Greyfield Land/Redevelopment

Dr. Robert W. Peters
Greyfield Land

• In the United States and Canada, greyfield land is economically obsolescent, outdated, failing, moribund or underused real estate assets or land.
• The term was coined in the early 2000s from the 'sea' of empty asphalt that often accompanies these sites.
• “Greyfield” is a relative neologism as compared to more commonly known terms such as brownfield or greenfield.
Greyfield Land (cont’d)

• The terms "greyfields" and "grayfields" are used interchangeably by builders, planners and economic development professionals to describe properties that have been developed, and have infrastructure in place, but whose use is outdated or blocks access to the best approach for the real estate.
Greyfield Land (cont’d)

• Unlike "brownfields", greyfields typically have little or no environmental contamination.
• Unlike "greenfields", greyfields have already gone through at least one development cycle.
• To the casual observer, physical greyfield sites may appear run down, outclassed or abandoned. Even to the professionally trained eye, the potential value in greyfields may be overlooked.
Greyfield Land (cont’d)

• While the term was originally applied to failing regional malls or other blighted retail properties that required development intervention to stem their decline, the label is now often used to describe undervalued or underutilized real estate assets that hold the potential, through strategic redevelopment, to be transformed into prime investments.
Greyfield Land (cont’d)

- In a broader sense, the term "greyfield" may also be applied to describe inefficient operational, financial or economic structures affecting corporate real estate entities themselves.
- Such instances may be considered "virtual" greyfields in which the key to unlocking value relies more on expertise in management and/or financial restructuring than in recognizing any intrinsic value embedded within the currently existing real estate assets.
Greyfield Land (cont’d)

• The term has historically been applied to formerly-viable retail and commercial shopping sites (such as regional malls and strip centers) that have suffered from lack of reinvestment and have been “outclassed” by larger, better-designed, better-anchored malls or shopping sites.

• These particular greyfield sites are also referred to as "dead malls" or “ghostboxes” if the anchor or other major tenants have vacated the premises leaving behind empty shells.
Greyfield Land (cont’d)

• Unlike brownfields, which feature actual or perceived levels of environmental contamination, greyfields typically do not require remediation in order to unlock value to an investor.
Greyfield Land (cont’d)

• The hidden value, in many cases, comes from underlying infrastructure (such as plumbing and sewerage, electrical systems, foundations, etc.), the presence of which allows a developer to improve the site efficiently through capital expenditures (sometimes quite minor) that may easily lead to increased rents and greater value.

• Other important potential qualities including parking, a central location, etc. may also be leveraged in a well-executed redevelopment of the site.
Greyfield Land (cont’d)

• Some greyfields may also be considered favorable to investors because even if they are outclassed or physically in disrepair, they have revenue in place through long- or short-term leases.

• Greyfields with short-term leases may work well for an investor/developer who has a strategy involving intensive real estate asset management. By actively managing the greyfield in a short-term lease environment, rents may be increased after improvements are made.
Greyfield Land (cont’d)

• The “greyfield” term may also be applied more broadly to urban infill or commercial locations where underuse or outdated (non-retail) uses hamper an otherwise valuable real estate asset.
Greyfield Land (cont’d)

• An example would be a formerly industrial waterfront site that is potentially valuable as a mixed use/residential site as it is being encroached upon by residential sprawl, or other economic or redevelopment pressures.

• In this example, the revitalization of the greyfield may require zoning changes and/or a public-private partnership of some kind to achieve the highest and best use.
Background

• In 2001, the Congress for the New Urbanism coined the term “greyfield”, which refers to aging strips of development that once served as vital commercial corridors during the post-World War II suburban exodus but have today fallen on harder times [Gamble and LeBlanc, 2004].

• In contrast to contaminated brownfields and undeveloped greenfields, greyfields refer to “so-called 'dead malls,' often characterized by the vast empty asphalt parking lots that surround them” [Congress for the New Urbanism, undated].
Background (cont’d)

• The most conservative calculations in 1999 estimated that there would be no fewer than 203 American grey-field malls with a combined outstanding debt of over $2 billion and projected redevelopment costs of over $11 billion by 2004.

• In 2001, of the 2,000 American regional malls, it was estimated that nearly 20% were greyfield malls or in danger of becoming one [Congress for the New Urbanism, undated].
Background (cont’d)

• The Central City Mall in San Bernardino, California; the Prestonwood Town Center in Dallas, Texas; the Maple Hill Pavilion in Kalamazoo, Michigan and the Lafayette Plaza in Bridgeport, Connecticut are all examples of greyfields in American cities [Blackbird, undated].
Characteristics

• An average site size of a greyfield is 45 acres.
• These sites are both smaller and less connected to the regional transportation system than those housing America's best-performing malls, which average over 70 acres in size, with freeway visibility and direct ramp access [Congress for the New Urbanism, undated].
Characteristics (cont’d)

- Located in established neighborhoods and shopping districts and on suburban arterials with bus service, many are already bus hubs [Congress for the New Urbanism, undated].

- They have formidable competition; on average, greyfield malls have 2.3 million square feet of competing retail space in 22 other centers within 5 mi. They are often older and smaller than the most successful malls in their region [Congress for the New Urbanism, undated].
Characteristics (cont’d)

• Conventional renovations will not be sufficient to breathe new life into many properties.
• A facelift will do little to help. A new anchor store, depending on the center's position in the market, may not do much either [Congress for the New Urbanism, undated].
Critical factors necessary for the redevelopment of a greyfield site include the following:

• Market conditions
• Ownership and anchor tenant status;
• Site and location factors;
• Municipal and community capacity; and
• Developer and lender capacity [Congress for the New Urbanism, undated].
Greyfields versus Brownfields

• Regarding the difference between greyfields and brownfields, greyfields are quoted as being “Typically located in suburban areas, greyfields, or failed retail malls represent sites that can be redeveloped into profitably mixed use walkable neighborhoods” [Merritt, 2006].
Greyfields versus Brownfields (cont’d)

• In the study, Merritt [2006] states that there is a current trend of Brownfield redevelopment occurring within the United States; he doesn’t understand why this trend is taking precedence over the redevelopment of Greyfields.

• Brownfield redevelopments are typically more expensive than the development of Greyfields because with Brownfields sites they have to be safely cleaned up correctly because of the implied perception of environmental contamination that may be present.
Greyfields versus Brownfields (cont’d)

• Many are not interested in greyfield redevelopment because when they decide to sprawl, they are getting exactly what they want even though it might not be the best thing for the environment or the local economy.

• The residents may believe that by moving to suburban areas they are receiving the best educational school systems for their children as well as the privacy and land that they desire.
Greyfields versus Brownfields (cont’d)

• Merritt (2006) believes that “Greyfield redevelopment could meet a need for an undeserved population demographic while simultaneously reclaiming under-utilized land, redeveloping existing structures into more sustainable, mixed-use places, and ultimately transforming suburban land use patterns”.

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Greyfields versus Brownfields (cont’d)

• Either way with Greyfield redevelopment or Brownfield redevelopment, we need to cleanup and convert the existing land for other uses so that developers do not feel like building out is their only way to go.
Lessons

• Lessons from successful greyfield transformations are based on the case studies of the Paseo Colorado development in Pasadena, California, the City Place development in Long Beach, California, the Belmar development in Lakewood, Colorado, the Downtown Park Forest development in Park Forest, Illinois, the Mizner Park development in Boca Raton, Florida, and the Winter Park Village development in Winter Park, Florida conducted by the Congress for New Urbanism [Congress for the New Urbanism, undated]:

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Lessons (cont’d)

• Incorporate features that will maximize environmental benefits;
• Explore major physical changes;
• Use car parking carefully;
• Incorporate public amenities that add value and distinguish the development;
• Include civic and institutional activities;
• Expect a lengthy pre-development period and prepare for complications;
Lessons (cont’d)

• Establish a high standard for urban design;
• Market the new concept;
• Develop mixed-uses that can thrive independently; and
• Patient money is the best fit for town center projects [Congress for the New Urbanism, undated].
Greyfield Malls: A National Problem

• Obsolete shopping malls dot the American cityscape. Finding them doesn’t require much expertise. Fenced-in parking areas are a dead give-away.

• Weekend used car sales give a strong hint. Storefronts converted into centers for community policing and health clinics are telling signs. Property owners, tenants and investors know about their decline. Neighbors, former shoppers, and erstwhile employees know. City managers and community leaders know. But just because they know the problem doesn’t mean they know the solution.
Greyfield Malls: A National Problem (cont’d)

Mizner Park, in Boca Raton, Florida, was once a greyfield mall. Today, it is a popular mixed-use neighborhood, combining offices, retail, residences, and public space.
Greyfield Malls: A National Problem (cont’d)

• The Congress for the New Urbanism (CNU) sees many of these shopping centers as ideal sites for transit-oriented, mixed-use development.

• Some of them are no longer suitable for regional retail. But many are well suited as the sites of new urbanist development that may include housing, retail, office, services, and public space.
Greyfield Malls: A National Problem (cont’d)

- Will Fleissig, a developer with Continuum Partners in Denver, is converting the greyfield Villa Italia mall in Lakewood, Colorado.
- Fleissig says, “We hear so much about infill, smart growth, first tier suburbs, transit-oriented development, and sprawl. If you look at the larger picture, this is the biggest issue facing America today. We need to build better neighborhoods in existing communities, near transit. These greyfield sites are the first wave of large landholdings that are in existing communities, near transit, with existing utilities and transportation systems, with potential for significant densification.”
Greyfield Malls: A National Problem (cont’d)

• The term *greyfield malls* is used to describe retail properties that require significant public and private-sector intervention to stem decline. More familiar are brownfields (contaminated urban development sites) and greenfields (undeveloped rural land). By contrast, greyfields are developed sites that are economically and physically ripe for major redevelopment.
Greyfield Malls: A National Problem (cont’d)

• Absent successful revitalization efforts, the value of greyfield mall sites will be reduced to land value less the cost of building demolition.
• There are sites that have already reached that point, with harsh community and economic impacts, in every region of the country.
Greyfield Malls: A National Problem (cont’d)

• For a local community, a greyfield is more than just visual blight.
• It means lost tax base, lost job opportunities, and valuable land sitting unused.
• The severity of such blight in one community was highlighted when the Boulder, Colorado Daily Camera proclaimed its “story of the year” for 2000: The decline of the city’s Crossroads Mall.
• Local efforts to revive vulnerable and dying retail sites are common. Some have been successful, others have not.
• CNU is conducting a national examination of how to revitalize these sites so they can again provide value to their communities and their owners.
• The goal, put simply, is to turn greyfields into goldfields.
Greyfield Malls: A National Problem (cont’d)

In 1997, before redevelopment, Eastgate Mall in Chattanooga, Tennessee was nearly empty. Parking lots surrounded a cloistered shopping center.

Today, the mall has turned inside-out to face the street. Plans call for a town square to replace part of the parking lot.

A generation of growth will eventually reclaim empty spaces with buildings and public places.
The Study

The Congress for the New Urbanism (CNU) began studying greyfield malls in early 2000. The study has had several elements:

• The Graduate School of Design at Harvard University held a design studio, led by CNU member Will Fleissig and Professor Richard Peiser. The studio first designed conversions of actual greyfield malls, and then conducted economic feasibility analyses to determine whether new urbanism “penciled out.”
The Study (cont’d)

- PWC worked with CNU to examine the retail landscape. The PWC findings comprise the report, “Greyfield Regional Mall Study,” available from CNU or at http://www.cnu.org/malls.
- The International Council of Shopping Centers critiqued PWC’s work, leading to refinements in the study’s methodology.
- In February 2001, CNU member Lee Sobel, a Florida real estate professional, began compiling revitalization success stories for a project catalog. Preliminary results are included here.
POTENTIAL REASONS FOR MALL DECLINE
(from PriceWaterhouseCooper’s Greyfield Regional Mall Study)

• Changes in accessibility, infrastructure, and transportation corridors that effectively make older inner city and first-ring suburban malls less competitive.

• Changes in urban economics – shifts in population and capital, and attention to increasingly distant suburbs.

• Alterations in retail format over time – introduction of power centers and category killers.

• Competition from newly constructed centers within 3 to 5 miles.

• Changes in surrounding area household demographics – age of population, racial composition, household income.
Potential Reasons for Mall Decline (cont’d)

• Changes in the level of tenant commitment – unwillingness to sign long-term leases, creation of encumbrances that make it difficult to redevelop the property.
• Poor facility management, lack of revenue to support necessary maintenance.
• Other forces such as anchor tenant bankruptcies or mergers, environmental stigma.
• Private owners may lack access to capital to invest in renovations and/or expansions.
Plaza Pasadena was a regional mall that interrupted the traditional urban street grid of Pasadena, California. After years of decline, the mall was demolished in 2000. It is being replaced by Paseo Colorado, a traditional urban streetscape combining retail and residences.
Characteristics of Greyfields

• The characteristics of greyfield malls cited here are based on data analysis by PWC (see full report for details).
• PWC found that greyfields have an average site size just over 45 acres. Notably, these sites are both smaller and less connected to the regional transportation system than those housing the nation’s best performing malls, which average over 70 acres in size, with freeway visibility and direct ramp access.
Characteristics of Greyfields (cont’d)

• Many greyfields are located in established neighborhoods and shopping districts.

• Will Fleissig, a developer who recently converted a Colorado greyfield into a mixed-use town center, says, “These malls tend to be on suburban arterials with bus service. Many are already bus hubs”.
Characteristics of Greyfields (cont’d)

- PWC found that mall obsolescence is associated with formidable competition.
- On average, greyfield malls have 2.3 million square feet of competing retail space in 22 other centers (including neighborhood and community centers and other regional malls) within five miles.
- Many are in trade areas dominated by newer retail formats and higher-end retailers.
- They are often older and smaller than the most successful malls in their region.
Characteristics of Greyfields (cont’d)

• Mark Eppli, a retail researcher at George Washington University in Washington, DC, says that conventional renovations will not be sufficient to breathe new life into many properties.

• “A face-lift isn’t going to do much to help. A new anchor store, depending on the center’s position in the market, may not do much either.”
Characteristics of Greyfields (cont’d)

- New models for reuse are needed – models that go beyond face-lifts and conventional regional retail.
New Urbanism for Greyfields

Failed mall sites are helping reverse urban sprawl

- Shopping malls epitomize the car-dominated landscape.
- Stores surrounded by parking, rather than neighborhoods, were inconceivable before automobile use became wide-spread.
- Now, these sites that helped spawn car culture are coming full-circle, offering unique opportunities to reverse urban sprawl by creating real neighborhoods amidst spread-out suburbs and gap-toothed cities.
New Urbanism for Greyfields (cont’d)

• Greyfields are among America’s best opportunities for developing transit-oriented infill neighborhoods.
• Unlike typical suburban development, new urbanist neighborhoods are flexible enough to provide for many community needs. They can include mixed-income housing, jobs, retail, and public space, and other activities essential to a high quality of life.
New Urbanism for Greyfields (cont’d)

• **Big enough sites.** Many development sites in existing cities and towns are too small to justify the increased costs and risks of infill development. They are also too small to accommodate development projects of sufficient scale to offer real community benefits. Larger properties such as greyfield mall sites spread site development costs and enable projects that embrace the full range of new urbanist principles.
New Urbanism for Greyfields (cont’d)

- **Transit accessibility.** Civic leaders and neighbors are interested in the development of transit-oriented communities that include housing, stores, jobs, and schools. Many greyfields are on transit lines, and some even have existing bus hubs on site. More fundamentally, the development of new activity centers on greyfield sites concentrates origins and destinations built at densities high enough to support transit service.
New Urbanism for Greyfields (cont’d)

• **Mixed-income housing.** Housing affordability is a major problem in many metropolitan areas. However, developing higher density mixed-income housing in existing neighborhoods is often difficult, as neighbors resist projects and sites are usually too small for significant construction. Greyfield sites are large enough to accommodate a neighborhood built from the ground up – providing an opportunity to develop quality mixed-income housing that benefits its surroundings.
New Urbanism for Greyfields (cont’d)

• **Civic space.** Accommodating, attractive public space is sadly missing from many suburbs. New urbanist development provides public space for those important times when people are neither at home nor at work. These spaces help give new urbanism its reputation as “the architecture of community”.
New Urbanism for Greyfields (cont’d)

Town & Country Mall in San Jose, California, was all but abandoned (left) before Federal Realty Investment Trust began rebuilding it as Santana Row, a mixed-use town center. When completed (right), it will add much-needed housing and open space to central San Jose. The county is planning a light rail stop at the site.
Models for Reuse

• While typical greyfield malls may be inadequate by current shopping center industry standards, they generally offer the acreage needed to create unified development projects implementing new urbanist principles.

• As mall sites, these properties might suffer from being too far off the freeways.

• But such locations may be advantages for new urbanist reuse. They offer the possibility of integrating site activities into neighborhood contexts.
Models for Reuse (cont’d)

- Victor Dover, an architect who has worked on several new urbanist revitalizations of greyfield sites, says that new urbanism is often the best solution.
- “Sometimes a mall goes out of business because it has lost its economic reason for being. But almost every community needs something. Stop thinking about these as failed shopping center properties and start thinking about them as potential mixed-use properties”.

Robert W. Peters, PhD, PE
Models for Reuse (cont’d)

- Forward-looking communities with greyfields are creating and testing new models for reuse.
- These models will be sorely needed, as mall failure is a growing trend – PWC identifies over 200 malls as vulnerable to becoming greyfields. While many well managed older malls are thriving, others will not escape obsolescence.
Models for Reuse (cont’d)

- Greyfields will be a perpetual problem associated with the contemporary practice of retail mall development.
- As each new retail trend emerges, and the standards for new sites again get “upgraded”, vulnerable sites are pushed into decline.
- Successful renovation of one mall may cause the decline of multiple older sites within a trade area.
Models for Reuse (cont’d)

• Mall owners have come up with many techniques for reviving the financial performance of their properties.
• Most malls simply expand, redecorate, or attract a new anchor. Some malls have been converted to back offices or data centers. In such cases, host communities lose what civic function the mall once provided.
• Most importantly, neither expansion nor office conversion results in the site providing the combination of housing, retail, office, and public space that citizens and civic leaders desire.
Models for Reuse (cont’d)

• The death of a mall does not have to be bad news. Careful redevelopment can be the recipe for an economic rebound.
Principles for Creating New Urbanist Neighborhoods include:

- Reorient activity on the site to face the street.
- Reestablish a street pattern that connects with the streets of the surrounding community.
- Use site planning and architectural elements to make the redeveloped mall site fully a part of its community.
- Integrate multiple uses (ideally including employment and/or housing) on the site.
- Emphasize public space for shared activity.
- Provide a range of housing types, to provide homes for people of all ages and incomes.
Principles for Creating New Urbanist Neighborhoods include (cont’d):

- Integrate multiple uses (ideally including employment and/or housing) on the site.
- Emphasize public space for shared activity.
- Provide a range of housing types, to provide homes for people of all ages and incomes.

These principles of new urbanism offer the chance for greyfield sites to provide enduring economic and social values to their host communities.
New urbanist projects on the sites of obsolete retail properties are not the stuff of science fiction – they are succeeding now. CNU is preparing a catalog of greyfield revitalization projects to demonstrate the success of these projects and to provide information to those looking for solutions to greyfield problems. The full catalog will be available in October. Preliminary findings and data from selected projects are included here.
Revitalization Success Stories

Robert W. Peters, PhD, PE
Thirteen new urbanist projects on greyfield retail sites will be included in the catalog (see map above for names and locations). All meet the following three criteria:

• *Implementation is assured:* The project is built, under construction, approved, or has construction financing

• The project is on the site of a greyfield shopping center with at least 350,000 square feet of improvements, and

• The project incorporates a number of the design elements listed on the prior page as “principles for creating new urbanist neighborhoods.”
Data on six of the projects are described as follows.

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>SITE ACRES</th>
<th>RETAIL SF</th>
<th>OFFICE SF</th>
<th>HOUSING</th>
<th>PARKING</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belmar Lakewood, CO</td>
<td>100</td>
<td>800,000</td>
<td>800,000</td>
<td>1,300 apartments</td>
<td>200 for-sale units (6,500) Surface (1,500)</td>
<td>Garage</td>
</tr>
<tr>
<td>New Roc City New Rochelle, NY</td>
<td>15’</td>
<td>1.2 million</td>
<td>125,000</td>
<td>No housing</td>
<td>Garage</td>
<td>Entertainment and hotel</td>
</tr>
<tr>
<td>CityCenter Englewood, CO</td>
<td>55</td>
<td>339,000</td>
<td>25,000</td>
<td>450 apartments</td>
<td>Garage serves retail, civic &amp; transit uses, some surface</td>
<td>New city hall</td>
</tr>
<tr>
<td>CityPlace Long Beach, CA</td>
<td>12’</td>
<td>478,000</td>
<td>None</td>
<td>358 apartments 70 loft condominiums</td>
<td>Three garages and surface</td>
<td>120-room hotel</td>
</tr>
<tr>
<td>The Crossings Mountain View, CA</td>
<td>18’</td>
<td>5,000</td>
<td>N/A</td>
<td>630 for-sale units Single Family/Townhouses</td>
<td>On-street/surface/residential garages</td>
<td>Parks, tot lots, community bandstand</td>
</tr>
<tr>
<td>Mizner Park Boca Raton, FL</td>
<td>28</td>
<td>236,000</td>
<td>260,000</td>
<td>272 rental units</td>
<td>Garage plus on street and surface</td>
<td>Museums, amphitheater, Plaza</td>
</tr>
</tbody>
</table>

*Smaller sites are in highly urbanized environments. CityPlace’s 12 acres, for example, is the equivalent of eight Long Beach blocks. Data for all 13 revitalization projects will be included in the catalog to be published by CNU in Fall 2001.*
1 – BelMar

*Lakewood, Colorado*

- Demolition of the Villa Italia Mall, where tenants now occupy only 30% of 1.4 million square feet of retail space, is scheduled to begin in July 2001. The new project, called Belmar, will introduce a mix of uses, continue the street network from the surrounding neighborhood and link to civic and cultural areas adjoining the site.
Catalog Previews (cont’d)

- **Developer:** Continuum Partners LLC
- **Master Architect Planner:** Elkus/Manfredi Architects, Ltd.
- **Landscape Architect:** Civitas
- **Residential Architect:** Van Meter Williams Pollack
7 – New Roc City

New Rochelle, New York

- Demolition of the 625,000 square foot New Rochelle Mall was completed in 1997. New Roc will provide the downtown community with 1.2 million square feet of retail, restaurant and entertainment. The project is integrated with the existing urban street pattern.

- **Developer:** Street-Works
- **Architect:** PEG/Park Architect
3 – CityPlace

*Long Beach, California*

- Long Beach has gained renown after emerging as the most ethnically diverse American city in the 2000 Census. In this densely populated, highly urbanized environment, City-Place provides needed housing and retail space on the site of the former Long Beach Plaza, with urban design and transit features integrated into the surrounding neighborhood.

- **Developer:** Developers Diversified Realty Corporation
- **Architect:** Jerde Partnership
Catalog Previews (cont’d)

4 – Crossings at Mountain View

Mountain View, California

• The Crossings is a mixed-income neighborhood built on the site of a 1950s shopping mall. In a market area saturated with retail properties and strained by recent job growth, housing demand is great. The project uses vernacular style and offers a variety of housing types with 85% of the units sold at market rate and 15% reserved for low to moderate income households.
Catalog Previews (cont’d)

- **Developer:** The Plymouth Group
- **Planner and Architect:** Calthorpe Associates
- **Residential Developer:** Sidle Holtzman
Catalog Previews (cont’d)
6 – Mizner Park

Boca Raton, Florida

• On the site of the old Boca Raton Mall, a 430,000-square foot enclosed shopping center. Mizner Park mixes uses horizontally and vertically, incorporating lush native landscaping and providing transit, auto, and pedestrian access. Project streets continue into the existing neighborhood street grid.

• Developer: Crocker & Company, TIAA-CREF

• Planner and Architect: Cooper Carry & Associates
Preliminary Findings

- The owner of the troubled or failed mall is in most cases not part of the redevelopment team
- The local municipality is typically the catalyst for mixed-use redevelopment of the site
- The master redeveloper is usually a joint venture composed of a local developer and a national or institutional partner
- Most of the projects introduce mixed uses including retail, office, and housing. Many projects combine rental and ownership housing with rental predominating.
Preliminary Findings (cont’d)

- Hotels, civic uses, and public open spaces are common project elements.
- A number of the projects have or will have direct access to rail transit. These include CityCenter, The Crossings, CityPlace, and New Roc City. Others have scheduled bus service and/or shuttle service connecting the project site with nearby destinations.
- Many greyfield projects are anchored by grocery and big box retailers with stores placed on a newly re-established street grid. In most cases, these large tenants have a parking field up front with the potential for liner buildings to be added later with a corresponding increase in structure parking.
One task of the Congress for the New Urbanism is to help fix the biggest errors in conventional development.

One challenge that cries out for research and creative solutions is dead malls. It’s tough for New Urbanists to find infill sites big enough to incorporate the full range of New Urbanist principles, including design, circulation and mixed use.
Getting to the Heart of the Issues (cont’d)

• However, the search for sites has yielded a possible treasure trove of redevelopment opportunities: the obsolete shopping centers (which CNU has termed “greyfields”), that mar urban landscapes from coast to coast. Unfortunately these malls pose potential redevelopment problems.
For the several years, CNU has been working with retail and development experts to find ways to build New Urbanist neighborhoods on greyfield sites.

Greyfields are generally in center cities or first-ring suburbs.

These cities tend to have great transportation connections, and are often in need of new development—perhaps a real downtown, perhaps housing.

According to Victor Dover of Dover Kohl Associates, New Urbanist mall reconstruction is a matter of “turning the mall inside out.”
Getting to the Heart of the Issues (cont’d)

• The goal is to give buildings and storefronts street faces with actual addresses.
• The mall should connect with its surroundings, rather than isolating itself behind a parking lot.
• Civic space with public events provides a reason for outsiders to visit the neighborhood, and residences guarantee a twenty-four-hour human presence.
• The new neighborhood does not have to be dominated by shopping—it doesn’t even have to have retail space.
• The CNU study focuses on regional malls, defined as having 35 or more stores, generally with more than 400,000 square feet of gross leasable area—because of their size and sphere of influence.
• Elected officials, mall owners, retail tenants and developers are painfully aware of the toll that mall failures take on their towns and cities.
Getting to the Heart of the Issues (cont’d)

• New Urbanists in particular see the opportunity to redesign and rebuild on these large infill sites as a chance to improve communities with projects that incorporate New Urbanist principles.
• CNU’s task is to find out how these opportunities can be realized.
Getting to the Heart of the Issues (cont’d)

- CNU has completed several steps in its ongoing study.
- The initial efforts included a 1999 study proposal by CNU members Mark Falcone, Will Fleissig and Todd Zimmerman. Fleissig and Rick Peiser held a studio at the Harvard Graduate School of Design (CNU) to investigate design strategies. CNU also commissioned PricewaterhouseCoopers’ Global Real Estate Research Group (PWC) to identify financial and geographic characteristics of troubled malls.
Getting to the Heart of the Issues (cont’d)

• The Harvard studio, held in fall 1999, examined four declining retail properties in California, Colorado and New York, and offered solutions for reinvestment.

• Notably, the studio’s analysis demonstrated that New Urbanist revitalization requires public subsidy, most frequently provided in the form of assistance in purchasing ground leases and upgrading infrastructure.
Getting to the Heart of the Issues (cont’d)

• The PriceWaterhouseCooper study examined a group of 150 malls identified through an initial screening that used sales per square foot as a preliminary indicator of greyfield status.
• Using a publicly available database, PWC went on to identify and quantify the symptoms associated with mall decline—symptoms that affect between 300 and 600 troubled malls nationwide.
Making the Case

• The PWC results show that greyfield mall properties have generally suffered from disinvestment and fierce competition from newer, bigger malls nearby.

• Though the need for infusing these troubled properties with new life is obvious, it is less clear that there is a compelling case for New Urbanist approaches to revitalization. In fact, PWC’s findings related to competition and disinvestment could be taken as a call for improved maintenance and modernization, rather than the more fundamental changes required to create true New Urbanist neighborhoods on mall sites.
Making the Case (cont’d)

• The New Urbanist approach would likely result in enduring value for both owners and host communities—in contrast to the largely cosmetic changes that create the now-popular town-center style retail malls.
• New Urbanist convictions, however, have to withstand the skepticism of many within the shopping center industry.
Making the Case (cont’d)

• At a CNU presentation to the International Council of Shopping Center’s Research Advisory (ICSC) Task Force in September, 2000, an ICSC member asked how a New Urbanist model would differ from conventional malls in its ability to withstand competition and escape obsolescence.

• Others asked how a model that requires many years for full development can provide the near-term financial returns that satisfy investors.
Making the Case (cont’d)

• New Urbanist research needs to respond convincingly to these and related questions.
• Like any researchers, they are obliged to consider the complex dynamics that create problems and offer the potential for change, and to subject their findings to professional and scholarly critique. The greyfield mall study is proceeding to do both.
As the study continues, they will be working on parallel tracks. On one, they intend to advance the understanding of the strategies needed to stimulate mall redevelopment generally. For example, there might be legal or financial mechanisms that can speed greyfield conversion.
Making the Case (cont’d)

• They will pursue this research through further work by PWC, which will conduct a number of detailed case studies of greyfield mall properties to identify the public and private sector actions that are needed as catalysts for change.
Making the Case (cont’d)

• At the same time, New Urbanist greyfield revitalizations will be documented. They will track the status and performance of New Urbanist greyfield redevelopments and will document their design features. They also hope to investigate how these models of re-use stand up over the long term.

• The eventual goal of the study is clear: they want to replace greyfield blight with real neighborhoods. They hope to compile enough useful data and expertise so that developers can work with greyfields, with much less risk than currently exists.
Diagnosing a Greyfield

• What is mall decline? You know it when you see it.
• But for would-be mall healers, it helps to know the symptoms of a troubled mall. The CNU/PricewaterhouseCoopers research found that greyfields are distinguished from healthy malls by a myriad of characteristics.
Diagnosing a Greyfield (cont’d)

- **Small size.** In general, the factor that best predicts a mall’s success is size. The bigger the mall, the more it can pull in shoppers. Among regional malls (those with more 400,000 square feet of gross leasable area), greyfields tend to be smaller than healthy malls. The 150 worst-performing malls average 500,000 ft², while the best-performing average 900,000 ft².
Diagnosing a Greyfield (cont’d)

- **Advancing age, disinvestment.** There is no correlation between age and sales per square foot. However, continued strong sales require active management and reinvestment. The average worst-performing mall was last renovated in 1991, as compared to 1999 for the best-performing. One reason for this might be ownership; greyfield malls are disproportionately owned by private firms and partnerships, which might have less access to investment capital than publicly traded companies.
Diagnosing a Greyfield (cont’d)

• *Less affluent neighborhoods*. Greyfield malls tend to be in neighborhoods where income growth is slower than in the region as a whole.

• *Stiff competition*. On average, a greyfield mall competes with 22 other shopping centers, containing 2.3 million ft$^2$ of space, within five miles.
Diagnosing a Greyfield (cont’d)

- **Middle or low-end stores.** Greyfield malls tend to have discount commodity-based department stores or drug stores as anchor tenants, rather than upscale department stores.

- **Vacancy.** Low rents can bring high occupancy, masking a mall’s decline. Still, among the greyfield malls studied, occupancies dipped as low as 52%, while healthy malls are generally in the low to high 90%. More information about the study is available on-line at [http://www.cnu.org/malls](http://www.cnu.org/malls).
Recommended Readings:


• Atkinson, Jonathan Peter, June 2013. “Greyfield Development in Vallejo, California: Opportunities, Constraints, and Alternatives, Thesis/Master of City and Regional Planning, California Polytechnic State University, San Luis Obispo.”
Questions, Comments, Concerns
Final Thought...