

THE FUTURE OF THE SHOPPING MALL

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AFTER MORE THAN 50 YEARS OF SUCCESS, SHOPPING MALLS ARE NOW EXPERIENCING THEIR FIRST CRISIS. WHAT CAN THEY DO TO COME BACK OUT ON TOP?

In the USA, home of the shopping mall, increasing numbers of shopping centres are fighting for survival. According to US real estate service the CoStar Group, every fifth mall is suffering from a significant number of vacant shops and around 15% of US malls are forecast to close in the next ten years. In Europe, too, the shopping-centre success story has gone awry: following years of booming construction, new centres built since 2012 are few and far between and tend to occupy comparatively small sites. The market appears to be saturated.

But this downturn is not affecting the entire sector. Luxury malls like **Bal Harbour Shops** in Florida and **The Grove** in Los Angeles report an annual turnover of more than 20,000 USD per square meter. This crisis is not being felt in malls in the Middle East or Asia either. So what is it that so many US malls are

doing wrong? "The properties that are experiencing problems are in difficult locations, often far away from the city limits, or else have developed in the wrong way and are not catering to people's needs," says Klaus Striebich, Director of the German Council of Shopping Centres. "The situation in the USA is comparable with that in Germany and Europe. In Germany, all current plans for new malls are in city-centre locations."

His association recently awarded the European Innovation Prize to **Bikini Berlin**, making it the first concept mall to receive the award: "The unique architecture of the heritage-protected building and its range of eclectic yet closely aligned uses make it what it is – the new old centre of City West." Striebich also sees opportunities for other centres: "It is very important for the centre to be integrated into

the city's existing architectural context. The centre can strengthen the entire city centre; in many cases, a well-managed shopping mall can noticeably revive the city as a marketplace."

The demands of retail expert Marco Atzberger from the Cologne-based EHI Retail Institute ring true from the green meadows to the inner cities: "High footfall in city centres is a ray of hope for brick-and-mortar retail. Shopping centres with a high profile and an attractive range of tenants will remain relevant." Philip Evans, CEO of retail specialists TriGranit Management, takes this further, saying that centre managers should dedicate a quarter of the space to leisure and entertainment. It is time for a move away from egocentric power shopping, towards a family-friendly shopping experience in the shopping centre of the future.

