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**BUSINESS: RETAIL**

**Why 2019 Will Be the Year America's Malls Get a Makeover**

By *Madeleine Streets*



Brookfield Place Shopping Mall in New York is consistently redeveloped to meet consumer needs.

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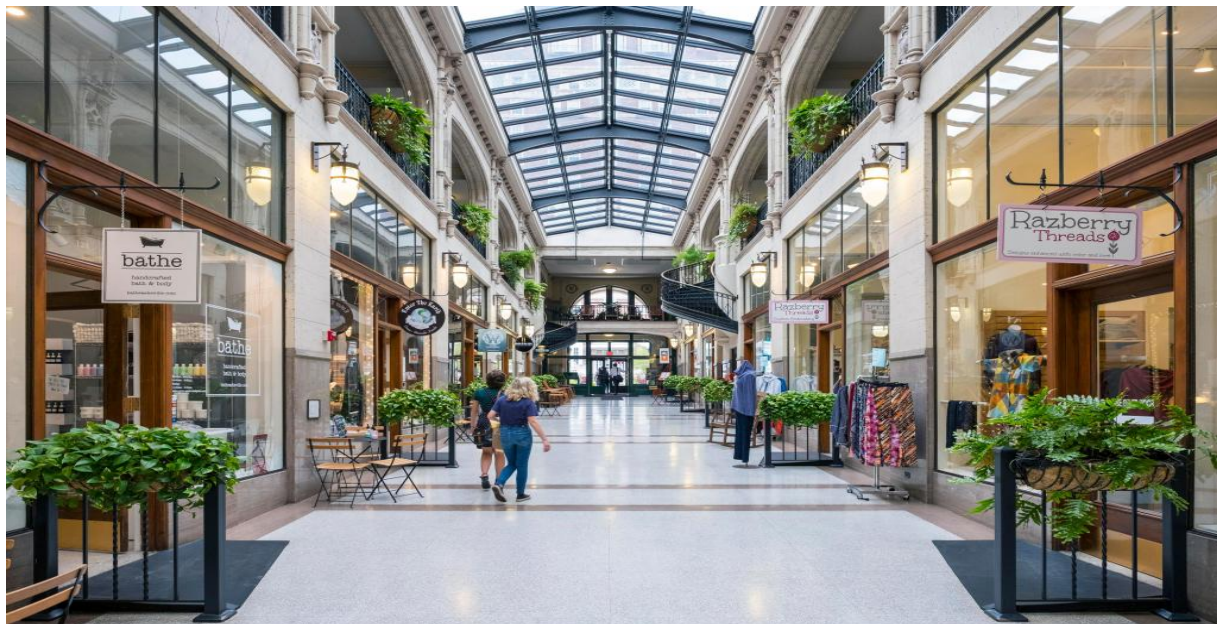
If 2018 was seen by many as a year of fear and concern for retail real estate, a new report by CBRE suggests the outlook a bit better for 2019. As consumer confidence

approaches heights last seen in 2000 and third-quarter total retail sales see their largest year-over-year gain since 2012, there is strong evidence the retail market will continue to grow as it adapts to changing consumer habits. A surprising player in this growth? Malls.

“Put the word ‘re’ in front of all the words that describe real estate — that’s going to be the focus for the next few years. Remerchandise, redevelop, redesign, revision,” said Todd Caruso, senior managing director of retail services at CBRE. “Malls certainly fall into that category.”

The mall is a beloved American institution but has slowly lost its appeal as consumers seek out more experimental and independent shopping experiences. The planned closure of nearly 200 Sears stores this year was a big blow to the sector, and the emergence of new pop-up retail concepts made malls seem less modern and relevant by contrast.

But the market is responding. Malls still offer convenience by grouping many retailers under one roof; the nuance is in curating the right merchandise mix for that locale. By partnering with service providers, shopping centers are able to collect data on customer buying patterns, foot traffic and demographics — and then they can use that info to direct redevelopment strategy. Frequently, this involves using regional brands to personalize the location for its community.



Grove Arcade, the historic shopping mall in downtown Asheville, N.C., hosts a live glassblower during the holidays to drive traffic.

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“The template is no longer the same,” said Faith Hope Consolo, chairman of the retail leasing, marketing and sales division at Douglas Elliman. “We are in a time where the innovators who are repurposing and reinventing the mall will rise to the top.”

Repurposing also means updating the buildings themselves to meet the needs of consumers. Many malls are expected to introduce hotel, office or fitness spaces in 2019, changing their function from shopping-only to that of a town center. With people lingering more in the area — and hopefully making subsequent purchases — keeping consumers comfortable and happy in the space is vital.

What’s more, for a market with a lot of pet-friendly customers, this could mean building pet water stations or even temporary shelters where shoppers can safely leave their pets while they run errands. At a mall in Texas, mass mobile data revealed a large number of family visitors, so the center introduced free towel service for anyone using the splash pad and interactive game stations near traffic hotspots.

“There’s more pressure on that shopping experience now, from amenities and conveniences to the shopper journey,” said Heather Almond, director of national retail marketing at CBRE.