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More Than

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Teams that are making over shopping malls must keep an eye on requirements. **BY AMBREEN ALI**



Rendering of the City Center
Bishop Ranch project in San
Ramon, California, USA

tores

Massive shopping centers can't compete with online convenience. Digital retail sales are skyrocketing, reaching US\$2.3 trillion last year—a nearly 25 percent increase over the previous year, according to a 2018 report by eMarketer. So a surge of projects is underway around the world to redefine the shopping mall experience—with scopes that go beyond typical shops and restaurants. Sponsors have a simple goal: Boost sales by giving customers more attractions so they stick around and shop.

Some projects bundle traditional stores with places to eat, gather and live. Sunset Development Co. hired Italian architect Renzo Piano to design a multiuse facility in San Ramon, California, USA built around an outdoor courtyard inspired by Italian piazzas. The scope of the US\$750 million City Center Bishop Ranch project includes a hotel and nearly 500 housing units.

In developing economies less saturated with brick-and-mortar retail options, project teams are trying to catch the attention of growing numbers of middle-class shoppers. The facade of the Palladium Chennai mall in Chennai, India, which opened in February, resembles a Chanel handbag. The project is part of a mall project boom in the country: 25 new malls are expected to open this year, compared to just six last year, according to Cushman & Wakefield.

“India has been witnessing an evolution in the retail space,” says Pankaj Renjhen, managing direc-

tor of retail services, PMI Global Executive Council member JLL India, New Delhi, India. “The success of a shopping mall is dependent not just on the sales opportunity it offers to retail-

ers, but also the overall shopping experience it provides to customers.”

The same evolution can be seen in Mexico. Thirty-four mall projects are underway, and bold features are becoming the norm. The Parque Las Antenas, a 102,190-square-meter (1.1-million-square-foot) facility that opened in Mexico City this year, is the world's first shopping mall with a rooftop amusement park. The US\$138 million Harbor Mérida project in the Yucatan Peninsula slated for completion this year will feature an 8,000-square-meter (86,111-square-foot) man-made lake.

For project managers, the widening scope of mall projects presents new demands on their time and skills. They must ensure the mall attracts customers by lining up a head-spinning number and variety of tenants and vendors—making sure the facility meets all of its customers' needs. The crowded stakeholder landscape can lengthen a project's risk

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Rendering of Parque Las Antenas in Mexico City, Mexico. Below left, Harbor Mérida in Mérida, Mexico. Below right, Palladium Chennai mall in Chennai, India



“Every day, we find a new challenge associated with the intricate design and marrying the complexities of the various tenants.”



—Jeff Dodd, Sunset Development Co., San Ramon, California, USA

register—which heightens the importance of the planning phase.

“For timely execution of the project, it is a must that planning and management functions be centralized. This will ensure there is good coordination with all vendors and consultants involved,” Mr. Renjhen says. “Key requirements of tenants should be factored in right from the initial stages of development planning. This will avoid any restructuring or other developmental issues at later stages of execution.”

SAFE SHOPPING

Many foreign brands looking to set up shop in India are attracted to shopping centers in part because the facilities offer security infrastructure that a

stand-alone storefront would not have. But mall security requirements involve protecting shoppers as well. In many regions of the world, mall projects are in part propelled by a need to create safe public gathering spaces. For example, some people in Mexico see shopping malls as a haven from drug cartel-related violence that has made many outdoor public spaces unsafe.

But implementing a facility’s security features can be tricky for project leaders. Tenants might worry about whether checkpoints will hurt sales, for example. Novare Gateway, a mall in Abuja, Nigeria that opened in November, limits access to stores via select entrances that can be monitored. Novare Matola, another project developed



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—Henk Olivier, Novare Equity Partners, Cape Town, South Africa



Mexican developer GICSA has proposed “malltainment” shopping center projects featuring live event venues and fairgrounds.

by Novare Equity Partners that was completed in December in Maputo, Mozambique, features a similar security approach.

“Our retail centers should be meeting places where customers and their families can spend quality time together. So security is a significant consideration during the design of each development,” says Henk Olivier, financial structuring manager, Novare Equity Partners, Cape Town, South Africa. “And security risks are monitored on an ongoing basis throughout the life cycle.”

Security issues for the NGN5 billion Festival Mall project in Lagos were complicated by the fact that the 13,000-square-meter (139,931-square-foot) facility is part of a larger mixed-use development featuring resi-

dences and a hotel—all secured with a gated entrance. “Initially this was an issue: The retail tenants protested that the security checkpoint was an obstruction to traffic flow and discouraging to customers,” says project manager Frank Fomah, PMP, team lead—retail and commercial projects, UACN Property Development Co. PLC, Lagos, Nigeria. “However, with continuous engagement and enlightenment, we got past the challenge.” His team conducted ad hoc meetings with concerned stakeholders and ultimately convinced tenants that the benefits of security checks outweighed the drawbacks.

FEET ON THE GROUND

To attract a wide array of customers, mall project

teams are designing facilities with many uses in mind. For example, the two Novare malls that opened late last year feature “FunWorld,” a children’s entertainment area. Novare Gateway also includes a grocery store and meeting space for business travelers who might be on their way to a nearby airport.

Managing the construction of such multiuse facilities can be tricky, however. Mr. Olivier says his organization always has a team on the ground at the project site when implementation begins to ensure everything moves as smoothly as possible. Although this adds costs to the project upfront, it reduces the risk of budget overruns and delays. “You cannot manage a mall project effectively from a remote location,” he says.

Novare teams also reduce risk by centrally managing as much of a project as possible. Instead of bringing in subcontractors, the organization’s teams directly procure supplies and labor from local ven-

dors. “In the economic environments we operate in, it’s important to keep construction costs as low as possible,” Mr. Olivier says.

The Renzo Piano-designed City Center Bishop Ranch project in San Ramon, California is being developed and will be operated and managed by Sunset Development’s team. “We have our own development team, we do our own property management, we even have our own landscaping team,” says Jeff Dodd, senior vice president of retail, Sunset Development Co., San Ramon, California.

Mr. Dodd, who oversees leasing and operations for the five-year project, holds weekly calls with the leasing team from his office. “We feel like the best projects are developed and managed by the owner. Certainly one that’s as complicated and intricate as this one, you really have to have a careful eye, watching it daily to make sure that you bring it in correctly on budget and on time,” he says.

The project’s design leans heavily on glass to create



“The success of a shopping mall is dependent not just on the sales opportunity it offers to retailers, but also the overall shopping experience.”

—Pankaj Renjhen

Don't Call It a Mall

The U.S. has a glut of retail space. Projects to repurpose languishing shopping centers are multiplying.

In many cities around the United States, malls stand as a vacant monument to an era when brick-and-mortar retail dominated. Just half of the existing 1,200 malls in the U.S. are expected to be in business by 2023. Many of these expansive spaces are being reinvented for new kinds of tenants—such as churches, schools and corporate offices.

BUILT-IN WORKFORCE ▶

Last year Fairlane Town Center in Dearborn, Michigan completed a project to renovate 240,000 square feet (22,297 square meters) formerly inhabited by a department store chain into office space for Ford Motor Co. Project benefits are trickling down into the restaurants remaining at the mall, as Ford employees venture out for lunch.



PHOTO COURTESY OF FORD MOTOR CO.



GET SOME GROCERIES

Staten Island Mall in New York, New York is in the middle of a major expansion that will move the focus from retail to entertainment. New tenants include gaming and arcade chain Dave and Buster's, a supermarket and a bank.



SOUND AND VISION

CityPlace in West Palm Beach, Florida last year transformed a former Macy's department store into an artistic experience. Outside, there's a large mural. Inside, a sound installation has taken over the store space amid the clothing racks and other debris left behind. According to mall owner and sponsor Related Cos., the idea is to use cultural offerings to attract shoppers to other parts of the mall.



COCKTAIL HOUR

Ballston Common Mall in Arlington, Virginia is undergoing a US\$330 million renovation that will deliver a bowling alley and a cocktail bar, as well as a new name: Ballston Quarter. Two-thirds of the building's roof will be removed to create a more open space, and a new apartment building is being built to adjoin the main structure.

Go Big or Stay Home

The old mall template is becoming obsolete. Now teams are stretching scopes in bold new directions to spark steady foot traffic.



1,000

Number of shops, restaurants and entertainment outlets planned for the AED4.2 billion Deira Mall project in Dubai, United Arab Emirates. It will feature a retractable glass roof to allow open-air shopping during cooler months.

8,400

Number of parking spots planned for the Deira Mall's parking garage, which is 3.8 million square feet (353,032 square meters)

25

Number of mall projects slated for completion in India this year—more than four times as many as in 2017

27,000 square meters

(290,626 square feet) Size of the rooftop amusement park planned for the Parque Las Antenas mall in Mexico City, Mexico

US\$4 billion

Budget of the proposed American Dream Miami mega-mall in Florida, USA. It would feature a themed water park with submarine rides and an indoor ski slope.

Sources: Cushman and Wakefield, *Khaleej Times*, *The Sun Sentinel*

a sense of openness throughout the 300,000-square-foot (27,871-square-meter) retail, dining and entertainment facility. But this complicates placement of all the building components required by safety code and particular tenants—there are few solid walls to hide items such as fire alarms, gas meters, exhaust vents and water meters. Solar panels cover the roof, so everything must be routed in predetermined locations, shielded from public view.

“The stresses of hiding all those things so you end up with a beautiful design really takes a lot more people power and hours to manage,” Mr. Dodd says. “Every day, we find a new challenge associated with

the intricate design and marrying the complexities of the various tenants—food, beverage, retail, etc.”

The City Center project, slated for completion in November, allows some people to shop near their homes. In addition to a luxury theater and an outdoor yoga room, the scope includes a hotel and housing—both just a short walk from stores. To simplify the construction phase, the design deliberately separated retail and housing across adjacent buildings. “Getting the retail in place was the most important piece,” Mr. Dodd says. “We simplified the design so that we’re not having to plan the design elements of different uses vertically through the same building.” **PM**

Capacity for Change

An Indian mall team rethinks its design beyond local shoppers to attract tenants.

Mysore is a crowded metropolis of about 1 million people in the southern Indian state of Karnataka. Yet until this year, it had just one shopping mall. Seeing a retail market ripe for growth, Prestige Group in 2013 launched a five-year project to build a mall in the city on land it had acquired a few years prior. After lining up financing in Singapore and hiring an Indian architecture firm to handle design duties, the INR2 billion, 400,000-square-foot (37,161-square-meter) project got underway.

Suresh Singaravelu, executive director of retail, hospitality and business expansion for Prestige Group, Bengaluru, India, expected some challenges common to real estate projects across India. The regulatory environment is strict, and construction phases are lengthened by a shortage of electricians and masons. (Because structural steel is so expensive, most commercial buildings in India are made of concrete, Mr. Singaravelu says.) His project team built the mall project's schedule with all this in mind.

Progress began to slow, however, when the team had trouble finding tenants to sign leases. Mr. Singaravelu acted quickly, commissioning an outside agency to further study the Mysorean consumer environment. The agency discovered that the population skewed older than his team had projected; a large percentage lived off pensions and had fixed incomes.

So Mr. Singaravelu decided to pivot the project, focusing on a larger consumer base that includes foreign tourists and visitors from towns surrounding Mysore. He commissioned an international firm to redesign the interior so it would be more attractive to these new target audiences. "The interior design matters considerably," he says. "People have to be given a reason to go out of their homes and shop, so the place has to be energizing."

When his team began pitching the new grander project vision to potential tenants, reactions became more positive. Retailers, restaurants and entertainment companies began to sign leases, and that momentum helped pick up the pace of construction. When the mall was about 60 percent leased, Mr. Singaravelu's team scored a big win: International clothing company H&M agreed to lease space in the mall.

When the mall opened in January, it was 100 percent leased—rare for such projects, he says. The project did experience delays and an estimated 10 percent cost overrun because of the redesign midstream, but Mr. Singaravelu says opening the mall at full capacity compensated for these issues. "It took four and a half years for us to convince the ultimate occupiers that it was a bet worth taking," he says. "Today, I think they are glad they took that bet."

The key lesson learned from the project, says Mr. Singaravelu, is that nothing should be assumed during upfront market research for any mall project. Prestige Group now has five other mall projects underway across India.

"The new malls that we are building, we do a lot of research before we get into it. In Mysore, we could have done more. You can never go too in-depth." **PM**



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