Lifestyle Center Tenant Space Allocation

A look inside the tenant mix of lifestyle centers.

The tenant mix of shopping centers continues to spark great interest among industry professionals. Over the past several years, ICSC has been able to answer some of these questions by analyzing square footage data for regional and superregional centers from its *Monthly Mall Merchandise Index*.[1]

Tenant mix data allow industry observers to evaluate how mall owners adapt their maturing centers to a rapidly evolving consumer environment. This article will perform a similar analytical task for a relatively new center type: the lifestyle center. For purposes of classification, ICSC defines "lifestyle center" as a shopping center that caters to the retail needs and lifestyle pursuits of consumers in its trading area. Lifestyle centers are most often located near affluent residential neighborhoods and have an upscale orientation. They typically range between 150,000 square feet (sf) and 500,000 sf of leasable retail area, but may be larger or smaller.[2]

ICSC used a list of 106 currently existing lifestyle centers to conduct this study. Tenant and gross leasable area (GLA) data were obtained primarily by contacting developers/owners of lifestyle centers, and, where necessary, supplemented by National Research Bureau's *Shopping Center Directory*. ICSC was able to compile a complete list of tenants for all of the 106 centers and GLA for each tenant in 85 centers. In order to compare lifestyle center and mall data, retailers were categorized with the same codes and descriptions used in the tenant database of 476 malls for the *Monthly Mall Merchandise Index's* July 2004 issue, covering May 2004 data.

Table 2-1

TENANT REPRESENTATION IN EXISTING LIFESTYLE CENTER DATABASE (BASED ON % OF RETAILERS)

Tenant Type	# of Tenants	%
Athletic Shoes	2	0.0%
Automotive Tools	2	0.0%
Children's Shoe Stores	2	0.0%
Arts & Crafts	4	0.1%
Men's Shoe Stores	6	0.1%
Drug/Health and Beauty Products (Drug/HBA)	9	0.2%
Mall Entertainment Excluding Theaters	19	0.4%
Discount Department Stores	21	0.4%
Supermarkets	25	0.5%
Home Improvement	26	0.5%
Department Stores	33	0.6%
Women's Shoe Stores	39	0.7%
Art Galleries	40	0.8%
Theaters	44	0.8%
Toys/Hobby/Educational	48	0.9%
Books	67	1.3%
Men's Apparel	71	1.4%
Sporting Goods/Bicycles	72	1.4%
Other Non-GAFO	83	1.6%
Jewelry	134	2.6%
Family Shoe Stores	142	2.7%
Business Services	156	3.0%
Home Entertainment & Electronics	164	3.1%
Children's Apparel	174	3.3%
Specialty Food Stores	185	3.5%
Women's Accessories & Specialties	186	3.6%
Stationery/Card/Gift/Novelty	194	3.7%
Personal Care	196	3.7%
All Other GAFO Misc.	241	4.6%
Fast Food	272	5.2%
Personal Services	379	7.2%
Home Furniture & Furnishings	453	8.6%
Family Apparel	456	8.7%
Restaurants	639	12.2%
Women's Ready to Wear	654	12.5%
Total	**5,238**	**100.0%**

Note: The information is compiled from 106 lifestyle centers and 5,238 tenants, as of July 2004.

Sources: ICSC Research; National Research Bureau

In the 106 lifestyle centers that listed merchants, **women's ready to wear** has the most number of stores (654), comprising 12.5% of the different tenant types. (See Table 2-1.) Closely behind are **restaurants** with 12.2%, followed by **family apparel** (8.7%), **home furniture and furnishings** (8.6%) and **personal services** (7.2%).

[1] Several reviews of long-term mall tenant mix trends have appeared previously in various ICSC publications: "A Review of Mall Tenant Space Allocation," *ICSC Research Quarterly*, Vol. 6, No. 3, Fall 1999; "Space Allocated to Women's Apparel Declines," *Shopping Centers Today*, Vol. 21, Issue 1, Jan. 2000; "The Mall Space Race," *Shopping Centers Today*, Vol. 22, Issue 2, Feb. 2001; "Mall Tenant Space Allocation, 1995-2001," *ICSC Research Quarterly*, Vol. 8, No. 3, Fall 2001; "U.S. Mall Tenant Space Allocation, 1997-2002," *ICSC Research Quarterly*, Vol. 9, No. 3, Fall 2002.

[2] For information on the features of a lifestyle center, see "Lifestyle Centers - A Defining Moment," *ICSC Research Quarterly*, Vol. 8, No. 4, Winter 2001-02.

ICSC looked at the data on space allocation for non-anchor tenants in the *Merchandise Index* for May and compared these statistics with the lifestyle center tenant space allocation (excluding anchors). In addition to overall national numbers, we also examined the data for regional and age variations. Our findings are reported below.

LARGE ANCHORS: DEPARTMENT STORES AND DISCOUNT DEPARTMENT STORES

In its early days, the lifestyle center was conceived as an open-air center without anchors. As often happens in the shopping center industry, however, owner-developers drew on early center types to create new hybrids. Notably, centers in the late 1990s started to feature department and discount department stores as anchors.

Still, however, these two tenant types are not predominantly represented among lifestyle centers. There were only 33 department stores among the 5,238 tenants in the database of 106 centers—only 0.6% of merchants. The share was even smaller for discount department stores, where 21 stores accounted for 0.4% of all stores.

GAFO VS. NON-GAFO GROUPS

Despite well-publicized changes over the years in tenant composition, it remains the case that GAFO—which represents general merchandise, apparel, furniture and home furnishings, and other similar classifications—takes up the greatest share of space in malls. In fact, if anything, these classifications have strengthened their hold on this group. In 1995, GAFO tenants comprised 74.8% of non-anchor tenant space in malls.[3] In contrast, by May 2004, GAFO tenants had increased their percentage in malls to 78.9%. (See Table 2-2.)

This is not so with lifestyle centers, however. GAFO represents only 64.7% of space in these centers, with the remainder taken up by non-GAFO tenants. The difference between the two center types underscores the greater importance of food and entertainment in lifestyle centers. Malls lease to food tenants, particularly food courts, mostly because shoppers stay longer if they

[3] "Mall Tenant Space Allocation, 1995-2001," *ICSC Research Quarterly*, Vol. 8, No. 3, Fall 2001, p. 2.

Table 2-2

NON-ANCHOR TENANT SPACE ALLOCATION (LIFESTYLE CENTER VS. MALLS)*

GAFO CATEGORIES	LIFESTYLE CENTERS	MALLS
Apparel and Accessories	**%**	**%**
Women's Ready to Wear	9.8%	16.6%
Women's Accessories and Specialties	2.0%	3.3%
Men's Apparel	1.1%	1.8%
Children's Apparel	2.0%	3.2%
Family Apparel	11.7%	17.3%
Women's Shoe Stores	0.3%	0.7%
Men's Shoe Stores	0.0%	0.2%
Family Shoe Stores	1.7%	3.8%
Athletic Shoe Stores	0.1%	3.7%
Children's Shoe Stores	0.0%	0.3%
Apparel and Accessories- Misc.	0.0%	0.3%
Subtotal	**28.8%**	**51.1%**
Furnishings		
Home Furniture & Furnishings	15.2%	4.2%
Home Entertainment & Electronics	2.6%	4.7%
Subtotal	**17.9%**	**8.8%**
Other GAFO		
Stationery/Card/Gifts/Novelty	2.6%	4.6%
Books	4.4%	2.1%
Sporting Goods/Bicycles	4.9%	2.4%
Toys/Educational/Hobby	0.8%	1.6%
Personal Care	1.9%	1.7%
Jewelry	0.9%	3.8%
Other GAFO—Misc.	2.9%	2.8%
Subtotal	**18.5%**	**19.0%**
TOTAL GAFO	**65.2%**	**78.9%**
NON-GAFO CATEGORIES		
Food Service		
Fast Food	1.8%	1.2%
Food Court	0.0%	1.9%
Restaurants	11.4%	4.8%
Subtotal	**13.1%**	**7.9%**
Other Non-GAFO		
Specialty Food Stores	1.8%	1.5%
Supermarkets	4.4%	0.0%
Drug/Health and Beauty (Drug/HBA)	0.5%	0.4%
Personal Services	3.9%	4.9%
Automotive	0.0%	0.2%
Home Improvement	0.2%	0.0%
Theaters	8.4%	5.0%
Mall Entertainment	1.1%	0.7%
Other Non-GAFO—Misc.	1.3%	0.4%
Subtotal	**21.7%**	**13.1%**
TOTAL NON-GAFO	**34.8%**	**21.1%**
GRAND TOTAL	**100.0%**	**100.0%**

*Based on database of 86 lifestyle centers; mall data from *Monthly Mall Merchandise Index*, July 2004 (covering May 2004 data)

Sources: ICSC Research: National Research Bureau can take a break to eat or drink something—one key reason for the renovation surge of the late 1980s and 1990s.[4] Restaurants, however, are seen as key to the "main street" appeal of lifestyle centers. The intent is not to offer shoppers a quick respite, but more of a "third place" between home and office, where they can congregate and linger.

APPAREL

Apparel and accessories make up a significantly smaller percentage of tenant space in lifestyle centers with 28.6% of square footage for all tenants, compared with 51.1% for regional and superregional malls. This translates into a smaller percentage in all of the apparel and accessories categories in lifestyle centers compared with the *Monthly Mall Merchandise Index* data in May 2004. The difference between the two is important when examining the tenant space allocation between lifestyle centers and regional malls. Now, let's look further into the categories.

Family apparel comprises the largest percentage of total square footage for all apparel categories in both lifestyle centers and regional malls. Tenant space in malls is larger (17.3%), compared with 11.6% in lifestyle centers. These family apparel stores include retailers such as Gap, Banana Republic, Old Navy, J. Crew, Eddie Bauer, Express and more.

Women's ready to wear is 9.8% of total square footage in lifestyle centers and 16.6% in regional malls. This is a difference of 6.8%, the largest disparity between the two types of shopping centers in the apparel and accessories subcategories. Typical women's ready to wear retailers include Ann Taylor, Chico's, Coldwater Creek, J. Jill, Lane Bryant, Talbots and more.

Women's accessories and specialties accounts for a higher share of space in malls than lifestyle centers (3.3% vs. 2%).

The eight other apparel and accessories categories represent much smaller percentages of square footage. Cumulatively, they comprise 5.2% of lifestyle center non-anchor space and 14.0% of mall non-anchor space.

FURNISHINGS

In contrast to the apparel and accessories group, furnishings occupies a higher percentage of non-anchor space in lifestyle centers than in malls—17.7% vs. 8.8%.

The lion's share of the disparity derives from the **home furniture and furnishings** category, which represents 15.1% of space in lifestyle centers—almost quadruple the 4.2% of space in malls. Several home furniture and furnishings companies average significant amounts of square feet per store, including Crate & Barrel (38,000); Bed, Bath & Beyond (30,000); Linens 'N' Things (also 30,000); Pier 1 Imports and Pottery Barn (both 10,000).

Home entertainment and electronics, like the apparel and accessories group, continues to maintain a stronger foothold in malls than in lifestyle centers—4.7% vs. 2.6%.

OTHER GAFO

Of the three major GAFO groups, Other GAFO is the one in which malls and lifestyle centers occupy a similar percentage of space: 18.4% for lifestyle centers, 19.0% for malls. Even here, however, there are some noticeable differences within categories.

The mall is still the province of **stationery/cards/gifts/novelty** stores (4.6% vs. 2.6% for lifestyle centers), as well as **jewelry** (3.8% vs. 0.9% in lifestyle centers). However, lifestyle centers have increasingly become the venue of choice for branded retailers in such categories as **bookstores** (4.4% vs. 2.1% in malls) and **sporting goods/bicycles** (4.9% vs. 2.4% in malls).

FOOD SERVICE

Lifestyle centers make a special effort to lure customers with food, as seen in the 13.0% of space given to the food service group. The **food court** category does not figure into the calculations of lifestyle center owners (indeed, lack of an enclosed common area precludes food court design), and **fast food** is not heavily represented in lifestyle centers or malls (1.8% in lifestyle centers, 1.2% in malls).

[4] "Shoppers' Reactions to Mall Renovations," *ICSC Research Bulletin*, Vol. 2. No. 7, Dec. 1991.

But the stress on eateries is most apparent in the **restaurants** category, comprising 11.3% of lifestyle center space vs. 4.8% of mall space. A cluster of sit-down restaurants enables owners to complement desirable national chains such as P.F. Chang's and Cheesecake Factory with local eateries that give lifestyle centers the unique regional character they seek.

As might be expected, geography plays a role in the prevalence of sit-down restaurants in lifestyle centers. They comprised only 7.0% of space in the Northeast, but in the warmer regions the percentages grew appreciably—12.5% in the West, 12.4% in the Midwest, and 11.4% in the South. (See Table 2-3.)

As distinctive an element as restaurants provide, lifestyle centers have come not to rely on them as heavily in the last few years to fill space. Average retail gross leasable area of lifestyle center openings during 2002 and 2003 was just over 350,000, compared with about 310,000 sf for centers opened before 2002.[5]

Three sources may have helped account for the size growth. First, department and discount stores took over more space. While occupying only 5.1% of lifestyle center space for those centers built in 1995 and before, for example, department stores took over 9.5% of space in centers constructed from 1996 to 2000, and 7.3% for centers constructed since then. Discount department stores tripled their share during that time, from 0.9% for the pre-1995 to 2.7% for the 2001-present period.[6]

Bookstores also took up much of the tenant mix slack, rising from 2.6% of nonanchor space in the pre-1995 period to 5.1% in the 2001-present period. But the most dramatic growth took place in sporting goods/bicycles. From a share of 0.9% in pre-1995 centers, it occupied 7.5% of nonanchor space in 1996-2000 centers and 6.6% of space for centers built from 2001 to the present. (See Table 2-4.)

Table 2-3

REGIONAL VARIATIONS IN LIFESTYLE CENTER SPACE ALLOCATION

	MIDWEST	NORTHEAST	SOUTH	WEST
GAFO CATEGORIES				
Apparel and Accessories	**%**	**%**	**%**	**%**
Women's Ready to Wear	10.8%	11.8%	9.1%	9.3%
Women's Accessories and Specialties	2.2%	2.8%	2.0%	1.5%
Men's Apparel	1.2%	1.1%	1.2%	0.8%
Children's Apparel	1.7%	3.0%	2.1%	1.7%
Family Apparel	10.4%	17.2%	10.3%	13.4%
Women's Shoe Stores	0.2%	0.4%	0.3%	0.2%
Men's Shoe Stores	0.1%	0.0%	0.0%	0.1%
Family Shoe Stores	1.8%	1.2%	1.5%	2.3%
Athletic Shoe Stores	0.0%	0.0%	0.2%	0.0%
Children's Shoe Stores	0.0%	0.0%	0.0%	0.0%
Apparel and Accessories—Misc.	0.0%	0.0%	0.0%	0.0%
Subtotal	**28.4%**	**37.5%**	**26.7%**	**29.3%**
Furnishings				
Home Furniture & Furnishings	14.8%	19.1%	16.7%	10.0%
Home Entertainment & Electronics	2.5%	3.9%	2.6%	2.1%
Subtotal	**17.4%**	**23.0%**	**19.3%**	**12.1%**
Other GAFO				
Stationery/Card/Gifts/Novelty	1.5%	3.0%	3.3%	2.1%
Books	4.4%	3.6%	5.2%	3.2%
Sporting Goods/Bicycles	13.1%	2.7%	2.4%	1.5%
Toys/Educational/Hobby	0.1%	1.6%	0.9%	1.2%
Personal Care	1.4%	2.0%	1.9%	2.4%
Jewelry	1.2%	1.0%	0.8%	1.0%
Other GAFO- Misc.	2.5%	4.7%	2.6%	3.1%
Subtotal	**24.3%**	**18.5%**	**17.0%**	**14.6%**
TOTAL GAFO	**70.1%**	**79.0%**	**62.9%**	**55.9%**
NON-GAFO CATEGORIES				
Food Service				
Fast Food	1.6%	1.5%	1.7%	2.3%
Food Court	0.0%	0.0%	0.0%	0.0%
Restaurants	12.4%	7.0%	11.4%	12.5%
Subtotal	**14.0%**	**8.6%**	**13.0%**	**14.8%**
Other Non-GAFO				
Specialty Food Stores	2.0%	1.9%	1.7%	1.7%
Supermarkets	1.5%	0.4%	5.9%	7.0%
Drug/Health and Beauty (Drug/HBA)	0.0%	0.0%	0.7%	0.9%
Personal Services	3.2%	3.2%	4.0%	5.1%
Automotive	0.0%	0.0%	0.0%	0.0%
Home Improvement	0.3%	0.4%	0.2%	0.2%
Theaters	6.6%	6.4%	8.5%	12.0%
Mall Entertainment	1.4%	0.0%	1.0%	1.8%
Other Non-GAFO—Misc.	0.8%	0.2%	2.0%	0.7%
Subtotal	**15.9%**	**12.4%**	**24.0%**	**29.2%**
TOTAL NON-GAFO	**29.9%**	**21.0%**	**37.1%**	**44.1%**
GRAND TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Sources: ICSC Research; National Research Bureau

[5] "Lifestyle Centers—What's New in Development and Performance," *ICSC Research Quarterly*, Vol. 10, No. 4, Winter 2003-04.

[6] Year-opening cohorts have been grouped to provide for representative samplings.

Table 2-4

AGE VARIATIONS FOR LIFESTYLE CENTERS BY OPENING DATE (EXCLUDING ANCHORS)

	1995 & BEFORE	1996-2000	2001-PRESENT
GAFO CATEGORIES			
Apparel and Accessories	%	%	%
Women's Ready to Wear	10.8%	7.0%	10.9%
Women's Accessories and Specialties	2.1%	1.8%	2.1%
Men's Apparel	1.3%	0.7%	1.2%
Children's Apparel	2.4%	1.6%	2.0%
Family Apparel	11.7%	13.8%	10.2%
Women's Shoe Stores	0.4%	0.2%	0.3%
Men's Shoe Stores	0.1%	0.0%	0.0%
Family Shoe Stores	1.1%	1.3%	2.5%
Athletic Shoe Stores	0.0%	0.3%	0.0%
Children's Shoe Stores	0.0%	0.0%	0.0%
Apparel and Accessories—Misc.	0.0%	0.0%	0.0%
Subtotal	**30.0%**	**26.6%**	**29.2%**
Furnishings			
Home Furniture & Furnishings	14.4%	13.1%	17.2%
Home Entertainment & Electronics	2.9%	2.2%	2.7%
Subtotal	**17.3%**	**15.3%**	**19.9%**
Other GAFO			
Stationery/Card/Gifts/Novelty	3.4%	2.3%	2.1%
Books	2.6%	5.7%	5.1%
Sporting Goods/Bicycles	0.9%	7.5%	6.5%
Toys/Educational/Hobby	0.9%	0.9%	0.8%
Personal Care	2.2%	1.6%	1.8%
Jewelry	1.5%	0.9%	0.5%
Other GAFO- Misc.	3.3%	1.4%	3.5%
Subtotal	**14.9%**	**20.3%**	**20.3%**
TOTAL GAFO	**62.2%**	**62.3%**	**69.5%**
NON-GAFO CATEGORIES			
Food Service			
Fast Food	2.1%	1.1%	2.0%
Food Court	0.0%	0.0%	0.0%
Restaurants	14.1%	8.9%	10.7%
Subtotal	**16.2%**	**10.0%**	**12.6%**
Other Non-GAFO			
Specialty Food Stores	2.2%	1.3%	1.8%
Supermarkets	5.1%	5.3%	3.2%
Drug/Health and Beauty (Drug/HBA)	1.1%	0.3%	0.1%
Personal Services	5.1%	2.4%	3.9%
Automotive	0.1%	0.0%	0.0%
Home Improvement	0.2%	0.3%	0.2%
Theaters	6.2%	14.0%	6.6%
Mall Entertainment	0.2%	3.0%	0.7%
Other Non-GAFO—Misc.	1.3%	1.1%	1.4%
Subtotal	**21.6%**	**27.7%**	**17.9%**
TOTAL NON-GAFO	**37.8%**	**37.7%**	**30.5%**
GRAND TOTAL	**100.0%**	**100.0%**	**100%**

Sources: ICSC Research; National Research Bureau

These trends illuminate the mix-and-match design and leasing strategies that developers have used over time. These strategies create hybrids that tend to blur the boundaries between center types.

OTHER NON-GAFO

As with restaurants, the Other Non-GAFO group also forms a more important part of the nonanchor tenant base in lifestyle centers than in malls—21.6% vs. 13.1%. Shoppers' preference for conveniently close parking probably accounts for much of the higher presence of **supermarkets** in lifestyle centers than in malls—4.4% vs. 0.0%.

Supermarkets crop up more often in Sunbelt settings—7.0% in the West and 5.9% in the South—and less frequently elsewhere—1.5% in the Midwest and 0.4% in the Northeast.

Lifestyle centers also allot more space to **specialty food stores** than malls, by a narrower margin of 1.8% vs. 1.5%. These often feature gourmet retailers that not only appeal to upscale customers but further increase the center's overall idiosyncratic, break-out-of-the-box appeal.

Theaters and **mall entertainment** collectively account for 9.5% of non-anchor space in lifestyle centers—again, a greater share than in malls, where the combined total is 5.7%. These entertainment uses underscore the overall sophisticated urban ambiance that lifestyle centers are trying to create. Comedy clubs, for instance, reportedly do well with heavy concentrations of restaurants, and Bradley Fair (Wichita, Kan.) uses a free concert series on Friday summer nights to enhance its image as a destination.[7]

CONCLUSION

Malls have allotted a more significant proportion of space than lifestyle centers for the apparel and accessories categories. However, the tenant mix in lifestyle centers includes a greater percentage of restaurants, home furniture and furnishing stores, bookstores, supermarkets,

[7] "And That's No Joke," *Shopping Centers Today*, Vol. 25, Issue 7, July 2004; "Night at the Opera," *Shopping Centers Today*, Vol. 25, Issue 5, May 2004.

and theaters when compared with mall tenants.

Data for this article, along with prior *Research Quarterly* reports,[8] provide further evidence to support the idea that lifestyle centers are a destination for more than just shopping.

As the relatively new concept of lifestyle centers matures, we can expect to see the same tenant space realignment process that occurred in malls, as owners adjust to account for such factors as changing local demographics, demand for services and retrenchment in less profitable categories.

[8] "Lifestyle Centers—A Defining Moment," *ICSC Research Quarterly*, Vol. 8, No. 4, Winter 2001-02; "Lifestyle Centers Part II: The Shopper's Verdict," *ICSC Research Quarterly*, Vol. 9, No. 4, Winter 2002-03; and "Lifestyle Centers—What's New in Development and Performance," *ICSC Research Quarterly*, Vol. 10, No. 4, Winter 2003-04.

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