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California

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**Outdoor Retail
Is Reimagined,
Thanks To COVID-19**



OUTDOOR RETAIL IS REIMAGINED, THANKS TO COVID-19

California faced some of the most severe restrictions in the country when the pandemic hit, causing shopping center owners to rely heavily on their outdoor areas to keep tenants — and themselves — afloat.

By Nellie Day



NewMark Merrill just debuted a new outdoor seating area at Anaheim Town Square in Anaheim in late October. The space features cheery murals, a yellow fountain, and brightly colored tables, chairs and umbrellas to make the space enticing.

To say that California shopping center owners are emphasizing outdoor areas would be both old news and an understatement. The state's oftentimes idyllic weather, combined with an emphasis on experiential and social spaces, have shone the sunshine spotlight on these exterior spaces for a few years now.

This ended up being good news for shopping center owners, as it meant many were well-prepared to transition to fully outdoor dining and services when the state's restrictions forced interior locations to close.

"Outdoor spaces have been increasingly garnering attention even before the pandemic as retail owners sought new ways to attract customers to their centers in the wake of ecommerce," says Anthony Sanchez, design director at Nadel Architecture + Planning in Los Angeles. "In many cases, these areas had already been beautified, activated and converted so people could gather and socialize. Now, with COVID-19, outdoor spaces have become the lifeblood of many shopping centers."

THE AESTHETICS OF THE GREAT OUTDOORS

Outdoor spaces may now be a necessity for many shopping centers and tenants, but that doesn't mean the experiential component has gone by the wayside. In fact, shopping center owners like Sandy Sigal, president and CEO of NewMark Merrill in Woodland Hills, argues that the outdoor experience has become more important than ever.

"We've seen people say, 'go ahead and put your tables and chairs out there' — that's not outdoor dining,"

he asserts. “If you’re going to do it, you have to do it right. You’re making a statement about your shopping center, so make sure you control the aesthetics. These spaces have to be attractive. Incorporate landscaping, murals, water features, music and, before you know it, it’s a nice place to eat and socialize.”

Of course, COVID-19 has brought its own set of challenges to outdoor spaces. These include social distancing requirements, stringent sanitation guidelines and a need to educate visitors on how certain exterior areas are now being utilized.

“You have to make sure your diners are spaced appropriately and you have to make trash pickup a priority,” Sigal continues. “You also have to spend some time and money to inform visitors if you’re repurposing a space. Remember, they may be confused if, say, a parking lot is now hosting drive-in bingo or a previously unoccupied grassy area now contains spin bikes.”

There is, naturally, some irony in landlords having to spend more



Capstone Advisors hired AO architects to redesign its outdoor setup at The Island at Carlsbad in Carlsbad. The team added signage, landscaping and open spaces to facilitate social distancing. It also reconfigured the tables and chairs, allowing Capstone to recapture 80 percent of its pre-coronavirus dining capacity.

money to utilize a space they already own — especially during a time when California’s retail industry is already

suffering due to restrictions. While it may be painful to part with that money when so many businesses are in self-preservation mode, that capital investment can end up paying off in the short- and long-terms.

Just ask Rob Budetti, a partner at AO in Orange. His architecture firm recently partnered with Capstone Advisors to beautify and maximize the outdoor space at The Island at Carlsbad, an “eatertainment” destination in North San Diego County.

“We holistically redesigned the entire guest experience from signage and landscaping to open spaces, circulation and property operations,” Budetti explains. “The new landscape design helps guide traffic and creates discreet social distancing barriers that seamlessly integrate with the property. A new visible signage program also complements pedestrian and vehicular circulation, while helping instill consumer confidence.”

These efforts have already produced results. The Island at Carlsbad’s new outdoor reconfiguration and signage



The Bar Method holds an outdoor class – complete with portable ballet bars – at Vestar’s Peninsula Shopping Center in Rolling Hills Estates. The tent is shared with the center’s other fitness tenants, including Club Pilates and a taekwondo studio.



Diners at Anaheim Town Square can enjoy food from Chipotle, Waba Grill, Gorgie's Donuts, KFC and Applebee's, which are just steps from the new outdoor seating area.

have allowed Capstone to maintain 80 percent of its pre-coronavirus dining capacity at a time when many restaurants are operating at 50 percent to 25 percent capacity.

Julie Brinkerhoff-Jacobs, president and CFO of Lifescapes International in Newport Beach, applauds efforts like Capstone's. That's because she believes in maximizing the value of any

outdoor space, whether COVID-19 is involved or not.

"We have always encouraged our clients to maximize the efficiencies and effectiveness of their exterior environments," she says. "We understand that beauty is good business. But, we have no illusions about why we do what we do: it benefits the bottom line. These efforts must provide appropriate accommodations for the customer and encourage them to stay on the property longer so the 'spend' is greater overall."



Julie Brinkerhoff-Jacobs
President and
CFO
Lifescapes
International

YOU HAVE TO LET THEM LINGER

Beautiful, inviting outdoor spaces is one way to encourage customers to stay on property, but compelling events that utilize exterior areas is a great way to get them on property to begin with. Reasons to leave the home have also taken on a new meaning during the pandemic, particularly in restrictive states like California.

"Outdoor events have a draw that indoor events do not as attendees get to enjoy pleasant weather, natural lighting and beautiful scenery," Sanchez argues. "There is also a psychological comfort being connected to nature, which is especially appealing to people in the midst of lockdowns and quarantines. Customers tend to linger longer at outdoor events, which encourages increased spending with nearby retailers."

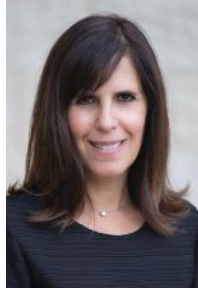
That's why many shopping center owners have collaborated with their fitness tenants to create outdoor workouts that are not only events in their own right, but reasons to come, stay and play.

Vestar established a dedicated fitness tent at its Peninsula Shopping Center in Rolling Hills Estates for this



Anaheim Town Square recently introduced a new series of flower-themed murals and a sensory path for kids to explore. These elements complement an outdoor dining area next to Target, which is situated near Hawaiian King BBQ, Starbucks, IHOP and Burger King.

exact purpose. The tent was shared by all of the center's fitness tenants, including Bar Method, Club Pilates and a taekwondo studio. This allowed each business to remain active, even when their indoor spaces were not allowed to operate.



Rachel Forman
Vice President
of Marketing
Vestar

"We tried to make this area really nice for these classes and guests," says Rachel Forman, vice president of marketing for Vestar. "We took a portion of our parking lot and added greenery so it feels like you're in a nice environment. Each fitness tenant had its own

time slots for the tent, and we realized we could even bring in other classes that utilized spin bikes or weight equipment."



Lindsay Junk
President
YogaSix

Lindsay Junk, president of San Diego-founded YogaSix, notes that outdoor environments not only allowed her members to continue practicing in person when the indoor studios were shuttered, but they also brought additional sets of eyes to her brand. That's

because many of the classes and outdoor setups were reason enough for people to linger.

"When our studios were allowed to have outdoor classes, it was the greatest thing since slice bread," she says. "Many studios worked with landlords and were able to create beautiful outdoor spaces that incorporated bamboo, turf and other really creative sensory experiences. They were a great way to show our neighbors that we're in this center. That we're here and we're practicing and we're open."

Providing spaces that are believed to be pleasant are one thing, but Sigal notes it doesn't take a computer scientist to determine whether your outdoor arenas are successful or not.

"You have a couple data points to look at," he explains. "Are people sitting in your outdoor spaces? If you go to places like San Diego, Orange County or Ventura where you can dine indoors [as of press time], you can look at the percentage of people dining indoors versus outdoors. You can also easily see if a restaurant has a wait for its outdoor patio."

In areas where indoor seating is allowed at his centers, Sigal says he still sees at least two-thirds to three-quarters of diners opting for outdoor tables.

OUTDOOR SPACES IN A POST-PANDEMIC WORLD

It's difficult to predict what the world or — more specifically, California's restaurant and retail scenes — will look like after the pandemic ends. There is a possibility that, as the weather changes and COVID restrictions ease, the proportion of consumers opting for outdoor dining and fitness classes may lessen.

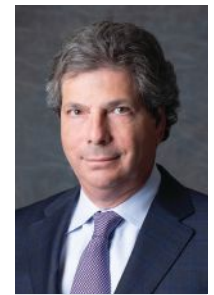
Sigal isn't entirely convinced this

will happen, however. He attributes his skepticism to Americans' newfound reliance on technology and the convenience of deliveries.

"I think eating inside a restaurant is going to feel kind of similar to eating at home," he says. "With delivery options being what they are, why would I go sit in a noisy dining room? Some may say, 'I might as well just order in and have it delivered.' When you're eating outside, you're surrounded by artwork in a nice environment. There will be a percentage of people who will perceive online food delivery as an easier alternative to dining in."

Budetti believes people's ongoing concerns surrounding COVID-19 and other potential crises may compel consumers to opt for outdoor spaces when possible.

"Many retailers fear that we will possibly experience other pandemics in our lifetime and will want to increase



Sandy Sigal
President and
CEO
NewMark
Merrill



San Diego-based YogaSix took its workouts outdoors once restrictions forced fitness studios to close in California. Franchise owners from Bay Park to Carlsbad worked with their landlords to take advantage of any open spaces.



Rob Budetti
Partner
AO

outdoor spaces to future-proof their property," he explains. "Restaurants and gyms, in particular, will want the flexibility to be able to continue operating in the event of a future pandemic."

Not to be cast aside completely, Brinkerhoff-Jacobs believes the indoor environment will always play an integral role in shopping centers...though their configurations may be altered in the future.

"For California, I believe you will see an increase in how interior spaces are amenitized, with small gathering 'rooms,' lots of sanitization stations and a trend in adding small exterior areas wherever possible to accommo-



The color continues at Anaheim Town Square where the side of a Target store plays host to a floral mural, different-colored Adirondack chairs, and green and pink landscaping accents, all of which sit atop a set of pastel-painted steps.

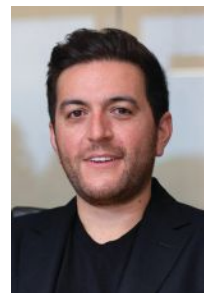
date customer preferences," she says. "Some chairs, sofas and tables may be offered closer to entrances or the common areas of interior malls, while the

expansion of kiosks and outdoor cafes can offer further services. Opening up walls to allow breezeways and better circulation will become more popular as well."

While these are all sound predictions for a time when the pandemic doesn't rule the lives of Californians, no one knows for sure when that will be. Or what that time period will look like.

Until then, outdoor spaces will continue to reign supreme.

"Many owners of retail destinations have just begun to realize the potential their shopping centers' outdoor spaces have for attracting customers and generating sales for their tenants," Sanchez adds. "We believe they will continue to seek ways to leverage these exterior areas



Anthony Sanchez
Design Director
Nadel
Architecture +
Planning

to drive business while finding innovative methods for utilizing indoor areas in ways that are safe and healthy."

That's just about as accurate of a prediction as you can get these days. **CC**

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