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Staten Island Mall: On forefront of national trend toward reinvention

by TRACEY PORPORA

To survive in the age of online retail, malls across the country are being forced to reinvent themselves.

No longer can a brick-and-mortar 1-million-square-foot enclosed structure thrive with just national retailers, like Gap, and big-name department stores, such as Macy's.

With those retailers having their share of financial troubles, mall owners have turned to mom-and-pop operators to open recreational venues, and trendy, hip chain eateries that appeal to millennials — like Shake Shack and Dave & Buster's — to attract patrons to their shopping centers.

In fact, malls today can't remain profitable without recreational components, like movie theaters, bars, and an eclectic variety of eateries anchoring their footprint.

And the Staten Island Mall is on the forefront of this trend with its recent 242,000-square-foot renovation that began in 2015, and has begun to welcome a host of new stores and restaurants.

Even before the addition, the Mall was renovating "outdated spaces" with new and different retailers. When Sears Auto body closed, the Container Store opened in its space last year. And Primark, a low-priced retailer with roots in Dublin, Ireland, took the second floor, which was once part of Sears. Just this month, the Mall welcomed the first U.S. store for Adore Me, a popular online retailer.

"Our job is to figure out what consumers want in different communities. ...Food is a big category for us and we are looking at what the best and most relevant food choices are, and you see this at the Staten Island Mall," said Melinda Holland, senior vice president of business development at General Growth Properties (GGP), the Mall's owner.

She noted several dozen of the company's 110 malls across the country are being renovated.

"Staten Island is what we do in other places. We look at the properties, at the market, what is missing from the market, then we look at what the consumer wants, and hone in on a plan and strategy to meet those needs," she added.

Said Stephanie Cegielski, vice president of public relations for International Council of Shopping Centers (ICSC): "The Staten Island Mall is an example of a retail establishment that has

responded to consumer demand, which is a critical component to success. Consumers want variety, and they want a place that meets all their needs.”

According to ICSC, occupancy rates for malls across the country remained strong in the first quarter of 2018, reaching 93.2 percent. This is slightly above the fourth quarter of 2017, when malls were at a 93.1 percent occupancy rate. This can be chalked up to malls dedicating more space to their food and beverage sector, said Cegielski.

“Malls aren’t closing around the country. In fact, we have yet to see a decline in the total number of malls. While there isn’t much new construction, there is updating and redevelopment, which is good for communities and their economy,” she added.

And mall profits are rising.

According to the National Council of Real Estate Investment Fiduciaries (NCREIF), the nation’s malls’ net operating income continued to increase in 2017. In fact, last year, total operating income of all the countries’ shopping centers rose 2.6 percent per square foot from the previous year, according to NCREIF.

DEMAND FOR FOOD

While consumer tastes may be different in communities across the country, there is one overriding demand — more food choices.

“As demand for traditional merchandise space abates, demand for food service space appears insatiable,” said Cegielski.

According to ICSC, the amount of space typically dedicated to food within existing properties will soon take up 20 percent of some malls by 2025.

CONSUMER HABITS CHANGING

Years ago, shoppers spent the whole day at a mall. Today, they need a reason to stick around.

“Today when people shop they are looking for how closely can I park, how quickly can I get in, and how quick can I get out?” said Ted Potrikus, president and CEO of the Retail Council of New York State.

“But if you’ve got a movie theater or Dave & Buster’s, you’re going to carve a few hours out of your day to stay,” he added.

NEW LANDSCAPE

In addition, many malls are adding free-standing buildings and public plazas to the landscape in order to create open-air venues with the feel of a downtown.

“A lot of studies in urban economic development show young people — especially those who used to gather in the mall on a Saturday night — now want to be in a downtown, like that in Westfield, N.J.,” said Abraham Unger, who holds a doctorate degree, and is an associate professor and director of urban programs in the Department of Government and Politics at Wagner College, Grymes Hill.

“They want the the same experience, but they want to get it on the street. ... Staten Island Mall certainly captured some of that flavor with the food services they put in,” he added.

This is also evident in the Mall’s new design, which includes a public plaza, free-standing building with Shake Shack, and the soon-to-open Chipotle Mexican Grill, and Tommy Tap + Tavern.

In addition, Ulta Beauty and the Container Store have outdoor entrances, and are not connected to the Mall.

HEALTHY COMPETITION

The Staten Island Mall, having been the only game in town for more than four decades, will soon have competition when Empire Outlets opens on the St. George waterfront in the fall.

“Competition in an ideal world, helps people to improve their product and just the idea of Empire Outlets caused the Staten Island Mall to make improvements,” said Unger, who is also author of several books, including the upcoming, “The Death and Life of the American Middle Class: A Policy Agenda for American Jobs Creation.”

ATTRACTING A YOUNGER DEMOGRAPHIC

Entertainment options at malls are bringing younger shoppers through the doors. For example, The Staten Island Mall welcomed Rock’ Em Extreme, a rock climbing wall that will be operating in the Mall’s public plaza on weekends.

“With a lot of people shopping online, what do you do with the space in mall? You rent to Dave & Buster’s to attract a younger demographic,” said Potrikus.

“Ten and 15 years ago when malls were hot, it was the 16- to 25-year-olds shopping the most. And now they want to get the farmed local food with craft beer then have a little bit of entertainment afterward,” he added.

COMING TO THE MALL

The first retailer to open in the new wing of the Mall was Zara, an apparel retailer, in late April, followed by Ulta Beauty in May.

Shake Shack opened earlier this month, and Chipotle is opening on July 3, while Tommy’s Tavern + Tap, a bar/restaurant, is slated to open in August.

Also opening at the Mall will be a new AMC Movie Theater, Land's End, Ono Bowls, Lidl, Dave & Buster's, Barnes and Noble.