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Retail in pandemic times - by Carol Todreas

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Caption

Two of the biggest dilemmas in retail are: What to do with outdated malls and what can help sustain local businesses. Dying malls with ailing department stores, and high rents for good neighborhood locations have plagued retail for some time now. But, the pandemic has exacerbated the problems causing some businesses to close permanently and others to question how long they can manage under these uncertain times.

The so-called “underlying conditions” causing this retail purge are numerous. Gross unemployment, work-from-home instead of office, increased internet buying, supply chain interruptions, too many same or similar store concepts, all of which relate in part to the dynamic and shifting consumer behavior patterns of the post Boomer generations.

Developers, retailers, civic officials, architects, and innovators daily strive for solutions. Many ideas have come forth and there has been no one size fits all solution for the aging mall. Coming close, though, is Amazon fulfillment centers as a suitable tenant to lease department store space.

Fulfillment centers have typically leased industrial space, not locations for retail consumers. These centers bring many delivery vehicles, including large trucks, packing materials, lots of merchandise, and a workforce of minimum wage earners. For Amazon, mall locations are likely much more desirable than their existing ones; however, this type of tenant does little for attracting shoppers and probably requires much change in zoning, local regulations, and other ordinances. Plus a huge price to pay with current tenant leases, many of which consider Amazon direct competition.

But what if Amazon used 50% of the space to create a real store with innovative merchandising concepts and displays, knowledgeable sales associate, in a cool innovative environment? At least this would attract and benefit shoppers, and generally help mall traffic. Or, if retail at these mall locations is so hopeless, why not tear down a fraction of the property and develop a park and community farm to complement a breed of new local retailers, a partial solution for local businesses.

New retailers are being born in New York and Los Angeles. Given rents that are affordable they will come out of the walls in metro Boston with the hope that the economy will eventually improve and their ability to pay higher rent will follow.

Retail is constantly evolving, but as has been said before it is not going away, so big companies should take a flyer and do something new and exciting. Post Covid , the demand will be awesome!

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