

Changing Shopping Centres in Changing Times. Retail Evolution

The world of retail property is changing more dramatically than at any time since the advent of the modern covered mall over 60 years ago. Many of our centres face competition from other bricks and mortar spaces, omnichannel shopping choices and changes in customer habits.

In the Poland and CEE markets, much change has been created by new physical development and in many cases this has led to cities becoming over-shopped creating lower sales densities and lower rents. Many occupiers have relocated to the latest shiny new large mall and many centres are in need of change.

One size never fits all in retail – in fact if you generalise in retail, you will usually come unstuck - but there are some fundamental steps and solutions to re-basing a mall which has lost its place in its local retail landscape.

We look at what can provide a proper community offer, think old traditional market town if you like, a place which will attract for many reasons and not just retail.

Retail, Entertainment, Leisure/lifestyle, Logistics, Culture, Workspace and Omnichannel.

Define your place in the retail hierarchy, define your customer, design your optimum product and occupier mix, create your business plan; be prepared to reduce your retail sales space, to invest, to take risks and to manage differently.

RETAIL

Mainstream fashion – very important but how do the sales look, are they helping attract custom and do you need all of it? Should you upsize and modernise or should you replace by different tenants who might sell more product and pull in more people. Re-anchor in line with what your customer wants. The old rules no longer apply, think future potential sales density, where it will come from and don't assume that every important tenant will remain so.

Food retail – keep it if you can but right-size it.

General – keep and listen to the retailers who are working well. How can you help the ones who are not? They are our partners.

Specialist retail – introduce independents with long term leases or with a changing scene of different pop-ups.

ENTERTAINMENT and LEISURE/LIFESTYLE

Think about what will drive your community. Could it be cinema (mainstream or pop-up), health and fitness, medical centre, theatre and concerts, bar, food hall, casual dining, training and classes, multi-offer Family Entertainment Centres, e-sports and games, sports events/clubs. Focus on F&B, this is key. Branded, artisan, pop-up, permanent, The F&B scene in Poland is gaining strength. Even in challenging times, there has been a growing dynamic that people continue to buy more food outside the home. Not all UK trends travel to Poland but it was fascinating to watch the discretionary spend shift and the consequent proliferation of casual dining in the UK post the global crisis when money was tight and retail sales were falling.

LOGISTICS and OMNICHANNEL

Can you create a hub to help your retailers? Can you link in to their last mile distribution and/or create a multichannel collection base? There is recent research showing a "halo effect" of increased internet sales within the catchment of a physical store. Capitalise on helping your occupiers to maximise sales. Make it easy for your tenants and their customers to transact in centre which will usually drive additional sales both in store and in centre.

CULTURE

Consider exhibitions, galleries, talks, pop up theatre. It's another great way to create variety.

WORKSPACE

An obvious part of a community. Introduce it if you can but don't just put a few desks in a bland vacant shop.

As stated, no size fits all but many centres will benefit from a mixture of some or all these strategies. Some might not appear to need any of them but beware the dangers of failing to future-proof. Many of these elements require a very different management approach compared to "traditional" shopping centre property management.

This is Retail Evolution.

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