

# DESTINATION: RETAIL, DINING, + ENTERTAINMENT





Today's consumers want more than shopping malls. They seek destinations that blend retail, dining, and entertainment.

BY NOVID PARSI, CONTRIBUTING EDITOR



The mall of tomorrow will look a lot less like the indoor mall of yesterday. Instead, the shopping mall will continue to evolve into indoor-outdoor lifestyle centers that provide not just retail but also dining, entertainment, health and wellness, residential, and community spaces.

“Standalone retail and malls as we once knew them are a thing of the past,” says Jose Sanchez, Assoc. AIA, LEED AP BD+C, Principal and Mixed-Use Design Leader, DLR Group.

Today's consumers want more than shopping malls. They seek destinations that blend retail, dining, and entertainment, Sanchez and other industry experts say. Consumers want to interact with products they see might see—and ultimately purchase—online. They crave shopping experiences they can't get on their phones.

“Today's shoppers are looking for play experiences and emotional engagement, a chance to disconnect from their devices, and the opportunity to create memories and to live what they see on their screens,” says Nelly Augustyn, Principal, Chipman Design Architecture.

In effect, the line between shopping malls and mixed-use developments has been blurring. “For traditional malls, we're seeing a big shift toward mixed-use models,” says Rob Budetti, NCARB, CDP, Managing Partner, AO. The incorporation of mixed-use elements into lifestyle centers is “the single biggest change in this space,” says Jade Nunes, Retail Market Director, Core States Group.

For mall projects, however, financial pressures—including high construction and material costs and interest rates—remain an ongoing challenge. Many lenders now require projects to be 70% leased prior to funding, Budetti says—“a much higher threshold than in the past.”

In addition to financial challenges, there's also “a general oversaturation in most markets,” says Trevor Pollard, Principal, Kenneth Park Architects (KPA). As a result, there are “very few ground-up centers being contemplated,” he says.

To meet consumers' demand for destination shopping amid a tough financial environment, many developers and designers are reimagining current

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malls and shopping centers, instead of building new. They're transforming existing malls and lifestyle centers, turning these spaces into experiential destinations.

"New construction is limited, with developers focusing more on adaptive reuse and mixed-use redevelopment of existing properties," says Robert Oppenheimer, Senior Project Architect, Little Diversified Architectural Consulting.

Carlotta Dove, Director of Consumer Experience, Retail, Interior Architects, agrees: "The U.S. market is shifting from expansion to transformation, with construction focused on reimagining spaces to meet evolving consumer needs," she says.

### THE MALL'S MANY USES

The mall has been evolving into much more than a place to shop. It's now a lifestyle ecosystem with retail, dining, entertainment, and health and wellness options—a greater diversity of tenants all supporting each other to grow and sustain traffic.

"These projects are reshaping the future of malls and lifestyle centers, turning them into destinations where visitors can shop, dine, play, and connect, all in one place," Budetti says. "These elements keep shoppers coming back and create a sense of connec-

tion that goes beyond traditional retail. It's an exciting time for the industry as malls continue to evolve and find new ways to serve their communities."

Below we explore the transformation of malls into mixed-use developments with dining, entertainment, community, health and wellness, and residential spaces:

### MAKING MORE SPACE FOR FOOD AND FUN

Food and entertainment offerings used to make up a much smaller portion of the mall footprint than they do now—from less than a third in the past to about half or even more today, sources say. In Nor-

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walk, Calif., food and entertainment will account for about one half of The Walk, Sanchez says.

As many malls have lost their large anchor stores, food and entertainment options have helped fill the gap. "We're definitely seeing a shift in mall and lifestyle center projects where food and entertainment have become the key anchors," Budetti says. "This evolution reflects the changing habits of consum-





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ers, who increasingly seek dining and entertainment experiences alongside shopping.”

Food and entertainment do more than occupy empty spaces left by anchors—they offer consumers more ways to spend their time and money. “Adding ‘eatertainment’ experiences and a variety of food and beverage options both inside and outside the mall provide more reasons for shoppers to visit and stay,” Arsovski says. “Dwell time and cross activities are important to the mall’s success.”

Today’s entertainment offerings go well beyond video arcades. In Cape Coral, Fla., Cape Coral Grove Town Center, a joint venture by Little and D3i, will incorporate a movie theater, bowling and billiards club, and outdoor bars, all surrounding a main green space. The Gameroom Powered by Hasbro, which debuted at New Jersey’s American Dream retail center last year, features immersive brand experiences, such as G.I. Joe laser tag and a Candy Lane-themed eatery.

The trend coincides with the rise of venues that pair entertainment with food. For example, AO is working on a few locations of Dink & Dine, a “sportstainment” venue that combines culinary offerings with indoor and outdoor pickleball courts. In Fort

Dodge, Iowa, Shive-Hattery is turning the former Crossroads Mall, a traditional shopping center, into Corridor Plaza—a sports pavilion with basketball and pickleball courts and a microbrewery restaurant.

“Integrating nontraditional anchors such as public spaces, entertainment venues, and mixed-use developments will enhance community appeal and create meaningful community connections,” says Eric Wirth, Commercial Studio Leader, Shive-Hattery.

In St. Charles, Ill., Fox Haven Square also exemplifies the trend of combining retail with food, entertainment, and fitness. With Ware Malcomb providing architecture and civil engineering services, the four-building project will feature an open-air, piazza-style layout and a 20,000-sf, two-story pickleball facility with a restaurant.

“This experience-driven approach is something developers are keen to deliver, knowing that increased dwell time—with or without an immediate sale—leads to greater loyalty and repeat visits,” Augustyn says.

Yet Augustyn also cautions that integrating entertainment into malls “is not a simple shift for developers to make,” she says. “It’s a big investment that requires extensive due diligence, upgrades to utilities, and at times significant structural upgrades and zoning adaptations.”



COURTESY WARE MALCOMB

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### ENVISIONING MALLS AS COMMUNITY HUBS

Malls aren't just places where people go to shop and eat. They're also community-oriented spaces where people go to be around other people. "Today's consumers are seeking more than transactions—they crave belonging, community, and a connection to something greater than themselves," Dove says.

The decline of public spaces such as libraries and community halls "has left a void in social infrastructure that malls and lifestyle centers are uniquely positioned to fill," Dove says. "By emphasizing public spaces that promote connection, vibrancy, and foot

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traffic, malls and lifestyle centers are transforming beyond retail into vital community anchors."

These community-forming spaces can range from pocket parks to public art installations to beer gardens. They provide space for both relaxation and interaction, helping to create a sense of community.

A growing emphasis on spaces that foster social interaction has been one of the biggest recent shifts for malls and lifestyle centers, according to Budetti. "With so many people continuing to work from home, there's a heightened need for meaningful social experiences outside of work

hours," Budetti says. "Malls and lifestyle centers are evolving to meet this demand by incorporating features like event spaces, outdoor gathering areas, and community-driven programming that bring people together."

Wirth adds, "Developers are emphasizing experiential aspects, focusing on pedestrian-friendly spaces and community-driven environments."

Community-oriented spaces also deliver a business benefit: They encourage shoppers to linger for longer. "These are investments that, on paper, don't provide a direct dollar-per-square-foot ROI," Nunes says. "However, these elements contribute to higher foot traffic and longer visits, ultimately boosting the economic performance of the entire development."

Pollard describes a similar dynamic: "There used to be strategies to squeeze every last available square foot out of a property's entitlement to maximize the economic return," he says. "Now, there is a focus on the quality of the leasable space and the activation of common areas as a destination."

The community-space trend also reflects a larger societal emphasis on health and wellness. Not only do malls now have more wellness-focused anchors and other tenants such as fitness centers, but more malls and lifestyle centers also are being designed to promote walkability. "Centers designed with walkability ... empower visitors and workers to seamlessly integrate wellness into their routines," Sanchez says.

### THE RISE OF THE RESIDENTIAL LIFESTYLE CENTER

"Over the past 12 to 18 months, the integration of residential spaces into mall properties has been one of the most significant trends," Oppenheimer says.

The residential-mall trend has a double benefit: It provides residents with shopping convenience while providing retailers with a steady customer base.

With projects such as Collin Creek Mall in Plano, Texas, and Laguna Hills Mall in California, developers are repurposing or replacing malls to add apartments and single-family residences alongside retail and office spaces. Cape Coral Grove Town Center will offer apartments and townhomes in addition to more than 350,000 sf of leasable space.

The residential lifestyle center is thriving. Here are some examples:

Little's Cadia Matthews project in Matthews, N.C., will offer a mix of single-family, townhouse, active adult, and garden apartments, with a grocery store anchoring the retail development alongside medical office space.

In Lone Tree, Colo., NELSON Worldwide provided



COURTESY LITTLE DIVERSIFIED ARCHITECTURAL CONSULTING

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entitlement services to Brookfield Properties to add a vertically integrated mixed-use, multifamily building at Park Meadows Mall. “This is a high-performing mall, but ownership wanted to ensure its future success by creating a true mixed-use environment,” says John Lewis, National Practice Leader, Multifamily, NELSON Worldwide.

Next to Atlanta’s Cumberland Mall, Brookfield Properties added the 327-unit apartment building Tallulah “to help breathe new life into the mall,” Lewis says.

For the Broad & Main development in Marion, Iowa, Shive-Hattery replaced an aging strip mall with a pedestrian-focused retail and restaurant

space below 42 residential units.

For The Rise in Cupertino, Calif., Kohn Pedersen Fox is converting a shuttered mall into a new neighborhood that maintains a retail presence while also adding over 2,600 apartments, including affordable units, across 20 buildings. It’s the largest residential development ever built in the city that’s home to Apple’s HQ.

### BREATHING NEW LIFE INTO OLD MALLS

Malls that are underused, underperforming, or altogether vacant are gaining a new lease on life by latching onto the mixed-use trend. “Underperforming malls are ripe for transformation, and many developers are embracing mixed-use concepts to revitalize these spaces,” Oppenheimer says.

At AO, Budetti says, “A significant portion of our work involves repositioning dated or underperforming malls to meet the evolving needs of their communities.”

Upgrades are no longer the sole responsibility of older properties, however. Renovation is now seen as an ongoing part of operations. In the past, renovations tended to follow 10-year lease cycles, Pollard says. “When 10-year leases expired, it was time to re-do the aesthetic of the center,” he says. That’s no longer the case. “Renovations are now almost constant and incremental in nature.”

### HERE ARE SOME OLD MALLS GETTING NEW LIVES

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outdoor destination with restaurants, entertainment, and experiential retail.

At Brea Mall, a former Sears anchor store will be demolished and replaced with a mixed-use community called the Canyon at Brea. AO's adaptive reuse will offer 380 apartments.

In West Columbia, S.C., Little is helping to turn a now-vacant, 13-acre shopping center site into a walkable complex called Capitol Square. The project will add 300 housing units, a hotel, grocery store, and green spaces, along with a market square retail core.

At a 19-acre 1970s lifestyle center in Petaluma, Calif., Stantec will turn a vacant, 90,000-sf Kmart anchor building into three tenant spaces. In addition, the surrounding asphalt parking lot will be transformed with landscaping, pedestrian pathways, and improved vehicle access and circulation. The rest of the 100,000-sf center will be improved in future phases.

In Phoenix, a former mall called Paradise Valley is now PV, a mixed-use community with retail, dining, entertainment, office, and 400 apartment units. +

## Snapshot: How Industry Insiders See the Mall Market

The pandemic and the enduring trend of hybrid work have had a lingering impact on the mall and lifestyle center market. "Any center that depended primarily on a daytime workforce is being challenged," says Trevor Pollard, Principal, Kenneth Park Architects.

"Coming out of covid, we were extremely pessimistic about the future of the U.S. mall market," recalls Tom Moran, Regional Vice President, J.T. Magen & Company, a general contractor that builds retail spaces within malls.

Now, however, Moran and others in the industry have a more positive outlook. "We have continued to see our market share grow across the country, with the biggest gain in the Texas market," Moran says. "Most of the A-rated malls are thriving, with few, if any, empty storefronts."

Class A malls remain strong, with high occupancy rates among luxury and experiential retailers, observes Robert Oppenheimer, Senior Project Architect, Little. "Meanwhile,

weaker Class B and C malls are being reimagined as vibrant mixed-use neighborhoods, combining residential units, offices, green spaces, and essential services to attract foot traffic and ensure long-term viability," he says.

Sources say destination shopping has been flourishing in Sun Belt metro areas with population growth, such as Dallas, Houston, Miami, and Nashville. "Malls and lifestyle centers with the right demographics and locations are experiencing tremendous growth," says Tom Arsovski, Regional Practice Leader, Mixed-Use, NELSON Worldwide.

Not everyone in the industry is quite as sanguine. Anthony Simon, Practice Leader, Director, Retail at Ware Malcomb, anticipates growth in construction spending but expresses "careful optimism" about the market. And Jay Baptista, Senior Principal and Retail Sector Lead at Stantec, describes the current U.S. mall and lifestyle center market as "stable."