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The American Strip Mall...Reimagined for the 21st Century

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The future of retail-focused real estate is a hot topic, and has been for quite a while.

Everyone seems to have an opinion on the proliferation of big-box chains and the plight both of traditional “Main Street” properties and 1970s-era indoor malls.

But there’s another component of the retail real estate spectrum that, to date, has received only limited attention in terms of future prospects. I’m referring to the strip malls that dot the American landscape, typically standing alongside a highway or a similarly busy thoroughfare.

Strip malls offer tremendous opportunity for real estate investors and business owners. Certainly, the conventional strip mall model — which dates far back into the early 20th century, when the automobile became the preferred means of transport for millions of average Americans — is a decidedly dated one. Yet, just as automobiles are still our dominant means of getting around, strip malls continue to offer a level of value and potential that’s difficult to match.

It’s simply a question of identifying and retaining the old-time strengths of the strip mall, while simultaneously incorporating forward-looking thinking.

Consider that in 2018, the retail models that thrive are those that most effectively address consumers’ needs, with emphasis on the assurance that a search for specific merchandise will be reasonably quick and successful. Online shopping provides this level of confidence, as do big-box stores like Walmart, Target and others. But the traditional strip mall — which typically features some combination of boutique clothing and accessory outlets, a café or deli, and perhaps a gift shop for an auto parts dealer — is a decidedly hit-or-miss experience for consumers.

However, with a bit of vision and support from the local municipality, a property owner can transform a tired strip mall into a desirable and popular shopping destination. Instead of the outmoded hodgepodge of shops that have nothing in common but being located beneath the same long roof, the 21st century model for strip malls should be a series of retail and other outlets sharing a common theme, without competing directly with each other.

As an example, consider a sporting goods theme, with one store devoted to youth-level sports attire and footwear, another selling memorabilia and two others that provide martial arts instruction and yoga classes. Or perhaps there might be a strip mall catering to “foodies,” with one shop selling high-end kitchenware and equipment, another marketing cookbooks and chef’s accessories and a third focused on cooking classes. There could even be a medical mall, featuring a walk-in clinic, eye-doctor, chiropractor and dentist. Yet another possibility is a mall devoted to education of various sorts. There could be a

reign language and singing lessons and another that

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This new model of strip malls with common themes — particularly when the wares and services being offered are not easily accessible elsewhere — would absolutely have the potential to thrive, while helping drive significant additional commercial traffic throughout a broader local area.

It's also important to consider that Americans are nostalgic for the small town Main Street that was a key economic driver through the 1970s. Visions of strolling shoppers, passing from shop to shop, and pausing to occasionally chat with friends and neighbors, remain deeply ingrained in our national psyche. In fact, while the classic "downtown" of the 1950s has all but faded into history, vestiges of it live on in some revitalized urban neighborhoods. And, with the proper creativity and design know-how, the spirit of an old-time Main Street can add to the desirability and value of many strip malls that are currently struggling.

What if, instead of so many nose-in parking slots only a few feet from front entryways — which encourage consumers to get in and then out again as quickly as possible — we have strip malls and their surrounding properties with green spaces, mini-parks, benches and walkways that encourage strolling from shop to shop? How about if single-story strip malls had second floors added to provide a residential component? What if the very appearance of these retail outlets was cultivated to conjure up images of "the way things used to be," to the degree that shoppers feel inclined to linger?

Obviously, there would be costs associated with reconfiguring or just sprucing up a strip mall, but in comparison to the funds required for large-scale remodeling or even demolition and new construction, they'd be relatively manageable. And the potential payoffs could be substantial.

It's also worth noting that curbside pickup service at restaurants and grocery stores is becoming increasingly popular as well as more readily available. Shoppers clearly embrace the ability to make a purchase with as little delay as possible, and the very nature and physical layout of most strip malls make them well suited to accommodate this trend.

Another option rarely tapped into by strip mall owners — but one which already has proved tremendously successful in re-purposed indoor malls — is the mixed-use model, which truly is limited only by the creativity of property owners. As an example, if a strip mall is divided into nine distinct shops, it may be beneficial to convert some of the square footage into residential space. Perhaps a portion of the parking lot can become a playground, a dog park or even several townhomes. Also of significance, online retailers and big-box chains now are seeking out order pickup sites — remote, easily accessible locations that spare consumers the need to navigate expansive parking areas before traipsing through cavernous, often crowded stores. It's easy to envision mixed-use strip malls being ideal homes for such pickup sites.

Whether in an urban, suburban or rural location, strip malls are a common sight nearly everywhere in America. If local planning boards and other entities are willing to be more flexible — to the extent that they permit a broader variety of businesses to open within conventional strip malls — exciting new

ercial real estate investors with savvy and a bit of
r the present and far into the future.

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