

RETAIL

Shopping malls are growing, not dying: Placer.ai

October 19, 2021



Despite the widespread adoption of ecommerce and the pandemic's effect on daily life, shopping malls are here to stay. Image credit: South Coast Plaza

By NORA HOWE

Shopping centers are not only surviving the pandemic-induced ecommerce boom, but with more malls opening than they are closing, research shows they may be thriving.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to analytics platform [Placer.ai](#), top tier malls across the United States have been steadily recovering since the beginning of this year, with indoor mall visits in July 2021 rising 1 percent above visits in July 2019. During a webinar on Oct. 14, retail industry experts discussed how shopping malls have adapted during the onset of the COVID-19 pandemic.

"We are starting to see store closure levels back to what they were in 2018, so more stores are opening now than closing," said Alanna Loeffler, managing director of business strategy of Americas retail services at [Cushman & Wakefield](#).

"Mall and shopping center owners are also analyzing their tenant mix and looking for the right retailers to drive long-term foot traffic to fit the needs of their communities best."

The Placer.ai Index analyzes data from more than 100 top-tier indoor malls and 100 outdoor shopping centers across the United States, in both urban and suburban areas.

Placer.ai uses anonymized location information from a panel of 30 million devices and processes the data using industry-leading AI and machine learning capabilities to make estimations about overall visits to specific locations.

Myth or fact

Bricks-and-mortar retail is back, according to David Spawn, vice president of research at [Brixmor Property Group](#). He suggests physical retail never went away, but that the road to revival is going to be challenging.

"Quality retail was always here," Mr. Spawn said. "Retail that served the communities in which they operated were successful, while poorly operated retail diminished, and in its place we have better quality retail which will remain."



Sephora entered a long-term strategic partnership with department store chain Kohl's to grow its footprint across the U.S. and reach affluent suburbanites. Image credit: Sephora

The suburban shift is also here to stay, and it is going to give a significant boost to suburban-based retail.

"First, the pandemic drove city dwellers to look for more space," Ms. Loeffler said. "Second, millennials, who are the largest segment of our population, are starting families and looking for larger homes, and that really helped to drive the migration to the suburbs.

"I think we might start seeing some of these urban chains following the consumers to the suburbs," she said. "It will be very interesting to see how that retail mix changes."

Without a significant boom in housing construction, however, urban residents may find it challenging to leave their respective cities.

"From a retail perspective, I imagine it is the quality of the people in the suburbs that will make the difference, not necessarily the number of people," Mr. Spawn said.

In terms of city recovery, both experts agreed that city recovery is possible, but it will take time and some will recover faster and stronger than others.

Part of this recovery relates to changes in work styles, with remote work becoming more permanent and acceptable than simply an immediate solution to a problem.

"I believe a flexible work environment is here to stay," Ms. Loeffler said. "I think there are many reasons why going into an office is important.

"However, we have been looking at what amenities building owners and companies need to offer to drive that return-to-office," she said. "We are going to see a lot of innovation around office retail."

In terms of mall recovery, companies will continue to invest in top-tier shopping malls which will in turn attract retailers.



Shopping malls that work with their retailers to serve the wants and needs of their communities will thrive. Image credit: Visit Phoenix

"Eventually, what we may see is a super top-tier group of about 35 centers who are going to drive innovation across the country," Mr. Spawn said.

Malls are now bringing in retailers that are offering new experiences geared to the needs and wants of their communities.

"Many of these malls were faring well before the pandemic, and already had a diversified tenant mix," Ms. Loeffler said.

New in-store expectations

Many retailers have been revamping in-store experiences to bring services across a multitude of channels to entice digital-first consumers.

U.S. department store Nordstrom partnered with Dover Street Market Paris to highlight emerging designers through curated concept shops.

The two retailers now feature seven individual brands under the brand development brand of Dover Street Market Paris and their spring/summer 2021 collections in select Nordstrom stores and online. This was the first time Dover Street Market Paris partnered with a retailer for a shop-in-shop experience.

With a common goal of championing up-and-coming creatives, the partnership combines Nordstrom SPACE's efforts to support diverse brands with Dover Street Market Paris' roster of emerging and independent labels ([see story](#)).

British department store chain Harrods entered the luxury streetwear game through a new partnership with online luxury sneaker and streetwear consignment store [The Edit LDN](#).

Popular among celebrities and professional athletes, items from The Edit LDN are now available to Harrods shoppers, who will be able to view, experience and purchase the latest limited-edition sneakers from the online brand.

The Edit LDN sells some of the world's most coveted sneakers from brands including Yeezy, Jordan and Off-White, connecting resellers with a highly engaged and passionate community ([see story](#)).

"We are also seeing a lot more collaboration between tenants and landlords to be more innovative in their shopping experiences," Ms. Loeffler said.