruptcies and consolidations), and the reluctance or inability of surviving chains to expand (because of saturated markets or fragile balance sheets) has limited new construction opportunities for traditional malls, whose formula historically depended on department stores to draw customers. As a result, the addition of new anchors is already underway.

The suburbs that developed between the early 1950s and the late 1980s have changed, too: in the years since their malls were built, these suburbs have matured and become much more urbanized. What were once locations at the edge of the metropolitan area—with low land prices, low-density residential development, and single-purpose malls—are now more urban locations, with higher land prices, higher densities, aging neighborhoods, congestion, and demand for more urban amenities and a wider mix of uses. This situation presents a range of new development options that were not available when the original malls were built.

In many communities, malls often occupy the largest remaining land parcels under single ownership. Although the value of these sites has increased, often dramati-
cally, most of the land is still underutilized because it is in the form of parking lots. When market conditions are right, these “land banks” provide valuable opportunities to intensify development by adding land uses and development types that most suburban communities need, but often lack. Possible projects include a new town center, housing forms designed to serve new demographics, mixed-use environments, hotels, civic and cultural facilities, public gathering places, and pedestrian precincts.

In response to competitive as well as community changes, the action in the shopping-center world has shifted from the construction of new malls to the rehabilitation, repositioning, and intensification of uses at existing mall sites around the country. Exciting and innovative new shopping environments are being created from the bones of older malls, and the emerging phoenix bears little resemblance to what preceded. The old rules of mall development are breaking down rapidly as developers rethink what the mall could be. Their emphatic conclusion is that the age of the cookie-cutter mall is over: developers are remaking malls as quickly as they need to in order to remain competitive. New design concepts, retail formats, public environments, amenities, tenant mixes, use mixes, anchors, parking configurations, neighborhood links, price points, and customer experiences are being tailored to fit the needs of the community and the mall site, as well as the competitive demands of the market.

Redeveloping the vast stock of obsolete malls is a daunting challenge for mall owners, particularly those with large portfolios, not only because of the vast expense of the undertaking, but also because of the complexity of the task. Redevelopment solutions are unique, and will differ from one mall to the next. What is possible in one location may not be possible—or desirable—in another, and the revitalization effort will require (1) a sophisticated understanding of each site’s current and future competitive position in the local market and (2) a hard analysis of which redevelopment opportunities are financially realistic. In fact, the local market may support more—or less—retail than existed in the old mall; thus, solutions may range widely. Here are just a few examples: tearing down the old mall and building something completely different; rebuilding a newer mall; reconfiguring, expanding, or downsizing the old mall; turning the mall inside out to create an outdoor experience; creating a hybrid indoor-outdoor environment.
as part of its mission to examine cutting-edge issues and propose creative solutions for improving the quality of land use and development, the Urban Land Institute convened a smart growth workshop on June 22–24, 2005, in Washington, D.C., to develop ten principles for rethinking how malls can meet the competitive challenges they face and evolve into more sustainable community assets. During three days of intensive study, teams of planning and development experts drawn from around the country toured and studied three very different mall sites in the Washington, D.C., area. The teams were made up of leading mall developers, public planners, architects, economic consultants, and property advisors. The three mall sites were Landmark Mall, in Alexandria, Virginia, an aging mall facing strong competitive pressures; Wheaton Plaza, in Wheaton, Maryland, one of the first malls in the metropolitan area and one that was recently redeveloped; and Landover Mall, a failed center in Landover, Maryland.

ULI believes that the lessons learned from these three mall sites can be applied wherever communities and mall developers are wrestling with the competitive challenges faced by obsolete malls and searching for ways to revitalize them as greater community assets. ULI teams visited all three mall sites, reviewed information about them, and met as separate teams to set out their findings, conclusions, and recommendations. The teams then met jointly to debate, consolidate, and refine their conclusions, which were then articulated as the ten principles presented in this booklet.

Short Pump Town Center, in Richmond, Virginia.
Ten Principles for Rethinking the Mall

1. **Grab Your Opportunities or They Will Pass You By**

2. **Broaden Your Field of Vision**

3. **Unlock the Value of the Land**

4. **Let the Market Be Your Guide**

5. **Create Consensus**

6. **Think Holistically Before Planning the Parts**

7. **Connect All the Dots**

8. **Design Parking as More Than a Ratio**

9. **Deliver a Sense of Community**

10. **Stay Alert, Because the Job Is Never Done**
Opportunities for change arise from a range of factors affecting a mall: the market, consumer tastes, retailer direction, corporate mandates, and municipal objectives. A working knowledge of such factors allows for timely identification of opportunities and appropriate responses. When you fail to recognize or understand changes, you lose opportunities.

For example, the need to rethink a mall becomes most apparent when anchor stores become vacant. Because such vacancies lower the number of potential customers, they have an obvious impact on the health of a mall. But stores may be vacant for a number of different reasons: because of retailer difficulties at the corporate level, a desire for a new physical format, or a decline in local market support. Only the last scenario indicates a failing market; the others may occur in any type of market. A weak market requires a different response than a strong market. None of the three scenarios happen overnight, and all can be monitored as they develop. Opportunities for change also arise from market growth, retailer mergers or acquisitions that lead to repositioning and rebranding, corporate decisions to buy out land leases and gain more control of the mall site, or public sector decisions to revitalize or redevelop the area in which the mall is located. In sum, sources of change can be economic, functional, or political; they can be internal or external to the site; and they can be complex and multilayered, involving a number of aspects simultaneously. The key is to constantly and comprehensively monitor, evaluate, and investigate all factors so that the response is suitable and well-timed.

Opportunities abound in both a declining and improving asset. Less can be more: as the value of a mall decreases, the opportunities for large-scale change increase. This is when the possibility may arise for complete redevelopment or reconfiguration, or for the introduction of nonretail uses. In the competitive retail world, an improving asset requires no less attention: as the value of a mall increases, opportunities increase for extensive rehabilitation, additional construction, expansion of the tenant base, repositioning, and access improvement.
The public sector benefits as well by understanding the sources of change and carefully monitoring current conditions. A working knowledge of the factors that affect the mall may help the public sector facilitate effective partnerships, recognize an opportunity for a catalyst project, or develop ideas for complementary projects for the larger mall area.

New opportunities for specialty food shopping are now available in malls.

**Recommended Reading**


Ray Oldenburg, *The Great Good Place: Cafés, Coffee Shops, Bookstores, Bars, Hair Salons, and Other Hangouts at the Heart of a Community* (New York: Paragon House, 1999).


Historically, shopping malls have been isolated, single-use developments that stand apart from the community. Their exterior presence is typically monolithic and overscaled, with blank architectural forms that are oriented inward—toward vast, climate-controlled shopping arcades—and that turn their backs on surrounding neighborhoods. Parking structures and lots accentuate this effect, creating a concrete moat that limits accessibility from beyond the site, except by automobile, and separates the mall from community life. In the 1950s, this was the brave new world of shopping; in the 2000s, it is an anachronism, an artifact of a world that no longer exists.

The Grove’s integration with the Farmers Market in Los Angeles increases its market draw and creates a more compelling destination for the community and for visitors from around the world.
The enclosed mall has been the greatest machine for consumption that the world has ever seen, but the machine is creaking because it has not kept pace with changing consumer preferences. As mall developers rush to refresh the mall format and to redevelop obsolete mall sites, there is a tremendous opportunity to think big, expand the field of vision, and break away from the “island” syndrome. Because such changes can add long-term value not only to the mall site but to the community as a whole, it is a public as well as a private responsibility to look beyond the borders of the mall property—and beyond retail alone—when envisioning what can and should be undertaken.

How can this be done?

- Exploit the mall redevelopment opportunity by creating a vision for the entire district: develop a master plan in which the mall site is a key anchor. Look for and capitalize on opportunities to expand the investment into surrounding residential and commercial neighborhoods to strengthen and revitalize them. Identify synergies with other development opportunities. Plan and integrate your efforts accordingly.

- Raise your standards and expectations. The mall is the local 1,000-pound gorilla: if it raises standards and expectations, they will be raised in the community as well.

- Create value that will translate into increased sales, profitability, and taxes. In many cases, land that was cheap when the mall was originally built is now valuable enough to support not only higher levels of quality but also higher intensities of use and a more urban mix of activities. Higher rent structures increase possibilities for the developer; the expectation of higher taxes, spin-off developments, and general upgrading of the mall area increases possibilities for the public sector.

- Integrate the mall site, to the extent possible, with other community anchors such as cultural facilities, civic buildings, municipal parks, office concentrations, and nearby streetfront retailing and restaurant clusters. Integration can increase the market draw, expand the trade area, and create a more compelling destination for the mall site as well as for the larger district. But it’s important to ensure that on-site and off-site uses create synergy—are complementary—and don’t cannibalize each other. Joint marketing can help.
Ensure the long-term ecological sustainability of the site; and, in partnership with the community, create an antisprawl, antipollution environment. Work with, and link to, the natural systems that are found on the mall site, and use them to attract and retain customers. Consider creating leisure and dining areas alongside an uncovered stream (which may also double as site drainage); extending local trail systems through the mall site; adding linkages to local transit so that customers don’t have to drive; using architecture that reflects the local culture, climate, and environment; developing parks and gathering places that enhance the mall’s public function; and providing top-notch infrastructure within the public realm.

Grab opportunities to create physical and functional connections between the mall site and the residential and commercial properties beyond its borders. Just as a department store serves as a mall anchor, think of the mall site as a potential

Breaking away from the “island” syndrome can increase a mall’s market draw, expand its trade area, and create a more compelling destination.
anchor for the larger community. Link it just as carefully to the various neighborhoods that surround it. Seamless, functional, enjoyable, and continuous pedestrian connections on site and off site are a key part of this linkage. There are other opportunities for linkages as well: for example, extending nonretail uses into the mall site, and carefully configuring buildings both on and off site to create a true urban context.

- Remember that the mall site is likely to be in a much more mature, urban location now than when it was built; as a result, more mature urban development solutions are often called for. However, if a high-density redevelopment is envisioned for the mall, the site edges need to be carefully and sensitively designed as medium-density buffers for any low-density residential neighborhoods at the periphery.

Beautiful landscapes not only provide buffers when malls are adjacent to single-family neighborhoods, but also create pedestrian connections that help reduce traffic congestion and increase community livability.
Unlock the Value of the Land

A n old mall site should not be viewed as a problem but as an opportunity—an opportunity to move forward and embrace today’s best practices in retailing and land development. These practices have the potential to unlock the value of the land and to restore vitality and viability to the site.

The first step in unlocking the value of the land is to consider an innovative mix of uses—to move beyond the predictable and create something exciting. Mixing tried-and-true retailers with more distinctive (even local) retailers creates a broader market for the project. The national chains provide a comfort level for shoppers, and the distinctive stores provide excitement, and a reason to visit this project rather than another project. The goal is to create a place where people want to go—not a place where they have to go.

It’s also worth considering nontraditional retail uses. Entertainment opportunities, such as movie theaters or bowling alleys, can complement the retail uses. More and more retail developments are mixing in nontraditional uses to increase their draw. An extreme example is the Xanadu project, in Madrid, Spain, where the mall includes an indoor ski slope and a driving track for mini–race cars. The Mills Company is planning to build a similar project in the Meadowlands of New Jersey. While such a mix will not work everywhere, the point is that when developers include uses that are unique, more people will want to come to a project. Effective market analysis will help determine when the investment in an unusual mix of uses might pay off.

Use mixes that unlock the value of the land can go beyond retail and entertainment. If residential uses—both rental and for-sale—are introduced to the redeveloped site, the land may become more valuable. The residential component provides a customer base for the retail, and the convenience of retail close to home will attract people.
who are looking for a unique place to live. Most successful retail is linked to successful residential development.

To get the most out of the land, it is important to think carefully about project anchors. Although anchors have traditionally been major department stores, this is no longer necessarily the case. Anchors need to draw customers, and there are many ways to do this. Civic uses, such as libraries or recreation centers; entertainment venues, such as movie theaters or live theaters; and off-price big-box stores, such as Filene’s Basement, Target, and Designer Shoe Warehouse, have successfully anchored new retail products. The key is knowing what the market wants and being able to deliver it on the site.

How the site is developed is as important as what is on the site. Key decisions include vertical versus horizontal development, underground versus at-grade or structured parking, and enclosed versus outdoor shopping. While a redeveloped mall site is most likely a private venture, the area is perceived as part of the public realm, and the design of the public realm is key to the success of the project. Investing in high-quality design will increase the value of the project.
Shifting demographics and evolving consumer tastes are transforming the retail markets of the 21st century. A plan that respects and accommodates the new market realities will have the best chance of success.

Your project may have interesting architecture, top-quality streetscaping, and a multiuse environment—but without customers, stores will falter and the project will fail. A decline in the vitality of a mall means that current and projected market conditions must be reevaluated. Customers may be heading for newer and better shopping venues in the immediate area, or to shopping opportunities just a bit farther away, effectively reducing the area from which the mall can draw. Even so, increased population density, income growth, or both could enhance demand enough to support additional or upgraded retail, even in areas dense with competition. It takes a detailed analysis and understanding of the market to determine what the market realities are.
Market realities differ among communities, and among locations within communities. There may also be a difference between what the community would like to have and what the market can support. Local government, citizens, and the private sector all benefit when the particular market forces are acknowledged, and the focus is on expectations that are achievable. Success requires market potential.

Market Analysis and Marketing

MARKET ANALYSIS
Market analysis is used to determine whether market demographics will support a mall. In the case of an underperforming mall, market analysis can give insight into what’s possible, demographically, to turn the mall around. Psychographic analysis—a finer-grained analysis that can identify niche markets—can also be used to find out what kinds of buyers (such as Bobos—bourgeois bohemians, or DINKs—double incomes, no kids) might be attracted to a revitalized mall, and what retail mix will get them there.

MARKETING
Marketing is used once the decision has been made that a mall is viable. Marketing makes it possible to do the best with what’s available. Smart marketing can have a strong impact on an underperforming mall, and can even turn it around. Customers will return to a mall if the following conditions are met:

- The physical environment is genuinely appealing.
- The experience connects to customers’ lives.
- It is easy to park and shop there.
- It has the mix of shops and other activities that customers want.

In *The Experience Economy*, Joseph Pine and James Gilmore suggest that consumers expect more than services and goods. Today’s customers want a compelling experience. From Home Depot’s tile-setting seminars to Santa Monica Place’s “Pet Pictures with Santa” day, marketing connects the dots to create compelling experiences for customers.

Market realities differ among communities, and among locations within communities. There may also be a difference between what the community would like to have and what the market can support. Local government, citizens, and the private sector all benefit when the particular market forces are acknowledged, and the focus is on expectations that are achievable. Success requires market potential.

There may be many differences between what the community wants at the mall site and what the market will allow. But there is growing support among developers, citizens, and local governments for enhanced shopping environments that reflect greater sustainability and livability.
Market evaluation provides the answers to two “big picture” questions:

■ What type of retail project can the market support? Options include traditional neighborhood or community shopping centers; the more upscale centers commonly referred to as lifestyle centers; power centers; outlet centers; regional and super regional centers; and hybrids including elements of any or all of these.

■ What size could the project be? Built space may range from less than 100,000 square feet (9,290 square meters) to more than 1 million square feet (92,900 square meters).

Both type and size depend on the size of the site, the location of the site, and the level of accessibility. A small site with relatively poor access will, by nature, accommodate fewer choices than a larger site on main thoroughfares and highways. Either way, the choices offered by any one site must be clearly defined.

The steps in a retail market assessment are always the same, whether the project in question is an entirely new development on an old mall site or the reconfiguration of an existing mall:

1. Determine the spending patterns of the surrounding population—where potential visitors shop, and how much they spend.
2. Identify the trade area of any existing anchors and mall stores by determining the area from which customers are drawn.

3. Document the type, size, and location of existing and planned competitive retail facilities and districts, both nearby and in the region. Where and what are the gaps in supply?

4. Use the information from steps 1, 2, and 3 to identify the likely new trade area.

5. Calculate the total buying power in the new trade area and determine what the new project could be expected to capture.

6. Translate the captured buying power calculated in step 5 into supportable square footage of stores.

7. Conduct a site and traffic analysis to ensure that the new or modified development can be accommodated.

Redevelopment options will vary from site to site depending on the strength of the market, the intensity of the competition, the desires of the community, and the financial feasibility of the alternatives.

It is always desirable to investigate the market for other uses that could be brought in from outside the site. Many mall sites are well positioned for higher-density and mixed-use development: in particular, (1) evaluate office, residential, and hotel markets to determine their relative strengths and what might be an appropriate mix, and (2) assess how the different uses might support each other, whether through the ambience created or the market support generated.

In all decisions—expansions, tearing down and starting again, developing new uses—let the market be your guide!
It is much easier to move forward with a program if the key players all agree on the chosen direction. While it is impossible to make everyone happy all the time, agreement on how to move forward is necessary to get a project done. The interaction may initially be characterized by disagreement and contention, but these characteristics are the very ones that can make the process creative. In an effective consensus-building process, all the stakeholders—including the developer, the local government, citizens, and tenants—help each other succeed and share the fruits of their success.

Creating consensus can be difficult. It takes a lot of work upfront and is one of the critical first steps in rethinking how mall sites will be redeveloped. But this part of the process cannot be overlooked: if the effort is not made to find common ground, the project will become a source of suspicion, disappointment, and confrontation, and the development process will be slowed down.

The task of building consensus is often undertaken by a leader who acts as a champion for the project. The leader may be a public official, the developer, or a key person in the community. Having a champion who believes that the outcome will benefit the community helps with the creation of the vision as well as with project implementation.

Consensus starts with realistic goals that match the needs of the community with the realities of development. The goals are expressed in a vision for the site that everyone understands and agrees to. The more effort is put into creating this vision,
the more smoothly the rest of the process will go. A variety of processes can be used to create this vision: community charrettes, working teams that meet on a regular basis, and community advisory groups are just a few of the possible approaches. One way to facilitate communication and help find common ground among all the parties is to create forums to educate stakeholders about each other’s needs and desires. Whether the issue is the types of stores, the color of the buildings, or how traffic will flow, everyone has different views of what is needed in the community and how to achieve it. The more opportunities people have to share their views, the better.

The need for consensus does not stop once the plans are drawn for the site. Ongoing education is an important element of building and maintaining consensus: stakeholders need to be educated about the development process, the role of the public sector in the project, the importance of good design, the realities of the market, planning and zoning requirements, and phasing for the project.

SouthSide Works, in Pittsburgh, Pennsylvania, replaced an industrial relic with a lifestyle-oriented town center that reconnected the community with the riverfront—an important goal of the local community.

Southlake Town Square, in Southlake, Texas, includes the community’s city hall and a grand park that fulfills the residents’ desire for a real downtown.
When planning to energize an aging shopping mall or to help a vibrant one thrive, keep the big picture in mind. Consider all your financing options. Create partnerships in the community. Start planning today for opportunities that could arise five, ten, or 20 years down the road.

The development strategy is not just a physical plan. A strong, sustainable strategy should also include the following:

- A physical vision;
- A market-based merchandising strategy;
- A development program;
- A phasing strategy;
- A marketing strategy;
- A parking distribution strategy;
- A mass-transit strategy.

To strengthen your portfolio, your business, and your community, it is important to stay flexible and to think long-term. Retail trends change, and development and

Zona Rosa, in Kansas City, Missouri, brings to mind a historic town center, but one that is skillfully planned to integrate all the requirements for successful modern retailing.
merchandising strategies need to accommodate those changes. It is also important to be realistic and to create value in stages, as the market builds. Just because something works doesn’t mean you should do it. “Plopping down” development without considering all the options—and the future—can mean weaker financial performance in the long term. Short-term actions should be guided by the long-term vision, so that you don’t foreclose future opportunities.

Share the costs and the benefits. Both public and private entities need to “own” the project. Establish mutual interests first, then pursue additional prospects. Thinking holistically means determining the minimum acceptable levels of performance or the required characteristics or benefits (or all three) that result from a real estate project. As the participants—the developer, the public sector, and the neighborhood or community—work together, each determines what to expect from the project; the thresholds of expected benefits are then set accordingly, and the participants all make sure that the decisions that follow represent the best way to reach their individual thresholds.

These development thresholds are the ways that stakeholders measure success or failure. For example, the developer is concerned with rent levels, allowable density, risk and return, the interrelationship of uses, and access to the site. Public officials will think about tax yield, infrastructure limitations, environmental quality, and traffic congestion. The neighborhood or community will care about traffic congestion, renovation risks, and the costs associated with it.

**Renovation Risks**

Renovating a mall can be like renovating an old house: the work takes longer and costs more than you ever expected, and the scope of work can expand at every step. Due diligence and careful contingency planning can reduce the risks associated with renovating an aging mall and protect against costly and unexpected headaches.

Many older malls were built before current regulatory codes, and most were built without any expectation of additional uses such as housing, offices, hotels, or cinemas. Virtually every aspect of an old mall—from construction type, smoke control, and fire sprinklers to setbacks and seismic bracing—can come under question during an extensive modernization. It is essential to develop an agreement with the local jurisdiction at an early stage to determine which code upgrades will be required and which will be voluntary. Often, “alternative means and methods” provisions of building codes must be used to safely extend the serviceable life of a mall.

In addition to having possible code problems, many building systems are not sized adequately for current demands; serviceable but aging systems have been known to literally fall apart when worked on extensively. Water, gas, electrical, fire-sprinkler, sewer, and smoke-control systems may not withstand extensive rework without overall reconstruction. It is crucial to assess building systems and utility demands, and to work with utility companies early.

Many older malls predate current standards for hazardous materials, such as asbestos. These materials can be difficult to discover before construction starts. Hazardous-materials abatement is expensive and time-consuming. Unfortunately, if abatement is needed, it is likely to take priority over most other issues.

The collateral impacts of renovation are sometimes more expensive than the work itself. Much of the building system that is being worked on may serve (or be under, over, or in) tenant spaces and the spaces required for tenant access. Night work, temporary tenant relocations, and financial obligations to tenants who remain during construction can be very costly, particularly if they are not planned for.

Unlike the costs associated with entitlements and design approvals, the costs of renovation-related issues tend to reveal themselves later in the redevelopment process, when they can be difficult to manage. Early due diligence and adequate contingency planning are therefore crucial.
parking, noise, the appearance of the property, their own property values, and safety and security.

Financing is more than money. Innovative development usually requires innovative integration of financing. Look at all the financing options (such as tax increment financing; condemnation; enterprise zones; and federal, state, or local programs). Money isn’t the only public financing tool. Local governments can help facilitate development by providing fast approvals, infrastructure improvements, clear and predictable approval processes, and parking. Zoning compliance is not the only hurdle—there are also fire codes, building regulations, financing issues, and entitlements. And remember that in the process of fulfilling the community’s vision, the developer needs to make a reasonable profit. Public recreational, social, and community elements may require public investment. In addition to standard financing.

Victoria Gardens is a 12-square-block regional mall in Rancho Cucamonga, California, that also functions as an “instant downtown” for its community. Incremental expansion is planned on surrounding parking lots.
mechanisms, financing may be necessary to fill gaps between where one financial practice ends and another begins.

Increasing density and traffic can be contentious issues; however, both are tightly linked to design quality. Poor public perceptions are based on bad past examples. High-quality design should achieve the following:

- Be people-friendly (for example, it should include seating, fountains, and thoughtful landscaping);
- Provide understandable circulation patterns and clear way-finding;
- Create opportunities for surprise, delight, exploration, and diversity;
- Respond to the realities of the local market climate;
- Use higher density to create more opportunities;
- Enhance gateways and create community linkages;
- Cost less in the long run.
The mall as an island—a retail venue surrounded by a sea of parking, and set apart from everything except highways—does not meet the expectations of 21st-century shoppers. Today's shoppers demand a more urban experience—specifically, pedestrian-friendly streetfront retail. They want to experience “place” when they spend their money. Transforming a mall into a place allows visitors to feel more comfortable as they move about within the development, and as they move between the development and the surrounding community—with or without their cars. This comfort can be achieved through enhanced connectivity.
Connectivity can be enhanced through the following means:

- Improved road layouts and circulation patterns;
- Shuttle bus service;
- Strategically located parking areas and sidewalk connections;
- Signage and way-finding that encourage internal and external movement.

Several tools are available to break the cycle of traffic congestion while creating more pedestrian- and community-friendly environments: integrating development components; providing and managing shared parking; creating mixed uses along pedestrian linkages; and increasing density around transit (where appropriate).

Optimizing connectivity involves strong political leadership and, often, the catalytic investment of public funds; examples of projects that improve connectivity include the following:

- Breaking up large parcels and reorienting roads and vehicle circulation patterns;
- Improving pedestrian linkages;
Providing or enhancing public open space;
Establishing community uses;
Developing structured parking;
Creating public/private partnerships;
Establishing a special taxing district or using tax increment financing;
Providing public transit before there is sufficient demand to support it.

With good connections, it becomes possible to move from one business to another without driving every time. Patrons can park once for the duration of the stay, thereby reducing the amount of space that would otherwise be needed for on-site parking at each business.

Integrating uses requires fine-grained grid development that engages and never intimidates the pedestrian, offering interconnectivity and easy walking distances between one use and another. Improving connections in this way allows the mall and the surrounding area to gain stature and to take shape as a real place. The essence of community is human connection—a sense of belonging to an identifiable place and an active public realm. Stand-alone projects reflect a compartmentalization of community life that impedes connections.

Irvine Spectrum Center, in Irvine, California, is adding a Target store to its upscale mix of tenants to connect more conveniently with its customers.
One technique that draws a community together is to provide a unifying element—something that says, “You have arrived at a special place.” Such an element can be a sculpture, a fountain, a plaza, an iconic building, or some other unique feature. Landscaping and good landscape design also add character and charm and provide a community with identity.

Why is congestion so bad in the suburbs? One reason is that road networks are laid out to benefit individual projects. Clusters of residential subdivisions with only one entry and one exit funnel traffic onto arterial roads, which quickly become congested because of the lack of alternative routes. A network of interconnected roads improves access for emergency vehicles and allows the use of alternative routes in the case of a blockage or congestion. As vehicular traffic is spread across the network, drivers, cyclists, and pedestrians become safer. To avoid creating a “placeless” collection of disaggregated subdivisions, it is essential to plan and create a network of vehicular, pedestrian, cycling, park, and open-space connections. Particular attention should be paid to green-space connections for natural systems, wildlife, and people.
Easy access, high visibility, a sense of personal security, and adequate, convenient parking are all preconditions for successful retailing. Without them, retail is likely to fail no matter how sophisticated the shopping environment or high-quality the tenants.

Parking is arguably the most important of these requirements because today’s consumers, conditioned by their experiences with suburban shopping centers, expect nothing less than a guaranteed space close to their destination every time they shop. So it is important to get the parking right—but getting it right means more than just ensuring the right amount of parking in the right place.

Parking—based on certain ratios of spaces per unit of land use and configured as expansive fields of striped pavement—has dictated development form for years, particularly in the suburbs. Conventional shopping centers often use three times as much land for streets and surface parking as for shopping. But parking is not only expansive; it’s expensive. An oversupply of parking can have an excessive impact on storm drainage, and generate unnecessarily high expenses (surface stalls can cost $2,000 to $3,000 per space, and structured spaces $15,000 to $25,000 or more). In considering how a new mall destination will be created, it is essential to plan and

Who says parking can’t be entertaining? A combination of streetfront, lot, and structural parking is often provided to serve customers who are coming to the mall for different reasons—even if only to show off their vintage cars.
design parking to play a supporting role, rather than to dominate the landscape. The place—not the parking—should be the destination.

Parking is the front door of a development. The whole project should be pleasant to be in and to walk around in, and this pleasurable feeling begins with parking. It should be visible and easy to find. Arrival at the parking facility is the visitor’s first experience of the environment, so the facility must be safe, comfortable, and well lit. Once the car is parked, the walk to the destination should be enjoyable. The transition from parking to other uses and back is integral to the total experience of the place.

Here are some important considerations for parking:

■ Size prime parking lots and structures for reasonable demand; provide for peak parking in overflow areas.
■ Use parking and building configurations that provide convenience and avoid visual blight.
■ Create parking within the context of a carefully designed landscape.
■ Use structured parking (when it is justified by higher land prices) to provide a more urban configuration and to make more land available for development.
■ To create greater efficiency, consider creating a parking management entity to bring multiple facilities under common management.
■ Make the pedestrian experience more interesting by encouraging activities and uses at ground level around parking garages and lots.
■ Implement a shared parking plan that will serve different uses at different times.
■ Consider bicycle parking. Bicycles are a growing part of the urban lifestyle, and parking for them is cheap to build. The need for bicycle parking is especially important in college communities and in areas where residents are young, highly educated, and sophisticated.
Provide leasable space along the frontage or on the ground floor of parking garages to generate cash flow and offset the capital costs of construction.

Instead of providing surface parking within the development site, explore the option of creating a pool of public garage parking and requiring that new development purchase parking at cost from the local government's pool of parking garage spaces.

Keep in mind that parking needs often change over time. As the area urbanizes and more shoppers are able to reach the project without driving, parking needs may decline. At the same time, the introduction of additional anchors, changes in tenant types, or an increase in the density of retail development may require a larger supply of parking.

Parking structures can improve the design and placement of parking, reducing the land area devoted to parking and allowing buildings to be closer together and more tightly integrated. Structured parking facilities generally become cost-effective when the price of land for the development reaches $50 to $60 per square foot ($538 to $646 per square meter); if land costs are lower, surface parking often is more cost-effective. For successful place making, however, structured parking is generally preferable—and a public/private partnership may therefore be required for garage construction.

The strategic location, design, and programming of parking structures can also be used to create or enhance attractive, well-traveled pedestrian linkages, reducing the need for cars and further decreasing the needed number of parking spaces. In place of the typical suburban sea of surface parking, creative designers can wrap a parking structure with retail shops, eateries, residences, and services (such as dry cleaners). This mixed-use approach makes the parking structure more attractive as an urban place, allows visitors who park in the structure to take care of errands, makes the walk to and from the parking lot more interesting, and creates a built-in clientele for the businesses. On-street parking can also be an attractive and effective parking arrangement.

Shared parking, in which different users park in the same space for different purposes at different times of the day and week, can reduce the number of parking spaces required by decreasing the effects of peak demand from a single land use. For example, parking might be designed for office use during the day and for sharing by restaurants and cinemas on evenings and weekends. Exploring further scenarios for sharing may help in the creation of successful parking management plans. Finally, the strategic location of shared parking facilities can facilitate the creation of well-traveled pedestrian linkages lined with shops and cultural and civic facilities.
By increasing pedestrian trips, a mixed-use environment decreases the need for parking. For example, a combination restaurant and delicatessen within walking distance of office uses will require fewer parking spaces than a restaurant that can be reached only by car. Similarly, offices located within easy walking distance of a hotel may require fewer parking spaces for visitors because business guests staying at the hotel will be able to walk to the offices.

Too much parking makes an environment less pedestrian-friendly, and wastes space that could be used for development. Too little parking, or the perception of too little parking, can undermine the economic viability of businesses and make leasing or sales difficult. As Goldilocks might say, “Not too much, not too little, but just right.”
Today, the success of a shopping mall depends as much on the feeling of community that the mall creates, and the quality and character of its public realm, as it does on the quality and character of the shopping. Some observers have even suggested that the sense of community that can be established and nurtured at a mall is, in effect, the new anchor. As the mall becomes more of a community center, it takes on the role of a “third place”—a public gathering spot where people can interact comfortably and spend time with others, in an environment that is neither work nor home. Unlike cities, most suburban communities have few, if any, such third places—which means that malls, as the most public of suburban places, have a great opportunity to fill the gap. The creation of a vital sense of community and a strong sense of place is not a detail or a frill but is simply good business: it brings in more customers, and it keeps them at the mall for longer periods of time.

Creating a sense of place and a feeling of community is a multidimensional task that requires a deep understanding of human behavior, needs, and expectations. Plan for people first, not for the infrastructure that engineers love. Remember that while people come to the mall to shop, they also come to gather in a place that offers a deeper meaning and a higher-quality experience—a place where stores that they respect select merchandise to reflect a point of view that matches their own, and an environment that echoes their lives and aspirations. People don’t gather at Wal-Mart; they don’t go for the experience, the environment, or the point of view. They go for one reason only: the lowest possible prices for the largest quantity of goods. The mall doesn’t compete on that basis. It must provide something more—much more.

How can this be done?

■ Create a soul, and uplift the human spirit. Place making, authenticity, a range of experiences, and a sense of urbanity all come together in successful malls to help create a soul that resonates with customers. But there’s more to the story. At the heart of a mall is merchandising. It’s always been true, and it always will be. Today, the most successful centers provide (1) a diverse mix of goods and services that serve both daily needs...
and specialty and fashion needs; (2) places to gather, explore, or simply people watch; (3) services that enhance customers’ lifestyles; (4) the opportunity to accomplish several errands in one place; and (5) the kinds of civic features that every community needs—such as a town hall, a library, a university extension, or a performing arts center.

- Remember that merchandising is more than a mix of tenants. The most effective merchandising tells customers a story—perhaps even a “back story”—that is consistent throughout the center and that subliminally communicates to the customer what the center is all about. This story builds on, and is reinforced by, the individual stories that tenants tell about who they are, what they represent, what kinds of people their customers are, what their customers like to do, and why their customers are important. To capture the imagination of jaded customers, the story must include intangible aspects: a feeling of romance, expectation, surprise, delight, diversity, and love. And, an essential part of any retail “story” involves establishing and maintaining a strong relationship with women, who make 75 to 80 percent of all purchasing decisions.

- Respond to local diversity, create an identity, and move away from sameness and predictability. Use all the familiar place-making tools to create a destination, and to add reasons for people to come back more often. Parks and an activated ground plane are key components, as are entertaining features and venues, fountains, cafés, intensive landscaping, and other visual stimuli. Whether the mall is indoors or out, it should heighten sensory experiences, and should be designed to accommodate all kinds of people — introverts as well as extroverts. Architecture should be varied, to support retailers who want to convey strong individual personalities and powerful public images. People connect to a place and make it theirs by being able to see the sky, experience the weather, enjoy natural light, listen to music or rushing water, relate to both urban and natural surroundings, smell the food and the flowers, and feel the merchandise. Seamlessly connecting the site’s gateways—parking and surrounding streets—to all of the stores, places, and activities on the site completes the sensual experience.
Rethinking the mall is a continuous, flexible, and dynamic reinvestment process that must support the ever-changing vision of the stakeholders and the market. It is impossible to cater to Americans' changing shopping habits by using a cookie-cutter approach: there is no formula for producing the next generation of malls. The solution might be to rely less on department stores, or to build a “main street”-style outdoor village. Each choice needs to be carefully considered within the context of the overall vision and the market.

Shopping patterns change, markets shift, and local officials leave office. Whether the situation requires ripping the roof off an enclosed conventional mall or greening a parking structure, consistently and repeatedly communicating the vision will strengthen the project’s competitive position.

The introduction of lifestyle characteristics is a powerful trend that is now affecting all forms of shopping centers.

A complex variety of psychodemographics must be considered in order to create a sound merchandising strategy. These—along with the competition—must be monitored constantly because they are always changing.
Consider what’s next. What are the new secrets of success? What is the next “big thing” that will change the way you do business and put you ahead of the game? Redevelopment, repositioning, and retenanting may move an existing center from chasing trends to getting ahead of them.

Keep a close eye on the markets that you serve, and proactively lease to match the changing demands of these markets. Capitalize on opportunities and pay attention to stakeholder conflicts. Monitoring emerging trends and problems closely will allow you to deal with them quickly and to orchestrate momentum.

New retail formats, enhanced amenities, and more engaging shopping environments continue to raise the competitive bar. To be successful going forward, the mall needs to keep pace with change, or be left behind.
An obsolete or declining mall will undoubtedly be viewed as a serious problem for both the owner and the community, but it should also be seen as a long-term, once-in-a-generation opportunity. Through creative visioning, planning, and development, it may be possible to find an ingenious and comprehensive community-building solution that will have an impact far beyond the mall’s parking lots. When a mall falters, the question that needs to be asked is not “How can we save the mall?” but “How can we use this opportunity to create a higher-value, more sustainable real estate development that helps build a more livable community?”

The decline of a mall should thus spark an evaluation of how the community has changed and matured since the mall was first built, and lead to a debate about approaches to redevelopment that will better serve the community’s current needs. The goal is to create a plan for growth that (1) reflects the community’s vision of its future and (2) meets the financial and operational requirements of the owners. When they work in partnership to rethink the mall, the public and private sectors have a tremendous opportunity to optimize long-term real estate returns, augment the image and appeal of the community, strengthen the community’s economic vitality, and enhance the surrounding residential neighborhoods.
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