



# nerej

## **Tenant improvement build-out 3.0: How design and technology have evolved with the times - by Tom Speroni**

September 22, 2017 - Retail

Tom Speroni, Menemsha

Don't blink. If you do, you might miss the evolutionary, and at times, revolutionary change happening in the shopping center universe.

American malls and shopping centers...what used to be a staple of suburban life, are going through a sea of change. With a recent slew of large department store and national retail store closures, the retail map and players are changing. And with that change, both the design and technology landscape have taken on an even greater role in the development and finished product.

### Shopping Center and Anchor Trends

Instead of the traditional department-store-anchor model, malls are replacing department stores with specialized retailers, entertainment venues, service businesses and restaurants.

While traditional department stores depart, destination restaurants, supermarkets, big box discounters, and food halls have been moving in. Shoppers no longer want a one-size-fits-all department store; instead, they are gravitating towards unique, engaging, aesthetically pleasing 'hands-on' experiences with specialized offerings to each targeted demographic.

Retailers and landlords alike are responding to consumers' need for experience by blending the experiences of retail and restaurants to a more lifestyle focus. Shopping centers are becoming a "social arena" where shoppers can eat, drink, socialize and shop. Online companies such as Google and Amazon are jumping on this trend with the opening of bookstores, kiosks and grocery stores in metro area malls and centers. Quick service restaurant options are getting healthier and trendier with salad concepts like Tender Greens, Sweetgreen, Chopt and other organic/fresh ingredients options.

### Size Matters, as does Brand Differentiation

Evolving consumer preferences have pushed "big box" retailers to focus their attentions on smaller-format stores. Consumers want ease and efficiency in the form of smaller stores with

specialized selections. We've already seen a shift here, with retail giants such as Target, Office Depot and Best Buy investing in smaller-format stores to accommodate consumer desire for more curated selections.

In today's highly competitive retail environment, brand differentiation is essential. Brands must be relevant, authentic and create a tribal connection among their customers. Most importantly, they will compete on how their physical store location, architectural design and layout maximize a consumers' shopping experience.

Better in-store experiences for customers are essential with more knowledgeable staff, better prices, and more personalized interaction with customers. Smaller stores can often equal more intimate customer engagement.

### Technology Use in the Construction Industry

All stakeholders must adopt new forms of technology to achieve the time, cost, and quality goals of a construction project. During the developmental life cycle of a space, the construction industry depends on large amounts of information. It's important that the information provided enables task control, data integration, material and resources to communicate between client, architect, suppliers and contractors.

Consumers are increasingly demanding transparency, as they take an interest in the ethical practices of the brands they follow. Retailers are stepping up their game by offering participatory experiences that engage the consumer and align with consumers' beliefs. Designers know that color can drive consumer preference. They also know that consumers want products that can be used for more crossover activities that take into account the look and feel of one's daily list of activities.

For example, Lululemon's Lab concept store in New York offers shoppers a behind-the-scenes look into the design and construction process, allowing consumers to engage with designers, share feedback and understand how products are made.

The service offerings of both architectural and construction companies are also changing rapidly. They are now tasked to provide better, faster and cheaper cost options to accommodate the timing, aesthetic and environmentally responsible needs of the consumer.

The accuracy of data collection is critical. A well-trained site surveyor is a highly sought after skill. And the technologies that they use include lasers, 3DVR; BIM modeling, point cloud and mobile mapping to better and more quickly ascertain accurate dimensions and details. And with cloud computing and project management software with trained personnel, construction companies provide more accurate data and communication throughout the process. It's a win-win across the board for all.

### Consolidation and Private Equity

With the evolution of consolidation and private equity monies pouring into the retail and restaurant sectors, there is an absolute need for trusted construction partners who are creative, savvy and poised for aggressive change and growth. There is a great opportunity for existing regional and national firms who can handle volume and speed. Companies who provide multidisciplinary professional services have a unique advantage as they provide a synergy of shared knowledge and best practices that often result in expedited results and cost efficiencies.

Tom Speroni is executive vice president/principal for Menemsha, Los Angeles, CA.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540