

# Retail Insights

## Anchor Carve-Outs and Repurposing

The old adage, “things come in threes,” has bearing on today’s changing mall and anchor store relationship. Developers, retailers and designers are hard at work making historic changes to the physical composition of the traditional shopping center in an effort to make them more efficient, more profitable, and more relevant to customers.

A large part of these efforts is focused on carving out space from anchor department stores to make way for restaurants, entertainment, and service venues. When effectively executed, these ‘carve outs’ create a synergistic, win-win situation for traditional anchors, the mall, and the new tenants. Three critical factors to consider when embarking on a carve-out project – utility separation, entitlement changes and physical condition – can each have serious impact on schedule, budget, and project success:



- 1. Utility separation** may seem like an obvious and simple technical task on paper but is usually quite complicated. It involves multiple stake-holders, including future tenants, existing anchors and mall operators, not to mention major utility providers such as electric, gas, and water. A first step in separation of utilities is to determine the future needs of a proposed tenant. This step requires proving, through the presentation of factual data, the validity of the request to the utility provider. The proposed demand is the starting point in determining the capacity of existing utility services. It is prudent to anticipate extensive field investigation of existing infrastructure and negotiation with the utility on how best to provide new or tap existing equipment for new service. Once an engineering solution is agreed to by all parties, careful planning and design of installation is necessary in order to ensure safe and uninterrupted service transitions.

## Continuous Improvement

At Hixson, our Continuous Improvement program is designed to actively educate our associates, as well as promote and pursue quality and process improvements, in an effort to deliver successful projects and great project experiences for our clients. The following are some of the features of and/or recent activities enabled by Hixson’s dedication to Continuous Improvement:

### Hixson University

Hixson’s award-winning, internal corporate learning center is accredited by the International Association for Continuing Education & Training (IACET).

**ICSC Center Build  
Conference**  
Scottsdale, AZ  
December 2016

**AIA Regional Convention**  
Lexington, KY  
September 2016

**American Institute of Steel  
Construction (AISC)  
“NASCC: The Steel  
Conference”**  
Orlando, FL  
April 2016

**The Complete  
Environmental  
Regulations Workshop**  
July 2016

2. **Entitlement changes** also must be carefully researched at the start of a project. Incorrect assumptions or lack of knowledge can cause serious delays later in a project. Entitlement changes may include building code, local zoning, and special area regulations such as Federal Flood Zones. Changes in property use may have serious, though not insurmountable, implications for carve-outs. A common change of use is Mercantile (retail sales) to Assembly (restaurants and entertainment). Assembly use creates much higher occupant counts compared to Mercantile, which, in-turn affects the number of exits, exit arrangement, and exit sizing. Another often overlooked aspect of change-in-use is the effect on parking counts. Other important entitlement considerations are signage and building design. Most municipalities have restrictive size and area limitations regarding signage. It is critical that local signage ordinances be researched and clearly understood. It is also important to take an accurate inventory of existing signage to determine possible limitations for future tenant signage. Changes and upgrades to existing façades for future tenants may trigger local design review by planning and design review boards. Design guidelines, presentation requirements, and review schedules should be determined ahead of time.
3. **The condition of the anchor** to be modified can greatly impact schedule, cost and eventual design of the project. Many of the anchor buildings that will be considered for carve-out were constructed in the late 1970s and 1980s, or earlier. They may not conform to today's code requirements for structural design such as seismic restraint, wind and snow loads, and flood resistance where applicable. Mechanical, electrical, and plumbing systems may be at or near the end of their useful life or undersized for future needs.

As retail centers continue to adapt to meet the ever-changing needs of consumers, the use of carve-outs will be performed for the foreseeable future. Remember to consider the three factors discussed here to effectively execute carve outs, and achieve a win for all involved.



## ABOUT THE AUTHOR

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