

Retail Insights

SPRING 2020

Adapting in a Changing World a Key Theme at the 2019 ICSC CenterBuild Conference

Hixson's Jim Schreyer and LT Thorn attended the 2019 International Council of Shopping Centers (ICSC) CenterBuild Conference, held in Phoenix, Arizona in early December. The conference began with a keynote address from Tom Wujec of the Wujec Group and formerly the Chief Disruptor at Autodesk. Through his presentation, "*Elevating the Human Experience: How to Adapt to a World of Accelerating Change*," Wujec established one of the important themes of this year's conference: the meteoric "growth" in the production of nano-chips. Wujec stated that these nano-chips are making possible the three parts of today's technologically driven, data-based world:

- Sensors...placed to measure, collect and capture data,
- Computers...used to evaluate and use data, and,
- Fabricators...using computed data to create physical form.



Following Wujec's presentation, many other speakers, presenters, and facilitators in labs, master classes, roundtables, and peer-to-peer sessions provided their insights and experiences in how they are adapting to rapid change. Jim and LT shared these three key takeaways from their time at these sessions...takeaways which point to continuing changes in the retail landscape:

- 1) Re-Purposing with Purpose.** The current trend in retail of right-sizing physical space is creating a substantial amount of available mall space that is ripe for re-purposing. As brands shutter or downsize stores, landlords are seeking viable alternative tenants for the reuse of the vacated space. In Hixson's experience, renovation and re-purposing of an existing facility can often be less expensive and provide faster time-to-market. However, many of these buildings may lack critical historical documentation which can provide challenges for the renovation team. In addition, the repurpose of a space often requires substantial rework of utility infrastructure to make them suitable for smaller tenants.
- 2) Revitalizing through Mixed-Use.** Mixed-use development continues to be a driver for the revitalization of select retail properties. In fact, adding entertainment options to a retail project was a repeated theme throughout the conference. The challenge with any proposed mixed-use facility is making the overall capital reinvestment "pencil out" against similar investment opportunities. In addition to the capital allocation, the ROI is often based on local market conditions, public-private partnerships, location and the adjacency to other property amenities that ultimately make the project appropriate for reinvestment.
- 3) Making room for digitally native brands.** Some digital brands are choosing to progress to bricks and mortar to drive growth beyond their on-line presences. Where on-line is suitable for transactional or commodity purchases, a more physical presence is required to secure lifetime clientele. As this happens, established retailers and developers will want to consider the possibility of incorporating these hot commodities into their redevelopment plans and be open to the often unique leasing arrangements required for these types of brands. While these plans may involve a traditional stand-alone retail store, the realization of these digital stores into physical operations may take the shape of a pop-up store in an existing mall or as a carve-out tenant in a department store.

Success in today's retail landscape will mean that retailers and developers will need to continually adapt to these shifting needs. Keep watch for future Retail Insights to learn more!

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