

SITE

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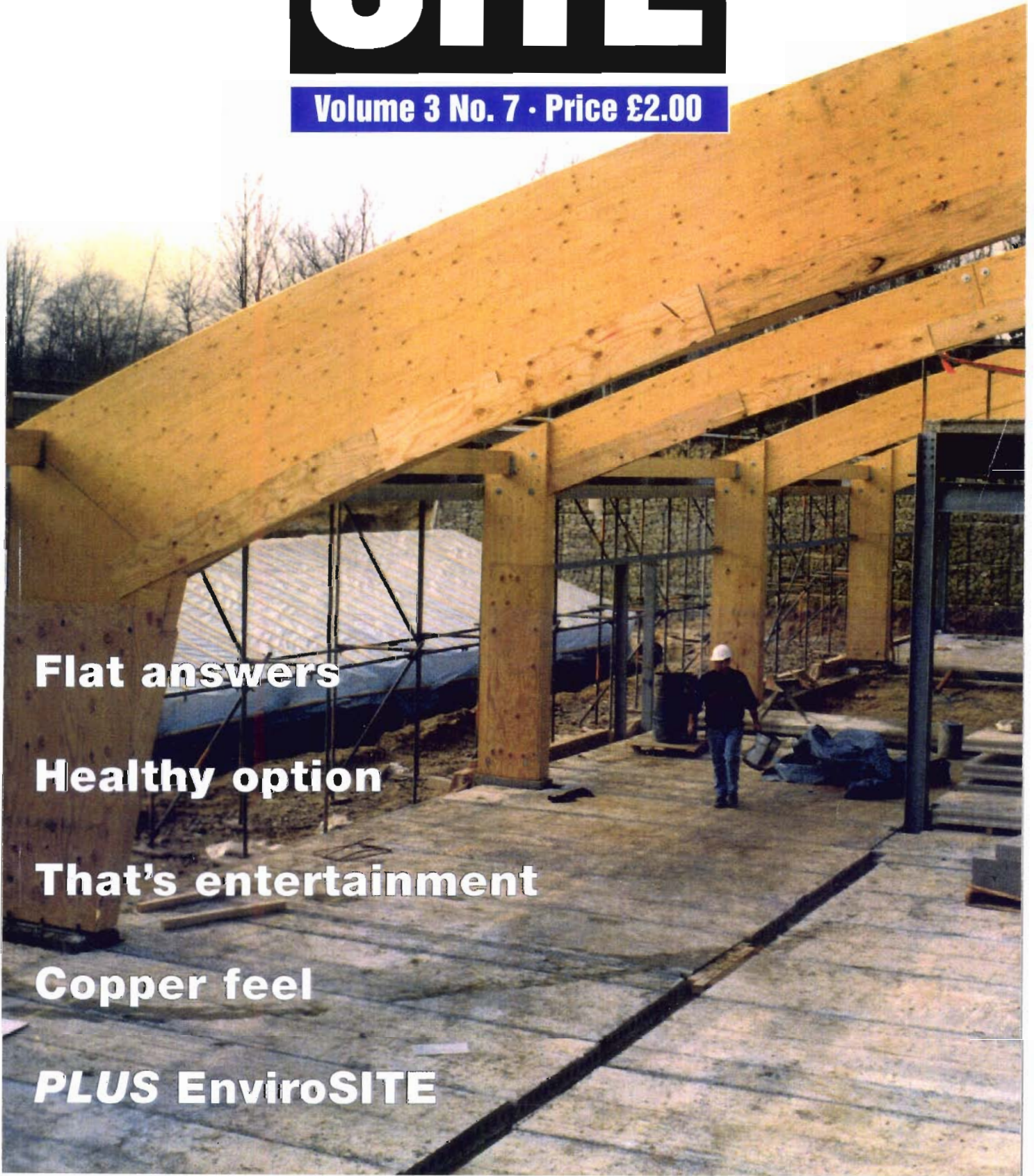
Flat answers

Healthy option

That's entertainment

Copper feel

PLUS EnviroSITE



Point

seeking active uses

by Elizabeth Howard

of Ehrenkrantz & Eckstut and developed by the Simon Property Group.

The mall combines art, entertainment, off-track betting and traditional retailing. The exterior facade looks like a row of old buildings and is designed to maintain the historic integrity of the self-effacing city. The mall offers new opportunities for local residents and for the convention business, being connected to five hotels. As Herman Renfro, senior vice-president of development for Simon Property Group, said: "Circle Centre was designed to attract people who don't work or live downtown to sporting events, art museums, the symphony orchestra, theatres, galleries, concert halls, restaurants and shopping. The mall has created a new vibrancy in downtown Indianapolis."

Citicorp Centre in midtown Manhattan, was a trail blazing urban mixed-use building when it opened in 1977. Adding a stunning grace note to the Manhattan skyline, it also pioneered combining retail with an office tower and was the first mall in Manhattan. In November 1995, a \$27M renovation of Citicorp Centre was undertaken that reflects how the market is changing. The small restaurants are being replaced by one American style bistro targeted to a youthful audience (American baby boomers still behave as if they are twenty-something). The group of small boutiques is being replaced by City Sports, a Boston-based retailer that sells high-performance athletic gear to the educated urban adult athlete. The anchor tenant, Barnes & Noble, with its Starbucks Coffee, popular book-signing events, and couches encouraging to sit and read, has become the singles bar of the 1990s.

Ilana Dreyer, vice-president of Corporate Realty Services comments: "The neighbourhood along Third Avenue has all of

the retailers one finds in a suburban mall. We are working to bring a new spirit and vitality by working together with existing stores, hotels and restaurants. Collectively, we are creating the energy and shopping experience that exist in a mall. After all, shopping is entertainment."

Power among the few

Finally, a trend that must be mentioned when discussing the shopping centre industry in the United States is the consolidation within the industry. The General Growth family of companies includes General Growth Properties, Inc, a publicly owned real-estate investment trust that owns, manages or has interest in 67 regional malls. General Growth Management, Inc, is the largest third-party mall manager in the country, managing 52 regional malls for their owners. These figures include a recent acquisition of Homart, a regional mall developer, previously based in Chicago. Simon Property Group is currently negotiating a merger with DeBartolo, a mall developer based in Youngstown, Ohio.

Most believe the consolidation will continue to result in fewer players on the American scene - clearly consolidating the power among a very few.

In 1991, attendance at the International Council of Shopping Centres in Las Vegas was down and the mood was sombre as the industry was at the lowest point in a down cycle in the real estate market and building had stopped. It was as if the playful cartoon figure Porky Pig had danced off the stage with a gleeful... "Th-Th-That's all folks!"

Entertainment has infused new energy into the industry. The stakes are higher. The technology that creates entertainment (virtual-reality machines, electronic kiosks, television towers, rides and animatronics) carry a big pricetag and a short shelf-life.

There are new litigation risks - what if a

bungee jumper decides to commit suicide on the top of a building and falls through the roof of a mall? (It could happen in Las Vegas). How many theme restaurants, soggy potato chips and over-cooked hamburgers can America absorb? It's all irrelevant. Developers are deal makers and the game is 'hot'.

Hotels and entertainment, retail and entertainment, restaurants and entertainment, the possibilities are endless. If the industry begins to mature in the United States there is always Asia or South America where the shopping centre industry is in its nascent stage. As Frank Rich wrote in a recent New York Times opinion editorial, *Loving Las Vegas*: The onetime capital of sin is now a prototype for the mall of the future, destined to be replicated on a strip of highway near you."

There is an American fascination with 'bigger, better, faster, more'.

Awesome, in a word.



Elizabeth Howard is president of Elizabeth Howard & Company, an international communications and marketing firm, affiliated with Chelgate Ltd in London and Hong Kong. She is a frequent speaker at shopping centre conferences in the United States and internationally, and her articles have appeared in *Shopping Centre World*, *Value Retail News* and *The Jones Report*, among others. She will be participating in the British Council of Shopping Centres Meetings in Edinburgh, during November, 1996.

Moot

Desperately altern

The new role of entertainment - from sea to shining area



For the Times they are a Changing was the theme of the 1996 annual conference of the International Council of Shopping Centres, held in Las Vegas, Nevada during the first week of May. The conference, a high voltage gathering of 25,000 mall owners, developers, asset managers and retailers, played off of the garish neon, high-gloss-glitter and now family-focused theme hotels that define the city of Las Vegas. A more appropriate city for the ICSC meeting could not be found anywhere in the world.

There are four trends currently attracting the attention of the American developer:-

- changing consumer buying patterns;
- the role of entertainment;
- downtown development;
- industry consolidation.

The ICSC estimates that there are approximately 41,235 shopping centres in the United States. These can be broken down into specific categories to more accurately describe the property; yet, by whatever name or size, all mall developers must understand the following: Women's ready-to-wear, which

used to represent 35 per cent of the retail mix in shopping centres now represents 25 per cent. Men's ready-to-wear, which represents 10 per cent, is down to 0 per cent. In the region of 20-40 per cent of the centre space in shopping centres is occupied by something other than apparel. Add to this an aging population (the average life expectancy for an American is 75.8 years old for a woman and 71 years old for a man), the changes technology has wrought in the marketplace and the effect of these changes on the buying and shopping patterns of the American consumer. The developer and asset manager must now identify alternatives to apparel and traditional speciality retail.

The genius of Disney

Entertainment is sweeping like wildfire through the American mall industry. Walt Disney is probably smiling down from heaven in amusement at what is happening. He definitely got it right, location, size and attractions. It is a case that developers still study. Disney World and Epcot Centre in Orlando, Florida are the leading family destination points for American families. Leasing managers' revenues for Disney theme parks and resorts totalled almost \$4bn. Leasing managers salivate at the possibility of a Disney or Warner Brothers studio store on their property.

Mall of America in Minneapolis, Minnesota, or 'the country's largest capitalist carnival', as it has been affectionately named by a number of journalists, opened in August 1992 as the largest (78 acres), fully enclosed retail and entertainment complex in the United States. It was designed as a city within a city, allowing shoppers to explore different 'neighbourhoods' with distinctive street themes. Because of its uniqueness, Mall of America serves as a wonderful draw to out-of-town consumers who

anticipate doing all of their shopping there.

The ideas for entertainment didn't originate in the shopping centre. It was actually the restaurant owners and developers who recognised that the savvy consumer, specifically the MTV generation, expected every aspect of their lives should be amusing and in one way or another interactive. After all, a hamburger is a hamburger is a hamburger... Theme restaurants were freestanding until developers recognised the lines along the sidewalks, the publicity generated by publications targeted to Generation X and the role celebrity affliction and gossip played in selling these restaurants.

The reign of Hard Rock

Music trends may lean toward punk rock, but traditional rock'n'roll sells. Hard Rock Cafes, hotels and shops, are becoming ubiquitous around the United States. If it is un-American not to experience Disney World, it is unpatriotic for citizens of the world not to own a Hard Rock T-shirt. Step onto a plane in Moscow, Budapest or Cincinnati and you will spot at least one. At both the Hard Rock Cafe and Planet Hollywood, sales of sweatshirts and caps account for 40-50 per cent of the annual revenue.

At the Forum Shops at Caesar's Palace Hotel in Las Vegas, sales per square foot are estimated at \$1,200 by Simon Property Group, who developed the mall. Reservations at restaurants located in the Forum, such as, Planet Hollywood and Spago's, must be made weeks in advance.

Downtown is happening

With the emphasis on entertainment and the developer's quest for new possibilities, the focus is shifting to downtown.

Circle Centre mall in Indianapolis, a second-tier city, smack in the middle of the corn belt in Indiana, was designed by the architectural firm