THE FUTURE OF SUBURBIA: RETAIL INNOVATIONS AND CENTENNIAL

Executive Summary

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OVERVIEW

The past decades have witnessed a slow decline of brick-and-mortar retail options, particularly of the big-box variety. This decline has been the result of a changing world, where fewer people are going to physical stores and more people are using online shopping options to satisfy their needs and desires. Much has been made of this decline, with some arguing that the changes are signs of a failing industry that will one day cease to exist entirely. The evidence appeals to more nuanced perspective, with the retail industry right sizing and reinventing to fit the needs of consumers today and in the future but not going away entirely (PwC and the Urban Land Institute, 2020). The COVID-19 pandemic has accelerated the process of right sizing and reinventing, as brands and retailers were forced to adapt to unforeseen circumstances. The shifting landscape has resulted in a true retail revolution, as retailers pursue innovative strategies to adapt and accommodate new retail strategies.

EXISTING CONDITIONS

The City of Centennial, home approximately 110,000 residents, has recognized these coming changes and has embarked on the Retail Area Review and Implementation Strategy (RARIS) process to try to best analyze and understand development in the City. This capstone report is a component of that larger strategy and focuses on specific new retail concepts and their applicability within the University Corridor. Suburban locations in Colorado like Centennial need to be on the forefront of retail trends, as sales tax revenue is a key economic driver for municipalities. Suburbs are already an evolving place and the new retail concepts that are outlined in this report will serve to accelerate that evolution.

The RARIS project began to take shape in the fall of 2019 through the lens of Centennial's comprehensive plan, Centennial NEXT. NEXT called for a review of retail centers and engagement on how to best adapt the City's aging retail centers. Three key retail centers were identified along the

University Corridor for review, including the shops at the intersection of Arapahoe Road and University Boulevard, the retailers at Dry Creek Road and University Boulevard, and the center at County Line Road and University Boulevard (City of Centennial, 2018). The University Corridor is a vital cog in the City's road network, averaging over 34,000 cars per day in 2019 (City of Centennial, Average Traffic, 2021). There is a significant and steady stream of people who use the Corridor on a daily basis. In addition to the steady flow of traffic on University, there are established neighborhoods that surround the Corridor's retail sites, with nearly 100,000 people within a three-mile radius of the centers (Cherry Knolls Shoping Center).

Despite these positive demographic numbers, the retail situation continues to worsen along the Corridor. The City has identified the retail vacancy rate along the Corridor at 20%, as compared to 5% in the southern Denver area (Centennial Planning and Zoning Commission, 2021). Key anchor locations are vacant, negatively effecting other stores within the centers. Consumer trends play a role in these vacancies, as fewer people are turning to physical locations and people prioritizing experience as a key component of retail. The City has too much retail and the wrong kind of retail space (Arnold, 2020, February). The next wave of retail innovations require a different approach to regulations, incentives, and flexibility.

RETAIL TRENDS

The overarching innovative retail trends can fit into several groupings. The largest and most consequential is the dramatic rise of e-commerce, and with it the rise of distribution center concepts. The e-commerce industry grew by 20% in 2020 and now constitutes 16.1% of total sales (Strowbridge, 2019). The reasons for this growth are plentiful, including convenience, greater selection, and increased delivery options. Even retailers like grocery stores, who continue to have a strong physical store presence, have increased their online offerings (Black Creek Group, Market Insights, 2021). There is the clear acceleration of online options driven by the COVID-19 pandemic, as people were unable to go to physical stores and instead turned to e-commerce.

Another trend focuses on the consumer experience. More people are prioritizing experience and entertainment when they choose to go to a physical store location, with many retailers now resembling a combination of a store and an experience-based park (Boone and Liu, 2020). Experience-based retail can serve as anchor tenants for centers, bringing in the critical mass of people necessary for smaller retailers to thrive. A final trend is found in the restaurant industry in the rise of ghost kitchens. Ghost kitchens are characterized by minimal front of house operations and focus mainly on delivery services. These concepts can be standalone operations or can be housed in a food hall facility.

CASE STUDIES

These retail trends are best seen through a variety of case studies. The first set of case studies is at the corridor scale, evidenced by corridors in Michigan City, IN and Council Bluffs, IA. The corridor studies emphasized the necessity for regular revisions to regulatory standards, the importance of securing champions in the community and in the local government structure, as well as prioritizing innovative incentive programs to drive redevelopment. The next set of case studies looked at specific retail centers and how they could be adapted to best prepare for new retail concepts. Brookhollow Shopping Center in Desoto, TX and Mashpee Commons in Mashpee, MA were the examined case studies. Both examples demonstrate the potential that can come from reconfiguration of an outdated shopping center that now prioritizes people. Changes to parking and building configuration required shifting zoning and the use of public money to drive forward the changes. The final set of case studies narrowed to specific retail trends, including Walmart Pickup locations, Reformation stores, the House of Vans and House of Sport, and several ghost kitchen locations. These case studies show the potential and value of retail innovations, from a combination of e-commerce and distribution centers to a showroom concept to places that prioritize experience over all else.

RECOMMENDATIONS

The case study analysis, when combined with the existing conditions, resulted in five recommendations for the City concerning new retail concepts.

Firstly, the City should lean into and emphasize the reconfiguration of retail centers along the Corridor. Reconfiguration is the most direct means of addressing the failings of the Corridor while embracing the potential of new retail concepts. Secondly, the City should invest in creating and maintaining public-private partnerships. Any potential reconfiguration projects would require a partnership between the developer and the City, and urban renewal funds should

Figure 1 - Recommendation Impact Chart

Recommendation	Impact	Timing	Difficulty
1. Reconfiguration of retail centers	High	Long-term	High
2. Create and incentivize public-private partnerships	High	Long-term	Medium
3. Evaluate efficacy of Activity Center zoning district	Medium	Short to medium-term	Medium
4. Promote experiential acivities as new anchor tenants	Medium	Short to medium-term	Low
5. Embrace outdoor public spaces	Low	Short to medium-term	Low

be considered as an asset. Thirdly, the City should continue to evaluate the efficacy of the Activity Center zone district. Many of the retail centers do not fulfill the intentions of the AC zone district and the City should consider what steps can be taken to achieve truly active retail centers. Fourthly, the City should promote experiential activities as the new anchor tenants for retail centers. Experience-based retail can serve as a driver for increased activity and has the potential to transform the Corridor. Finally, the City should embrace outdoor public spaces in the retail centers along the Corridor to reclaim the empty parking lots for public spaces for Centennial. The Spark Centennial program could be the tool for the final two recommendations and the City would be wise to further invest in the program.

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Master of Urban and Regional Planning
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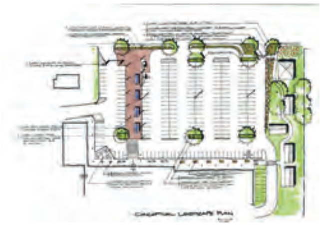
Centennial

Existing Conditions

20%
University Corridor Vacancy Rate

Case Studies



Sources: King, ACF Property, Reformation, Walmart, Chef Ready, Dick's Sporting Goods, Ahs Lime, DPZ and Cornish Associates

Retail Trends

- E-Commerce
- Distribution Centers
- Experiential Retail
- Ghost Kitchens

Recommendations

- Reconfigure Retail Centers
- Public-Private Partnerships
- Promote Experiential Activities
- Evaluate Activity Center Zoning District
- Embrace Outdoor Public Space

Icons: The Noun Project (Creative Mahira, vectoriconset10, Raif Schmitzer, BaristaIcon, Made x Made, Delwar Hossain, Nociconist, lastspark)

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