

An exclusive report by Mark Faithfull for MAPIC

SHOPPING DESTINATIONS: RETHINK, REFRESH, RENEW



THREE BIG QUESTIONS

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As retail centres evolve into multi-use locations and lifestyle destinations, we ask the experts how they will continue to change and what we should expect next.

That shopping centres have become far more than they were is not in debate. The rise of mixed-use has become the de facto for any new scheme and the introduction of other use types into existing centres is now the priority for assets. Yet while the densification of projects to add commercial space, residential, health and well-being, leisure and even logistics has become well-established, many are now giving thought to what comes next. After all, consumer tastes and trends have driven much of the current generation of destinations, so surely they will continue to do so.

This is a question to be considered. **Edouard Dequeker, Research Engineer for the Chair of Urban Economics, ESSEC Business School**, says: “The concept of mixed-use comes from a new global macro-economic and technological context that arose in the 1990s onwards. Post-War growth had been mostly suburban and based on a separation of functions within cities - residential, industrial, office, retail - as well as flows - pedestrian and cars tending, for instance, to be separated. Conversely the dotcom boom and its effect on the geography of employment has generated worldwide and ongoing ‘metropolitisation’. Companies as well as people are settling back to dense urban areas.” He says that as a result, metropolitan areas have responded by offering a wide amount of services to a large variety of targets - inhabitants, workers, companies, students, and in some cases tourists - within more and more dense spaces.

“City-centres are especially pressured to respond to these similar needs of the populations living among different metropolitan areas but with partly similar ways of life: hence indeed the risk of copycats when it comes to mixed-used projects in such contexts,” says Dequeker.”

However despite such similar trends, each mixed-used development - for its own success - has to connect to a wider urban environment, with its specific spatial structure (monocentric, polycentric, more and less dense, etc.) and demographic and socio-economic trends (different growing parts of the city, future evolution of local and metropolitan needs from consumers, private firms, tourists, possible cultural specificities of each context etc.)” In other words, each mixed-used development has to be well positioned (not only in spatial terms but also in a marketing mix approach), within a specific and

evolving urban context; and thus despite common trends, specific weighting and innovations have to stem from a very precise diagnosis and strategy

“Eventually, in doing so, this calls for an adapted governance of the project, involving a wider set of parties (including, for instance, local and metropolitan public actors, or perhaps citizen participation when conceiving and maybe carrying out the project),” he adds. “For all these reasons, a MAPIC session on city centres has presented different projects which of course have similarities - retail, leisure, offices, housing, etc. - but with different weighting of these uses and some specific innovations within these different uses.”

Dequeker believes that this connection of the project to a wider local and metropolitan ecosystem is a necessary way of minimising the risks of external, unanticipated shocks in tastes and needs. The diversity of services provided by dense urbanity in metropolitan centres can thus act as an insurance for investors, as opposed to peripheral traditional retail centres for instance, or mono-industrial urban contexts such as Detroit.

“Metropolitisation trends are set to continue for some decades, at the benefit of large cities especially,” he says. “Just like the weighting of different uses, the key here is the connection to the spatial and multi-party ecosystem that maximises the understanding for developers of the environment and its evolution, and thus the possible evolutions necessary for the project.”

As to what comes next, he believes this is very hard to predict. “What I would say is that uses and needs evolve more and more quickly, which means that places, whether buildings or neighbourhoods, have to be conceived and managed with the maximum flexibility and adaptability,” says Dequeker. “The time and space frontier between work, consumption or leisure will probably continue to blur, which will raise the expectation of economic players towards places at the benefit of those that can offer unique experiences, while responding to individual specific needs, such as co-working at some point during the day, having coffee at a specific time, buying clothes, meeting people for different purposes in another etc.” ■



CAN YOU BE ORIGINAL?

1. The concept of mixed-use is well-established but to avoid future developments becoming copycat, how do you decide on the right mix and uses?



Joao Cepeda, President and Creative Director, Time Out Market

“We use editorial curation. The knowledge of our Time Out journalists, critics and reviewers is the key for our main decisions and to evaluate the right mix for each one of our projects. Apart from that,

we try to design places that are true platforms. Adaptable and changeable sites, totally open to the never-ending rotation of trends. The more we are true to this process and velocity, the less we have to worry about copycat projects or even boring contexts.”

Myf Ryan, Strategic Marketing, Unibail-Rodamco-Westfield

“We are actively pursuing a densification strategy of our assets and decide on the right mix of use for each location. Our decision is informed by the consumer. We are forensic in understanding our consumer needs today and in the future with research linked to all stages of development. “Retail remains key, but our strategy is to increase the densification of our destinations, with plans to boost the mixed-use nature of our portfolio by



adding offices, residential, hotels and other mixed-use projects, where relevant. At a group level, our €10.3bn pipeline is well positioned for a mixed-use future, now with 50% of the GLA in retail and the rest in dining & leisure, offices, residential, and hotels. Our focus on mixed-use development has been a long-term business strategy as evidenced by the nature of our flagship destinations globally such as Westfield London and Westfield Stratford City with a mix of retail, dining, leisure, residential, offices and hotels.”

Lorraine Dieulot, Real Estate Director, Saguez & Partners

“There is no one transversal recipe for every mixed-use. That would be a mistake! A mixed-use building in Saint-Ouen can’t be the same as the one in Berlin or Milan. Saguez and Partners is working at a pan-European level and each time, the knowledge and understanding of the local’s needs, way of living and expectations is key to establish the right mix and programme. We are convinced that the content is more important than the container and so the designer and architect aim is to enhance a tailor-made programme thanks to a well-thought layout and volume.





CAN YOU BE ORIGINAL?



Milen Gentchev, Global Operations Director, Ingka Centres

“There is no ‘one size fits all’ approach. There is no formula that says, for example, 30% retail, 20% leisure, 25% residential etc, that can be applied to multiple locations. As owners and developers, we

constantly need to ask what the local demographic wants or lacks, what will make peoples’ lives better? “We are constantly analysing today’s and future needs of the community, and anticipating how the local eco-system will evolve in a foreseeable period. How tourism will reshape the area. What is the demographic profiling of the area today and tomorrow? What changes will happen in urban development? All these questions are important to understand who the end-user of the place will be. “If we are asking these questions, mixed-use projects should always be different, because different communities need different things. It sounds simple, but if the surrounding area is populated with young families, it could make sense to incorporate kids’ edutainment. If there is a higher proportion of millennials, flexible workspace may be a better use. “We work with local organisations, authorities, brands and people to co-create destinations. Researching local demographics and stakeholder requirements is key to our first city centre ‘meeting places’ for Europe, Asia, North America and Oceania. This is part of our €5.8bn investment programme to transform our business. “We hold what we call ‘Meeting Place Making’ workshops with a wide range of stakeholders. The focus groups guide us in creating innovative,

localised destinations. They include a deep analysis of the surrounding environment, with a ‘create’ session to define unique offerings. The goal is to get everybody visualising how the destination will look and feedback. Finally, we calculate the value the destination will add for customers, co-workers and the community.”

Nabil Slitine, Chairman & CEO, M Avenue



“The mixed-use project is a concept that has been well established in locations around the world. Our criteria however for selecting such projects is whether we are able to offer hospitality and branded residential components, which are our core speciality. In addition, our focus has been on sites that are located in the heart of city downtowns in order to revive the city centres. Other components depend on the market needs, whether it is an educational, cultural, wellbeing, business centres or retail components. I should also specify that we are operating in African destinations which are not yet familiar with the mixed-use projects.”



Olivier Bossard, Group Chief Development Officer, Unibail-Rodamco-Westfield

“Our core belief is that mixed-use development should have a strong local anchorage to be relevant. The approach must differ depending on regions and people’s needs. In

countries where there are no city centres as such, our centres are increasingly hosting services such as doctor’s offices, leisure and sports. In others, we are moving towards mixed-uses including a share of offices or co-working spaces, hotels or housing. “Many of our centres were built on the outskirts but have gradually been integrated into the city through urbanisation. In Hamburg, in a space gained on the port, next to the Philharmonic, we are creating a whole district with a cruise terminal, hotels, shops, offices and housing. In London we build hotels and apartment buildings next to our centres. In Paris, Les Ateliers Gaité will be a real Parisian district, with a shopping centre (including a large fresh Food offer), housing, Paris’ largest second hotel by capacity, a nursery, a library, etc.”





CAN YOU FUTURE-PROOF?

2. Tastes and needs will continue to evolve. Can you really future proof your investment?



Joao Cepeda, President and Creative Director, Time Out Market

“We think we can future proof our investment because our model is extremely flexible, and prepared to rapidly change whenever needed. And our curation staff are incentivised to read societal signs in a different way than any commercial team. Honest research work, plus professional and unbiased journalism, should enable us to anticipate the more relevant consumer challenges.”



Myf Ryan, Strategic Marketing, Unibail-Rodamco-Westfield

“We’re always exploring the ways consumers will be shopping and living in the future and using those insights to shape our strategy and our developments. Our ‘Destination 2028’ concept is the perfect example, revealing how retail destinations might look in the next 10 years. We also have our How We Shop research platform, through which we continue to identify trends and create solutions. These have included The Trending Store at Westfield London, the UK’s first AI-powered fashion store, which stocked items that were selling well online. It’s one example of the trends already shaping the future at our flagship destinations, which span beyond the traditional shopping centre offering.



Lorraine Dieulot, Commercial Real Estate Business Unit Director, Saguez & Partners

No one can forecast the future but our role as designer and architect is to enable it! So tomorrow’s questions are about reversibility, restructuring of existing assets and sustainability problems. And for the end-user, the main concerns will always remain the accessibility, quality and easy to use. Our ambition is to create durable and quality places with an identity that will stand the test of time and generate strong bonds with the users and inhabitants.



Milen Gentchev, Global Operations Director, Ingka Centres

“Modern mixed-use also needs to be flexible and adaptable, with consideration for a building’s longer term lifecycle. Placemaking is another important part of ensuring mixed-use projects can stand the test of time. In Russia, we interviewed 110,000 MEGA mall customers to understand their demands and responded to them by creating experiential ‘places’ that can’t be replicated online. This led us to introducing MEGA Parks – state-of-the-art-parks with areas for sports, ice rinks, playgrounds and green spaces, alongside event spaces for community groups and partners. Spaces like these are timeless.



CAN YOU FUTURE-PROOF?

“Addressing the digitalisation of retail is also fundamental. The key lies in embracing digitalisation, not seeing it as a threat. Remember, technology enables us to collect data and be closer to our customers than ever before. Landlords can use it to help tenants understand their customers better, and connect with them in a way they haven’t been able to before. But above all, foresee trends and adapt their asset’s offering accordingly. “Asset owners must also pay attention to technology-led offerings. This is particularly important if major capex is being considered to develop tech-based entertainment, edutainment or virtual reality. How easily can it be updated? Is it catering to a long-term trend or just a passing fad? Will non-digital assets such as skate parks or flexible pop-up space actually be easier to update and better for the long term?”



Nabil Slitine, Chairman & CEO, M Avenue

“The main criteria to future proof our investment is to make sure the real estate component has a strong market plan. It is almost impossible nowadays to develop a project and not to pre-reserve, in order test the market even before the construction phase begins. With

regards to the evolving tastes and needs, this makes our development team always work harder in anticipating the new trends in our markets as well as to be creative with new customer experiences.”



Olivier Bossard, Group Chief Development Officer, Unibail-Rodamco-Westfield

“A project often takes 10 to 12 years to open, which means that several time horizons have to be reconciled. On the one hand, our projects aim to meet the long-term expectations of a territory by creating mixed spaces, which reinvent the way we live together and bring daily benefits to the people of a city or region, while offering them extraordinary entertainment and experiences. On the other hand, we regularly review these projects to adapt them to the evolving expectations of visitors. “To do this, we combine an approach of listening and dialogue in the field with the perspectives of our research and innovation teams, who study consumer trends and refine customer knowledge through data. We have also launched the URW Grand Prix Commerce to identify young brands with high potential that will make the trade of tomorrow.”



WHAT COMES NEXT?

3. Do you see break-out new uses on the horizon?



Joao Cepeda, President and Creative Director, Time Out Market

“We see new uses every day. Both the changes in the interest for food and the changes in the uses of retail are so deep and dramatic that we can’t avoid thinking about different solutions at every corner. And although it became a cliché, experience is still the simple word that explains most of those uses.”



Myf Ryan, Strategic Marketing, Unibail-Rodamco-Westfield

“Along with delivering significant benefits for our retail business – including increased footfall, spend, inward investment – our mixed-use developments also reflect our long-held commitment to creating city districts. Mixed-use projects are an opportunity to create a real lifestyle environment around Unibail-Rodamco-Westfield centres. “By building new homes and offices, we’re also helping to attract further inward investment and continuing to act as a catalyst for wider regeneration. This is central to our Better Places 2030 strategy, aimed at transforming and future-proofing our portfolio, giving purpose to our

teams, drive to our retailers, experience to our visitors and shared value for our communities. “We have consistently led the industry in bringing new concepts into retail destinations and alongside these new retail concepts, we’re also creating increasing space dedicated to events and entertainment. A good example is at Westfield London, with Westfield Square, our dedicated outdoor entertainment and events space, and Exhibition London, a new 3,000-capacity venue space in the adjacent iconic Grade II listed Dimco building which will open this November and will host major music and fashion events as well as corporate entertainment.”



Milen Gentchev, Global Operations Director, Ingka Centres

“Lately, we have been watching the arrival of co-working spaces, which is becoming quite common. In the future we could see more specialised venues based on specific population profiles with an integrated offer. For example, senior living infrastructure, supported by related services like health clinics, and related retail and F&B. There is also a very

WHAT COMES NEXT?

clear lack of residential for students, which generates a whole eco-system of services, retail, supporting educational facilities, leisure, etc. “Leisure and entertainment concepts with a digital profile can also offer new possibilities. In the past, the inability to miniaturise strong concepts made it difficult to incorporate this component in city centre projects, but with today’s technologies, small places can provide great experiences, with much more reasonable investment levels. “Our first urban mixed-use project in Shanghai will include IKEA-inspired offices and apartments, LIVAT centres with around 300 stores, major public spaces, roof gardens and Scandinavian-inspired streets. They will be true ‘work, live, play’ mixed-use destinations. “Bespoke flexible spaces for a more omni-channel world are also becoming more common. For example, Underline is a new concept space for fashionable millennials we introduced at one of our Moscow MEGA malls. The 6,000 sq m fashion and lifestyle space is designed for brands that have developed online to establish a physical presence, perhaps for a short time. Underline also includes space for pop-ups and co-working.”



Nabil Slitine, Chairman & CEO, M Avenue

“Cultural and recreational uses are strong trends in the mixed-use projects. Wellness is also becoming a strong component in addition to entertainment.”



Lorraine Dieulot, Commercial Real Estate Business Unit Director, Saguez & Partners

“There is a lot of new uses mixed and tested right now but this is always about office, retail and hotels...some new residential destinations as co-living may be added on the top of it but this is still an extension of the classic needs: work, rest, shop, travel. So the break-out uses is not a ‘what’ but it’s a ‘how’. Today all the mixed-uses places are built like a Lego box, with distinct plots leased by tenants. Tomorrow, if we want to really achieve a mixed-use destination, all tenants will deliver uses open to the others with a ‘conductor’ to make it work. This is a real shift of real estate mindset!”



Olivier Bossard, Group Chief Development Officer, Unibail-Rodamco-Westfield

“We explore more and more shared uses, such as co-working. For example, at Les Ateliers Gaité, we already signed a partnership with Wojo, the coworking brand of Accor Group, to operate more than 13 000 sq m of offices. At a time when the population is concentrated in large urban areas, densification is a necessity, and we are convinced that in the mid-term mobility in the future will be more and more shared, even in countries where cars are predominant, such as the United States. From this point of view, our car parks, which will be less used thanks to new mobility, are formidable land opportunities.”

