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# **SHOPPING CENTER BUSINESS<sup>®</sup>**

**JULY 2020**

## **DESIGNING FOR A NEW FUTURE**

With the pandemic at the forefront, designers and architects are being asked to incorporate new comforts while keeping the future of entertainment and experience in mind.

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## Designing For A New Future

With an expectation that consumers will crave authentic experiences post-pandemic, designers are working with retail owners on creating properties that will draw consumers while making them feel safe and secure.

Randall Shearin



Design3 International is working on the creation of an urban district at Easton Town Center in Columbus, Ohio.

Envisioning a future for retail post-COVID has been a challenge for many in the industry. For one, it is still very early and we have a hard time knowing what 2021 will look like. Most of what retail designers and architects are working on now is reactionary and necessary: setting up existing environments so that retail-facing businesses are functional and operational. In that practice, however, they are seeing clues as to what the future of retail might look like now that the world is weary of viruses. Here are their takeaways.

### WHAT'S TEMPORARY MAY BECOME PERMANENT

While that might be a scary thought, having barriers and social distancing measures that can be put into place quickly in the future will be a part of retail going forward. Many in the industry are surprised at the creativity and speed at which the re-

tail and restaurant industries have adapted to changes needed to accommodate social distancing.

"Retail design will adapt some of the temporary measures to a more permanent design," says Kevin Mousty, executive vice president, Eastern Region, for MCG Architecture. "Items such as plexiglass shields at check-outs, signage and markings on the floor to maintain social distancing, HVAC with better filtration systems, hand-sanitizing stations throughout the store and cart cleaning supplies for customers prior to use. I think we will see fewer 'soft' surfaces that are not easily cleaned, such as casual seating areas in malls, that may be eliminated or changed to items that can be sanitized easier."

Many architects and designers expect these trends to continue long into the future, starting with redevelopments and projects in planning.

"In the short term, it is about limit-

ing the number of shoppers or diners, increased convenience of purchasing and ordering and maintaining cleanlines," says Michael Tseng, associate principal with KTG. "While we are not being asked for major redesigns of spaces to address long-term impacts of the virus, we are anticipating continued growth of existing trends. These include more open-air dining, a focus on ride-share, and an increase of modular retail, including pop-up and shared spaces."

A big wish that retail designers are seeing is the need for environments that are low-touch and have "clean" features. Think automatic doors, faucets, and air filtration systems that helps mitigate viruses and bacteria.

"Developments will be more preventative in their efforts to stop the spread of germs," says Jim Harkin, senior vice president of NELSON





CallisonRTKL, with Cooper Carry, has re-envisioned a regional mall near Washington, D.C., into a mixed-use project called Ballston Quarter.

Worldwide. “We will start to see more sanitation stations and environmental graphics that communicate exactly how these developments are making safer and cleaner environments. UV lighting systems and modern HVAC filter systems may be utilized more to combat germs. Additionally, the focus will be on less clutter, and a more streamlined, minimalistic design in the near future.”

To create that sense of comfort, Har-kin adds that centers will likely implement

more low- and zero-touch technologies like automatic doors, motion-sensor lights and voice-activated technology.

“This will minimize the spread of germs and spending on cleaning services, while also making guests feel safe and more comfortable while spending long periods of time at shopping and entertainment destinations,” he says.

One question for the future will be how to blend the accelerating trend of entertainment and experience with the new reality of safety.

“Hand-in-hand with experience, we are asked to create spaces that accommodate the new reality of social distancing,” says Dustin Watson, founding principal of inPLACE Design. “Developers are at the leading edge trying to provide more interesting spaces with the safety of all who visit. They are provoking us to find even more creative ways to incorporate social distancing into their spaces that still allow customers to interact and enjoy the life of the interior and exterior spaces they provide.”

## WE HAVE TO GET BACK TO BUSINESS

Like all businesses, designers and architects have had to move quickly to respond to clients’ needs to prepare for reopening with social distancing in mind.

“Our clients have been faced with an unexpected halt in their business plan during their busiest time in the year,” says Watson. “What we hear most from them is ‘how fast can you get me open with the largest occupancy while still keeping my customers safe and comfortable?’ They are looking to us to think outside the box and provide an integrated plan and suggested solutions for all areas of their business and customer experience.”

Along those lines, many firms are consulting with clients, including cities and municipalities, to develop plans to help retailers and restaurants conduct business as soon as possible.

“With the need for social distancing during these unprecedented times, it is becoming increasingly clear how much we crave communal and social interaction,” says Jose Sanchez, mixed-use de-



MCG Architecture has a number of projects under way. The firm recently completed Monterey Park Marketplace in Monterey Park, California.



sign leader for DLR Group. “As we continue to gradually reopen the country, the need for connection will be greater. In the near-term, resources will be needed to help us congregate and find public spaces that allow us to come together in a ‘spread-out’ way. Parks and plazas, which have traditionally been the heart of our communities, will play an even bigger role in re-establishing citizens’ bonds to their neighbors and communities.”

In the short-term, businesses like restaurants and more essential retailers — grocery stores, home improvement centers, service tenants — have been the buzzwords when it comes to retail activity in a COVID world.

“The most safe and efficient use of space is at the forefront of concerns,” says Watson. “We may incorporate several elements to achieve the goal. Activating parking as dining or queuing space. Pop-up or food trucks for a more retail-oriented development. We’ve even seen some new entertainment options for spaces, such as food trucks and movies in the outparcel and parking areas. It may not activate the existing retail spaces, but it will increase leaseable area and foot traffic which will eventually trickle into the existing spaces.”

Many designers are working on resolving issues for centers and retailers to create or convert spaces to pick-up areas in the pandemic age. That’s caused some



AO has designed Mountain View Village in Riverton, Utah, for CenterCal Properties. The first phase of the project is complete.

struggle with owners, who might see this as a temporary adjustment versus one retailers want long-term.

“The pandemic accelerated the rate of adoption for BOPIS (buy online, pick-up in store) offerings and while retailers have attempted to adjust, these offerings need to be addressed at a development level as well,” says Harkin.

That need is making the parking lot — which many developers were already seeking to activate with other uses pre-pandemic — a possibly more viable source of income in the future.

“In general, there is too much parking required,” says Harkin. “We will

see an influx of developments looking to repurpose this space to become an extension of the sales floor, operations or a platform for entertainment and guest engagement.”

While essential retailers have been at the forefront, there’s another group of tenants that has been benefiting during the pandemic: those who have a successful omnichannel platform in place.

“While COVID has ramped up online sales, much of the growth has come from retailers that have a brick-and-mortar presence,” says MJ Dame with **Design3 International**. “Tenants that already had an online presence are seeing sales increases, but the experience is still vital for brick-and-mortar. We want to support our clients by designing a renewed, interesting experience and bring in all the levels of whimsy that make people want to come back.”

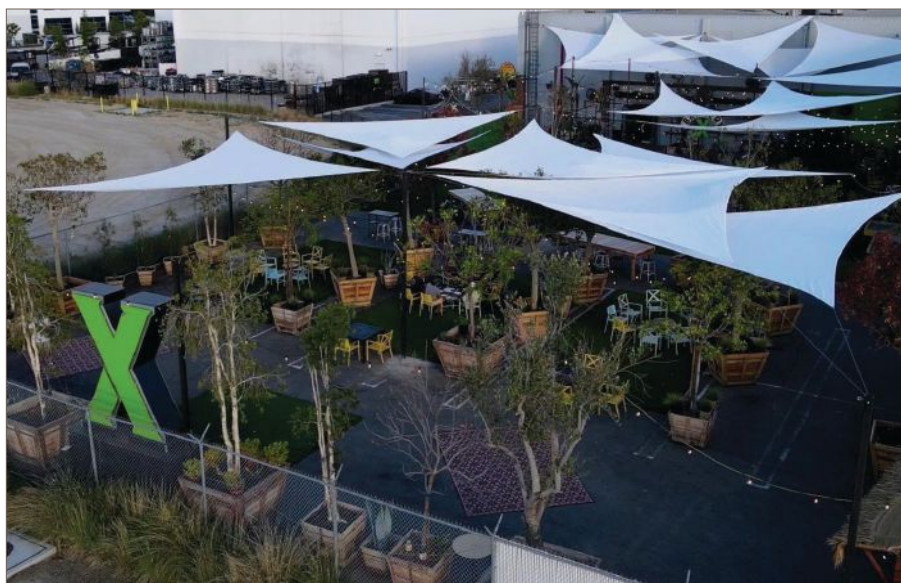
Many firms who work directly with retailers have seen a lot of requests for changes that could become permanent after the Coronavirus is no longer a threat.

“A lot of what’s being done is temporary circulation strategy — placing a six-foot radius around employees, creating one-way paths, etc. — but we can see a version of this expanding into shopping center common areas as well,” says Jeff Gunning, senior vice president with Callison RTKL. “For the future, we are looking at this and asking, ‘How can we create a directed flow, and make it experiential, to draw people along a line of stores in a safer way?’”



NELSON has designed several small format retail concepts, like Market by Macy’s. The first location of the concept opened in Dallas in February.





Many architects and designers have helped retailers get back to business. Picutred above is Brewery X in Anaheim, California. KTGy helped the brewery create an outdoor space that accomplished social distancing protocols during the pandemic.

## OUTDOOR SPACE WILL BECOME MORE IMPORTANT

Outdoor spaces have become increasingly important in retail environments over the past decade. The coronavirus pandemic has increased the need for outdoor space. Parking lots have quick-

ly become outdoor dining areas, drive-in movie theaters and pick-up points, among many other uses. Many designers have been asked to create spaces that were originally planned as temporary to see a retailer through the pandemic, but now may become permanent.

“We have been incorporating short-

term design concepts into our long-term thinking,” says Tseng. “Two examples of this include adding doors to drive-up windows for larger purchases at convenience stores. We also have planned ‘temporary’ spaces for outdoors that reflect COVID-19 social distancing protocol with the idea that these spaces could become permanent over time, including a brewery in Anaheim, California.”

For many retail owners, as well as their restaurant tenants, finding that outdoor dining space — as well as space to accommodate other means of food delivery — has quickly become a concern.

“Food and beverage are an important part of the retail landscape, and clients are concerned about providing patio space,” says Jonathan Novak, director of design for Onyx Creative. “COVID-19 exacerbated the trend toward drive-through food service. A lot of our planning efforts have hinged on our ability to fit drive-through lanes onto sites.”

“Post-pandemic will bring with it a surge in the desire to reconnect with the great outdoors, says Harkin of NELSON Worldwide. “Developers should consider how to invest in this trend to create both safe and memorable environments



CallisonRTKL has designed Boxyard RTP, a food-and-beverage- and retail-anchored project that is fabricated from recycled shipping containers. The project is under construction in Research Triangle Park, North Carolina.





inPLACE Design helped Bandito's Restaurant in Baltimore create a plan for its outdoor seating that adhered to social distancing requirements during the pandemic.

that connect with their users long after COVID-19 is over. As developers look to de-densify their space, there is no easier way to expand than looking beyond your physical walls. Outdoor beer gardens, drive-in movies and dog parks are a growing trend that will be equal parts necessity and nostalgia.”

During the re-opening phases in some areas, to create more outdoor spaces, some designers were asked to create small parks in parking areas and other under-utilized common areas to accommodate social distancing.

“Primarily in response to reduced seating capacities and restrictions inside restaurants, the expansion of outdoor dining experiences into the public realm and right of ways has taken priority,” says Simon Sykes with Design 3 International. “Parallel and angled parking spaces have become opportunities for expanded outdoor dining areas and curbside/drive-thru pickup zones. The advent of the ‘parklet’ experience and the ‘pop-up park’ with temporary – or permanent – pedestrianization of roadways are all being incorporated to increase the available footprint of gathering areas to incorporate social distancing requirements.”

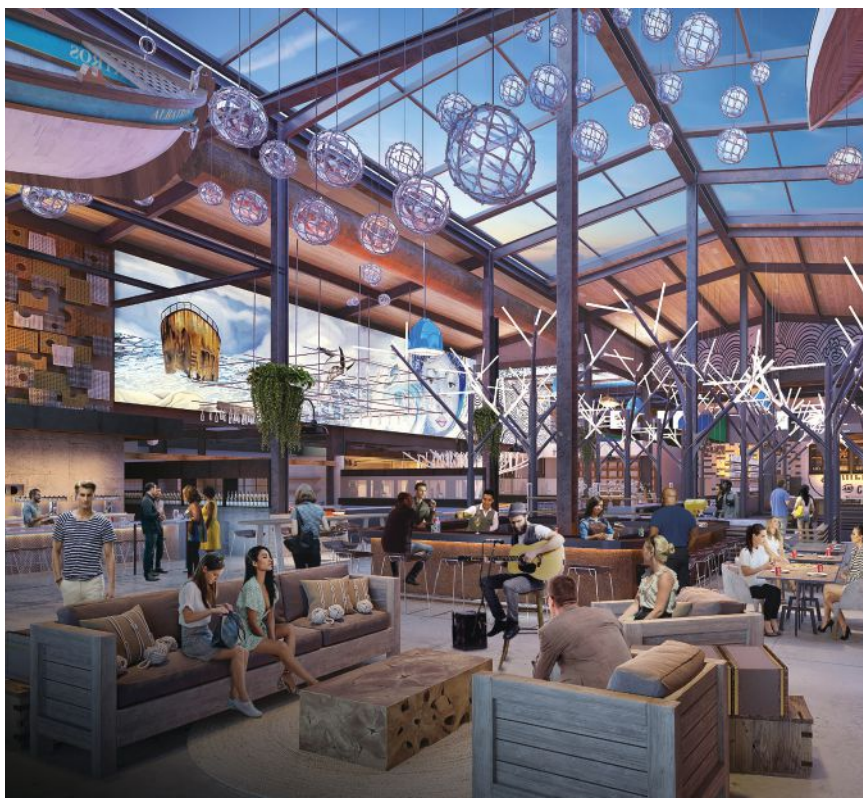
In addition to social distancing requirements in place at present, outdoor spaces will be pressed to further use in the future, creating another point of negotiation between landlords and tenants. Once considered an amenity for guests, outdoor spaces will likely transform into a new opportunity for branding and sales environments.

“The blurring of the lines between indoor and outdoor spaces is going to continue to evolve,” says Sykes. “The landlord’s negotiations with prospective tenants will have to expand into areas beyond the traditional lease line to include engagement with the environments outside their store. More community engagement and focus on social gathering areas will become paramount.”

## THE PANDEMIC IS ACCELERATING CHANGES

For many in the design business, COVID-19 has pushed forward the changes underway in the retail landscape that have been underway for many years. The wave of retail bankruptcies that has hit has already caused some retail owners to rethink the use of properties.

“The pandemic is simply accelerating an evolution that was already coming down



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Many designers are hard at work re-envisioning the regional mall format to mixed-use community. Pictured is a concept rendering by Onyx Creative.

the pipeline,” says Gunning. “Brands unable to keep up are being replaced with newly established digital brands. Department store sites are being transformed into New Urbanist communities.”

The retail environment will likely change at a more rapid pace in the near future with more vacant space and changes in consumer behavior that are developing during the pandemic.

“While more people became accustomed to doing everything online — including shopping — most will continue to crave attractive and welcome physical locations where they can shop, dine, play, work and socialize in close proximity to their homes, workplaces and hotels,” says Ken Smith, partner with AO. “With COVID-19 speeding up the adoption of online shopping, many larger retailers will be forced to close stores, and it will be critical for retail centers to react and adapt to remain attractive.”

This shift will affect the design and make-up of retail environments, from grocery-anchored community centers to super-regional malls.

“The pandemic did not create, but certainly has accelerated, the pace of the inevitable evolution of the retail store from a ‘buying’ trip to a more interactive and experiential activity,” says Jim Baeck, with Design3 International. “The overall center must also reinvent itself to create a more dynamic and experience-provoking

place that will continue to draw the customer away from simply ‘ordering’ or ‘buying’ to an actual shopping center with ever-changing community activities, new and active places to gather, and a sense of exploration and discovery with every visit.”

## BIG PROJECTS WILL RESUME WITH CAUTION

While many projects are underway — all the architects and designers SCB spoke with say their businesses are busy — the timelines for many projects not under construction have changed.

“We are witnessing a slowing of future developments as our clients are waiting

to see how the effects of the pandemic reshape the retail environment in the interim — or temporarily — versus what will become systemic and permanent,” says Baeck. “Another significant drag on considerations of new developments is the reality of which retail tenants will survive, and if they do survive, how will they look and what will they need in the post pandemic world.”

That said, many projects are in the works that reflect the evolving nature of retail. Designers are working on a variety of projects, which contain some forward-thinking trends.

“The redevelopment of large regional malls into neighborhoods or micro-villages is at the forefront of our current work,” says Sanchez with DLR Group. “Many malls have a unique opportunity to be a new downtown for their cities or towns. These developments need to be programmed with the opportunity and choice to live and work in the same neighborhood. Then each mixed micro-village neighborhood can become a district with commerce, office, medical, etc., and connect to other micro-villages via a new mobility/transit network.”

“In an era of an overbuilt retail landscape, it is not surprising that we are doing more redevelopment work,” says Novak with Onyx Creative. “Tenants are demanding better-designed centers. Also, we’ve seen opportunistic developers buy distressed retail centers and upgrade their aesthetics and tenant mix, many of these



Soboba Village is a creative retail environment that is being created on land owned by the Soboba Band of Luiseno Indians. The project, designed by KTGy, is located in Riverside County, California.



in secondary and smaller markets.”

Flexibility and convertibility have become big items for landlords and tenants as the retail landscape changes. Being able to change a space quickly is important for both the owner and tenant, allowing both parties to reconfigure if a business plan isn't working.

“Design flexibility has become the biggest concern for shopping centers,” says Smith with Architects Orange. “Ten to 15 years ago, merchandising a lifestyle center was simpler when a landlord could rely on a few anchor tenants to drive traffic. Today, consumers want to do something — have an experience — not just buy something. Spaces need to be designed with flexibility in mind so they can adapt for new types of future tenants that can provide an unexpected, alluring experience to visitors. These types of tenants increasingly tend to be smaller and have vastly different needs, which is why flexible space planning is key.”

“At a time when our clients are trying to do more with less, as architects and planners we recognize the limitations and possibilities and work to maintain flexibility within a realistic framework,” says Kevin Zak, principal with Dorsky + Yue International. “The goal is to put the pieces of a puzzle together in a way that adds up to something greater, and, yes, that includes integrating experience to create



Buy Online Pick-up In Store (BOPIS) concepts have come to the forefront during the pandemic. Pictured is a concept by NELSON that is designed to be put in place rapidly.

something unique that is the experiential core of the project's identity.”

A number of designers SCB spoke with also mentioned that experience and entertainment are still at the forefront of many developers' plans.

“Consumers haven't lost that desire to engage in something unique and differentiated,” says Harkin. “If anything, the demand for experiential environments has grown as so many remain house-bound.

Consumers will continue to find value in experiences post-pandemic, but the focus will shift to activations driven by meaning, authenticity and connection. Environments that are just looking for PR buzz or fleeting moments on social media will feel forced and empty. Experiences driven by true human connection and emotion will gain more loyal fans.”

For many, ground-up development — especially mixed-use in nature — is still the largest category of project.

“A significant amount of our work includes demolishing old buildings in existing centers to create something fresh,” says Tseng with KTG. “We also recently developed Mod-Market, a retail concept that involves the redevelopment of a strip center into a modular development with rotating shops and community gathering spaces.”

“Landlords have an opportunity to showcase brands in new and interesting ways — with spaces for events that introduce shoppers to new brands and incubate the next generation of retail,” says Gunning. “Shopping center open spaces can facilitate these opportunities to interact with brands. There is pent-up demand for physical interaction; we don't think that need is going to wane quickly once we can go out in the world again.”



Drive-thrus are another in-demand feature that retailers and shopping centers are requesting. Pictured is a concept by NELSON to accommodate different drive-thru needs.



## CURRENT CHANGES WILL LEAD TO HEALTH LONG-TERM

What designers and architects are seeing in the short-term with COVID-19 may have some long-term effects on shopping centers of the future. While clients are forging ahead with projects, keeping in mind trends that were in place pre-pandemic.

“Physical design will need to be reinvented,” says Danny Barnycz, chief creatologist at Barnycz Group. “Experience will be king moving forward. More than ever, you will absolutely need to give people a reason to leave their homes.”

Forging ahead, designers with projects on the books are seeing modifications to projects, while keeping central goals in mind.

“The goals of projects have not changed,” says Jeffrey Hoskin, design principal at CUPKOVIC Architecture. “These include creating unique, safe and comfortable environments in which to spend time. What has changed is what is now considered safe and comfortable. We are all looking at our social settings in different ways at this point. A quality experience is still critical, but what now



Entertainment is still a factor in design. Pictured is 360, a project in Kuwait by CallisonRTKL for client Tamdeen. The center recently expanded to incorporate a Grand Hyatt Hotel and an international tennis complex.

defines a quality experience has been questioned.”

“Experience and placemaking remain the two key drivers of retail centers’ success,” says Rob Budetti, partner with AO. “Even if the coronavirus pandemic has temporarily prevented people from socializing and gathering, we don’t think

this will be a long-term trend. Dining, entertainment and leisure components will keep attracting customers.”

While the aftermath of the pandemic will spell pain for the retail real estate industry, long-term it may lead to a healthier industry. More than a dozen retail and restaurant chains have filed bankruptcy since the onset of the pandemic. While



Manhattan Village in Manhattan Beach, California, is under a renovation that will bring about a reinvention of the landmark center. AO is designing the project.





Rethinking existing structures into new uses is a big focus for many designers. A rendering from Onyx Creative, above, combines outdoor space with a mix of uses.

not all are going out of business, reducing store counts is a goal for most retailers filing Chapter 11. However, as the industry saw in the Great Recession, creativity comes to the forefront in tough times, which means that a number of new retail businesses will likely rise to fill the void.

“Post-COVID, we will likely see a new crop of retailers — and shopping centers finding new ways to feature them for a new generation of shoppers,” says Gunning. “We think that shoppers will return with a new appreciation for the physical shopping environment, but they will be more savvy about omnichannel browsing and purchasing. If malls can refresh the experience with a new mix of stores, food-and-beverage offerings and mixed-use, retail can enter into a new era for a new generation.”

Another noticeable change that COVID-19 will have on retail is space considerations. The pandemic has already pushed shopping center owners and retailers to spread customers out. Long-term, that could mean more space as a requirement. But with space equating to dollars, retailers will be more careful with inventory.

“The spatial needs of tenants are going to change,” says Sykes. “For the restaura-

teurs, these requirements have been quite immediate in response to social distancing and reduced seating capacities. For soft goods retailers, maybe their internal layouts will be reconfigured to include more warehousing of merchandise to facilitate

the convenience of curbside pick-up at the expense of the sales floor. For landlords, tenants’ eventual spatial needs and the perceived values of the rents associated with these new spaces will ultimately become inherent in negotiation and yields.”



Projects are seeking to energize and entertain through a variety of means, including graphics and signage. Pictured is a video sculpture by Barnycz Group for Grandscape in Texas.





Creating new from old, Rooflifters created this Urban Air Adventure Park location by lifting the roof and ceiling height of a former OfficeMax box.

Adding or reducing space for sales and dining means that spaces will likely evolve as retailers make the best use of their physical formats.

“Environments of the future must be multi-purpose, supporting a wide range of programming and functions – and be able to quickly adapt with unforeseen circumstances, whether that’s a pandemic or a surge in traffic,” says Harkin. “Considerations like activating more outdoor space or selecting moveable furniture or fixtures will be part of the on-going discussion.

Now, more than ever, consumers expect retailers to be as nimble and seamless as their online counterparts. Flexible design has a long way to go in bridging that gap.”

Another surprising event may also be in sight: the return of suburban-oriented regional retail.

“Suburban retail is going to have a whole new level of activity,” says Gunning. “Walkability is a new plus as people come out of the pandemic environment. Suburban development and redevelopment is something that might have a bit

of a renaissance.

Many believe that COVID-19 has created a new thought process for retail, one that will be with us for a long time. While there is a want to return to the way things were pre-pandemic, the world will likely not be able to do so with 100 percent confidence even with a vaccine.

“As in any historical event, we as humans learn to adapt and change,” says Watson with inPLACE Design. “We have demonstrated that in the introduction of online retail. Our industry has learned to adapt and find ways to make the physical space just as interesting and viable, even with the shift of retail from the brick-and-mortar to the online experience. We have learned to create spaces where people feel comfortable, entertained and welcome, all while providing the goods and services they come to expect. Like that, this pandemic has provided an opportunity for us to start to adjust and learn.” **SCB**



inPLACE Design helped Wayward Smokehouse in Baltimore create an area that accommodate more outdoor dining during the pandemic.





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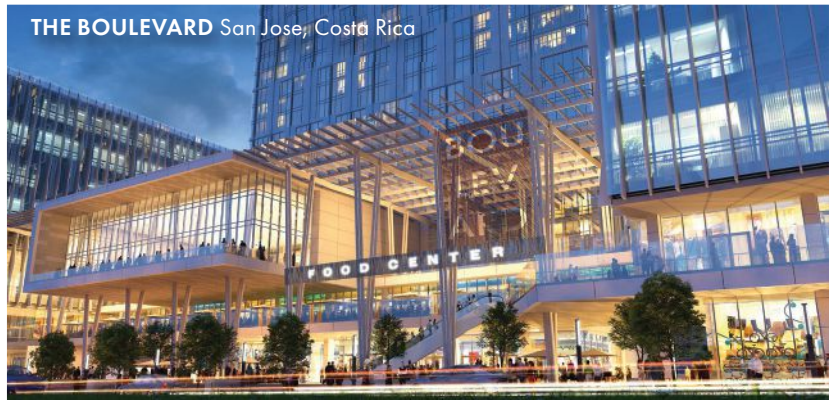
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