

## **NEW ANCHOR STRATEGIES FOR NORTH AMERICA'S "GREAT MALL SORTING"**

By Patricia Kirk

March 22, 2024



Shoppers today prefer open-air shopping centers, like Southern California-based developer/owner Caruso's Americana on Brand in Glendale, Calif., shown here. Americana on Brand is part of a mixed-use development, so it has the feel of a town center.

As the recent cultural and real estate realignment called "The Great Mall Sorting" continues, A-plus malls are thriving, while the B and C properties are gradually being repurposed, reused, and completely rethought, according to architect Sean Slater, senior principal at the architectural firm RDC in San Diego.

As department stores have pulled out, Class A mall operators have been pouring millions of dollars into reinventing themselves to survive and prosper by rethinking their anchor strategies based upon local needs and market demand.

Replacement anchors run the gamut, including a variety of entertainment concepts, healthcare facilities, grocery stores, museums, community colleges, municipal offices, post offices, coworking spaces, offices, and casinos, says Richard Latella, executive managing director and leader of the retail practice group at Cushman & Wakefield's valuation and advisory group in New York City, who noted that top-tier malls are now enjoying higher sales revenue than they did prior to the pandemic.

Some ideas for entertainment concepts, like ski slopes and aquariums were imported from Europe, Asia, and the Middle East by Canada-based real estate conglomerate Triple Five Group. Triple Five Group owns the three largest malls in North America, including American Dream 3 million square feet (278,709 sq m) in East Rutherford, New Jersey, West Edmonton Mall 5.3 million square feet (490,000 square meters) in Alberta, Canada, and the Mall of America 5.6 million square feet (520,000 square meters) in Bloomington, Minnesota, which is in the Minneapolis-St. Paul metropolitan area.

To attract shoppers, other malls are adding amusement parks; waterparks; climbing walls; bowling alleys; children's birthday concepts; soccer fields; and interactive experiences, augmented reality concepts, and farmer's markets.

At MainPlace Mall in Santa Ana, California, for example, new entertainment anchors include four parks or gathering spaces interconnected with pedestrian walkways, including a 45,000-square-foot (4,180.6 sq m) action sports park with a wave machine; a skatepark; and a Creative Studio for exploring creative outlets, such as videography/photography, music production, and digital and street art. Inside the mall is an American Warrior Ninja Adventure Park. Other new anchors recently completed or underway include a 400-room hotel; a 310-unit apartment project; and a 140,000-square-foot (13,006.4 sq m) office building.

Simon Property Group, an Indianapolis-based retail real estate investment trust (REIT) put a casino in the Arundel Mills Mall in Hanover, Maryland, and CBL Properties, a Tennessee-based retail REIT, added a casino complex at Westmoreland Mall, a super-regional mall southeast of Pittsburgh, and the York Galleria in York, Pennsylvania.



Westfield redeveloped the obsolete Topanga shopping mall into an open-air in Los Angeles' San Fernando Valley and added more than 200,000 square feet (18,580.6 sq m) of retail. This included converting a former Sears store to a food hall, known as Topanga Social. The 55,000 square-foot (5,109.7 sq m) foodie stop, which boasts 25 vendors, is popular with locals and seats up to 700 inside and another 80 outside. (Renderings courtesy of [AQ](#))

Australia-based Westfield Group converted a former Sears store in Canoga Park, Calif., to Topanga Social, a 55,000-square-foot (5,109.7 sq m) food hall that features more than 25 vendors and seats nearly 800 diners.

“The whole idea of putting in entertainment is to attract families and extend their visit—eat, maybe see a movie, and then shop,” said Latella, noting that entertainment facilitates cross-shopping opportunities, and the longer people stay, the more they spend.

“The raison d’etre for a shopping mall is getting you in the door and then offering you an enormous array of choices,” added Cohen, but who contends that when the choices are incongruous, like a climbing wall and a shoe store, the likelihood that customers will climb a wall and then shop for shoes is diminished.