

## **Second Chances: Shopping Centers Welcome Bold New Uses**

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The rise in experiential retail is taking hold, with shopping centers evolving to offer more than just apparel retailers and department stores. Owners and operators are recognizing that human beings crave social interaction, so many are revitalizing their properties to serve as central gathering places for people not just to shop, but also to dine, learn, stay fit, and even live full-time. Restaurants have certainly emerged as valuable mall tenants. For the first time ever in 2016, U.S. restaurant sales topped grocery store sales. To stay ahead of this trend, retail properties are shifting more of their space to new dining options. A decade ago, space for foodservice within existing properties was about 5 percent. By 2025, retail analysts expect the proportion of space in shopping centers dedicated to food to reach as high as 20 percent in some markets. Other centers are thinking even further outside the box. In Texas, for instance, a former mall is now owned by Austin Community College, which is preparing for new apartments and 25,000 square feet of retail in a mixed-use, learning community.

A passion for fitness is another thing that brings people together, and shopping center owners are capitalizing on the boom in health clubs. Southdale Center in suburban Minneapolis, for instance, has plans now underway for a three-story Life Time fitness facility to take the place of a soon-to-close JC Penney department store. In addition to the rise in dining out and personal fitness, there is the rapidly growing business of health care along with a need to make it more accessible. In 2007, Vanderbilt University agreed to build a 450,000 square-foot medical center at Nashville's 100 Oaks Mall. In the 10 years since, traffic has increased at remaining stores, and occupancy rose from 45 percent to 99 percent by the time the property was resold in 2012. Industry professionals are hopeful that retail real estate will always be a dynamic industry that adapts and evolves to meet the demands of the general public. Their spaces are flexible enough that operators and investors can continue infusing retail real estate with creative energy and new thinking about what a center can be.