

Repositioning Declining Shopping Centers in Philadelphia



Philadelphia
City Planning Commission
CITY OF PHILADELPHIA

October 2020



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Disclaimer

This report was written before the ongoing COVID-19 public health crisis and resulting economic shut down. Many of the trends towards automation and online shopping described in this report have accelerated. Attending to changes in the retail environment are even more pressing.

The outlook for brick-and-mortar retail at shopping centers and malls is ever more bleak. Some industry analysts predict that mandatory temporary closures of businesses and consumer reluctance to shop at stores during a pandemic will cause one third of malls to shut down permanently and one fifth of stores to become vacant by next year.¹ Before the COVID-19 pandemic, this level of closures was not predicted to happen until 2030. According to Green Street Advisors, more than 50 percent of department stores, many of which serve as anchor tenants to malls and shopping centers, are predicted to close by 2021.² There have been immediate impacts to balance sheets as many mall and shopping center owners have reduced or frozen rents during the pandemic to retain stores. Large national mall and shopping center owners like Simon Property Group are more capitalized to weather the downturn.

At the same time, online shopping is surging. In July 2020, McKinsey & Company published a consumer survey that found a 15 to 40 percent increase in online shopping since the beginning of the stay-at-home orders.³ While brick-and-mortar retail has been devastated, online retailers and delivery companies are reporting record profits. Amazon sales increased by 40 percent from last year, boosting second quarter profits to a record-setting \$5.2 billion.⁴

What does this mean for recommendations in this report? While the report's analysis and recommendations are still applicable, some potential implications may include:

- Mixed-use redevelopment may be appropriate in more places to fill retail vacancies.
- The demand for fulfillment centers within City limits may materialize sooner than expected, especially given the increase in eGrocery orders.
- Stores may take advantage of open-air amenities for outdoor store displays and dining.
- Stores that have shifted towards "experiential retail" may creatively look to provide this experience outdoors and in a contactless way.
- Public and non-profit support may be needed to help small businesses adapt to shifting consumer demands and maintain rents in improved shopping centers.



Introduction

This report is intended to serve as a policy guide that identifies shopping centers that are susceptible to market changes and recommends policies to encourage redevelopment that incorporates best practices, and as a design guide for developers, communities & policy makers.

As stores close, what becomes of the spaces? How do shopping centers adapt to evolving consumer trends? The ease of e-commerce has reduced shopping demands at brick-and-mortar stores and the retail industry is responding by integrating technology into their business model. Store interiors are being redesigned to focus on experiences over inventory and some are being fit-out with lockers where people can pick up their deliveries. At the same time, businesses are also responding by reducing the number and size of stores.

These changes are significant for entire shopping centers. For over a half-century, shopping centers were designed for convenient shopping by car. Online shopping presents challenges for stores that rely on grab-and-go. However, stores fulfill one function that the internet cannot replace: consumers go to stores to feel, sample, and otherwise physically experience merchandise.

Shopping and strip centers can add public amenities to encourage a browsing experience. These include benches, lighting, and landscaping along pathways. Shopping and strip centers also provide essential goods and services for some low and moderate-income residents. Those with limited broadband access or who lack a vehicle may still rely on physical stores. These centers must accommodate consumers of all incomes and mobility limitations. As such, safe pedestrian and reliable transit connections to and within shopping centers are needed.

Some shopping centers are transforming into types of town squares called 'lifestyle centers'. They are adding complementary uses along with public amenities, including offices, housing, hotels, and civic buildings.

There are 39 shopping centers or shopping center clusters in Philadelphia. This includes four malls and shopping centers with over 1 million square feet of commercial space each. Philadelphia also has 110 commercial corridors with strip centers. Total vacancy at these centers is lower than it is for pedestrian and transit-oriented commercial corridors. However, it is increasing in these centers, even within those located in middle class neighborhoods. Average store size is larger at shopping centers, so one vacancy has a higher total impact.

Planners, developers, and policy makers must evaluate how these centers are responding to market shifts. This analysis must consider how they can safely connect to neighborhoods and the transit network. To limit commercial displacement for upgraded centers, new and existing programs should target local community-serving businesses in shopping centers. In addition, there may be demand for smaller logistics warehouses in urban areas as e-commerce continues to grow; shopping centers could be convenient places for these types of uses. Policies must consider transportation implications of locating these uses at shopping centers.

This report examines the landscape of shopping and strip centers in Philadelphia and trends in the commercial market. It then highlights case studies where shopping centers have transformed to respond to these trends. These case studies also show how investments can make shopping centers safer and more vibrant and illustrate strategies that could improve different types of shopping and strip centers. The report recommends regulations and incentives to help Philadelphia's shopping centers respond to market trends, meet evolving consumer needs, and better integrate into surrounding neighborhoods.

Existing Plans & Studies

This report builds on plans undertaken by the Philadelphia City Planning Commission (PCPC) and Delaware Valley Regional Planning Commission (DVRPC) that evaluated shopping centers and strip centers in the region and proposed strategies that can improve their design and function.

DVRPC Study, 2005

In 2005, the Delaware Valley Regional Planning Commission published the study, *Redesigning Shopping Centers in the Delaware Valley, From Greyfields to Community Assets*. This report evaluated the landscape of declining and shuttered shopping centers and strip centers in Greater Philadelphia. It proposed strategies for redesigning them to meet retail demands of the time and incorporate best practices intended to transform them into accessible, green, and vibrant community assets. The decline of older retail centers has only accelerated in the 15 years since the report was published, driven by changing shopping trends and market conditions. The DVRPC report serves as a foundation for evaluating existing conditions and implementation strategies included in this study.

Philadelphia2035: The Comprehensive Plan

The impetus for this report comes from PCPC's evaluation of the condition of shopping centers in the City's comprehensive plan, *Philadelphia2035*. Shopping centers were highlighted in the Far Northeast Districts Plan, because of their prevalence in that area of the city. Far Northeast Philadelphia has few traditional pedestrian and transit-oriented commercial corridors prevalent throughout the rest of Philadelphia. The built environment is predominantly suburban in character, with decentralized low-density residential development, natural open space, and large-format industrial parks and shopping centers.

While Far Northeast shopping centers are generally well-managed, the layout can be disorienting and unsafe for motorists and pedestrians on adjacent roads and within their parking lots. The comprehensive plan, through the Far Northeast Districts Plan, illustrated conceptual improvements at the cluster of shopping centers at Welsh Road and Roosevelt Boulevard. Improvements such as the ones proposed for that cluster of shopping centers would reduce conflicts between cars, tractor trailers, and pedestrians and improve visibility for businesses.

District Plans for the Central Northeast, Lower Southwest, North Delaware, and River Wards also include recommendations for shopping centers. Some are:

- Add multistory buildings with a mix of uses
- Improve pedestrian safety through parking lots
- Increase stormwater management capacity

The Northeast Village Shopping Center has expansive areas of asphalt that lack definition. Pedestrian safety is compromised in these areas.



Current conditions: Drive aisle lacks safe crossings and separation from parking. Buildings front onto "back of house" service areas.



Proposed street infrastructure and amenities: Sidewalks and curbs aid pedestrian safety, landscaping buffers parking areas, and amenities give an identity to the shopping center.

Image Source: Philadelphia2035 Far Northeast Districts Plan



History of the Shopping Center

Prior to the mid-20th century, commerce was typically clustered in ground-floor businesses along streets called commercial corridors and at marketplaces within walking distance from residential neighborhoods. Postwar federal programs and the mass production of the automobile helped spur lower density development outside cities. In the suburbs and in less dense urban areas, the commercial corridor manifested as the strip center along high-speed roads. Similarly, the marketplace became the mall and shopping center.

Early Models

The first shopping malls were built in the 1920s. While they accommodated shoppers arriving by automobile, they were designed to create pleasant outdoor experiences for window shopping. Country Club Plaza, the nation's first shopping mall just south of downtown Kansas City, MO, is composed of 18 distinct buildings positioned along the street. An internal road network leads vehicles to structured and courtyard parking interspersed throughout the site. Suburban Square, just outside Philadelphia in Ardmore, PA, was the nation's second shopping mall. This shopping mall is much smaller than Country Club Plaza but shares similar characteristics. Both are accessible to transit and include stores at various price points that provide a variety of goods and services. These shopping centers thrive to this day and are even expanding.

Rapid post-war suburbanization in the mid-20th century also helped spur a much different type of shopping center. New suburbs created a demand for offices, factories, and stores within driving distance. The interstate highway system and changes to the federal tax code that accelerated the depreciation process for real estate sparked a 30-year construction boom of shopping and strip centers along major thoroughfares connecting suburban communities with low cost buildings with short life spans. The location, materials, and site design of these were driven by tax deductions and cheap undeveloped land rather than creating long-lasting vibrant destinations. Systemic racism in the form of exclusionary zoning and discriminatory real estate practices made the suburbs inaccessible to black Americans. The sprawling of retail not only relocated shopping options into racially exclusionary areas. It also took capital away from Black and Brown communities as consumption shifted from neighborhood shops to suburban malls.

Victor Gruen's Vision

Vienna-born architect Victor Gruen was critical of the proliferation of strip malls and shopping centers. His vision was a climate-controlled indoor structure that was not only a place to shop, but also the center for civic and cultural life in suburban America. Gruen's mall would include shops intermixed with schools, residences,

municipal services, and medical centers. Interior space would be filled with promenades lined with eye-level store displays. "Outdoor" squares located in mall atria were decorated with art, fountains, plants, and even an aviary. Food courts included "sidewalk" cafés with umbrellas.

The first shopping mall to be built using this model was the Southdale Center (1956), just outside of Minneapolis. In the Delaware Valley, Cherry Hill Mall (1961) and Plymouth Meeting Mall (1966) were designed by Gruen and built by The Rouse Company, a major shopping mall developer.

Malls and other types of commercial centers mentioned above thrived in the heyday of American suburbia. The mass production of starter family homes in the suburbs drove this demand. Televisions brought commercials into homes that advertised the well-capitalized national brands found in malls and shopping centers.

While Gruen's malls achieved many of these aesthetic qualities, they failed to attract complementary uses, leaving the mall a center for consumption instead of community. They lacked many of the civic functions and residential components that Gruen envisioned. Instead, suburban residents filled up their trunks with the day's bounty and headed home.



Illustration of Southdale Mall, the first shopping mall, promoting its opening. Image Source: Minnesota Historical Society

Strip Malls to Power Centers

About 3,000 enclosed malls and roughly 23,000 shopping centers were built during the thirty years that followed the opening of Southdale Center. New malls and strip centers were built on undeveloped land adjacent to highway interchanges as the suburbs expanded outward from the central city. Older centers became vacant and poorly maintained as they could not compete with these bigger and more modern retail centers.

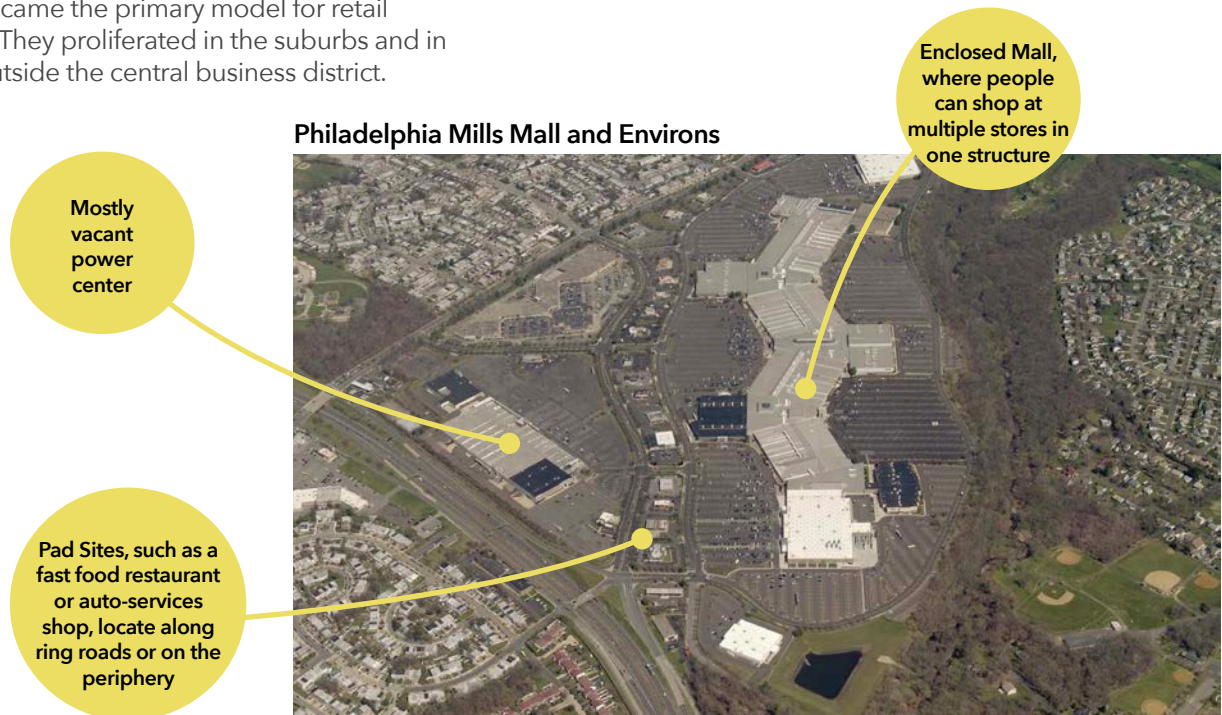
A new category of retail center was born during this time. Retailers such as Home Depot and Walmart were oversized for many of the smaller strip malls and these stores demanded convenient parking right outside the store that was not always offered at enclosed malls. These national chains developed parking, signage, and building footprint specifications that could be replicated at any development.

These shopping centers, sometimes called “power centers”, with large-format stores as anchors complemented by smaller convenience stores and restaurants, became the primary model for retail development. They proliferated in the suburbs and in urban areas outside the central business district.

These centers differ from the enclosed mall in a few key aspects:

1. They are easier to finance and design. Rather than building a structure and then finding tenants, national chains often sign onto a shopping center concept before developers acquire permits. Tenancy agreements come with specifications that influence the layout of the shopping center and number of parking stalls.
2. They provide fewer public amenities. Mall shoppers can park their car outside one entrance and visit multiple interior stores by foot. Long distances and few pedestrian pathways at shopping centers encourage shoppers to shop at one store, then return to their car to drive to the next one.
3. Whereas an enclosed mall would build an addition, shopping centers expand by adding freestanding parcels of commercial real estate known as “pad sites”. Pad sites are designed to be very convenient for shoppers arriving by automobile and many have drive-thru access.

Philadelphia Mills Mall and Environs



Current Trends & Projected Shifts

Causes of Decline

Roughly one quarter of all malls ever built in the US have closed. Credit Suisse estimates that between 20 and 25 percent of the nation's 1,100 remaining shopping malls will shut down by 2022.⁵

- 1. Antiquated design.** Shopping centers built before the 21st century lack the flexibility and amenities to entice shoppers seeking unique experiences and activities.
- 2. Changes in investment, ownership, and lending.** Struggling retailers experience challenges refinancing to avoid bankruptcy. As sales drop, some retailers and shopping center managers become delinquent in paying back loans. Private equity firms then buy out troubled retailers. These firms disinvest in stores to service debt and maximize shareholders returns. Risky debt is difficult to refinance, especially in times when interest rates are high and credit markets are tight.⁶
- 3. Changes in retailing and the rise of e-commerce.** As of 2017, e-commerce made up nine percent of America's \$5.1 trillion retail market. However, that share is increasing and is on track for 17% of the market by 2022. Flexible return policies, in-app purchasing, and two-day delivery have made online shopping more convenient. Almost half of all American households have at least one Amazon Prime member.⁷ As shopping online gets easier and more prevalent, shopping trips decline. (see chart on page 15)
- 4. Closures of national chains.** National chains occupying large-format stores serve as anchors to smaller-scale convenience retail and offices, including grocery stores, movie theaters, restaurants, convenience stores, and personal service providers. Closures of large national chain stores send ripple effects throughout the entire shopping center. When they close, complementary commercial uses have fewer potential customers and shopping center owners go without the rent needed to reinvest in their property. Sometimes another national chain replaces one that vacated. Other times, disinvestment and vacancy spreads throughout the shopping center.
- 5. Convenience and big box stores carrying comparable goods.** Drug stores and discount retailers are increasingly stocking their inventory with food items, directly competing with traditional grocery stores operating on thin profit margins. In 2017, CVS and Walgreens held a 3.9% and 2.4% share of the grocery market respectively.⁸
- 6. Oversaturation.** The proliferation of shopping centers helped create their own demise. The United States has 23.6 square feet per capita dedicated to retail space. That's roughly five times larger than in the UK, ten times that of Germany, and 40 percent more shopping space than in Canada.⁹ This glut of retail space has become too vast even for the American consumer.
- 7. Reduced buying power.** Over the past 40 years, wages have not kept up with inflation and the skyrocketing cost of living. This reality has reduced the buying power of the American consumer. Middle-market department stores such as Sears and Macy's thrived when single-income households provided sufficient income to raise a family. While higher-end and lower-end discount stores thrive, malls with stores geared to a population earning the median income struggle.
- 8. The Great Recession.** Consumer demand plummeted during the Great Recession of 2007 to 2009. Stores operating on thin profit margins and reliant on credit suffered financially. Visits to malls declined by half from 2010 to 2013 and have not fully rebounded.¹⁰



*In 2015, Walmart moved into a vacant space within the newly renovated Philadelphia Mills Mall less than 1,000 feet away from its original location. The former location remains vacant. Several stores have also closed, including Pathmark and complementary retail.
Image Source: Google*

Consequences of Closures

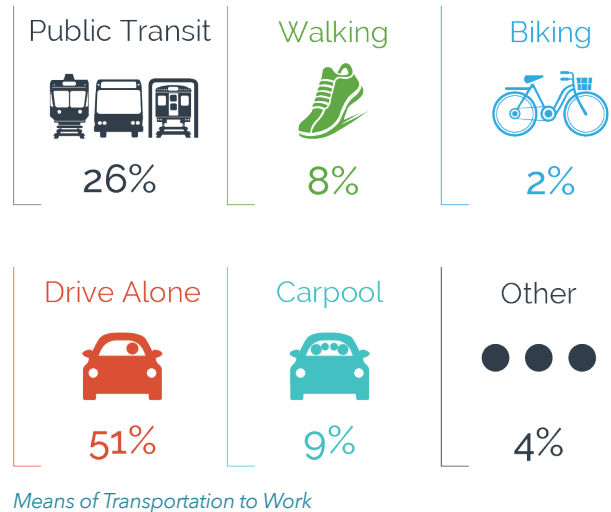
Retail store closures have significant impacts on surrounding communities and municipalities:

- 1. Decline in retail jobs and wages.** E-commerce employs fewer workers than brick-and-mortar retail establishments. There was a decline of 448,000 jobs at department stores from 2002 to 2017. During the same period, e-commerce added just 178,000 jobs.¹¹ Retail jobs are often provided with low pay and minimal benefits. Jobs at brick-and-mortar stores are also susceptible to automation from self-check-out and other innovations.
- 2. Domino effect on the supply chain.** Certain national chain stores have direct contracts with suppliers. For example, the toy and board game manufacturer Hasbro had a direct contract with Toys 'R Us. Following that store's bankruptcy, Hasbro reported a 13% decline in holiday sales and announced a 10% cut of its global workforce.¹²
- 3. Impact of vacancy in communities.** Vacant and deteriorating shopping centers have negative effects on adjacent property values and generate a loss of investor confidence for the entire community. When there are fewer commercial options in a neighborhood, more residents would have to travel a farther distance or to lower quality discount stores for goods and services.
- 4. Loss of local property and sales tax revenue.** Closures of retail businesses deprive potential tax revenue to jurisdictions, diminishing their ability to fund schools, government services, and infrastructure investments.
- 5. Physical degradation.** Shopping center owners rely on rents from tenants to maintain the parking lot, signage, and amenities. As rents decline from a weaker market, managers dedicate less money towards upkeep of public spaces. The result is often an underused parking lot with faded striping, neglected greenery, and poor waste management. These centers were designed for a more auto-oriented population than what is represented in Philadelphia. Even drivers become pedestrians when they walk from their cars to stores. Minimal and poorly maintained pedestrian infrastructure makes navigating parking lots unsafe for everyone. Limited transit and pedestrian access to these centers adds traffic congestion to connecting streets.

Access to Retail Options

Shopping centers provide commercial needs for residents, such as groceries, convenience shopping, and personal services offices. Improving safe routes to shopping centers and within parking lots will make them more accessible to those without a car or those with other mobility constraints.

One third of Philadelphians do not have a personal vehicle and forty percent of Philadelphians rely on ways to get to work that don't include a personal vehicle. This demonstrates that access to retail options, whether they be in shopping centers or along commercial corridors, must consider pedestrians, cyclists, and transit commuters.



Current Trends & Projected Shifts

How Retail Is Changing in the 21st Century

We are currently undergoing a second retail revolution. Consumers may now shop by the push of a button in the comfort of their own home for anything that can fit into a box. At the same time, demand has renewed for vibrant places where people can dine, recreate, and work within short distances from where they live. These factors are shaping the retail sector and the spaces it occupies. This shift doesn't make shopping more convenient for everybody. Lower-income consumers are more likely to lack access to the tools needed for online shopping, like internet or a credit card. It may be more challenging to find items online that may be staples for people of different ethnicities.

Experiential Economy

The "experiential economy" or "retailtainment" takes various forms. For instance, Nordstrom and other apparel stores have hired in-store stylists to help customers select ensembles that are ordered on tablets. Grocery stores and cookware stores teach cooking classes. Bookstores hold author lectures and reading group discussions. And Philadelphia-based online motorcycle accessory store, Revzilla, holds meetups for motorcycle enthusiasts at their brick-and-mortar locations. These retail environments prioritize customer experience over inventory and demand different floorplans, loading and signage, and interact differently with adjacent public spaces.

Retail stores are integrating with the internet in other ways, enabling the customer to Buy-Online-Pick-Up-at-Store (BOPUS) and Buy-Online-and-Ship-to-Store (BOSS). Some stores are dedicating a large amount of space and staff for returning online purchases. These store concepts are enabled by the growing efficiency of shipping from warehouses. These warehouses are locating near highways and airports and close to urban centers.

Retail and Non-Retail Clusters

Uses such as shared office spaces are finding homes within shopping centers. Commercial real estate service provider Jones Lang LaSalle predicts that coworking space will grow at retail properties by an annual rate of 25 percent through 2023, accounting for roughly 3.4 million square feet by then.¹³ Boutique fitness "clusters" are also trending. Gyms that offer pilates and spin classes locate next to vitamin stores, smoothie shops, and stores that sell athletic gear.

Growth of Immigrant-Owned Businesses

Many of these trends and innovations are geared towards customers with disposable income and the ability to shop online. Products sold at upscale stores can be both too costly and not meet the needs of lower-income customers. As a result, a large sector of the market will continue to rely on brick-and-mortar stores for the foreseeable future.

Some shopping centers are being bolstered by immigrants in neighborhoods outside the urban core. Immigrants are shopping and opening stores selling products geared towards people of different nationalities and ethnicities. While many of these stores are thriving, they are not as well capitalized as national chains. Rising rents from shopping center improvements or appreciating property values can price out existing businesses. An expanding residential market may attract investors to redevelop shopping and strip centers into higher-end homes.



A "perfume library" at cosmetics store, Lush, allows customers to sample and read about a variety of fragrances. Image Source: Hot Topics, 2019

Case Study: Retail Village

Location: Seattle, WA

Date: built in 1956, redesigned in the 1990s

Issue: outdoor auto-oriented strip mall center north of downtown with poor pedestrian connections and high vacancy

Solution: Expanded and changed its character through additions and redesigns of outdoor spaces. A pedestrian network and public spaces were placed throughout the site to improve the shopping experience. This network not only provides a safe and comfortable pathway for pedestrians, but also calms vehicular traffic by breaking up the expanse of the parking lot. Key elements include:

- Landscaping buffers these walkways from vehicular traffic.
- Pathways include pedestrian-scaled lighting, frequent canopies and seating.
- Main entrances face these walkways, an outdoor pedestrian mall, and surrounding streets instead of parking lots.

This case study provides an example of how a purely commercial site can become a safe, vibrant destination by rethinking the parking lot as a public space.



*Pedestrian pathways with amenities provide connections across parking lots at University Village shopping center in Seattle, WA
Image Source: Google Maps*

Case Study: Repurposing Big Boxes

Issue: Big-box stores and large stores in malls may have trouble filling vacancies when there is less demand from large national chains and department stores

Solution: These buildings have large floor areas that can easily be converted to create space for multiple stores or non-retail uses

Examples:

- A former Hobby Lobby in Indianapolis, IN became an international marketplace where entrepreneurs from immigrant communities sold from “storefronts” within sections of the building.
- La Gran Plaza, an enclosed mall outside Fort Worth, TX, embraced changing demographics by accommodating businesses that serve them. The mall retained national retailers like Burlington Coat Factory and filled vacant spaces with immigrant-owned businesses. The mall uses its atrium for special events that serve the Latinx community.
- Churches and schools are common forms of adaptive reuse of big-box stores.
- Less common examples include a Walmart in Greenville, Michigan that was converted to a year-round BMX dirt track.



*A former Hobby Lobby in Indianapolis, IN repurposed as an international marketplace
Image Source: NextCity*



La Gran Plaza filled vacant spaces left from national chain stores with immigrant-owned businesses and activated the mall atrium with special events programming. Image Source: boxerproperty.com

Current Trends & Projected Shifts

Lifestyle Centers

Lifestyle centers are mixed-use residential, commercial and entertainment developments that locate traditional retail functions of a shopping mall within smaller buildings along a “Main Street.” Lifestyle centers focus on public amenities such as pedestrian lighting, landscaping, and public spaces. Outdoor amenities such as fountains and street furniture create a pleasant experience for casual browsing.

Lifestyle centers include non-retail components such as condominiums and apartments, restaurants with outdoor dining, entertainment venues, and sometimes office and coworking spaces. Lifestyle centers are anchored by stores that specialize in a particular good or service, movie theaters, or other entertainment venues. These centers are similar to the early shopping center examples of Country Club Plaza and Suburban Square, or like the malls envisioned by Gruen but without the roof.

Most of the older shopping centers that have been redeveloped using this model are geared towards an upscale clientele in affluent suburbs. Lifestyle center developers are now starting to turn towards urban markets as the concept catches on, urban property values increase, and market demand is proven. Urban lifestyle centers may differentiate from their suburban counterparts by easily integrating into an adjacent street grid that is accessible to the surrounding neighborhood.

A lifestyle center could fail to capture needed revenue to spend on maintenance of its streets and public spaces. These private streets must meet Complete Streets standards and comply with Streets Department requirements in the event that they need to be placed on the City Plan.

Privately-owned and operated lifestyle centers raise a theoretical question: What makes a space public? A private “Main Street” or central green may include public amenities, perhaps even ones that are higher quality than what is provided in a public park or along a commercial corridor. Is the space still public if there is an expectation that the user purchases something? Do commercial advertisements in public spaces create a psychological environment that makes them less public?



A central green surrounded by mixed-use commercial buildings along Main Street at King of Prussia Town Center provides space for events and relaxation. Image Source: IMC Construction

Case Study: Recreating Main Street

Location: Mashpee, Cape Cod, MA

Date: began construction in 1986

Issue: 140-acre auto-oriented shopping center along state highway with poor pedestrian connections

Solution: redevelopment of the shopping center into a “village”-like atmosphere with shops along a Main Street with parking behind the stores. Key elements include:

- New Urbanist design principles influenced by a form-based code that requires buildings with Cape Cod style architecture along the pedestrian-oriented Market Street and new street grid
- Parking is concealed by being placed to the rear of buildings
- Short blocks with sidewalks, parklets, landscaping, buildings with awnings, pedestrian-scale lighting, and other amenities create a pleasant experience for shopping by foot.



*Market Street, Mashpee Commons
Image Source: Duany Plater-Zyberk & Co*

Fulfillment Centers and Amazon Lockers

E-commerce fulfillment centers are massive warehouse developments near major highways and airports. These strategic locations enable online retailers like Amazon to provide two-day shipping from supplier to customer. Urban dwellers who may lack secure delivery receptacles at their homes can have their items shipped to Amazon Lockers. Amazon has even opened entire storefronts of Amazon Lockers. Online retailers will begin looking for smaller, more flexible hybrids as they move towards one-day and same-day delivery. Larger shopping centers with direct highway access could be ideal locations. Online retailers may consider including kiosks within parking lots where shoppers can let fulfillment center staff, or robots, know where to go to load the purchased item directly into the customer's trunk. The trend towards buy-online-pick-up-at-store (BOPUS) changes the function of a parking lot from parking to pick-up and reduces the need for providing a large amount of parking spaces.

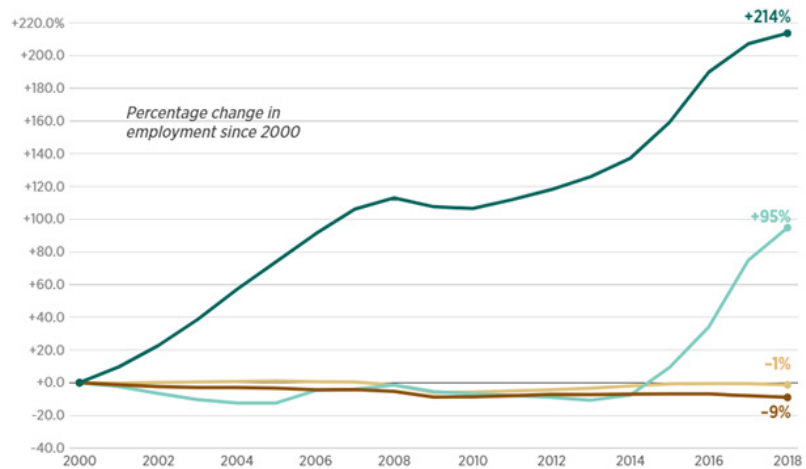


Amazon Fulfillment Center
Image Source: Google

Warehouse Jobs Growing, Retail Shrinking

Since 2000, warehousing jobs have more than tripled in Pennsylvania and almost doubled in New Jersey. At the same time, retail jobs have slightly declined in both states.¹⁴

Retail jobs, including cashiers, sales associates, customer service representatives and even store managers, are generally available for workers that lack a college degree. Dislocated retail workers may be able to find employment in warehousing jobs. However, there are key differences between those two sectors. Warehouses are located away from population centers, making them less transit accessible than retail locations.



Growth of Warehouse Employment in PA and NJ

PA Warehouse & storage PA retail
NJ Warehouse and storage NJ retail



Philadelphia Context

This section of the report examines the landscape of shopping centers in Philadelphia. It then illustrates how different types of shopping centers could accommodate these trends and include quality design.

Shopping Centers in Philadelphia

The Philadelphia City Planning Commission maintains an inventory of commercial areas. This inventory, called PhilaShops, documents the supply and health of commercial spaces. It does this by analyzing location, size, vacancy, and physical condition, anchors, mix of stores, and parking. It also classifies commercial areas by how they function and how they're designed.

These character types include the following:

Pedestrian/Transit Corridors:

Store entrances open out to the sidewalk and most parking is on-street.

Auto-Oriented Strip:

Stores are setback from the street by free off-street parking that vehicles access via curb cuts. Development and ownership is often piecemeal.

Free-Standing Center:

An off-street cluster of businesses, generally under a single ownership. This character type includes auto-oriented shopping centers.

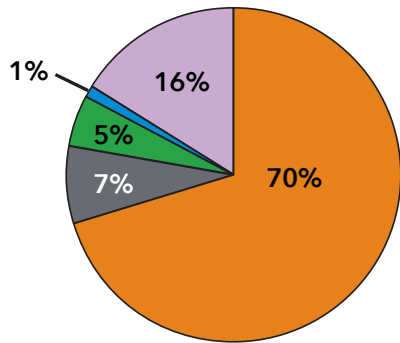
Specialty Center:

A complex of businesses that complements another destination, such as an airport

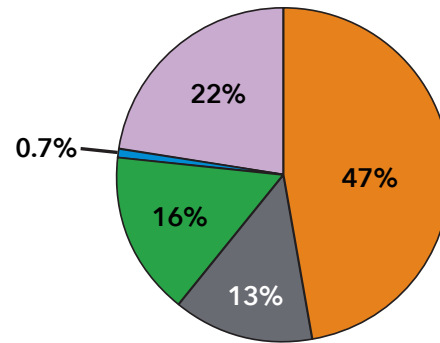
Mixed Character:

The commercial area's character is a mix of two or more of these types

Just under 30 percent of businesses in Philadelphia are either in shopping centers, auto-oriented strips, or commercial areas that show a mix of pedestrian and auto-oriented character. More than 50 percent of the City's total commercial space is in these areas since store footprints tend to be larger in shopping and strip centers. At 20 percent, vacancy in Philadelphia's traditional pedestrian and transit-oriented corridors is higher than in more auto-oriented commercial areas. Vacancy in the latter commercial typology has grown in recent years as national chains have closed and market conditions have worsened.

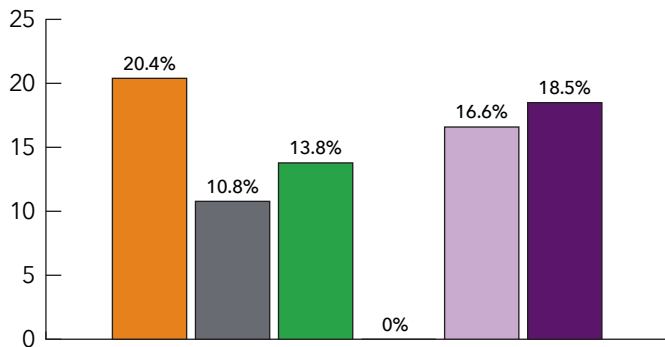


**Share of Businesses
by Commercial District Type**

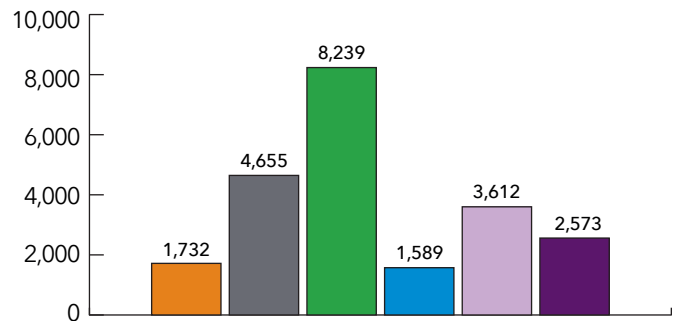


**Gross Leasable Area*
by Commercial District Type**

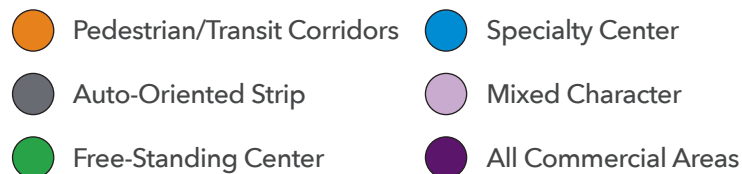
**Gross Leasable Area is the interior square footage that can be leased.*



Vacancy Rate by Commercial District Type



**Average Business Size (sq. ft.)
by Commercial District Type**



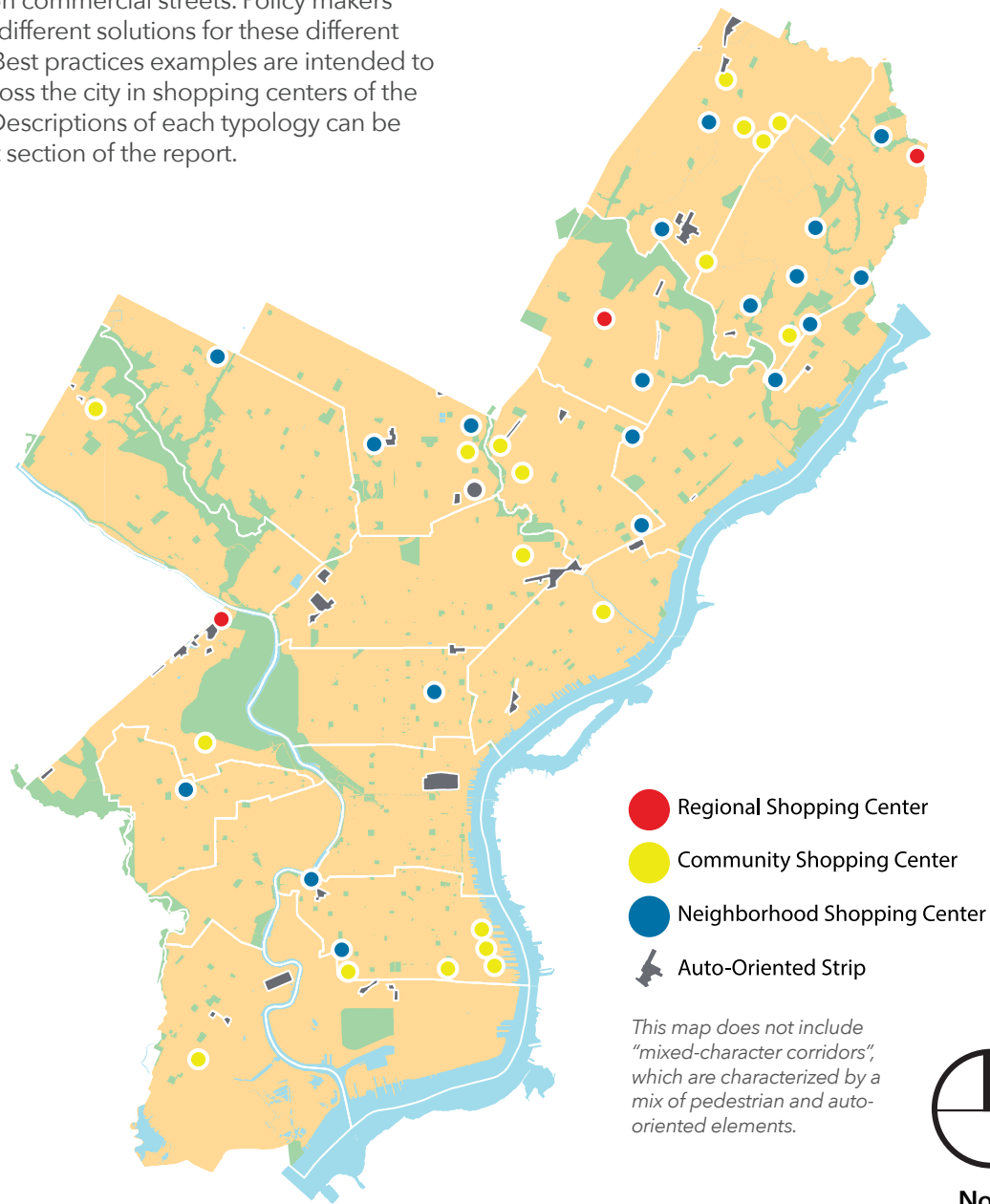
Philadelphia Context

Shopping Center Types

Shopping centers of varied size, location, and form operate differently. Larger shopping centers off highways, called “regional shopping centers”, often include big-box and department stores and draw customers from a greater distance. Smaller shopping and strip centers in neighborhoods often have groceries, banks, offices, and convenience stores.

While shopping centers are typically free-standing, strip centers may be found mixed alongside pedestrian-oriented stores on commercial streets. Policy makers should consider different solutions for these different types of places. Best practices examples are intended to be replicable across the city in shopping centers of the same typology. Descriptions of each typology can be found in the next section of the report.

This report evaluates these types of retail areas: regional and community shopping centers, neighborhood shopping centers, and auto-oriented strips. It then proposes distinct recommendations to improve each of these types.

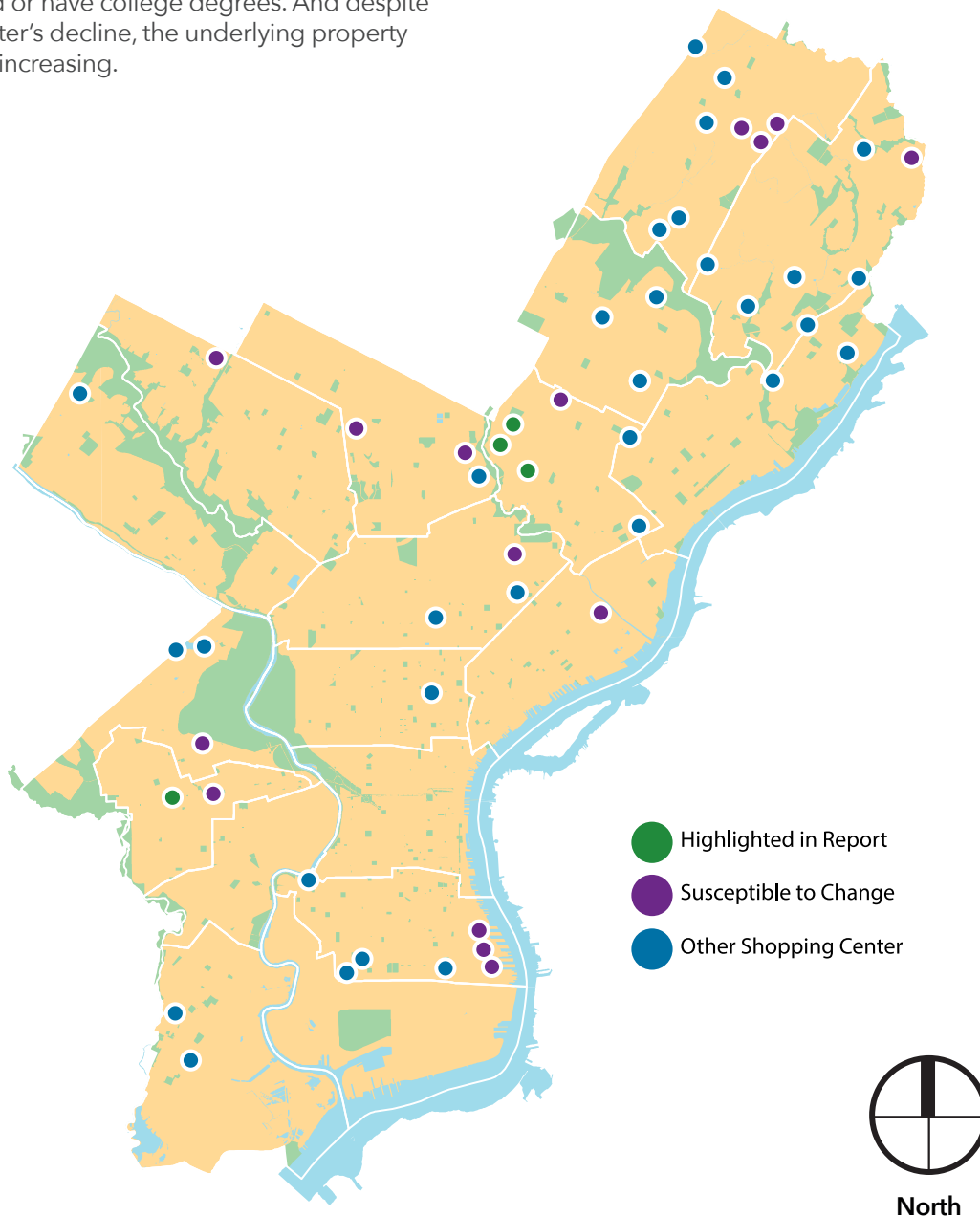


Susceptible to change

There are a number of declining shopping centers in Philadelphia where the overall real estate market is improving. These centers have increased vacancy, a less varied mix of stores, and are in worse condition than they were about a decade earlier, the last time the Philadelphia City Planning Commission surveyed commercial areas. However, they are in market areas that have seen increased investment over the same period. For instance, population may have increased or new homes may have been built. A greater share of residents may be employed or have college degrees. And despite the shopping center's decline, the underlying property value may still be increasing.

These factors make shopping centers positioned for reinvestment or redevelopment. The City of Philadelphia should be strategic in how to target existing and recommended policies to create spaces that best serve the communities where they are located.

Below is a map of Philadelphia shopping centers that have been identified as susceptible to change.



Regional Shopping Centers

A Regional Shopping Center is a large free-standing shopping center with large-format department, outlet, or specialty stores. The total gross leasable area (GLA) of these shopping centers typically ranges from 300,000 to 900,000 square feet with larger shopping centers being categorized as “super-regional centers.” Extensive parking lots provide ample parking for major shopping holidays and are otherwise underutilized. The center’s size, variety of shopping options, and highway access draws customers from outside the immediate neighborhood. These shopping centers have common pathways connecting stores to each other and to the surrounding sidewalk. Poorly designed or unmaintained shopping centers sometimes lack these walkways. When they do have them, walkways sometimes are inadequate in preventing conflict between pedestrians and cars.

Regional Shopping Centers in Philadelphia

There are several clusters of large shopping centers in Philadelphia that draw consumers from a regional market. These shopping centers and clusters are noted with a red dot on the map on page 18.

While these centers vary in size, location, and price point of stores, they share many similarities:

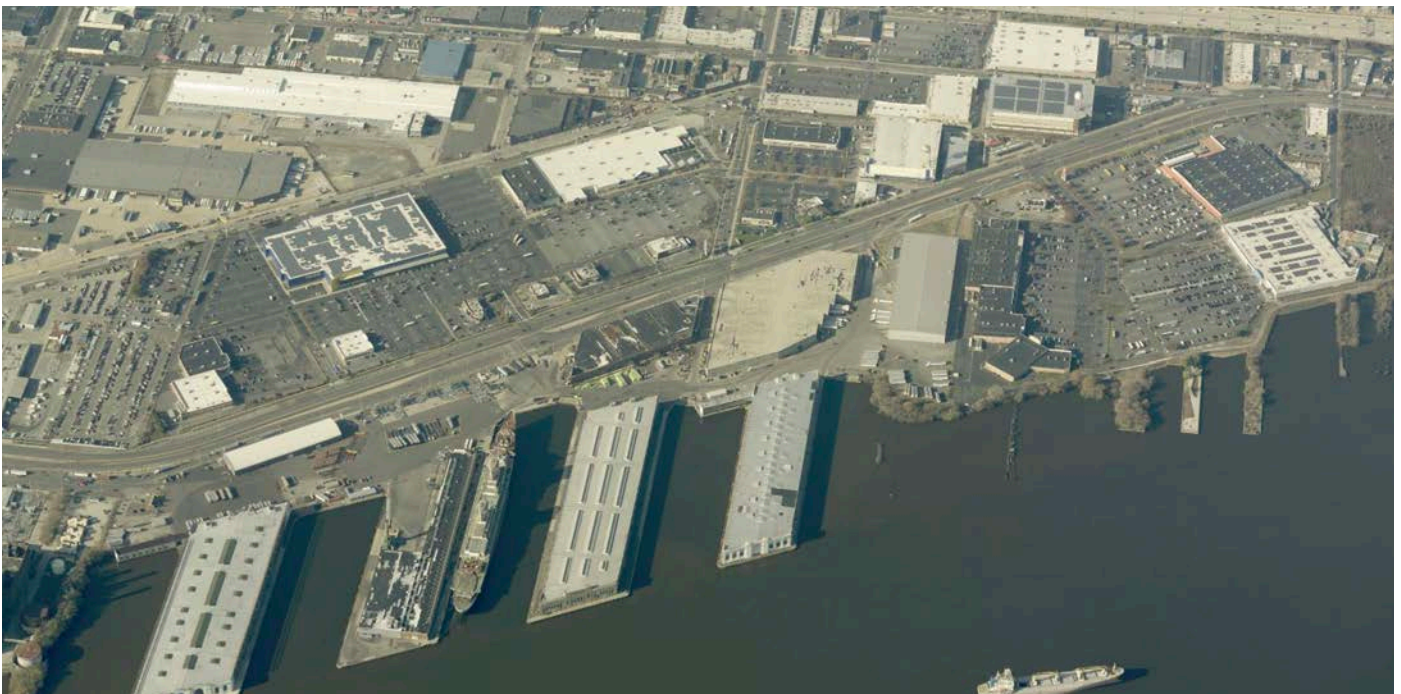
- direct highway access
- large parking lots that are often underutilized
- mix of big-box chains and complementary retail
- buildings with large footprints
- built in the last half of the 20th century
- mix of surrounding land use (residential, industrial, open space)
- hostility to pedestrians/transit

Strategies for Regional Shopping Centers:

- transform parking lots into pedestrian-friendly parking plazas with buffered walkways, parklets, and commercial pad sites
- create pedestrian connections from main building entrances to transit and the adjacent sidewalk network
- create streets within the site, including a “main street” and central green
- improve mobility within the shopping center and to nearby shopping districts by focusing streetscape improvements along connection points between shopping center clusters and by operating and managing a private shuttle
- reuse legacy spaces and historic buildings to create public spaces
- strategically buffer from or connect to adjacent uses of industrial land, waterways and open space, residential neighborhoods, a highway, and a hospital
- create dedicated circulation for large vehicles so that retail warehousing uses do not conflict with improvements geared towards creating a pedestrian-friendly environment
- target city programs to shopping center owners so they can help existing local businesses afford space and remain in an upgraded center



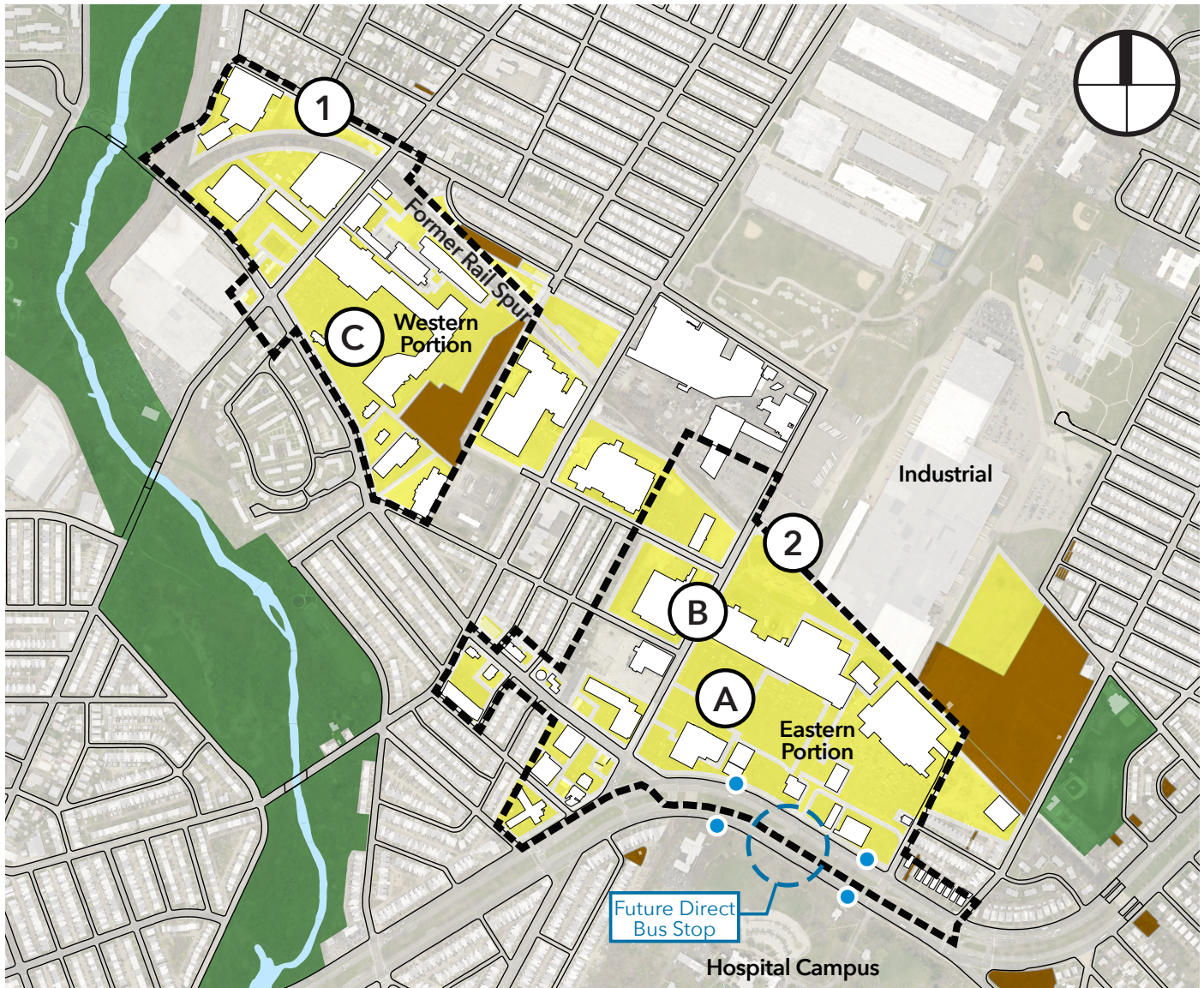
Cluster of Regional Shopping Centers in Northeast Philadelphia



Cluster of Regional Shopping Centers in South Philadelphia



Regional Shopping Centers



Less than a half mile separates two large shopping centers. Together, these shopping centers and the strip malls in between provide a total of 1.1 million square feet of leasable commercial space over more than 70 acres. Despite their proximity, these centers function differently within the commercial cluster. The shopping center on the western portion of the site ① has stores serving both the immediate neighborhood and regional market. This shopping center provides commercial spaces for locally-owned businesses alongside national chains. The shopping center on the eastern portion of the site ② draws shoppers from the region to “big box” national chains. Its adjacency to a major boulevard allows convenient access for goods delivery and for shoppers

arriving by car or transit. Because of these differences, these shopping centers complement each other more than they compete against each other.

- Vacant Land
- Susceptible to Change*
- Existing Bus Stops

*These areas may be “susceptible to change” based on certain factors, including aging buildings, high vacancy, and proximity to transit and highway infrastructure.

Issues

A) Sea of Asphalt

Many large shopping centers have vast parking lots that are hard to navigate on foot. These parking lots typically share the following characteristics:

- They are underused on most days that are not major shopping holidays.
- There are minimal pedestrian pathways through the parking lot providing safe connections from stores to the surrounding street.
- They lack amenities such as benches, greenery and stormwater features, trash receptacles, canopies, or kiosks.
- Large impervious surfaces create run-off during heavy storm events that overflows stormwater pipes and creates environmental issues.



B) Street Vending

Workers and customers at shopping centers that lack food courts still need an affordable place to eat lunch. In this example, a long row of food trucks lines the street next to the shopping center at the eastern portion of the site. These food trucks are also a destination for nearby residents, who park in the nearest row of stalls within the shopping center parking lot. However,

- The lack of seating and trash receptacles shows that there is a need for placemaking infrastructure.
- Trucks block sightlines for drivers and pedestrians entering and leaving the shopping center. This demonstrates the need to create visual buffers between site circulation and places where shoppers congregate.



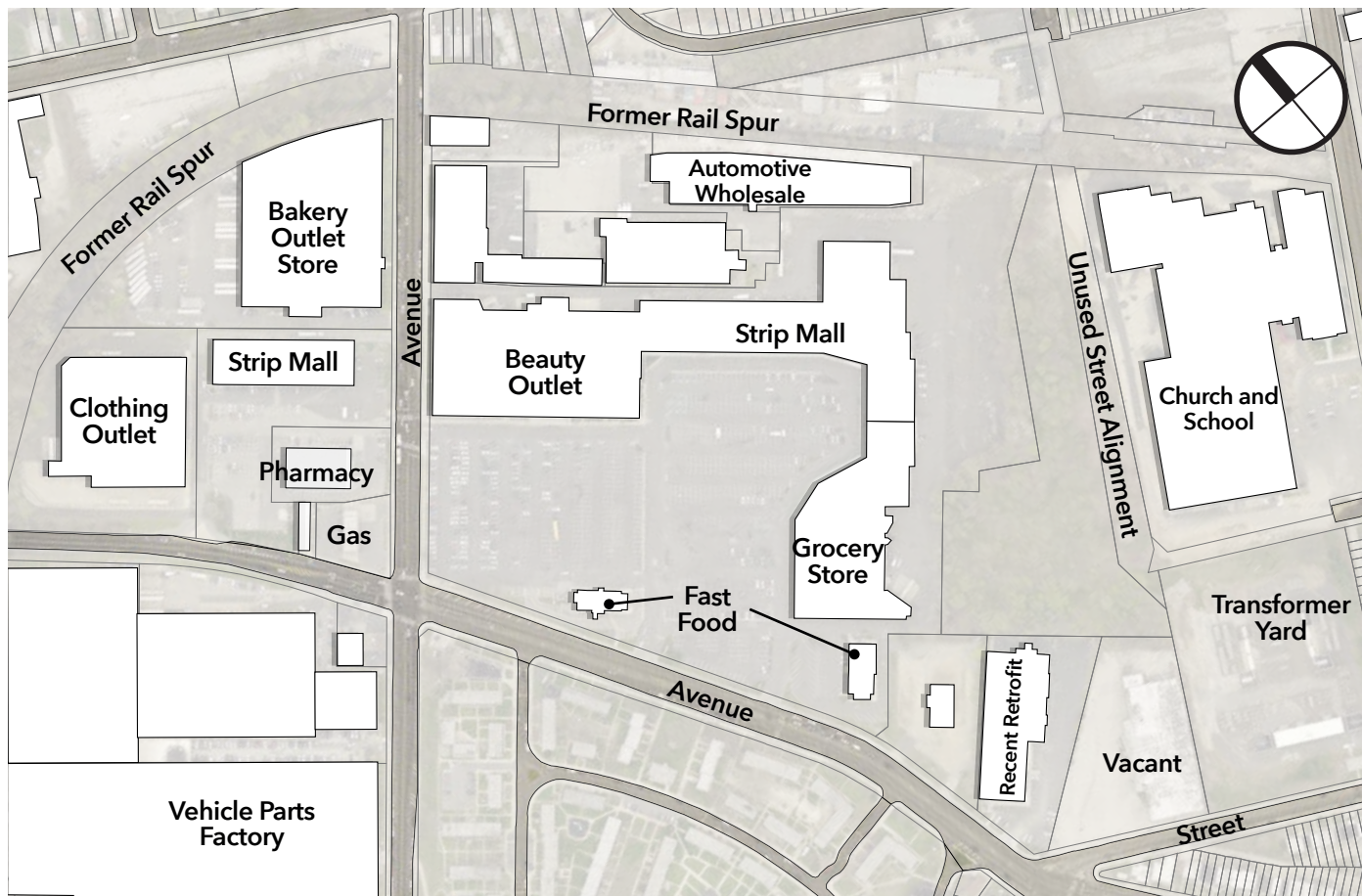
C) Unwelcoming Entrances to Storefronts

The front drive aisle follows the L-shape design of the main shopping center building.

- This creates a separation between the parking lot and the stores that is difficult to navigate on foot and reduces visibility of storefronts.
- Storefronts tucked away in the corners of the building are vacant, perhaps because they are less visible.
- The drive aisle is an inefficient use of space that could otherwise include outdoor displays and public amenities.



Regional Shopping Centers | Western Portion



Existing Conditions

The site plan above is of a shopping center that is prototypical of other larger shopping centers in urban areas. In this example, there is a grocery store and sit-down restaurants. The site has excess parking capacity and several vacancies. Wholesale food, auto-related uses, and a church with a school are next to the shopping center.

Some shopping centers include a mix of national chains and locally-owned stores. Some local stores may cater to immigrant communities. While they may enjoy loyal patronage, these local stores may be less capitalized than regional or national chains. These businesses are more likely to be displaced if they are unable to afford increased rents from an improved shopping center than larger companies with a diversified portfolio.

Main entrances to stores face a narrow curb with few pedestrian links through the parking lot. This creates an unwelcoming environment for pedestrians accessing these stores and reduces visibility.

Susceptibility to Change

Shopping centers outside the urban center may be attractive for redevelopment since they have a growing vacancy rate coupled with increasing property values. In this example, shops at the center are performing well but public amenities and facades are not maintained. Rising property values may not be enough to justify a meaningful change if the market area supporting the shopping center is still weak. For instance, the market area supporting the example above has close to 27 percent unemployment and a median household income of just \$52,768.

Vacant storefronts and excess parking areas can be places for new stores and amenities if a larger transformation cannot be financially justified.



Proposed Interventions

The area of parking outside the main building could convert into a gateway plaza that businesses could use for outdoor displays and seating. Footpaths buffered from vehicular circulation would link stores through the parking lot to the street. Smaller commercial pad sites with entrances to the front avenue would reduce the expanse of asphalt and slow vehicles. The strip mall and vacant site next door could redevelop into a mixed-use residential building. Medium-density apartments could add some purchasing power for businesses at the shopping center. A circulator shuttle could connect customers to transit stops and other nearby shopping areas. Vacant big-box stores can be converted into spaces for multiple businesses. These strategies would enhance the customer's browsing experience, giving them spaces to relax and easy ways to visit more than one business. With the appropriate landscaping separation, this improved shopping center could coexist next to light-industrial uses that are there today.

Future Uses

- Commercial/Retail
- Parking, Loading, & Utility Zones
- Residential Mixed Use
- Industrial/Warehouse
- Educational/Health Care Public Service

Interventions

- Pedestrian Friendly Parking Plaza
- Pocket Park/Shuttle Stops
- Pedestrian Pathways
- Shuttle Route
- Streetscape Improvements
- Trail Improvements



Regional Shopping Centers | Western Portion



Retail Shuttle

A shuttle like this one at Pacific Fair Shopping Center, could reduce the need for customers to drive from one store to the next. It also provides a much needed amenity to transit users.

Image Source: pacificfair.com.

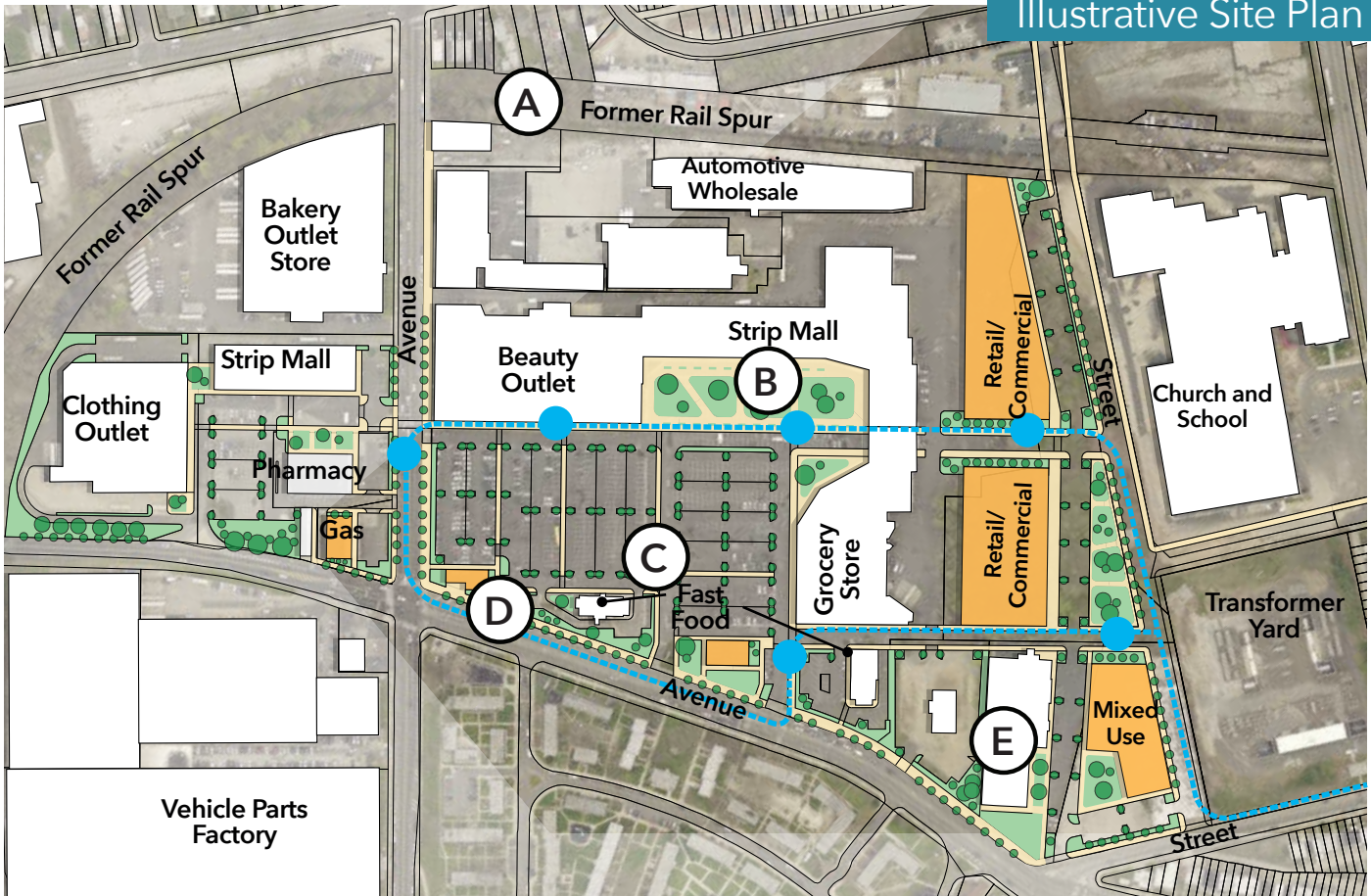


Retail Plaza

A gateway plaza outside the main building, like this one at Cross Country Shopping Center could provide green space, benches, and outdoor display of products being sold by adjacent storefronts.

Image Source: zubatkin.com.

Illustrative Site Plan



- (A)** Abandoned rail spur could become a trail link to the nearby greenway
- (B)** Welcoming retail plaza between existing stores
- (C)** Clearly defined and buffered pedestrian pathways
- (D)** Small stores in front enhance the pedestrian experience
- (E)** Encourage mixed-use residential on the periphery

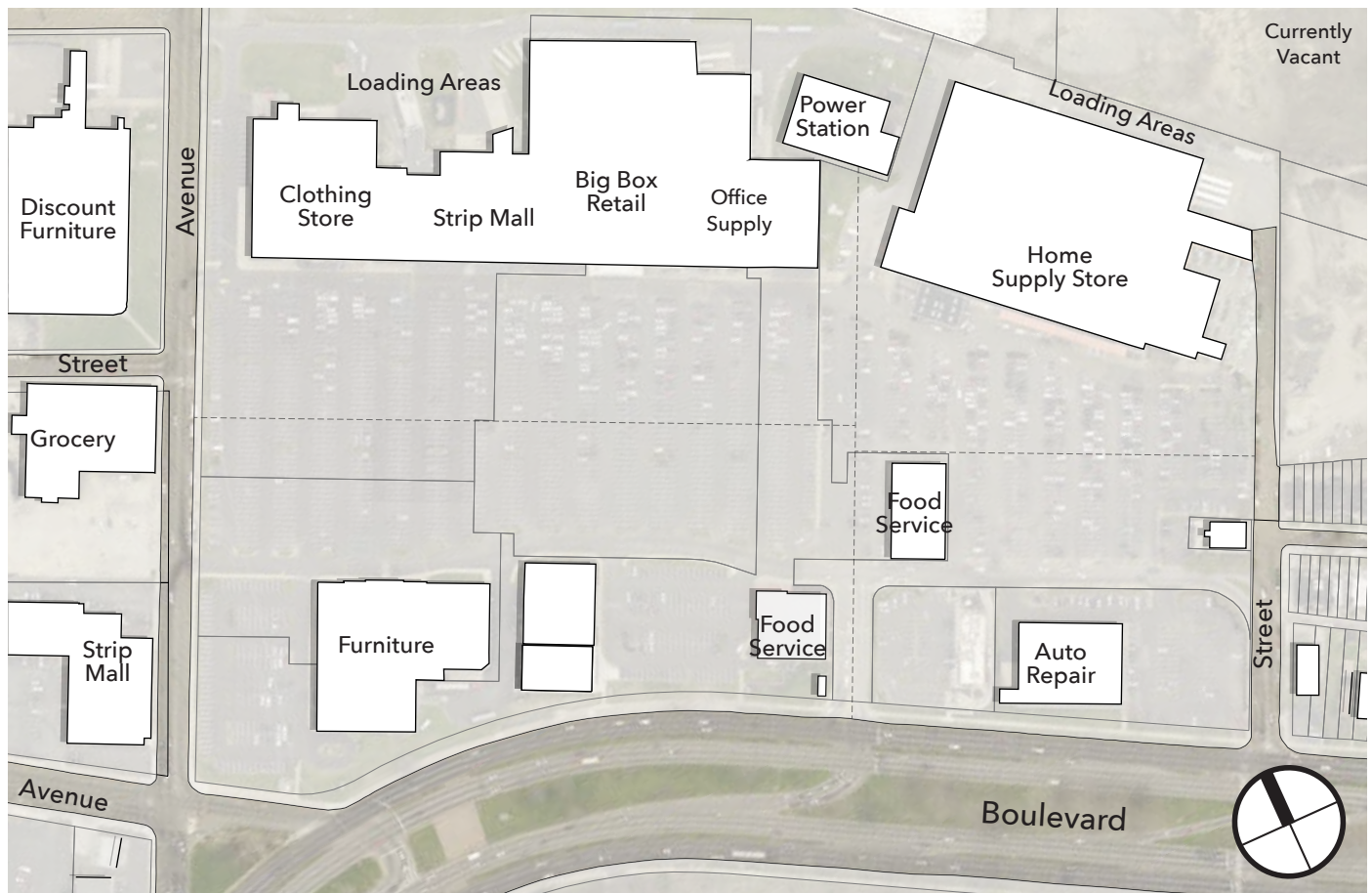
New Construction



Retail Shuttle Route



Regional Shopping Centers | Eastern Portion



Existing Conditions

Some other larger shopping centers are more tailored to big-box retail and national chains than they are for local businesses. These shopping centers could decline very quickly if one anchor store closes.

This shopping center is similar to other larger shopping centers near highways or other major roads. In this example, there are several commercial pad sites with a very large stretch of asphalt in between. For instance, less than a third of the shopping center is occupied by buildings. The rest of it fulfills parking and loading functions.

Store entrances facing the parking lot and great distances between stores with minimal pedestrian pathways discourage outdoor browsing. Service drives are busy with car traffic taking short-cuts to their favorite stores. Parking lots close to the highway seem to be used as park-and-rides for nearby transit. And yet, the primary parking lots remain far from full.

Susceptibility to Change

This shopping center also has a growing vacancy rate and increasing property values. Its adjacency to a major boulevard and more national brands can attract shoppers from outside the weak market. Planned efficiency and safety upgrades to the boulevard and new community serving facilities could leverage private investments to the shopping center. The concentration of street vendors on the periphery of the shopping center demonstrates a demand for affordable food and services for workers, customers, and nearby residents.



Proposed Interventions

Regional shopping center developers should consider how a shifting retail market would impact a center with large national chains and vast parking areas. They should also consider how an e-commerce fulfillment center could operate alongside stores, houses, and other uses.

This prototype has an underused parking lot that could support more stores, public spaces, and amenities. Excess parking could be replaced by plazas, pedestrian pathways, stormwater management features, and landscaping. Plazas could be sized and placed alongside stores, pathways, historic structures, and shuttle and transit stops. Kiosks or smaller pad sites can locate along pedestrian pathways through the parking lot. They can make distances between stores appear shorter.

The row of street vendors can be formalized into an outdoor food court with seating, trash bins, shade trees, and a public bathroom. A good pathway network, shuttle services, and plazas could make it easier for customers to shop at multiple stores.

Future Uses

- Commercial/Retail
- Parking, Loading, & Utility Zones
- Residential Mixed Use
- Industrial/Warehouse
- Educational/Health Care Public Service

Interventions

- Pedestrian Friendly Parking Plaza
- Pocket Park/Shuttle Stops
- Pedestrian Pathways
- Shuttle Route
- Streetscape Improvements
- Trail Improvements
- Intersection Improvements



Regional Shopping Centers | Eastern Portion



Food Truck Plaza

The row of food trucks could be formalized by creating space within the parking lot. Similar to the food truck pop-up at Harvard University, this area could include tables and chairs for comfort.

Image Source: Project for Public Spaces.



Passage Through Parking Lots

Passages through parking lots with canopies, landscaping, and kiosks would create a pleasant browsing experience and make the shopping center safer. Pictured above is University Village, Seattle.

Image Source: northeastseattle.org.

Illustrative Site Plan



A Potential to create retail plaza with existing food trucks

B Parking lot passage with small stores and landscaping

C Potential to create retail plaza

New Construction



Retail Shuttle Route



Neighborhood & Community Shopping Centers

A Neighborhood Shopping Center is a small to medium size shopping center with one or two anchor stores but is predominately made up of smaller businesses selling convenience goods. Neighborhood centers range from 30,000 to 120,000 square feet of GLA. Stores found in these centers include supermarkets, variety stores, post offices, or convenience services such as a laundromat or dry cleaners. Larger centers, called “community centers”, range from 100,000 to 500,000 square feet of GLA. They serve a slightly larger market area and may include more anchor stores and national chains. These could include a discount department store or a specialty store such as a home improvement store.

Neighborhood & Community Shopping Centers in Philadelphia

Neighborhood Centers are often located within residential neighborhoods. Unlike Regional Centers, they do not rely on convenient highway access. They are sometimes created by consolidating parcels and striking street rights-of-way to create a very large block barred to through traffic. This is known as a “superblock”. Stores and offices in Neighborhood Centers are of similar size and variety as those found along traditional pedestrian and transit-oriented commercial corridors.

Strategies for Neighborhood Shopping Centers:

- reintroduce street network as a pedestrian-friendly corridor
- daylight the existing pedestrian pathway and expand it to connect to streets
- create a non-vehicular gateway to shopping centers
- create pedestrian connections to neighborhood assets adjacent to shopping centers, such as recreation centers, libraries, and schools
- create mid-block crossings at key entry points
- consolidate loading areas
- add affordable and senior housing with ground floor retail to shopping centers to reduce the retail square footage and provide on-site demand for convenience retail
- improve intersections to and around the shopping center to increase safety and reduce confusion for all modes



Bell's Corner Shopping Center
Image Source: Google maps

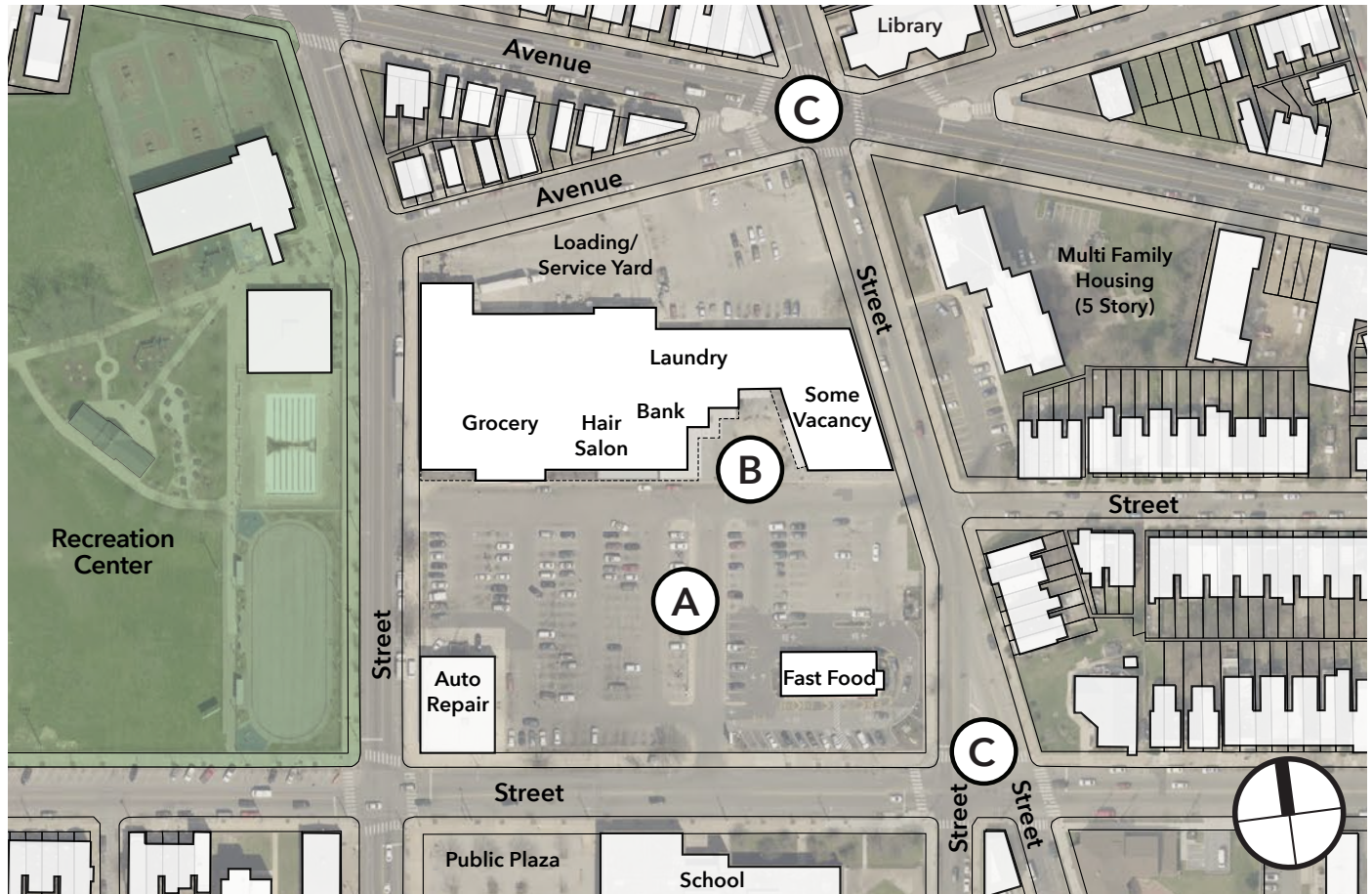
Cobbs Creek Shopping Center
Image Source: Google maps



Morrell Plaza
Image Source: Google maps



Neighborhood & Community Shopping Centers



Existing Conditions

Neighborhood shopping centers like this one are common throughout the city and region. They provide convenient shopping options to nearby residents but the large sites create barriers to adjacent community assets. This modestly sized center was created from consolidating several neighborhood blocks. There are vacant stores, even though the shopping center is more than several blocks from other commercial areas. Community amenities, such as a recreation center and library, surround the shopping center. The center's vast, unmaintained parking lot and the wide intersections on the periphery are barriers to pedestrians going to the adjacent amenities. With less than expected activity, the parking lot is far from full. The shopping center was upgraded in the 2000s to include a public plaza with benches, pedestrian lighting, trash bins, and landscaping. This plaza is underused because it lacks pedestrian connections to it and because of the number of vacancies at the shopping center. On one end of the plaza is a parking lot and the other is to a covered pathway leading to the rear loading dock.

Susceptibility to Change

With a vacancy rate of 28.6% and an average property value of \$77 per square foot, this is the worst performing shopping center highlighted in the report. Merely 53 percent of working-age residents in the market area are in the labor force, and 27 percent of those are unemployed. Nonetheless, its proximity to transit and civic spaces, high stormwater costs generated from the large parking lot, and new construction in the area could present opportunities for redevelopment.

Issues

A) Unmaintained Parking Lot

- National chains and parking codes require more parking than is needed on a site within walking distance from homes and transit.
- Property owners become less likely to maintain parking areas and public spaces as rents drop and stores become vacant.
- There are opportunities to turn excess parking into public spaces, pedestrian pathways, stormwater basins, places for trees and landscaping, and new development.



B) Underused Plaza

- Creating new public spaces without providing safe and welcoming pathways to them will fail to attract people to use them.

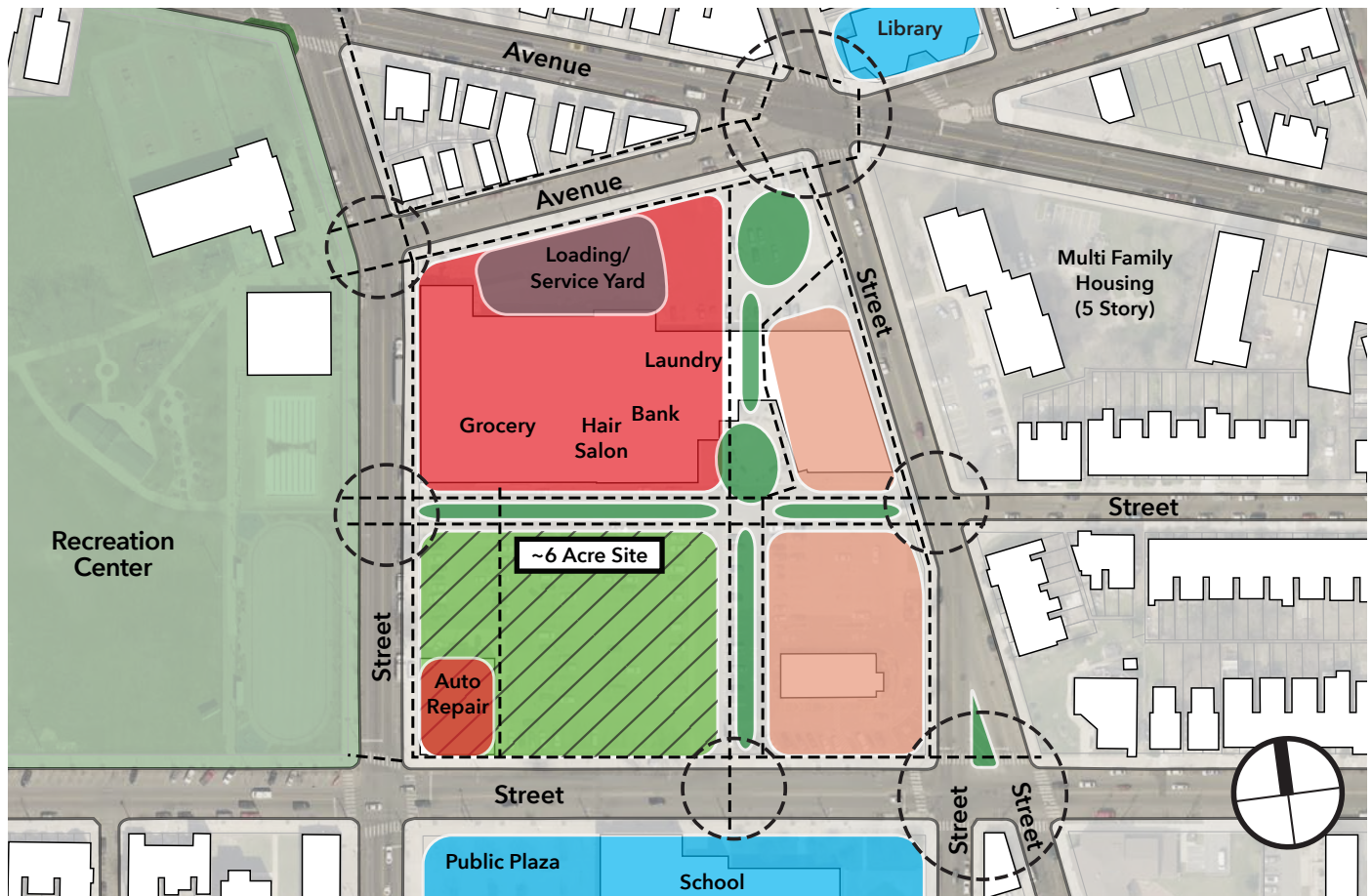


C) Wide Surrounding Streets

- Wide streets make it harder for neighbors, even those residing next door, to safely access the shopping center.
- These public rights-of-way should be redesigned to accommodate neighbors who live, learn, play, and worship close enough to walk to stores.



Neighborhood & Community Shopping Centers



Proposed Interventions

Using some of the site for a needed use, such as affordable or senior housing, could boost activity. Restoring historic street alignments and changing building footprints would improve pedestrian access. The library, school and recreation center would seem less isolated from each other and the shopping center could become a natural destination for local residents. New affordable or senior housing would increase shopping demand at these businesses.

Future Uses

- Commercial/Retail
- Parking, Loading, & Utility Zones
- Residential Mixed Use
- Educational/Public Service

Interventions

- Pedestrian Friendly Parking Plaza
- Pocket Park
- Pedestrian Pathways
- Intersection Improvements



New Construction



Mixed Use with Senior Housing

A senior housing development with ground-floor retail could repurpose excess parking. It could provide additional purchasing power for businesses. Image Source: Phillycurbed.com.



Pocket Park

The existing plaza could be enlivened with more plantings, tables and chairs, and art. Daylighting the pathway to the north of the center would create a welcoming network through the site. Pictured above is Grays Ferry Triangle Plaza, a pop-up installation. Image Source: BillyPenn.com.



Auto-Oriented Strips

Auto-Oriented Strips are streets with a series of smaller strip centers or auto-oriented buildings intermixed along a pedestrian-oriented corridor. Some characteristics include piecemeal development and ownership, front setbacks with free off-street parking, and frequent curb cuts from the street. Stores are generally neighborhood-serving such as banks, grocery and convenience stores, and fast-food restaurants. There is not necessarily an anchor store.

Auto-Oriented Strips in Philadelphia

Auto-oriented and mixed-character corridors often exist along areas that were once more oriented towards pedestrians. Over time, shops were replaced with buildings with parking in front and drive-through service. These newer buildings are designed to accommodate grab-and-go convenience shopping for consumers arriving by automobile. While businesses are within walking distances of residences, the priority for cars makes the area unsafe for those navigating on foot.

Frequent curb cuts provide driveway access to businesses within the same shopping area. These curb cuts provide convenient vehicular access but create conflict areas with traffic. Minimal greenery and far-between crossings contribute to the inhospitable environment for pedestrians.

Strategies for Auto-Oriented Strips

- encourage infill along street frontage and parking in the rear
- create incentives for businesses to share parking lots and transform excess front-loaded parking into public plazas
- in the long-term, relocate auto repair businesses away from community uses
- narrow and clearly mark curb cuts
- improve the sidewalk and street intersections to improve safety and visibility and reduce confusion for all modes of transport
- consider locations for additional pedestrian crossings, both at intersections and mid-block
- consider current and future market demand and variability for retail destinations in proximity to one another

Case Study: Chestnut Hill Parking

By placing parking behind storefronts, Germantown Avenue in Chestnut Hill is lined with shops and active with pedestrians rather than driveways and parked cars.

In 1952, the Chestnut Hill Shopping Center Development Group created a plan to manage the influx of cars. This plan called for the creation of nine shared parking lots to the rear of stores that would be managed by a new corporation, The Chestnut Hill Parking Company, Incorporated. Uniform signage guides shoppers to these parking lots. In May 2012, that company, now called the Chestnut Hill Parking Foundation, turned some of these parking lots into pay lots with kiosks to ensure that parking users paid their share of maintenance and beautification costs for the lots.



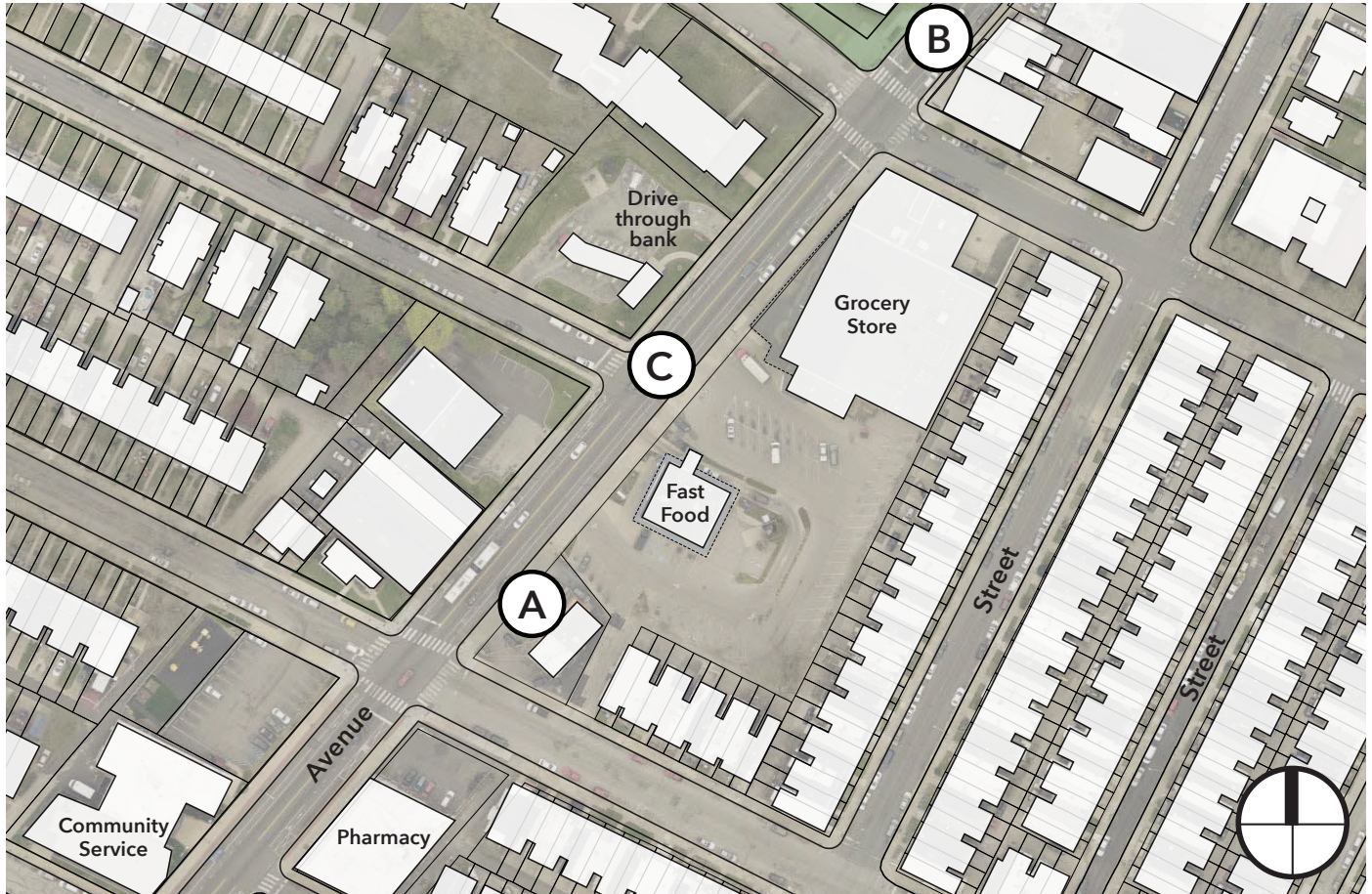
Mixed Character Corridor along City Ave



Strip along Willits Rd
Image Source: Google maps



Auto-Oriented Strips



Existing Conditions

Auto-oriented strips are common in areas of Philadelphia that have developed later in the 20th century. Mixed-character corridors like this one occur in areas when new buildings with parking in the front or drive-through service replace storefronts with no or minimal off-street parking. Like Neighborhood Shopping Centers, they provide convenient shopping options to nearby residents. For instance, this strip includes a bank, grocery store, pharmacy, and fast food. A library and recreation center are clustered among the auto-oriented convenience shopping options.

Homes and community serving facilities surround the commercial street, which is part of a bus route. However, certain conditions make this commercial street very auto-oriented. Curb cuts interrupt the sidewalk on the southeastern block for almost half its distance. And that

side of the block lacks shade trees. On the block to the north, pedestrians must walk the length of six football fields to get to the next crosswalk. The area has attracted several auto-repair shops. While these cater to the needs of the community, their operations can conflict with other stores, such as the one located next to a day care and across the street from the recreation center.

Susceptibility to Change

This auto-oriented strip has a lower vacancy rate and higher commercial property values than the highlighted shopping centers. Economic indicators do not suggest that this auto-oriented strip is susceptible to change. However, investments in the street right-of-way and incentives for private developments can help boost foot traffic to businesses and better integrate the corridor into the neighborhood.

Issues

A) Fragmented Parking

- One of the challenges of a neighborhood commercial corridor is the large number of property owners.
- When these corridors become auto-oriented strips, each owner has their own parking solution with their own curb cut and separately striped lot.
- This can lead to inefficiency and blocks covered with asphalt and concrete.
- There's less room for landscaping when none of the automobile access is shared.



B) Public Realm Outside Municipal Facilities

- Commercial streets that display a mix of pedestrian and auto-oriented character often include residential and community uses.
- The auto-oriented nature of the street sometimes creates conflicts with community uses. For instance, the front door to this civic cluster is an unmaintained concrete parking lot for staff.
- In this example, narrow drive aisles and wide curb cuts create conflicts with pedestrians and are dangerously close to a bus shelter.

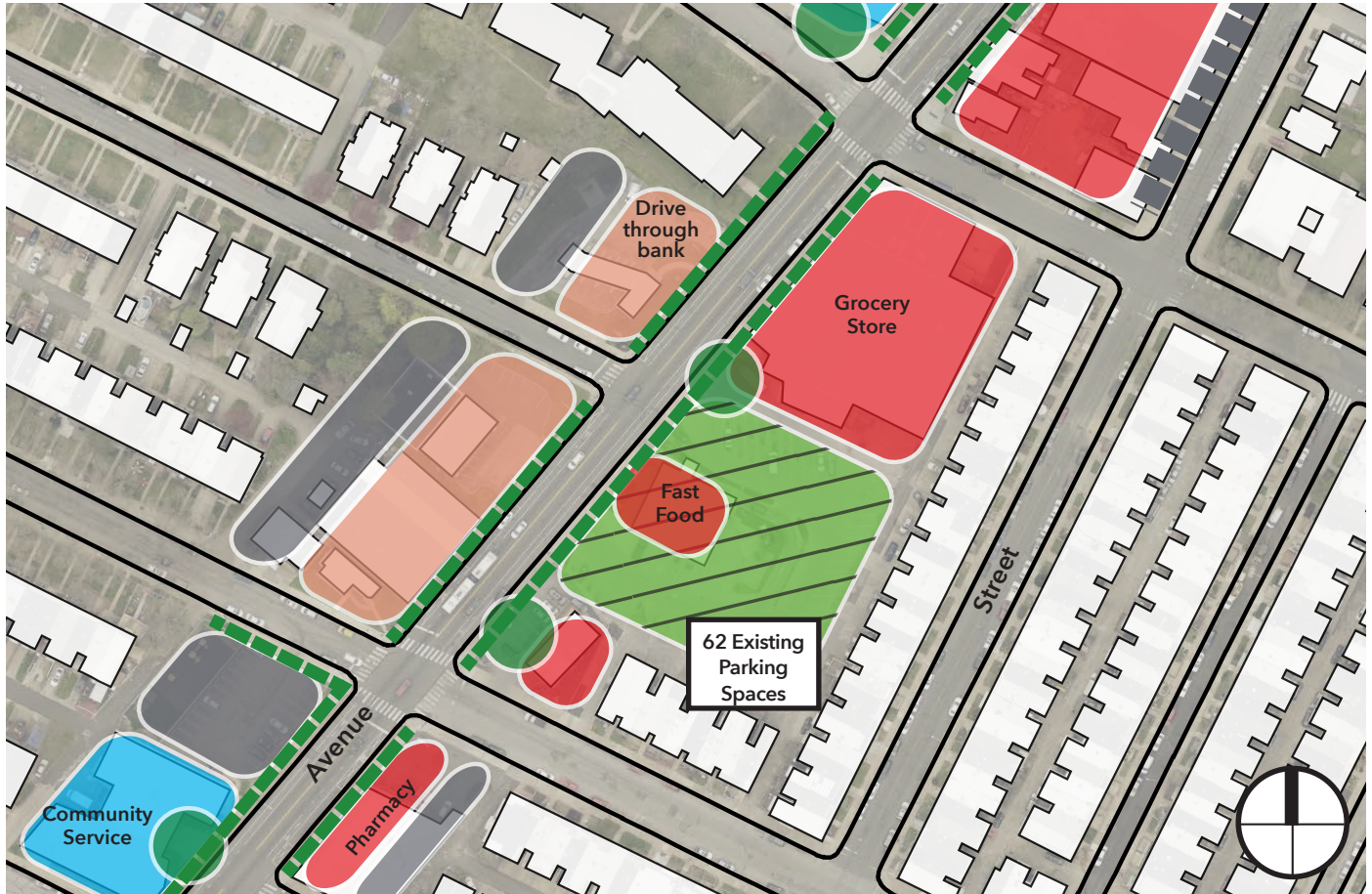


C) Long Blocks, Few Crossings, Fewer Trees

- Auto-oriented infill along commercial streets create an inhospitable condition for pedestrians.
- Long blocks with few marked crosswalks force pedestrians to either go longer distances or unsafely cross the street mid-block.
- Pedestrians who choose to walk out of their way to the next intersection navigate frequent curb cuts
- This journey can get hot without shade and unsafe without human-scaled lighting or appropriate crossing locations.



Auto-Oriented Strips



Proposed Interventions

Parking management and improvements to the roadway and sidewalk would make the pedestrian experience safer and more pleasant. Sharing parking lots across property lines can maintain the same number of parking stalls while reducing curb cuts and creating space for public amenities. When properties are redeveloped, they should be oriented along the street with the parking in the rear, buffered from homes with landscaping. Newer stores with entrances to the sidewalk could have a second or third story with apartments. This could help increase foot-traffic to businesses and civic spaces along the corridor.

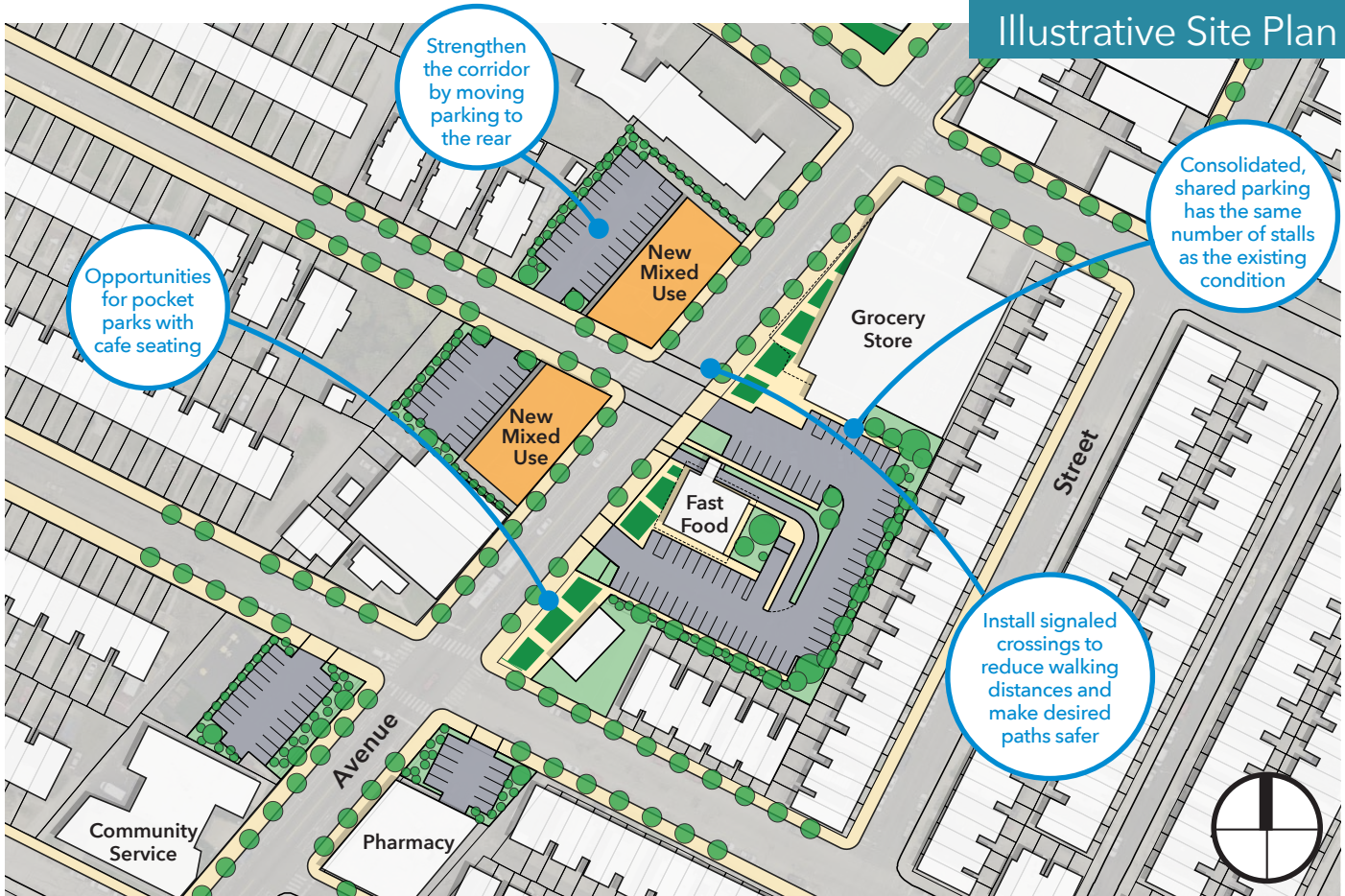
Future Uses

- Commercial/Retail
- Parking & Loading
- Residential Mixed Use
- Educational/Public Service

Interventions

- Pedestrian Friendly Parking Plaza
- Pocket Park / Shuttle Stops
- Streetscape Improvements
- Intersection Improvements

Illustrative Site Plan



New Construction



Parking with Buffers Between Uses

Once parking areas that have been moved from the front of businesses to the rear, landscaping can separate these lots from housing. Image Source: mmgardens.com.



Cafe Seating in Parklet

Pocket parks and parklets can provide seating and landscaping on smaller sidewalk or parking areas. Efficiencies created by shared parking can make space for parklets with seating. Image Source: CityLab.com.



Recommendations and Strategies

The City of Philadelphia has an opportunity to update its regulations and incentives for shopping centers. These policies would encourage owners to upgrade shopping centers in ways that make them more accessible and flexible in responding to shifting demand. Other strategies include the creation of special services districts (SSDs) or business improvement districts (BIDs) for shopping centers and strategic investments in public infrastructure and facilities.

Updating Parking Standards

Parking standards for shopping centers should be updated to allow for greater flexibility. Some recommended changes are:

- Lower parking minimums
- Establish parking maximums for auto-oriented commercial zoning districts
- Enforce standards in the Complete Streets Handbook that require roadway dimensions to accommodate multi-modal accessibility within new shopping centers or ones being redeveloped
- Add a drive-through section to the Complete Streets Checklist and review process
- Update standards for pedestrian pathways
- Encourage additional public amenities through a zoning bonus
- Explore ways to encourage use of shared parking reductions in the code

Zoning Bonuses

- Make certain density bonuses available for commercial auto-oriented zoning districts
- Determine bonuses that would be attractive to shopping center developers, who may not need additional height
- Bonuses could be provided for:
 - Multimodal elements such as buffered pedestrian pathways
 - Bonuses that are available for other zoning districts, such as for a green roof
- Pair incentives to shopping centers with City programs that help local businesses

Update Zoning Code

- Allow non-commercial uses, like residential or light-industrial, accessory to commercial ones
- Update the “light-industrial” use category in the zoning code to include logistics warehouses and other uses that could be complementary to a shopping center
- Include form-based elements to encourage browsing and place-making over grab-and-go:
 - Main entrances are pedestrian-oriented
 - Defined pedestrian circulation
 - Facades with activated windows

Zoning Case Study – Upzoning the Shopping Mall

Lexington, Kentucky’s growing population isn’t stopping the decline of the city’s shopping centers. In January 2018, the City Council unanimously voted to reform its “Planned Shopping Center” zoning district. Before the update, this district mandated low-density, retail-only, auto-oriented building form. The goal is to transform declining shopping centers into vibrant, mixed-use destinations accessible to pedestrians and transit users, in addition to cars. The reformed zoning district will do this by:

- allowing residential and non-retail commercial uses such as restaurants, cocktail lounges, brew-pubs, and nightclubs
- replacing parking minimums with parking maximums that are lower if the shopping center is along a transit route
- requiring that developers submit a multi-modal plan for approval by the Planning Commission. The Planning Commission also has the authority to reject new drive-throughs
- requiring bus shelters with pathways connecting them to building entrances
- creating design guidelines for centers with ‘Big-Box’ buildings to encourage varied building heights, entrances along streets and pathways instead of from parking lots, facades activated with windows, and defined pedestrian circulation



Case Study - Mayfair Business Improvement District (BID)

Some BIDs, like the Center City District (CCD), cover large areas and have sizable budgets. There are smaller BIDs covering commercial areas in neighborhoods outside the urban core. Mayfair Business Improvement District (MBID) was created in 2015 and covers two miles along the Frankford Avenue commercial corridor. MBID has made that stretch cleaner and more attractive through street cleaning and installing planting flowers. It has organized events such as the Arts Festival and attracted new businesses to the corridor. It partners with organizations such as the Merchants Fund to provide businesses with the tools and financing they need to grow. In 2019, MBID worked with the Pennsylvania Department of Transportation (PennDOT) and City agencies to improve pedestrian safety, parking, and loading and enhance public spaces.

Like in Mayfair, BIDs could help shopping centers and businesses along auto-oriented strips.

Business Improvement Districts

Cities can work with businesses and property owners to create business improvement districts (BIDs) for shopping centers or clusters of nearby shopping centers. These districts collect fees from business and property owners to carry out programs such as sidewalk and street cleaning, security guards and cameras, and market for special events and initiatives. Below are some benefits of BIDs for businesses within shopping centers:

- Recruit tenants with complementary uses so that new tenants do not compete with older ones that sell similar products or provide similar services.
- Market City programs for small businesses to tenants, either directly or through shopping center management, which could help them absorb the shock of higher rents in an improved shopping center.
- Brand the shopping center and plan for improvements in a holistic way
- For regional shopping centers or cluster of large shopping centers, a BID could operate a shuttle that stops at various store entrances or public spaces within the cluster.

Capital Investments

The City Capital Program must consider opportunities where public investments to the surrounding street and transit infrastructure can leverage private investment to shopping and strip centers. One example is at Cottman and the Boulevard, outside the Roosevelt Mall. The City of Philadelphia is investing \$4.3 million in streetscape improvements to Cottman Avenue. Property owners of the adjacent mall were engaged throughout the visioning and planning process. It is hoped that the public investment will leverage upgrades to the shopping center. Where appropriate, the City could also consider capital investments to secure public easements through shopping centers that cut off the neighborhood to community assets such as schools, libraries, and parks. In this case, the City and shopping center owner would enter into a memorandum of understanding (MOU) that outlines a management and maintenance agreement.

Vacant buildings or new pad sites within shopping centers could become buildings for community serving organizations. Non-profits that fulfill community needs could be encouraged to locate within these shopping centers. These could include as homeless services, food banks, and community supported agriculture. Cities could use municipal facilities as leverage to ask property owners to make design improvements.



Next Steps

The design and policy strategies proposed in the conceptual images requires investments from the public sector and private sector developers. Next steps could include:

- Work with public officials across multiple City departments, City Council, and private sector stakeholders to determine best ways to update regulations to the zoning and parking codes. Identify a bonus structure that would incentivize property owners to implement identified strategies
- Coordinate with agencies, chambers of commerce, and shopping center owners to identify public private partnership (PPP) opportunities where infrastructure investments to public rights-of-way, parks, transit stations, and community serving facilities could leverage private investments
- Coordinate with PCPC, Commerce, City Council, and private sector stakeholders such as chambers of commerce, shopping center owners, and business owners in the retail sector to explore opportunities to establish a BID in shopping centers
- Share these ideas with community groups so they can effectively request that developers incorporate good design principles and uses that respond to community needs
- Create marketing materials such as brochures and pamphlets that demonstrate benefits of and incentives for best practices
- Use this document as a basis for applying for grants to plan for strategic investments to public infrastructure that could leverage private sector investments
- Automate the PhilaShops data source, which tracks the condition of commercial areas throughout the city. More frequently updated and inclusive data could support local plans to right-size commercial nodes or preserve commercial areas from being displaced by other uses
- Continue to track the changing nature of the retail industry and its effects on commercial corridors, malls, shopping centers and strip centers. Identify public and private sector officials who would track and respond to impacts
- Analyze Civic Design Review comments for cases that include new and upgraded shopping and strip centers. This analysis can help planners evaluate how improvements incorporate design solutions outlined in this report

Glossary of Terms

Auto-Oriented Strip – piecemeal development and ownership, front setbacks with free off-street parking, and frequent curb cuts from the street. Also known as “strip malls” or “strip centers”, they sometimes are located along commercial corridors that possess a mix of pedestrian-oriented and auto-oriented commercial agglomerations.

BOPUS – buy online, pick up in store

BOSS – buy online, ship to store

CAAS – clothing as a service

Category Killer – a large single-themed store, like electronics or furniture, intended to capture market share from smaller stores

Commercial Corridor – concentrated areas of storefronts and business activity located along a street

Discount Store – a store that relies on bulk purchases and efficient distribution to enable it to sell products at prices that are lower than the typical market price. These stores often operate on a high-volume, low-profit-margin strategy.

E-commerce – the activity of buying or selling of products on online services or over the internet.

Experiential Retail – brick-and-mortar store that provides interactive, often technology-enhanced, experiences that supplement product purchasing. These stores would have altered layout that prioritizes space for these experiences over large amount of inventory.

Form based code – a type of zoning that regulates building form over use. They address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks.

Free-standing Center – coordinated development and ownership, auto-oriented, internal pedestrian circulation, generally set back with free off-street parking

Greyfield – formerly-viable retail and commercial shopping sites that have suffered from lack of reinvestment and have been “outclassed” by larger, newer malls or shopping centers

Gross Leasable Area (GLA) – total estimated square feet of area, both occupied and vacant, that could be leased for consumer-oriented retail and service activities.

Large Format Store – (also known as big-box store, supercenter, superstore, or megastore) is a physically large free-standing retail establishment, usually part of a chain of general merchandise (Walmart) or specialty (Home Depot) stores. Buildings are generally one large story and sit within a large, paved parking lot. GLA generally ranges from 50,000 to 200,000 square feet.

Lifestyle Center – a shopping center or mixed-use commercial developments that combines the traditional retail functions of a shopping mall with leisure amenities. These developments feature buildings with downtown-like articulated storefronts and facades, main streets, and amenities including plazas, promenades, and village greens.

Neighborhood Shopping Center – a freestanding shopping center typically with 30,000 to 120,000 square feet GLA that has stores that are geared towards convenience goods such as grocery stores, banking, restaurants, and pharmacies.

Pad Site – a freestanding parcel of commercial real estate usually located in the front of the parking lot of a shopping center or strip mall. Pad sites benefit from visibility and accessibility from the street and are typically sought after by banks, casual dining, fast food restaurants, and fueling stations. Pad sites usually range between 2,000 and 75,000 square ft. and often include drive-thru service.

Power Center – a large (250,000 to 750,000 square ft.) outdoor shopping mall that usually includes three or more large format stores.

Public amenities – resources, conveniences, facilities, or benefits continuously offered to the public for their use and/or enjoyment, with or without charge. Examples include benches, drinking fountains, parks and parklets, public rest rooms, shade trees, etc.

Public Realm – public and private spaces that are publicly accessible and free to use, such as streets, plazas, and parks

Regional Shopping Center – a large freestanding shopping center that often includes large-format department, outlet, or specialty stores that draw consumers from outside the immediate neighborhood where it is located.

Specialty Store – store that focuses on goods and services related to entertainment, dining, off-price goods, or arts.

Store Mix – the overall quantity and quality of the mix of establishments in a commercial area. Store mix includes the variety of goods and services provided by anchor and complementary businesses.

Superblock – a very large block barred to through traffic, often created by the consolidation of parcels and striking of street rights-of-way



Methodology

This methodology identified declining auto-oriented shopping centers and strips and their market areas. The Philadelphia City Planning Commission (PCPC) staff used the following metrics in devising this list.

Declining Shopping Centers & Auto-Oriented Strips

PhilaShops

PCPC staff maintains an inventory of commercial areas in the City. This survey was last updated ahead of the *Philadelphia2035* district plans and is generally updated in seven-year increments. The PCPC project team considered the following to identify shopping areas in Philadelphia that have experienced recent decline and could be targets for new investment:

Character - Classification by dominant physical and functional layout. Pedestrian and transit-oriented shopping areas were excluded.

Vacancy Rate - Number of Vacant Spaces divided by Number of Commercial Spaces.

Vacancy Change - The change in the Vacancy Rate from the most recent Shops survey to the preceding one with available data.

Stage -Size, occupancy, and condition trends since previous inventories, determine if the commercial area is:

1 = stable, 2 = growing, 3 = declining, 4 = redeveloping. Only centers with a stage of 1 or 3 are considered for this analysis.

Condition - Surveyors rate each commercial area based on its physical condition. Condition of public spaces, buildings, and the variety of shops are considered in determining overall condition.

*Each condition category is rated as follows:
1 = Excellent, 2 = Good, 3 = Fair, 4 = Poor*

A composite measure of retail center condition is considered in this methodology. Centers with a score above 8 are either categorized as Fair or Poor. Only centers with a score at or above 7 (borderline Good to Fair) are considered for this analysis.

Office of Property Assessment (OPA) Data

The difference in OPA assessment for non-residential properties within the defined commercial areas for each shopping center determined how the value of these areas has changed in relation to each other and to the change in value of all non-residential properties in Philadelphia.

PCPC staff identified 38 shopping centers and auto-oriented or mixed-character corridors that were declining. For instance, a shopping center with an increased vacancy rate or declining condition or property values was considered to be declining. Of these areas, the team evaluated the twenty lowest performing of them.

Identifying Shopping Center Market Areas

The PCPC project team identified market areas for each of the twenty PhilaShops areas based on metrics defined by the Delaware Valley Regional Planning Commission (DVRPC) in their 2005 study, Redesigning Shopping Centers in the Delaware Valley. PCPC created “population sheds” with a defined radius from the perimeter of the selected PhilaShops areas. The market area would capture Census Tracts that include the population that is supported by the Gross Leasable Area (GLA) of the PhilaShops area, as identified by the National Research Bureau. Data was collected for these Census Tracts to determine if there is purchasing power that would support new investment in these centers.

Demographic and Socioeconomic Profile

The PCPC team collected demographic data such as population and total housing units. It also collected socioeconomic data such as educational attainment, median household income, unemployment, labor force participation, and if householders pay more than 30 percent of their income on housing.

Investment Profile

The City of Philadelphia maintains a database tracking public and private investment by census tract. This data was used to demonstrate economic activity within the market area.

Market Competition

The PCPC team evaluated how saturated the market area is with retail to determine what kinds of investments should occur in that shopping center. Data was gathered to answer the following questions. What is the distance to the nearest commercial cluster? How much of a draw is the shopping center within its market area? How saturated is the market area with retail? Is the shopping center fulfilling a retail need for the surrounding community or could the center decrease its retail footprint and add other uses?

In addition to this data, the team considered recommendations from concurrent or recent planning efforts related to shopping centers, collision data for adjacent roadways, and location, age, ownership, and tenancy of the 20 identified shopping centers.

Creating the Susceptibility Index

Each variable was ranked for the twenty identified shopping centers and then scored from highest score to lowest score. The ranking numbers within variable were aggregated, giving each shopping center a total score. For the most part, the highest scoring shopping centers were selected for this report*.

Limitations

The team encountered certain limitations in collecting data and creating the susceptibility index. For instance, certain estimates were made to accurately compare time-series data across census tracts that changed boundaries from 2000 to 2010. Some City-held data was unavailable for market areas that extended outside City limits.

**In order to get a spectrum of shopping centers with geographic diversity, the Economy Score was not included in the final ranking.*



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