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How Millennials Made Retail Exciting Again

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IRVINE, CA — If the recession devastated the retail market, the Millennials revived it and gave it a new purpose and direction. Today's retail is more about the experience than the material acquisition, **Faris Lee's** president and CEO **Rick Chichester** tells GlobeSt.com. In Part 1 of this exclusive discussion with several retail real estate experts, we explore the shifting face of retail caused by Millennials. In Part 2, we look at the many ways that technology is and will continue to enhance retailing and retail real estate.

Chichester says that the most significant adjustments the retail sector has had to make due to shifting demographic trends are those specifically dictated by Millennials, “to make retailing exciting, relevant and experiential. It is more about the experience than the material acquisition. The buying environment needs to be relevant, as much as the product needs to be relevant.”

Gone are the days when retailers, or even shopping-center owners, based their strategy on aggregate consumer data, **Chris Hite**, president of **Coreland Cos.**, tells us. “Today, there is no average. Today's consumers, especially Millennials, are individuals who demand personalized resources and attention.”

Hite adds that retailers are also adapting to meet the needs of niche communities, which is exactly the motivation behind every build-it-your-way restaurant concept that has guided the industry for the past decade, like Chipotle, Pizza Rev and Yogurtland. “It's the same reason why specialty grocers have experienced such growth. They've been able to personalize the experience and better target their customer.”

The retail sector has had to make many adjustments in order to thrive in a rapidly changing consumer environment, **Cary Lefton**, CEO of **Agora Realty & Management**, tells us. “As consumer buying habits have changed, demographics of the target audience become even more important in terms of the platform and strategy to ensure success. The most significant change to our strategy is enhancing our centers' visitor experience by adding engaging programming and increased tenant participation in promotions and events. Secondly, our tenant mix is gradually shifting more toward food and entertainment to generate traffic, and the soft goods and services become the beneficiaries.”

Echoing Chichester's comments, **Faith Hope Consolo**, chairman of the retail group at **Douglas Elliman Real Estate**, tells us that retailers are opening urban stores to reflect the shift of the population back to cities, one of the most significant global trends of the past 20 years or so. “Retailers traditionally found in malls and open-air centers, from Charming Charlie to Walmart and Target, are coming to urban streets. They're adapting their prototypes and merchandise offerings to accommodate shoppers without cars and finding a way to embrace the density on which urban retail thrives. Many are diversifying their merchandise mix to accommodate increasing ethnic diversity, ensuring the right merchandise is in the right market (think Macy's and Thalia Sodi).”

Shahin Yazdi, SVP of **George Smith Partners**, tells us that online retail satisfies Millennials' need for instant gratification, providing them anything they may desire right at their fingertips as fast as possible. "As a result, the retailers in the more traditional brick-and-mortar sector have had to quickly establish strong online presences to stay competitive. Even grocery stores are facing increasing online competition as Google Express and Amazon Fresh continue to grow in popularity. These grocery delivery services allow Millennials to purchase the grocery items they need without leaving the comfort of their own home and have products delivered quickly, often on the same day the order was placed."

While Millennials still want to shop, for this generation it's all about convenience and speed, Yazdi adds. "To meet this demand, many traditional retail stores are concentrating their smaller brick-and-mortar locations in urban settings, and many are selecting mixed-use sites. Millennials favor this walkable living environment and flock to retailers located just outside their doorstep."

According to **Derrick Moore**, a principal at **Avison Young**, the reason many retailers have put a large focus on purchases from Millennials is because of the "tremendous amount of information that retailers are able to collect from Millennials' purchases via the online market. Significant shifts have occurred from print advertising to online marketing and social-media outlets."