



- HOME
- ABOUT
- ARCHIVES
- SUBSCRIBE
- AD SPECS
- ADVERTISING
- PAST ISSUES
- CONTACT US

**Connecting
real estate
from coast
to coast**

visit our
national
real estate
web site

RE BUSINESS
ONLINE

- regional news
- market reports
- auctions
- 1031 information
- net leases
- job bank
- industry events

Feature Article, November 2006

Big Box And The City

In some instances, the urban department store has again become a part of the downtown fabric.

Ed Shriver

Retail, as a business model and in its architectural form, is constantly evolving in response to changing economic and social conditions. The rise, decline and reinvention of the urban department store over the last 150 years is the story not only of retail cycles and industry consolidation but also of the evolving nature of big city centers. The saga of the department store is inextricably linked to that of downtown.

The Birth Of The Department Store

The Crystal Palace, the landmark exhibition hall built for the 1851 Great Exposition in London, captured the spirit of change engendered by The Industrial Revolution. The Exposition in general, and the Crystal Palace particularly, revealed the potential of this change in form and content serving as precursor to what would become modern retail.

Prior to the industrial revolution, retail was primarily a function of individual craftsmen or merchants selling from small shops or carts. The rise of consumerism fueled by the changes in production that reduced the cost of goods created a demand for more and varied shops. One of the first formal retail responses was the arcade — a collection of small shops gathered under one roof that gave permanence to temporary, open-air marketplaces and scattered shops. Between 1820 to 1850, 15 arcades were built in London and in Paris, and other merchant cities followed suit.

In the architectural form of the Crystal Palace, merchants discovered a novel way to display a wide range of goods in an appealing environment and the initial concept for the department store was born. William Whitley, founder of Whitley's of Baywater, the precursor to Harrods department store, visited the exposition repeatedly, and was inspired to reproduce the Crystal Palace as an emporium. Aristede Boucicault, who visited London for the exhibition, founded Au Bon Marche, the first department store in Paris, a year later. By 1858, Macy's opened in New York. As historian John McKean observed in his book, Crystal Palace, "The sense of the voyeur in a transformed nature moves directly from the Crystal Palace to the department store... Its immediate progeny those exhibitions where goods may be devoured not just by the eyes, but by the wallet too."

The department store, as a business model, differed from retail of the time in that it aggregated numerous small crafts and products for the shopper's convenience and the retailer's profit. The revelation was not just the value of the aggregation but that convenience was a significant differentiator in the evolving industrialized society. As the hustle and bustle consumerism of an urban industrial social order took hold, retail responded with new business models and new architectural forms that, in turn, reshaped the city. Multiple small shops along the street were replaced by the block-long storefronts of department stores as urban architectural form followed retail function and social evolution.

An Evolution In Society And Business

Urban department stores thrived until after World War II when large number of families headed to the suburbs, attracting retail in their wake. Developers like Jim Rouse and architects like Victor Gruen found opportunity providing innovative retail forms to support the emerging suburban lifestyle with its love of the automobile. Suburban malls flourished while many cities — and their

Search

Capital Markets Update

Recent Retail Leases

Resource Guides

Job Bank

Writers Guidelines

Today's Real Estate News

RE BUSINESS
ONLINE

department stores — struggled.

By 1962, rural merchant Sam Walton introduced a variation of the department store based on price rather than convenience. His revolutionary management of supply chain economics forced yet another evolution in the department store business model. The competition from Wal-Mart, Kmart, Target, and others enticed shoppers out of downtowns and even out of the malls, a change that over a period of a few decades drove consolidation in the industry. By 2000, the number of major department store companies was down from hundreds in the heyday of urban departments stores to three — Macy's, Sears, and JC Penney's. The familiar downtown flagships — Wanamaker, G. Fox, Marshall Field and Robinsons-May were closing. As in the late 19th century, the change in shopping habits was reshaping not only the retail landscape, but the cityscape as well.

If the strength of retail lies in its ability to adapt to economic and societal change, what is the future for the department store buildings? No longer a stable urban building block, the defunct department store with its oversized scale and presence drains the streetscape of vitality to the same degree that the busy storefronts and multiple entrances once energized the surrounding blocks. Cities are now faced with a problem, retailers and developers with an opportunity as they answer the question: "What can we do with these large blocks of downtown retail space?"

As an architectural form, the department store influenced the urban ecology of whatever city it served, capitalizing on its location, the architectural style of the surrounding neighborhood and the powerful draw it had on the community to become an icon of commerce.

"The future of the department store really depends on the strengths of the cities themselves," notes Scott Schuler, vice president of research at Madison Marquette in Washington, D.C. "While the loss of corporate headquarters and the consolidation of the banking industry has changed the mix of uses in downtowns, retail is still there and, in new formats, thriving, because people like the whole thing. Right now they want to be in the city and on the street."

A quick survey of several reinvented department stores reveals that the symbiotic relationship between the city and these grand, often landmark properties is critical as the buildings are transformed to meet the changing demands of the modern metropolis.

New Models In Old Boxes

Macy's Union Square

San Francisco is one of the few cities whose spectacular location and rich mix of cultural and ethnic offerings make it a perennial draw for tourists. Union Square is the third-largest shopping area in the United States and a must-see destination. While several of the city's noted emporiums have closed in the last 20 years, department store retail is alive and drawing thousands of the shoppers daily to Bloomingdale's, Nordstrom, Saks Fifth Avenue and Neiman-Marcus. Still, Macy's West Coast flagship store facing Union Square is the largest department store west of New York City and the place to see "retail theater" with five floors of shop windows vying for the passers-by attention. The ecology of the city not only supports such a huge retail presence, it needs the department store as part of the mix of attractions.



Macy's Union Square in San Francisco serves as the retailer's flagship West Coast store.

Reinventing the store for the 21st century customer required the redesign of the separate three buildings that comprise this complex, including the former I. Magnin store. Approximately 1.2 million square feet of disconnected floor plates with varying floor-to-floor heights were a design challenge, as was the need to upgrade the buildings to meet the earthquake-prone city's strict building codes and still provide views and light with a full glass façade.

The new 235,000-square-foot building respects the scale and rhythm of the neighborhood and gives Macy's a grand entry on Union Square. Reflecting Macy's historic presence as well as the store's forward-looking image, the design integrates contextual influences and modern materials to create an inviting, flexible shopping environment. San Francisco-based Patri Merker

Architects was awarded for its design work on the project.

Piatt Place

The Lazarus department store in Pittsburgh was to be the centerpiece of a late '90s urban revival strategy for the central city. The department store, along with an underground 500-car garage, was the first phase of a larger vision for eight to 10 blocks of Pittsburgh's retail core, which foundered on a wave of local resistance to the overall proposal. Only the Lazarus store and garage were built, shortchanging the strategy.

A single new department store could not single-handedly increase the 'feet on the street' needed to generate the resurgence of shoppers that would buoy the business of the adjoining retailers. Downtown retail was dependent on Pittsburgh's office population of 150,000 people looking for lunch and convenience purchases and who left town at 5 p.m. for the suburbs, where Lazarus also had stores. Add the economic problems facing the entire retail industry and by 2004, the 6-year old store closed as part of a national reorganization plan by Federated Department Stores.

In late 2005, the building was sold to a Pittsburgh area developer, Millcraft Investors, for conversion to a mixed-use building. Millcraft's proposal for the conversion of the Lazarus store into the new Piatt Place reduces the total retail area to a more manageable 50,000-plus square feet of first floor retail, focused to the street and broken into six to 10 retail tenants. The three upper levels will be converted to large floor-plate office space, placing 1,500-2,000 potential shoppers directly above the retail. Three floors of new residential will be built on top of the existing building to add 55 to 65 new residential units to the district — a 10 percent increase in downtown housing.

Piatt Place's strategic response to the urban environment combined change of use to bring people back downtown not just to shop, but also to live with a repositioning of the available retail space to support that move. Unique-to-the-market retailers as well as critical support retail, such as a new local grocery/deli concept that caters to new downtown residents, are part of an integrated strategy that looks at the urban ecology as a whole.

"The plan for Piatt Place is in keeping with a renewed interest in living downtown," says Jerry Detorre, executive director of the Urban Redevelopment Authority of Pittsburgh. "The topography and highways have always made downtown a destination but with the growth of the cultural district and new options for living downtown we are seeing a real upturn in the number of residents. That is going to change the nature of the retail that the city needs and we believe that is going to make for a better urban experience for everyone."

The Shops on Lake

The Shops on Lake on South Lake Avenue in Pasadena, one of Southern California's premier shopping districts, expands the presence of the existing Macy's department store with 136,000 square feet of one- and two-story retail and restaurant buildings. The shops engage the street at three locations surrounding the historically significant International Style department store designed in 1947 by Welton Becket.

David Wasserman, principal of Wasserman Vornado in Providence, Rhode Island, who developed the Shops explains his approach.

"Every project is a particular situation. In Pasadena we saw a valuable historic structure that had become a deteriorating asset," he comments. "In restoring and extending the urban landmark, we made reality match the perception of the building."

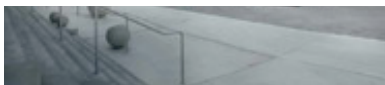
The project, designed by Los Angeles architects MDA Johnson Favaro Architecture and Urban Design, preserves and enhances the suburban vehicular-oriented character of the original building as it incorporates new pedestrian-oriented shops that are in harmony with the changing ecology of



The Shops on Lake in downtown Pasadena, California, is anchored by Macy's.



the district's upscale retail. A departure from the typical storefront arrangement common in downtown areas, the project incorporates walkways, public sculpture, park-like plazas and off-street structured parking.



The Shops on Lake is an upscale center whose design was influenced by a downtown department store's mid-century modern design.

With capacity for 27 outlets, in addition to the 295,000-square-foot Macy's, the Shops include such unconventional architectural features as winged escalators, ground-to-roof glass walls and unique public plaza lamps. A focal point is a public artwork including Mobius Bench, by Acconci Studio. As Wasserman says, "People love what what's quirky and unexpected so we created a provocative, art-centric retail experience that the public has embraced."

The Wanamaker Building

The Wanamaker Building, designed by famed architect Daniel H. Burnham and dedicated by President William Taft in 1911, is a national historic landmark. The 12-story building is the largest single building in Philadelphia occupying an entire block at a premier location adjacent to City Hall and at the cultural and commercial nexus of Center City. Despite its landmark status and location, the 1.8 million-square-foot structure had outlived its usability as a department store by the early '90s.



Philadelphia's The Wanamaker Building is being transformed into a Macy's store.

Wanamaker's was such an institution in Philadelphia that nobody ever thought of the building as an endangered species. However, Brickstone Realty realized that its location at the transportation crossroads of downtown made the building an ideal candidate for a combination of retail and office occupancies. The renovation, by Philadelphia architects Burt Hill, preserved five floors of retail while the remaining floors were converted to multi-tenant office space and a three-level underground parking garage was added. The seven-story Grand Court was restored to conform to the Secretary of the Interior's guidelines for restoration and renovation of historically certified buildings. Interior spaces were reconfigured to accommodate an office lobby and a small plaza was created on the west side of the building facing City Hall.

Changes in retail fortunes over the last 14 years have seen Wanamaker's purchased by May Department Store Company, who downsized the Philadelphia space to house a Lord & Taylor. As a result of the acquisition of May by Federated, the space has now become a Macy's. While the name on the door changes, one thing Philadelphians will be counting on is the chance to say once again "Meet me at the eagle," referring to the 2,500-pound bronze eagle that has stood at the center of the Grand Court of the building since it opened and has long been a popular meeting place.



The Wanamaker Building (now Macy's) in downtown Philadelphia.

Conclusions

What do all these projects have in common? Fundamentally, each project starts by responding to the unique urban habitat around it. Rather than being a separate and independent entity, each of these projects recognizes their interdependence with the city, and responds to changes in society. The projects demonstrate a range of strategies for integration — reaching out to the street, rather than turning away from it, and breaking down the boundary between the street and the retailers to make the interplay between shopper and retailer as seamless and accessible as possible. Furthermore, each recognizes the advantages of mixed uses that reinforce the vitality of the urban street and strengthen the total ecology.

Midge McCauley, a principal of Economic Research Associates (ERA), who heads the company's special practice unit, Downtown Works, observes increasing collaboration between retailers, developers and cities especially with the business improvement districts that are more and more a part of how communities are dealing with changes in downtown ecologies.

"Downtown retail is coming back strong, as developers and retailers work with cities to create a better mix of stores that are appropriate to the specific market," says McCauley. "They are learning how to really serve the population that is right there, especially as there are more people living downtown in many of the major cities."

Success, as she sees it, will depend on new mixes of use, the right mix of stores and good retail design. Schuler agrees, citing projects in cities as small as La Jolla, California, where Madison Marquette redesigned the local Saks to include more shops, and as big as Los Angeles, where the firm repositioned a former Macy's with stores such as a grocery and drugstore that serve the residents of the nearby Westwood neighborhood. "When you carve up the big spaces and bring the retail to the street, people show up," he says.



Madison Marquette used the mid-century modern design of a former department store building to dictate the design of Westwood Village, an urban power center that it built in Los Angeles' Westwood neighborhood.

Globalization, the end of cheap energy, and the growing power of the Internet — the challenges facing our communities and our industry are potentially daunting. But as these examples demonstrate, retail is resilient when it responds to the to the changes with projects that, as David Wasserman says, "recognize the power of the architecture to capture the collective memory of the community and at the same time, serve as a catalyst for change."

Ed Shriver is a principal at Strada, a Pittsburgh-based multidisciplinary design firm where he is actively involved in the retail design.

©2006 France Publications, Inc. Duplication or reproduction of this article not permitted without authorization from France Publications, Inc. For information on reprints of this article contact [Barbara Sherer](mailto:Barbara.Sherer@francepub.com) at (630) 554-6054.

FRANCE
PUBLICATIONS, INC.

3500 Piedmont Road
Suite 415
Atlanta, Georgia 30305
TEL: 404-832-8262
FAX: 404-832-8260