

The background image is a photograph of the interior of St. Louis Union Station. It features a series of large, ornate arches supported by columns. The arches are decorated with intricate, golden, scroll-like patterns against a reddish-brown background. The columns are also decorated with similar patterns. The lighting is warm and dramatic, highlighting the architectural details. In the foreground, there are rows of wooden benches, some of which are partially obscured by scaffolding or construction equipment, suggesting a renovation or construction project.

Shopping Center[®] World

MAY 1985

A Publication of Communication Channels, Inc.

Retail “Comes Home”
At St. Louis Union Station
Annual Compensation Report

Specialty Centers Need Fine-Tuning Of Merchandise And Tenant Mix

This type of center needs to occupy a specialized market niche to be successful in a trade area.

Consumers have enthusiastically endorsed the concept of specialty centers with steadily increasing sales. Yet, as developers nationwide hurry to answer the demand, they are discovering that a successful specialty center is neither a scaled-down shopping mall nor an upscale strip center. Unique among shopping environments, a specialty center requires a tenant mix and merchandising stance very different from that of either.

Specialty centers are carefully cultivated environments offering a differentiated shopping experience, agree Mira Bergen, director of retail leasing for Wammock & Co.,

an Atlanta-based developer of commercial real estate, and Cheri A. Morris, president of marketing consultants Morris & Fellows, Inc., also located in Atlanta.

Specialty centers are unique in several ways. "Because a true specialty center does not have an anchor to draw traffic, it must have a blend of stores that can collectively create both draw and frequency," says Morris. "The tenant mix of a specialty center will be concentrated on destination stores with a strong base of repeat customer traffic, in contrast to a shopping mall, where tenants can depend upon volume of traffic for their customer base. The

momentum of a mall generally evolves from volume, whereas in a specialty center it grows out of a merchandise mix, which is synergistic," she adds.

Not only must a specialty center's shops be unduplicated in the center's primary trade area, the actual merchandise in the stores should be unique in the market, as well. This characteristic sets specialties apart from the strip and community centers, which tend to offer a standard mix of tenants and merchandise in a convenient location.

Because a specialty center is so particularized, it has distinctive leasing characteristics. A merchan-



Wammock & Co., an Atlanta, Ga. based commercial real estate developer gave its The Shops of Dunwoody, in the affluent North Atlanta suburb of Dunwoody, a colonial motif.

dise stance must be established in the project's planning stages, which will meet the specific needs of the primary market area. For instance, it may be oriented to upscale ladies' apparel, a range of home and family needs, or the impulse nature of a resort market.

Market analysts are beginning to see extremely focused centers, such as ones that feature only home accessories and are located in areas with very strong household growth. Molding the center to a merchandise position is accomplished through a highly selective and painstaking leasing effort. Deals are chosen to create a symbiotic tenant mix, rather than merely to fill space. "Every square foot must be

fully utilized to achieve the proper return, so there is no room for lackluster or repetitive stores," says Morris. If the blend of stores is not strong you may find that while key destination tenants do well, the support stores are unable to spin off sales. The result is a low number of store visits per shopping trip and a low mean expenditure.

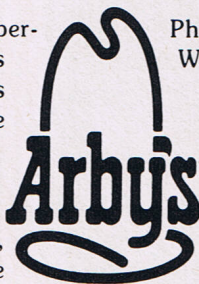
Specialty centers frequently are built with extra emphasis on architectural detail, sometimes necessarily at the expense of the most efficient layout. "As you build in aesthetics, you often compromise some functionality," says Morris. As a result, the leasing agent must consider the location of a tenant carefully, because the footprint of the

center may have created a certain amount of space with reduced visibility or less-than-ideal layouts for traditional types of retailers. For some tenants, a center's unique architectural character can be turned to good advantage, for others the odd pedestrian patterns spell trouble. "High utilization needs by layout considerations inherent in a center's design mean that leasing

SYBRA INVITES YOU TO HAVE AN ARBY'S

IN YOUR SUPER REGIONAL OR STRIP CENTER.

Sybra, Inc., the largest operator of Arby's Restaurants within shopping centers, is seeking additional space within Super Regional or Strip Centers. Areas of interest include: Texas, Michigan, Pennsylvania, Milwaukee and the



Philadelphia-Baltimore-Washington, D.C. area.

Contact:

Mr. Charles Hyslop
(404) 587-0290
Sybra, Inc.
8300 Dunwoody Place
Dunwoody, GA 30338

Circle No. 368 On Reader Service Card

CEILING EXCITEMENT

Modu-lite is a unique ceiling panel made from modular patterns of 8" square cells. These cells are interlocked and secured with space age adhesives into standard 2' x 2' modules that fit **all standard T Bar grid ceilings**. They're perfect for remodeling or new construction in any shopping center or mall. Create that contemporary designer look with your choice of satin, specular or translucent finishes, in a variety of colors. Even use individual cells for borders and perimeters! The Modu-lite concept is brought to you by ALP — the world's leading manufacturer of decorative ceiling panels. For more information, look us up in Sweets, Thomas Register or Hutton's Building Products Catalogs or call toll free for the name of your local sales representative:

1-800-243-8160.



A.L.P.

LIGHTING & CEILING PRODUCTS, INC.
5458 N. MASON AVE. • CHICAGO, IL 60630
WORLD HEADQUARTERS: CHICAGO, ILLINOIS U.S.A.

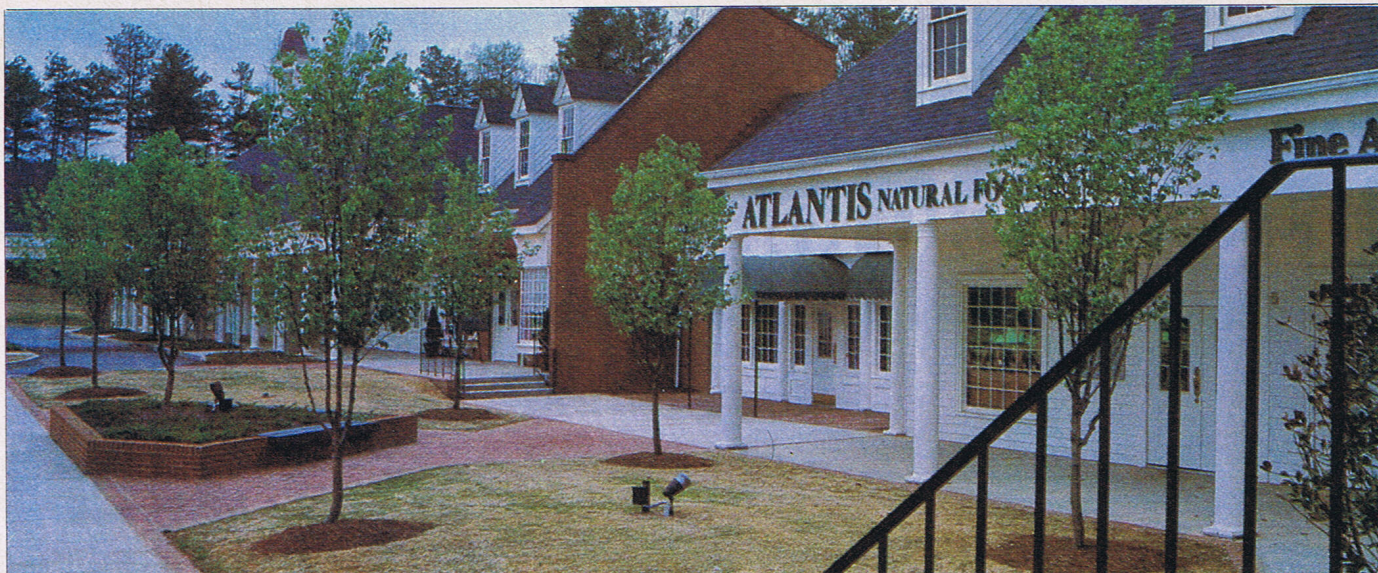
Circle No. 237 On Reader Service Card



At The Shops of Dunwoody, shoppers can rest their weary legs in the Gazebo.

velocity is much slower than that of a mall," says Morris. This sometimes causes concern among tenants who open early in the leasing cycle, and even within the local consumer and business markets. To the greatest extent possible, effort should be made to cluster store openings and support individual stores' market entry with advertising and public relations.

Challenging leasing characteristics require unusual dedication on the part of a leasing salesperson,



Signage plays an important role in identifying the stores in a specialty center. In addition, signage must contribute to a particular center's image.

notes Bergen. To implement her centers' merchandising positions, she begins with a specific tenant mix plan. In the case of The Shops of Dunwoody, a year-and-a-half-old specialty center, located in an affluent northern suburb of Atlanta, she established a mix of 35 percent restaurants and/or food; 35 percent apparel, with a focus on high-quality women's ready-to-wear (offered by approximately 80 percent of the apparel merchants); and the remaining 30 percent gifts and accessories, home furnishings and services to appropriately support the apparel.

To build within such a framework, she actively seeks out merchants and potential merchants. "Leasing a specialty center takes extensive dedication and personal involvement. I spend a lot of time looking for unexpected opportunity wherever I am," says Bergen. She regularly visits such places as Atlanta's Merchandise and Apparel Mart and The Atlanta Decorative Arts Center, observing merchants, visiting displays and talking with a variety of people. Word-of-mouth recommendations have led her to several merchants whose concepts complemented a center's merchandise position. She also regularly visits retailers in Atlanta and other cities in the Southeast, keeping a trained eye out for shops that might fit the bill with a creative or unusual approach to merchandising.

"Yet while I look for stores for my centers, which are dramatic, clever, or cute, according to the sit-

uation, the shops must also be substantive, fulfilling a shopping need," Bergen says, adding, "Equally as important as a strong thematic focus is a broad merchandise array and appeal — the practical must complement the charming."

As a result, she analyzes potential retailers with existing locations extensively to determine the efficacy of their approach to merchandising. She estimates merchandise volume, how much inventory is in the store and the number of turns, based partially upon the freshness of items on display. She talks to salespeople to gain an idea of what type of customers the shop serves in order to see if the merchant understands how to meet the needs of her center's market.

"Sometimes, you create a merchant or assist in fine-tuning a concept so it will fit successfully into your plan," she says. A newly-opened women's shoe store in The Shops of Dunwoody began in the minds of the owners as a women's clothier with a few shoes to be offered on the side. "We had a sufficient number of women's clothiers," observes Bergen, "but they needed the support of an upscale shoe store that offered appropriate shoes and accessories." Early sales reports from the store indicate the repositioning is a success.

Merchants who are ideally suited to the concept of a specialty center must be intensely involved in their operation with fresh, interesting ideas for merchandise selection and

presentation. They are contributing to the center's overall retail drama or "theatre," Morris notes, so they must have a creative flair.

Since such merchants may not be highly experienced retailers, Bergen becomes closely involved with them, providing them with extensive assistance in planning and implementation. Some merchants may not understand the concept of a specialty center fully. She recalls merchants who resisted the idea of having a complementary retailers in the same center, insisting such a shop would cannibalize their own customer base, instead of augmenting it. For others, this may be the first or second lease deal of their lives, and they may have been located previously in a low-cost freestanding building or a strip center. "A specialty center's higher construction, landscaping, and CAM costs are new to a retailer with a strip center location, and the need for joint promotional activity may be new to them," she says.

Despite the extended, intensive lease-up time, the higher sales generated in a high-visibility specialty center can more than offset the higher associated costs. Morris notes that rents in a specialty center average several dollars a foot more than comparably sized strip and community centers. Also, the center's competitive stance is protected by its unique character. Since it fills a very defined market niche, it is not likely to be duplicated in newer form with the next surge of market growth. □