

A STUDY OF SHOPPING CENTERS

by

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## INTRODUCTION

The shopping center movement is one of the major changes in distribution which is affecting the American economy. For the past decade about half of the growth of the population in the United States has occurred in the suburban areas.<sup>1</sup> Since World War II more than half of the home building has been concentrated in the suburbs.<sup>2</sup> Middle income families with children have moved to the suburbs, and lower income families have moved to the cities. The suburban areas have developed their own distinctive living patterns as contrasted to the class market that formerly lived in the cities, and the mass market that exists in those same cities today.

As their customers are moving to the outlying districts, retailers are following them. The growth of the planned shopping center is one of the most significant developments as a result of population decentralization. Right now, there are more than 6,500 planned shopping centers in operation in the suburban areas.<sup>3</sup> More than 2,200 others are either under actual construction or in the planning stage.<sup>4</sup> This expansion is likely to continue since peak development has not been reached.

The shopping center has brought additional problems that have been well resolved for the downtown store. However, the

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<sup>1</sup>J. Ross McKeever, Shopping Center Re-studied: Emerging Patterns and Practical Experience, Urban Land Institute Technical Bulletin No. 30, Part one, p. 24.

<sup>2</sup>Loc. cit.

<sup>3</sup>Gordon H. Stedman, "The Rise of Shopping Centers," Journal of Retailing, p. 11.

<sup>4</sup>Loc. cit.

suburban store is faced with a completely new set of circumstances which require careful planning. Therefore it is the objective of this study to give an overall survey of modern day shopping centers in the United States. This study is also designed to:

1. Investigate the development of shopping centers.
2. Analyze the economic and physical aspects of shopping centers from the planning point of view.
3. Consider the existing problems and the future trends.

The study is based mainly on the research of secondary sources of information from books, articles, journals, and periodicals. The author has attempted to obtain the most recent information by inter-library loan, and by purchasing newly published books. The author is hopeful that this study will be a valuable document for businessmen, shopping center developers, economists, and for those in related fields.

#### Definition

Basically, a shopping center is a group of retail stores, functionally not very different from those of the ancient market places and bazars. In fact, most of the retail groupings in our cities have from time to time been called shopping centers, a logical term, particularly for downtown areas which were clearly the center of shopping activity. The developers of this new distribution unit, however, have usurped the name "shopping center" and it has come to have a number of special meanings.

According to Homer Hoyt, a modern shopping center usually consists of a group of stores, well planned, developed, owned, and managed as a unit, with off-street parking provided on the property, and related in location, size, and type of shops to the trade area that the unit serves--generally in an outlying or suburban territory.

As the shopping center has evolved, many definitions of shopping centers have developed. The following definitions are a few which are generally accepted by technicians and laymen alike.<sup>1</sup>

1. A tract of land and buildings under single ownership or control--though a center may include an isolated store which owns its land and buildings, most frequently a department store, a gasoline service station, or a restaurant.
2. A single building or a carefully coordinated group of buildings having a variety of stores tending to maximize the cumulative attraction of the unit as a whole.
3. A facility which includes a large amount of free parking.
4. A location which is outlying, at least in the sense that it is not the central business district of a community. There are some exceptions--for example, the "downtown" of Park Forest, a large Chicago suburb built by a single developer, with a business district in the center; in all other respects it follows the definition of a

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<sup>1</sup>Richard Nelson, The Selection of Retail Locations, p. 174.

shopping center and is commonly so termed by the people in the community and in surrounding localities.

#### Classification and Characteristics

Shopping centers can be divided into three general categories:

1. The Neighborhood Center provides mostly for the sale of convenient goods and personal services--goods, drugs, and sundries--for day-to-day living needs. It is built around a supermarket or drugstore as the major tenant. It serves for a population of between 7,500 and 20,000 people. The average size is usually 40,000 square feet, but it may range between 30,000 and 75,000 square feet of gross floor area. The site ranges from 4 to 10 acres in area.<sup>1</sup> This is the center where people go to buy their food, pick up dry cleaning, have their shoes resoled, or gas the car. It will take a minimum of 1,000 families to support such a neighborhood center. Table 1 illustrates five types of neighborhood centers according to number of families and incomes.

2. The next larger center is the Community Center. In addition to convenience goods and personal services, it provides for the soft lines, for example, the wearing apparel, and the hard lines, such as hardware, appliances, and so forth. The major tenant is a variety store or a junior department store in

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<sup>1</sup>Arthur B. Gallion, The Urban Pattern, p. 270.



Table 1. Neighborhood shopping centers (average family income \$2,500).

| Number of families | Available shopping money | Type of store  |
|--------------------|--------------------------|--|
| 50                 | \$ 55,900                | General store  |
| 250                | 279,500                  | Supermarket<br>Drugstore<br>Bar and grill  |
| 500                | 634,000                  | Supermarket<br>Drugstore<br>Stationery<br>Bar and grill<br>Dry cleaner<br>Laundry  |
| 1,000              | 1,268,000                | Supermarket<br>Drugstore<br>Stationery<br>Bar and grill<br>Delicatessen<br>Bakery<br>Beauty parlor<br>Dry cleaner<br>Laundry   |
| 2,500              | 2,170,000                | Supermarket - 2<br>Drugstore - 2<br>Stationery - 2<br>Restaurant<br>Delicatessen<br>Bakery<br>Beauty parlor<br>Dry cleaner<br>Laundry - 2<br>Hardware<br>Florist<br>Barber shop<br>Liquor store<br>Bowling alley with<br>bar and grill |

Source: William L. Garrison, Studies of Highway Development and Geographic Change, p. 47.



addition to the supermarket or drugstore. It serves a population of between 20,000 and 1,000,000. The average size is 150,000 square feet of gross floor area, with a range of between 100,000 and 300,000 square feet, requiring a site between 10 and 30 acres in size.<sup>1</sup> As a bare minimum, it takes 5,000 families to support a Community Center.

3. The largest and the last type of shopping center is the Regional Center. It provides for general merchandise, apparel, furniture, and home furnishings. It is built around one or more major department stores as its core. It includes a full complement and range of retail facilities usually found in a balanced small city. It serves a population ranging from 100,000 to 250,000 people. The average size is about 400,000 square feet of gross floor area. Sometimes it may range as high as 1,000,000 square feet. The site ranges from 40 acres as a minimum to 100 acres.<sup>2</sup> This type of center needs at least 70,000 families to support it.

Table 2 summarizes the characteristics of the three classifications of shopping centers.

#### DEVELOPMENT OF SHOPPING CENTERS

The development of shopping centers was a manifestation of changes in the economic environment of the United States.

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<sup>1</sup>Loc. cit.

<sup>2</sup>Loc. cit.

Table 2. Types and sizes of shopping centers.

| Characteristics of center  | Neighborhood                           | Community                                | Regional   |
|----------------------------|--|--|--|
| Average gross floor area   | 40,000 sq ft                           | 150,000 sq ft                            | 400,000 sq ft                                      |
| Ranges in gross floor area | 30,000-75,000 sq ft                    | 100,000-300,000 sq ft                    | 400,000 to over 1,000,000 sq ft                    |
| Average minimum site area  | 4 acres                                | 10 acres                                 | 40 acres   |
| Minimum support            | 1,000 families;<br>7,000-20,000 people | 5,000 families;<br>20,000-100,000 people | 70,000-300,000 families;<br>100,000 or more people |
| Leading tenant             | Supermarket or drugstore               | Variety or junior department store       | One or two department stores                       |

Source: J. Ross McKeever, Shopping Center Re-studied: Emerging Patterns and Practical Experience, Urban Land Institute Technical Bulletin No. 30, Part one, p. 10.

Throughout the history of retailing, new institutions have evolved to match the needs of the consuming public. Examples of different retailing institutions which have evolved in the past are the trading post, Yankee peddler, general store, mail order house, department store, chain store, supermarket, and discount house.<sup>1</sup> In each instance the new type of institution offered some distinct advantage to the consumer. After World

<sup>1</sup>Edward C. Cummings, "A History of Retailing," Journal of Retailing, p. 73.

War II, changes in the economic environment were favorable toward development of shopping centers. Advantages offered by shopping centers are: (1) convenient location, (2) large areas of free parking, (3) attractiveness, (4) a balance of integrated retail stores, and (5) aggressive promotion. Evidence of the significant development of shopping centers is the increase in number from a handful in 1940 to 6,500 in 1963 and a sales volume in 1962 of around \$50 billion, or more than one-fifth of the sales in all retail stores.<sup>1</sup>

Many factors contributed to the development of shopping centers. The three most influential factors were: (1) growth and shift of population to suburbs, (2) increased use of automobiles and highway development, and (3) increase in buying power. Each of these factors will be discussed in the next sections.

#### Growth and Shift of Population

From 1950 to 1960 the population of the United States increased by about 28 million. Nine-tenths of this increase was the excess of births over deaths and the remaining one-tenth was from immigration. This is greater than the growth during any other ten-year period and is nearly as large as the 20-year increase between 1930 and 1950<sup>2</sup>. During this ten-year period from

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<sup>1</sup>Catherine Hamill, The Squeeze on Shopping Centers, p. 116.

<sup>2</sup>J. Walter Thompson Company, Population and Its Distribution, the United States Markets, p. VII.

1950 to 1960, the two states which experienced the greatest population growth were the State of California which had a 22.1 per cent increase in population, and the State of New York which had a 19.3 per cent increase.<sup>1</sup>

One of the first major shifts of population took place during the Industrial Revolution, which radically changed the organization and character of cities.

Thousands of factories were built in the midst of towns and cities because of the labor supply and the close proximity of workers to their work. The new industrial economy brought exploitation of the poor, and with poverty came the slum. The industrial slum then became the new pattern of the city. Life in the city soon became intolerable and those who could afford it led the march to the suburbs. This exodus increased its tempo with the advent of the interurban elevated and subway trains.

The most significant shifting of population took place after World War II when the growth of the suburbs represented a distinct shift in the pattern of living. Family groups were seeking more spacious quarters than they could afford in densely populated localities, and increased wages of factory workers brought suburban living within reach of many who could not afford it before World War II. In 1960 one in five Americans moved to a different house in the United States.<sup>2</sup> Population in suburbs or outlying regions grew, on the average, five times

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<sup>1</sup>U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, p. 12.

<sup>2</sup>J. Walter Thompson Company, op. cit., p. VIII.

as fast as central cities in the years 1950 to 1960.<sup>1</sup>

### Increased Use of Automobiles and Highway Development

Prior to the automobile, cities stretched out along the tentacles of railroad lines and the size of the residential and shopping area was controlled by the walking distance from the station. The automobile, however, provided freedom of movement for the shoppers and made them independent of public transportation. The number of automobiles in the United States increased from approximately 23 million in 1930 to 65 million in 1962.<sup>2</sup> The increase in their use has also been very striking; from approximately 250 billion passenger miles in 1940 to over 600 billion in 1961.<sup>3</sup> The automobile, which is now a necessity, influenced the trend from centralization to decentralization of population. Better roads had to be built to handle the increased traffic and to connect these outlying areas with the cities where people work. A large amount of money was spent on highway construction. Table 3 shows that the amount spent on highway construction went from \$1.1 billion in 1947 to \$4.9 billion in 1962.

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<sup>1</sup>T. N. Beckman and W. R. Davidson, Marketing, p. 62.

<sup>2</sup>U.S. Department of Commerce, Bureau of Census, Op. Cit., p. 567.

<sup>3</sup>Op. Cit.

Table 3. Highway construction contracts awarded in selected years 1947-1962.

| Years | Millions of dollars |
|-------|---------------------|
| 1947  | 1,108               |
| 1950  | 1,816               |
| 1955  | 2,992               |
| 1957  | 3,917               |
| 1958  | 4,585               |
| 1959  | 3,805               |
| 1960  | 4,756               |
| 1961  | 4,482               |
| 1962  | 4,681               |

Source: U. S. Department of Commerce, Statistical Abstracts of the United States, 1963, p. 556.

#### Increase in Buying Power

There has been a sizeable increase in the amount of money available to be spent in retail stores due to increased wages and an increased number of wage earners resulting from the population increase. Disposable personal income, that is income after payment of taxes, with all figures converted to a uniform 1961 dollars, had risen from an average per capita figure of \$1,289 in 1940 to \$1,969 in 1960.<sup>1</sup> There has also been a big growth in the number of middle income families. On the other hand, the number of families in the lowest income group has decreased substantially. Take, for instance, disposable personal income which rose considerably in Medina, Portage, and Summit

<sup>1</sup>U.S. Department of Commerce, Bureau of the Census, p. 318.



Counties in Ohio. In Medina County it went from \$56,900,000 in 1951 to \$136,636,000 in 1962, which meant a per household income increase from \$4,165 to \$6,866, or 64.8 per cent. Total disposable income in Portage County went from \$64,373,000 to \$189,813,000, which meant a per household income increase from \$3,480 to \$7,217, or 107 per cent. In Summit County disposable income went from \$757,926,000 to \$1,200,769,000, which meant a per household income increase from \$6,068 to \$7,597, or 25.1 per cent.<sup>1</sup> In 1956, the United States national income was \$343,620,000,000, but in 1960 the national income rose to \$400,000,000,000,<sup>2</sup> or 14.1 per cent increase. From all these figures, it can be shown that the buying power in general is greatly increased, and this helps the development of shopping centers.

#### ECONOMIC ANALYSIS

In order to avoid embarking on a shopping center venture blindly, an economic analysis is essential and necessary. An economic analysis is to analyze the total available economic potential of the area, to provide detailed economic facts so that it will be possible to ascertain the approximate amount of retail sales volume. The economic analysis indicates the type and size of the center which can be built initially or eventually. It measures the population of the trading area and

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<sup>1</sup>Sales Management, Survey of Buying Power, p. 480-84.

<sup>2</sup>Victor Gruen, Shopping Towns U.S.A., p. 267.



Judges this area's buying power. In order to make the inventory economic analysis as complete as possible, the study should include an inventory of the developers, trade area, population, the methods of financing, and other related considerations.

### The Developers

The investment in shopping centers is a large and complex business adventure. The shopping center developers include those who create long range investments, and men who have short range objectives. The developers also include single individuals, and large organizations, which may be experienced or inexperienced. But no matter who they are, they all want to make a profit. The developers usually rely on their own skill and ingenuity and that of the professionals whom they retain. Backed by their financial investment, they seek to convert comparatively low priced real estate, often farm land or residentially zoned area, into extremely valuable real estate assets, namely, the shopping centers.

Basically, the shopping center developers fall into five groups: the merchandisers, professional developers, land developers, institutions, and property owners.

Merchandisers. Because of the decentralization of population and the growth of the suburban area, many department stores have to branch out in order to follow their customers and make money. In many cases, department stores have become developers of shopping centers in order to assure adequate locations and

properly planned projects for their branch stores. Macy's department store is an example. Supermarket organizations have entered the development field for more or less the same reason. Their primary purpose is to create the means of expansion for the parent food store organizations.

Professional Developers. When more and more shopping centers were developed, the accumulated experience produced specialists; these specialists became the professional developers. The L. S. Whaley Company of Long Beach, California, and Ed Schuster and Company of Milwaukee,<sup>1</sup> are among the well known professional developers in this country. These professional developers may acquire and develop properties already selected by either department stores or food organizations. They also may seek out new locations by themselves and acquire sites with the purpose of interesting major retailers in participating either as co-investors and co-developers or as tenants.

Land Developers. These land developers, like Schaeffer Lands, Inc., in San Jose, California, and Bellevue Properties, Inc., of Washington,<sup>2</sup> are the organizations primarily active in the residential field. They often set aside, as shopping center sites, strategic locations within large housing projects or in completely new, planned communities. They do so partly as a means of more effectively marketing their residential units and partly for investment purposes. Very often they are forced into

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<sup>1</sup>J. Ross McKeever, Loc. Cit., p. 23.

<sup>2</sup>G. Baker and E. Funaro, Shopping Centers Design and Operation, p. 222.

shopping center development, as in the case where the Federal Housing Authority requires shopping facilities in large residential projects. Thus in some cases shopping centers become merely an incidental matter; in other cases, however, they become important developments in their own right.

Institutions. There are two major groups of institutions that have entered the shopping center field. The first group is the insurance companies. These insurance companies are the primary source of financing for most shopping center developments. They gained rich experience from continued contact with developers. With this experience as a basis, certain of these institutions have undertaken the development of shopping centers themselves. The second group is the universities and colleges. Their developments are usually of intermediate size, and the developments are on university-owned land. Such development is mostly based on the coincidence that the land they own or control happened to be suitable for shopping center development. Examples can be seen at Stanford University, Antioch College, Ohio, the University of Wisconsin, and the University of British Columbia.

Other Property Owners. The other property owners are representatives of large groups of investors who have confidence in real estate as a medium of investment. They may start by trying to develop a shopping center of small scale. With a successful experience on their first project, these developers may become professionals and develop a series of larger projects.

The motivations and methods of development differ among

these five categories of developers and the differences are based mainly on variations in investment concept and on attitudes taken toward the continued ownership of the completed shopping center.

The developer's financial ability has a great impact on the successful conclusion of a project. It must be sufficiently strong to make it possible for him to rely on his own means during the periods of planning and construction before income or financing is available.

An effective organization is another important factor in the development of shopping centers. This organization usually includes an economist, architect, corporate lawyer, lease lawyer, tax lawyer, public relations firm, engineer, contractor, etc.<sup>1</sup> All these will help to provide good planning which can assist in better leasing conditions, and such good leasing conditions are the prelude to a successful shopping center.

#### Trade Area

Trade area is the area from which the major portion of the continuing patronage necessary for steady support of the shopping center is obtained. The strongest influence within the trade area is the distance. This influence diminishes gradually as the trade area spreads out. (This can be illustrated by Fig. 1.) In a neighborhood shopping center, the percentage of patrons originating beyond the normal trade area will not exceed

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<sup>1</sup>Gordon H. Stedman, "Shopping Centers and Local Government--Collision or Co-operation?" Journal of Retailing, p. 78.

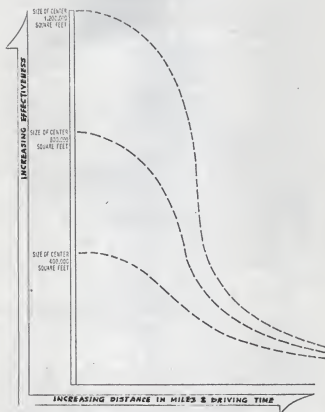


Fig. 1. Hypothetical effectiveness of regional shopping centers in their trade areas.

Source: Victor Gruen, Shopping Towns U.S.A., p. 32.

two to five per cent of the total business.<sup>1</sup> For a large regional shopping center, the percentage will be around 15 to 20 per cent.<sup>2</sup>

The factors which will influence the trade area include the size of the proposed retail facilities, travel time to and from the location, planning and design characteristics, the existence of natural or man-made barriers such as rivers and railroads, and the existence and size of competitive facilities. Of these five, the travel time is the most important factor and it will be discussed in detail.

The method to decide the trade area by travel time distance is undertaken by actual driving tests. These tests should be made during various times of the day, on various days of the week, and at various seasons of the year. The results of such driving time tests can be shown on a map on which points of equal driving time are connected (Fig. 2), and thus establish the zones of equal driving time distances. The 0 to 15-minute zone is the primary trade area. The 15 to 20-minute zone is the secondary trade area, and the 20 to 25-minute zone is the tertiary trade area.

Generally, it has been found that the very large majority of customers is willing to travel 12 to 15 minutes, with a maximum of 25 minutes. For the community shopping centers, most customers will come from an area within 15 minutes' driving

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<sup>1</sup>Richard L. Nelson, The Selection of Retail Locations, p.185.  
<sup>2</sup>Loc. cit.



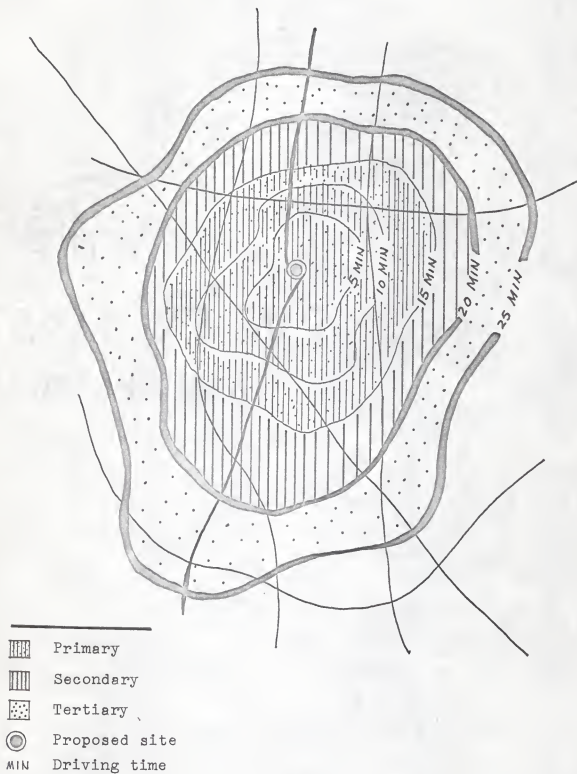


Fig. 2. Driving time distance for the theoretical location.



time, but 7 to 10 minutes is the most effective limit. In the case of neighborhood shopping centers, business will normally be attracted from an area not more than five minutes driving time distance.<sup>1</sup>

The trade areas are limited by travel time rather than geographic distance for the following reason. Assume that a regional shopping center is readily accessible by a limited access expressway. Residents in areas located near the route of the expressway as far as 15 miles from a location, could reach the shopping center within about 20 minutes driving. However, residents living in areas where access by expressway is not at hand could travel only 7 to 10 miles in 20 minutes' driving time.<sup>2</sup>

The Law of Retail Gravitation, formulated by Dr. William J. Reilly in 1929, used the same principle for determining the market potential of a planned regional center within a metropolitan area. The formula then becomes stated in this way: The pull or attraction of a shopping area on a group of shoppers is related directly to the size of the shopping area, and inversely to the square of the distance that the shoppers live from the shopping area. In testing this theory by comparison with reported trip data, it was found that the most satisfactory results were obtained when auto travel time was used as the "distance" factor and the retail area dedicated to apparel as

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<sup>1</sup>Nelson, Loc. cit., p. 188.

<sup>2</sup>Nelson, Loc. cit., p. 189.

the measure of the "size of the shopping area". This factor of floor area dedicated to apparel is a good indicator of the drawing power of a shopping center, since various tests have shown that it represents the largest generator of shopping goods trips. Figure 2a is a mathematical calculation showing how Reilly's Law of Retail Gravitation works.<sup>1</sup>

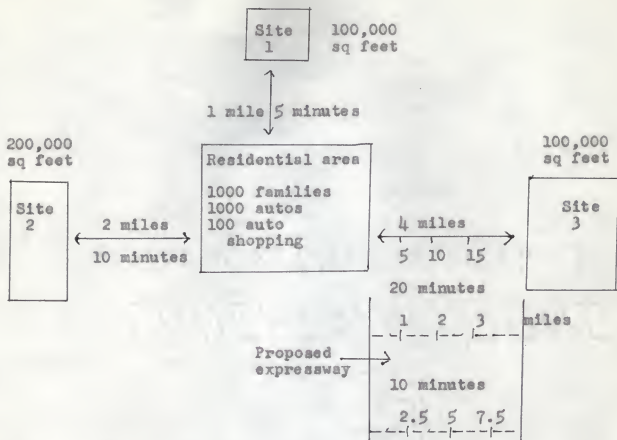
On the basis of the calculations for existing pull, 57 per cent of the trips will be to  $S_1$ , 29 per cent to  $S_2$ , and 14 per cent to  $S_3$ . But now assume that a new expressway is built, making it possible for people living in this residential area to get to  $S_3$  in half the time, or 10 minutes. This would mean that the pull of each center would be reoriented in the following manner: 40 per cent to  $S_1$ , 20 per cent to  $S_2$ , and 40 per cent to  $S_3$ .

#### Inventory of Population

The inventory of the trade area population will enable the analyst to determine the gross personal consumption expenditures of the residents. The family income of the population within the trading area is closely related to the type of merchandising which will be most successful in the shopping center and is also indicative of the present and future sales volume which may be developed. Families in the lower income brackets spend a relatively low percentage of income on luxury items, whereas the

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<sup>1</sup>Gordon H. Stedman, "The Rise of Shopping Centers," Journal of Retailing, p. 18.

Existing "pull"

$$\text{From } S_1 = \frac{100,000}{5^2} = 4000 \quad 57\%$$

$$\text{From } S_2 = \frac{200,000}{10^2} = 2000 \quad 29\%$$

$$\text{From } S_3 = \frac{400,000}{20^2} = 1000 \quad 14\%$$

Total pull 7000 = 100%

Pull after Interstate

$$\text{From } S_1 = \frac{100,000}{5^2} = 4000 \quad 40\%$$

$$\text{From } S_2 = \frac{200,000}{10^2} = 2000 \quad 20\%$$

$$\text{From } S_3 = \frac{400,000}{10^2} = 4000 \quad 40\%$$

Total pull 10000 = 100%

Pull  $S_3$  increases from 14% to 40% by construction of Interstate highway.

Fig. 2a. Mathematical calculation.

upper middle to high income groups spend substantially more on clothes, jewelry, sporting goods, and other luxury or semi-luxury items.<sup>1</sup> This factor will have a definite bearing of the earning potential of a shopping center and will also act as a guide to the selection of the proper type of store tenancy.

The inventory of the population should include the following:

1. Total Population. This should include a count of the present and a projection of future potential population because the economic status of a shopping center, both present and future, depends not only upon present population of a trading area but also upon the maximum potential population which might be developed within the foreseeable future. A projection of future population should reflect any possible replacement of the existing population. The density of the population is important, as is a check on the amount of available land for development. A review of developable land would entail a count on family units under construction, available vacant residential lots and vacant residential acreage available for development.

2. Number of Families. The population in each segment of the area should be broken into family units and then families refined into size of families. This is because various-sized families spend their money differently. For example, large

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<sup>1</sup>Lawrence Smith, "Department Store Trends in the Development of Shopping Centers," Urban Land News and Trends, p. 17.

middle-income families generally spend a greater percentage on food, drugs, and basic clothing than do smaller families in the same income brackets.<sup>1</sup> In analyzing the families, the nationalities should also be observed, as studies show there are varied patterns of expenditures between different national groups.<sup>2</sup>

3. Family Incomes. There should be a breakdown in each segment of the number and composition of families by various family income groupings. Some of the information can be obtained from the census; however, since income data is rarely available, the grouping of households generally must be estimated by experienced field workers who are able to ascertain the monthly rent or value of homes occupied or to estimate the economic character of neighborhoods by such yardsticks as types of cars used, age and condition of homes, economic character, and by noting the predominate occupational groups. These data should also be projected into the future for possible changes in income composition based on possible population replacement or additions. The analyst should not adjust for inflation, as the purpose is to determine volume of merchandise traded rather than dollar income.

The U.S. Department of Commerce and the U.S. Department of Labor both compile figures on family incomes. There is almost invariably a time lag in these figures, but current estimates can be derived by adjusting earlier data with the changing level of regional income for which data are more currently available.

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<sup>1</sup>Ibid., p. 18.

<sup>2</sup>Ibid., p. 22.

4. Commuters. While investigating family incomes in the various segments, the interviewers should ascertain the number of commuters to business districts outside the trade area. This will have to be done primarily by interview and should be broken down by number of men and number of women commuters. This information will be helpful later in estimating how much business will be lost by reason of commuters shopping in the downtown area or other districts where they work.

For some types of trade, the location of employment is more important than the place of residence. A person commuting to the central business district is more apt to buy nearly all items of personal wearing apparel in this central district. Studies show that most downtown shopping is done during the noon period, and about a third of the buying is not planned but is impulsive.<sup>1</sup> The studies also show that there is a fifty-fifty chance that the shoppers will buy something in every store visited. While the majority of shopping trips originate at home, the downtown worker represents an important market for the downtown area, since up to one-third of the shopping in the downtown area is done by persons already there as a result of employment.<sup>2</sup>

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<sup>1</sup>"Shopping Center Planning," Architectural Forum, September, 1955, p. 152.  
<sup>2</sup>Ibid., p. 153.



## Financing

There are a number of intrinsic and extraneous requirements which will determine the extent to which satisfactory financing can be obtained for a shopping center; the major ones are location, tenants and rents, economic values, and the developer's investment. Certain experienced investment institutions require that the developer make a substantial cash equity investment in addition to ownership of the land, primarily in order to make certain that the project will have strong and interested management.

There are two basic types of financing for the shopping centers: the mortgage financing and equity financing. The mortgage financing consists of either the first mortgage or the second mortgage. The second mortgage will have interest rates depending on the availability of funds and the current interest rate on the market. The equity investment may be represented by the ownership of the land and the investment on the part of the developer. In the case of corporate ownership, the equity investment may be represented by investment in preferred and/or common shares.

Besides the two basic types of finance mentioned above, there are other special financial techniques which will facilitate the financing of large projects of shopping centers.

1. Split mortgage. Split mortgage will give loan on portions of the project rather than on the project as a whole. This involves the special easements with respect to parking,



delivery facilities, and other common areas.

2. Participation in a single blanket mortgage by more than one insurance company or other mortgagees.

3. The property may be sold to a prospective investor and leased back to the developer. The developer, in turn, will guarantee a certain return on the capital investment in the project and may possibly agree to divide the surplus earnings with the investor.

4. Sale or ground lease of the land upon which the department store or any other principal tenant is located to such tenants. The tenants rather than the developer will construct their own building or buildings. This will reduce the total investment made by the developer and relieve him of the construction work of a certain portion of the project.

5. The owners of property leases the ground to a developer on conditions which may permit the subordination of the ownership in the land to the mortgage.

Sources of financing is another important factor in the development of shopping centers. They are the mortgage brokers, insurance companies, pension funds, educational institutes, financing syndicates, and the real estate companies.

Mortgage Broker. The experienced mortgage broker will provide the most flexible source of financing because he will have the up-to-date information concerning the availability of funds from the insurance companies, the pension funds, educational institutes, financing syndicates, the real estate companies, or other corporations who are interested in shopping centers.

Insurance Companies. Many insurance companies have established regional mortgage offices which will solicit the financing of shopping centers or other kinds of projects. In some cases, sale and lease-back financing or the first mortgage financing is required.

Pension Funds. There are more and more pension funds of certain department stores, industrial companies, and labor unions used to finance commercial properties and shopping centers. The administrators of these pension funds realize that such investment will be safe and profitable.

Educational Institutes. Many educational institutions, like Stanford University, the University of Wisconsin, and Antioch College in Ohio, would like to invest their reserved funds or endowment fund in real estate projects, especially in shopping centers. This is a means of increasing their revenue through investment.

Financing Syndicates. Syndicates of experienced real estate investors are often interested in taking partial ownership or full ownership of shopping centers. They will provide the equity capital as well as the know-how required for development purposes.

Real Estate Companies. In the past five or six years, many large real estate corporations have organized themselves in the acquisition and development of shopping centers. Since then, they have become one of the major sources of financing the shopping centers.

### Other Related Considerations

As far as racial or economic characteristics are concerned, the composition of the population in the trade area is another factor which has to be considered. It is sometimes unreasonable to expect that various ethnic groups will be willing to shop together, especially in areas where strong traditions or prejudices exist. It is also unreasonable to expect that persons of low or middle income groups will patronize a high quality type of shopping center. Conversely, persons in the highest income groups will generally shop in centers where medium or low priced groups will generally shop in centers where medium or low priced merchandise is the feature.

The advantages and disadvantages of shopping centers will affect the trade in the centers somewhat. Professor C. T. Jonassen, of Ohio State University, made studies on Seattle and Houston. The advantages he found were: (1) Close to home, (2) less crowded, (3) more convenient hours, (4) parking easy, (5) clean and modern, (6) friendly and courteous clerks, (7) do not have to dress up, (8) less confusion and noise. The disadvantages he found were: (1) Poor public transportation, (2) lack of large selection, (3) not all kinds of business, (4) too far to go, (5) prices high, (6) bus fare too high, (7) hard to get credit, (8) poor delivery service. Tables 4 and 5 present a summary of what he found.

Table 4. Advantages of suburban shopping centers by income.

| Advantages<br>in Seattle            | :Under<br>:\$2000 | :\$2000-<br>:\$3999 | :\$4000-<br>:\$5999 | :\$6000-<br>:\$7999 | :\$8000<br>: plus |
|-------------------------------------|-------------------|---------------------|---------------------|---------------------|-------------------|
| 1. Closer to home                   | 41.2              | 43.4                | 38.8                | 39.9                | 40.2              |
| 2. Less crowded                     | 15.0              | 11.9                | 11.3                | 18.2                | 10.3              |
| 3. More convenient<br>hours         | 2.5               | 3.7                 | 3.1                 | 0.0                 | 2.1               |
| 4. Parking easy                     | 5.0               | 8.9                 | 14.9                | 6.5                 | 19.6              |
| 5. Clean and modern                 | 0.0               | 9.7                 | 2.1                 | 1.1                 | 1.0               |
| 6. Friendly and<br>courteous clerks | 2.5               | 2.3                 | 2.6                 | 0.0                 | 1.0               |
| 7. Do not have to<br>dress up       | 11.2              | 17.2                | 21.6                | 21.3                | 19.6              |
| 8. Less confusion<br>and noise      | 1.3               | 1.5                 | 0.5                 | 2.2                 | 0.0               |
| 9. No advantages                    | 7.5               | 2.9                 | 1.0                 | 2.2                 | 0.0               |
| 10. Other                           | 10.0              | 5.2                 | 3.1                 | 3.2                 | 3.1               |
| 11. No data                         | 0.0               | 0.0                 | 0.0                 | 0.0                 | 0.0               |
| Total                               | 100               | 100                 | 100                 | 100                 | 100               |
| <br>                                |                   |                     |                     |                     |                   |
| <u>Advantages<br/>in Houston</u>    |                   |                     |                     |                     |                   |
| 1. Closer to home                   | 60.4              | 51.7                | 53.2                | 50.6                | 50.8              |
| 2. Less crowded                     | 9.4               | 13.6                | 13.9                | 12.8                | 11.7              |
| 3. More convenient<br>hours         | 1.9               | 3.9                 | 3.8                 | 2.4                 | 3.1               |
| 4. Parking easy                     | 1.9               | 7.9                 | 13.3                | 9.4                 | 9.3               |
| 5. Clean and modern                 | 0.0               | 0.6                 | 1.9                 | 0.0                 | 1.6               |
| 6. Friendly and<br>courteous clerks | 1.9               | 2.3                 | 1.9                 | 1.2                 | 1.6               |
| 7. Do not have to<br>dress up       | 15.1              | 16.5                | 10.8                | 20.2                | 17.2              |
| 8. Less confusion<br>and noise      | 1.9               | 0.0                 | 0.0                 | 2.4                 | 0.0               |
| 9. No advantages                    | 1.9               | 0.0                 | 0.6                 | 0.0                 | 0.0               |
| 10. Other                           | 5.6               | 3.5                 | 0.6                 | 1.2                 | 4.7               |
| 11. No data                         | 0.0               | 0.0                 | 0.0                 | 0.0                 | 0.0               |
| Total                               | 100               | 100                 | 100                 | 100                 | 100               |

Source: C. T. Jonassen, The Shopping Center Versus Down-town, p. 161.

Table 5. Disadvantages of suburban shopping centers by income.

| Disadvantages<br>in Seattle     | :Under<br>:\$2000 | : \$2000-<br>:\$3999 | : \$4000-<br>:\$5999 | : \$6000-<br>:\$7999 | : \$8000<br>: plus |
|---------------------------------|-------------------|----------------------|----------------------|----------------------|--------------------|
| 1. Poor public transportation   | 7.5               | 6.0                  | 7.2                  | 5.4                  | 5.2                |
| 2. Lack of large selection      | 37.5              | 52.2                 | 52.1                 | 43.0                 | 51.5               |
| 3. Not all kinds of business    | 8.8               | 10.4                 | 12.9                 | 10.7                 | 7.2                |
| 4. Too far to go                | 8.8               | 3.8                  | 4.1                  | 7.5                  | 14.4               |
| 5. Prices high                  | 3.7               | 6.0                  | 7.7                  | 6.5                  | 3.1                |
| 6. Bus fare too high            | 5.0               | 3.0                  | 2.6                  | 2.2                  | 0.0                |
| 7. Hard to get credit           | 0.0               | 0.8                  | 0.0                  | 1.1                  | 0.0                |
| 8. Poor delivery service        | 2.5               | 2.2                  | 4.1                  | 7.5                  | 6.2                |
| 9. No disadvantages             | 3.7               | 1.5                  | 0.0                  | 0.0                  | 2.1                |
| 10. Other                       | 22.5              | 11.9                 | 8.2                  | 11.8                 | 9.3                |
| 11. No data                     | 0.0               | 2.2                  | 1.1                  | 4.3                  | 1.0                |
| Total                           | 100               | 100                  | 100                  | 100                  | 100                |
| <u>Disadvantages in Houston</u> |                   |                      |                      |                      |                    |
| 1. Poor public transportation   | 13.2              | 6.8                  | 5.7                  | 16.5                 | 5.5                |
| 2. Lack of large selection      | 43.4              | 50.0                 | 47.5                 | 49.4                 | 54.7               |
| 3. Not all kinds of business    | 1.9               | 7.9                  | 13.9                 | 8.2                  | 8.6                |
| 4. Too far to go                | 1.9               | 2.3                  | 0.6                  | 0.0                  | 1.6                |
| 5. Prices high                  | 13.2              | 15.9                 | 9.5                  | 5.8                  | 3.9                |
| 6. Bus fare too high            | 0.0               | 1.7                  | 1.3                  | 1.2                  | 0.0                |
| 7. Hard to get credit           | 0.0               | 0.6                  | 0.0                  | 0.0                  | 0.0                |
| 8. Poor delivery service        | 5.7               | 2.3                  | 2.5                  | 0.0                  | 5.5                |
| 9. No disadvantages             | 1.9               | 1.1                  | 1.3                  | 1.2                  | 3.1                |
| 10. Other                       | 18.8              | 11.4                 | 17.7                 | 16.5                 | 16.4               |
| 11. No data                     | 0.0               | 0.0                  | 0.0                  | 1.2                  | 0.7                |
| Total                           | 100               | 100                  | 100                  | 100                  | 100                |

Source: C. T. Jonassen, The Shopping Center Versus Downtown, p. 165.

Once the economic analysis has been completed, a geographically advantageous location and a sound financial background for the development of a shopping center can be established.

#### SITE CONSIDERATION

Selection of a suitable site is another important factor in the development of shopping centers. Site evaluation includes the zoning problems, shape of the site, visibility of the site, the traffic analysis, parking problem, and the service problem. In the actual planning of a shopping center, these are not separated but are a part of the total planning program. Each of the elements mentioned above will be discussed in detail.

#### The Zoning Problem

Shopping centers, being retail institutions, may find sites in residential communities that are not zoned for commercial use. In fact, a large share of them find suitable property which is farm land or zoned for residential use. When 50 to 100 acres are needed, it is only by a set of fortuitous circumstances that sufficient land is found. Surprising as it may seem, the zoning boards are not always anxious to have a shopping center built. While it may relieve some tax problems, people who live in the area often resist any attempts to change the zoning from residential to commercial. The increased traffic on the local streets, the possibility of noise, trucks, and dirt along with



crowds of people, are sometimes resisted to the bitter end by people who live in residential areas.

Local merchants are important people in their communities. Some are members of the city council. They often resist the building of a shopping center which would result in decreased sales in their own stores.

The public relations aspect of the site selection is tied in with the zoning problem. Even if the developer is able to get the zoning ordinance changed, he may so irritate the local community that the stores will suffer from a lack of patronage. The department stores particularly have a stake in this because of the possible loss of sales in the downtown store as well as in the proposed branch. In order to satisfy local residents it is sometimes possible to do the following: (1) build a buffer zone between the center property and local property owners, (2) build service tunnel for trucks, (3) keep the shopping center area as clean as possible. A large estate in Cleveland Heights, Ohio, has been sought for several years for use as a shopping center. Local residents fought to prevent such an event, and only recently permitted a change in the zoning laws. To secure a suitable site for a shopping center is not easy, but it is even more difficult to change the zoning from residential to commercial area!

#### Shape of the Site

There are several shapes which are considered to be

undesirable for the sites of shopping centers.

1. If the length of the site is disproportionately large in relation to the depth (Fig. 3), this is not a desirable site because it may be impossible to arrive at a successful land use plan. Parking facilities cannot be conveniently arranged is one thing; overextended walking distances between stores will be another. If the shorter dimension is along the highway, then the accessibility and the visibility of the shopping center will be very poor.

2. Wedge-shaped (Fig. 4). For this kind of shape, a certain part of the site has to be ruled out because it is useless in considering the placing of elements of the shopping center. The part U in Fig. 4 is useless. The rest of the part, R, must be large before it is considered to be useful.

3. Irregular shape (Fig. 5). It is unsuitable for shopping center development because the full utilization is not feasible. Some imaginative architects may be able to create interesting new expressions or solutions, but usually it will be found that they are too expensive to be practical.

4. Not in one piece (Fig. 6). The parts A, B, and C are separated by two highways; they are actually three separate sites and not one site. If one of the sites is big enough for a shopping center, then the other two pieces should be used for secondary purposes such as secondary market or non-retail purposes. If all three sites are used for main elements of a shopping center, then this will create unsafe traffic conditions, inter-shopping will be impossible, and economic failure can

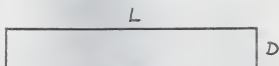


Fig. 3. L is disproportionately large in relation to D.



Fig. 4. Wedge-shaped.



Fig. 5. Irregular shape.

result. In some cases, using bridges to connect separate sites will be a possible solution, but the disadvantages are (1) too high a cost, (2) shoppers usually are not willing to walk from one site to the other, thus sales could be much reduced.

5. A right-of-way cutting through a site of acceptable size and shape may reduce or destroy its usefulness (Fig. 7). Similar considerations prevail if major waterways--brooks, canals, arroyos, drainage ditches, etc.--should cut through a site. Rerouting, bridging, or total covering will have to be investigated. Thorough investigation into the danger of flooding will have to be made. If remedies are feasible within the economic framework, the site will be acceptable. Otherwise, it will have to be rejected.

#### Visibility of the Site

Lack of visibility would be most harmful to the small and intermediate center. The large regional center can at least partly overcome the disadvantages of poor visibility by advertising and by the general prominence of the center in the public's consciousness. However, poor visibility is a strike against successful operation. A site with extremely poor visibility should be chosen only if there are distinct advantages to make up for this disadvantage.

There are three locations from which the site of a shopping center will be concealed from the surrounding roads.

1. The road is high above the shopping center (Fig. 8).

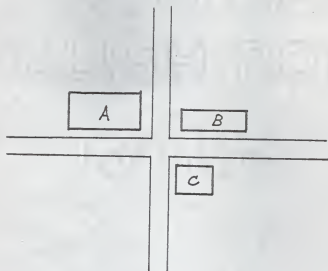


Fig. 6. Not in one piece.

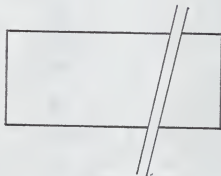


Fig. 7. Existence of right-of-way.

When people are driving along the highway which is high above the shopping center site, all they can see will probably be the roofs of the buildings. Such roofs are likely to be pierced by ducts, shafts and pipes. This is not at all an attractive sight, and it will create poor visibility from a promotional point of view. Different methods, such as the construction of sign towers, growing of trees, and covering of ducts, shafts and pipes on the roof, are used to compensate such ill effects. But the cost of construction and the effectiveness of the sign towers should be carefully considered and evaluated before accepting such a site for a shopping center.

2. The road is below the shopping center (Fig. 9). If the shopping center is considerably above the road, the driver will miss the center easily without noticing its existence. The method of compensation is to put enough attractive signs on the highway to attract drivers' attention.

3. Existing structures conceal the site from surrounding roads (Fig. 10). Very often, houses, billboards, or commercial buildings will block the view of the shopping center. The cost of removing some of them should be considered and calculated before accepting such a site.

#### The Traffic Analysis

The amount of traffic passing a site does not necessarily mean much. It depends on the kind and nature of the traffic. It has been discovered that housewives may refuse to drive on





Fig. 8. The road is high above the shopping center.



Fig. 9. The road is considerably below the shopping center.



Fig. 10. Existing structures conceal the site from surrounding roads.

an arterial highway which carries heavy traffic, including trucks. Thus the shopping center located on a heavily traveled road may be penalized. No final selection of a site can be made without a complete traffic analysis. The American Society of Planning Officials says that shopping center traffic engineers should consider traffic planning in shopping centers from the customer's point of view. It says that the typical shopping trip to a center can be divided into four stages: (1) the road he travels to get to the center; (2) the point where he leaves the highway to get into the center; (3) his search for a parking space; (4) his walk to the stores. The Society might have added four more stages in the reverse order since the shopping trip to the shopping center also includes the trip back home.

This is the problem of accessibility. A traffic count may show that 2,500 cars pass a given site per hour, or 30,000 cars per day. However, that does not mean that they will be customers for a shopping center. There is also a quality aspect to traffic which should be analyzed. Are they going to and from work? How many of them are transients? What time of the day does the traffic reach its peak? What is the nature of the traffic? A shopping center depends on women for the major part of its sales. Some women will not drive on a heavily congested highway. Some even refuse to cross a heavily traveled highway. Thus it is necessary for a shopping center to have secondary roads which lead to entrance and also an exit. Four-lane highways also create problems of getting from one side of the road to the other. Providing for left turns through the dividing

strip creates more traffic problems than it relieves. Most of these situations require an over- or underpass, which brings up the problem of the financing either by the developer or the local or state taxing districts. The local taxing districts do not always have the necessary money to widen or relocate roads and it usually is the developer's responsibility if he wants to do it, which is almost always the case. The planning and road changing must be done prior to the opening of the center so that the traffic will not be blocked and customers will find the traffic circulation convenient.

#### The Parking Problem

Parking is extremely serious to shopping centers because of the nature of the retail trade. Welton Beckett, one of America's foremost builders of shopping centers, says that the problem of providing satisfactory parking facilities depends on the nature of the site, the type of stores in the center, and the probable turnover of cars. A turnover is the change of one car to another in a parking space. He notes that parking ratio is variously defined by different people. To some it may mean the ratio of building area to parking area; to others, gross selling area to parking area; or it may also mean gross square feet of floor area to parking area, not including driveways or islands.<sup>1</sup> The Urban Land Institute studies recommend that a

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<sup>1</sup>J. Ross McKeever, Shopping Centers Re-studied: Emerging Patterns and Practical Experience, Technical Bulletin No. 30, Part One, p. 24.

minimum of 10 car spaces be provided for every 1,000 square feet of sales space. This recommendation, of course, must be tempered by the amount of walk-in and publicly transported trade the center is expected to enjoy. Once the parking pattern, stall width, and aisle width are decided upon, the space requirements for each space can be estimated.

It is generally conceded by shopping center developers that the parking ratio in itself means little. Stores vary so much in their parking requirements and there is also the very important turnover of cars. Most supermarket customers do their shopping in less than 30 minutes, whereas the department store customers may stay two hours or more. Therefore in any shopping center the turnover in the parking area next to some of the stores may be high, while next to others it may be low. It has been found that car turnover in the typical regional shopping center is approximately 33 cars per day.<sup>1</sup>

Shopping centers are open at night and do from 30 per cent to 50 per cent of their business after 7 p.m. The percentage of business done by the branch stores at night varies, but on the days the stores were open at night they did typically more than 50 per cent of the day's business after 7 p.m.<sup>2</sup> When other shopping peaks such as the Christmas season and special sales are considered, they create traffic and parking problems of no

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<sup>1</sup>Gordon B. Sharpe, Travel to Commercial Centers of the Washington, D.C., Metropolitan Area, Highway Research Board Bulletin No. 79, p. 16.

<sup>2</sup>Ibid., p. 19.

small magnitude. Actually no shopping center can build a parking lot large enough to handle peak loads. There are two factors involved here, the first being cost and the second the distance people will walk to the stores. No center can afford to build enough parking to take care of the peak loads, the amount of sales to be derived during peak loads not being sufficient to pay for its cost. Some authorities believe that the parking problem is the chief factor which will limit the size of the shopping centers.<sup>1</sup> It is estimated that people will refuse to walk more than 600 feet to the stores.<sup>2</sup>

There is also the problem of parking location in the shopping center and its relation to the layout of the shopping center. The Northland Shopping Center in Detroit, Michigan, completely surrounded the center with parking. The best parking arrangement is that which plans the parking according to the types of the stores in the center. The stores requiring the most parking spaces get them as close as possible. Thus the supermarket, which requires large numbers of spaces on Fridays and Saturdays, is often located at some distance from other stores where the same peaks occur at the same time. Parking must be convenient to all stores. One shopping center the author visited in Long Island, New York, was arranged in a block layout with one side facing the street. In front of those stores were parking meters installed by the city. It was no coincidence

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<sup>1</sup>Roger Lahey, "Will Today's Shopping Centers Succeed?" National Real Estate and Building Journal, February, 1953, p. 28.

<sup>2</sup>Ibid., p. 32.

that the management of the center had had a difficult problem of leasing those locations and had some turnover of lessees during the two-year period the center had been opened.<sup>1</sup>

It is highly desirable to plan the parking so there are buffer strips around the center where extra cars can be parked at peak seasons. These may be paved or unpaved. If unpaved they may create more problems by making snow removal and protection of customers' cars difficult without sufficient lighting.

Traffic engineers must also plan the layout of the parking lot. The usual practice is to provide some form of elevated landscaping in various sections with suitable directional signals and identifying signs so customers can find their way to a parking space and locate their car after shopping. The general practice is to allow 350 square feet per parking space and park at 60-degree angle.<sup>2</sup> Some shopping centers have spaces which are too small or the angle is too sharp, which means that many customers overlap in their parking to prevent injury to their cars, thus wasting parking space and further cutting down on the utilization of the parking area.

#### The Service Problem

Delivery facilities must be provided for the merchants away from the parking areas. This is done in two ways: (1) Many

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<sup>1</sup>From an interview of D. Steiner, on August 23, 1964, Patchogue, Long Island, New York.

<sup>2</sup>J. Ross McKeever, Loc. cit., p. 48.



centers are being built with a service tunnel which leads to the basement of the stores. This takes all deliveries, unsightly garbage, and waste disposal out of sight of the customer and also provides a safer parking area. (2) Some centers do this by a depressed passage leading to the rear of the stores. By proper design of the site and the layout of the stores, this can be done. The matter of cost is involved since a tunnel and loading dock may cost a great deal. Builders of shopping centers and merchants are agreed that the tunnel, whatever its cost, is certainly highly desirable.

When building a parking lot, serious consideration should be given to the future growth of the area. The author believes that shopping centers will grow with the population, and that what is now considered adequate parking will be inadequate in a few short years. The future expansion of the site will be discussed in the next chapter.

#### LAYOUT OF THE SHOPPING CENTER

The layout of the shopping center cannot be planned until the number, size, and the types of the stores are determined. The size and shape of the plot will also affect the complete plan. Sometimes the ideally shaped plot cannot be obtained in the exact location that is desired. Thus location becomes the determining factor that affects every other part of a planned shopping center. The layout of a shopping center is a method of assigning various parts of the plot to the functions that are a

part of the whole shopping center. This chapter will discuss the problem of determining the most satisfactory physical arrangement of the functions within the shopping center with special emphasis on the arrangement of the buildings.

Before any preliminary layout plans can be made, the developers of a shopping center must decide just what they want to create. There are three necessities in planning a shopping center: (1) It is designed to sell merchandise; (2) it must make a profit for the owner of the shopping center; and (3) the merchants located in the center must get a lease low enough so that they can also make a profit.

The department store should take a hand in the planning of shopping centers. Well known department stores can attract many buyers and they know how to merchandise. If by spending too much money for the buildings of a shopping center it becomes necessary to raise prices, then how long will people continue to shop there? Shopping centers are taking over many of the services normally performed by municipal agencies in other retail districts.<sup>1</sup> These services include parking, roads, police and fire protection, and in some cases sewage disposal. However, the shopping centers continue to pay the same tax rate as they would if they received the services for which they are paying. Can they afford to add other community services and expect to make a profit?

It is therefore necessary that every developer examine

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<sup>1</sup>Richard L. Nelson, The Selection of Retail Locations, p. 202.

every expenditure under the unmerciful light of this question. Will it pay? Will it bring enough customers to pay for itself? What will it do to costs? Will it produce a return on investment? The planning of shopping centers in this study will be approached from two angles: (1) the customers, and (2) the merchants.

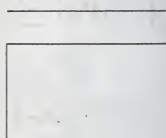
There are four basic types of layout in shopping centers. These are the strip, the court, the cluster, and the mall. These will be shown by diagrams (Fig. 11) and photographs and each type will be discussed in turn.

### The Strip Shopping Center

The strip shopping center derives its name from the location of the stores in a line along the street. The buildings face the main thoroughfare, sometimes with space in front, often fronting directly on the street. Almost all neighborhood shopping centers are of this type and there are thousands to be found in all sections of the country.

Parking layout in the strip center may be in front and rear or even at the ends, although this is unusual. The preferred parking arrangement by the developer is to place the parking lot in front and use the rear of the stores for a service entrance. This takes the trucks out of the way of pedestrian traffic and removes unsightly refuse from the eyes of the customer.

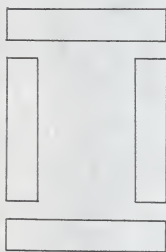
The decision of whether to place the store to the rear of the rectangular plot, in the middle, or in front, depends on the



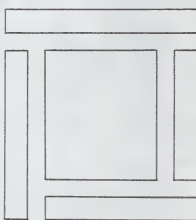
The strip



The court



The mall



The cluster

Fig. 11. Basic types of shopping centers.

size of the land and the number of stores. The ideal arrangement is to surround the building area with parking. This shortens the walking time to the stores. If the plot is small, of 15 to 20 acres, distance is not as much of a problem and the location of parking can be to the rear or in front. Merchants too often have the old-fashioned pedestrian traffic concept in thinking their stores must be directly on the street. This makes it more difficult to get into and out of the parking lot and actually does nothing to improve customer service, since there is little pedestrian traffic to shopping centers. The preferred arrangement in the strip type of shopping center is to place all the parking in front and on the sides if possible, and leave the rear for a service entrance. Plate I shows the typical strip shopping center.

#### The Court Shopping Center

This arrangement places the stores in the shape of a court. The buildings are placed so that they form a court, with parking around the court and perhaps inside it, if it is large enough to accommodate parking. The court may serve as a service entrance for deliveries. This type of center is used best for a square building plot that cannot accommodate a string of stores. It also has the advantage of having four corners, which may be preferred because it gives more key store locations. Plate II is the typical example.

EXPLANATION OF PLATE I

A strip shopping center.

Broadway Crenshaw Shopping Center,  
Los Angeles, California.



PLATE I

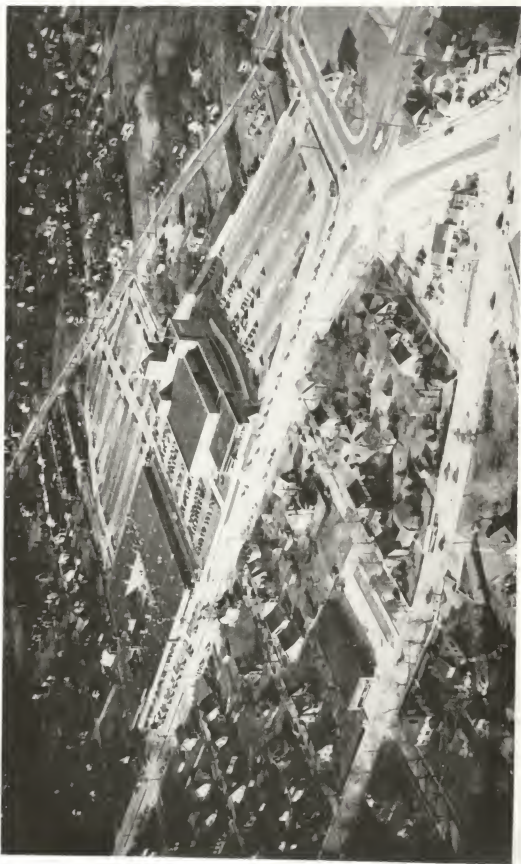


EXPLANATION OF PLATE II

A court shopping center

Virginia Square Shopping Center,  
Arlington, Virginia

PLATE II



### The Cluster Shopping Center

The cluster arrangement of stores derives its name from the fact that the stores are clustered around a large central store. Since the major tenant is placed in the center of the cluster, then all stores become neighbors of the most powerful shopping-traffic puller. In contrast to the strip and court shopping centers where all retail units are exposed to parking traffic and shopping traffic, the cluster shopping center exposes the main tenant to shopping traffic only.<sup>1</sup> Because of the superior pulling power of the major department store, it will guide the shopping traffic from the frontage of other retail stores to the center of the cluster; thus the opportunity of increasing the sale in different retail units will be increased. (Plate III.)

### The Mall Shopping Center

The mall concept is that of an indoor shopping street. The stores are arranged somewhat as they are on any shopping street, the chief difference being the noise and auto traffic are absent.<sup>2</sup> The usual practice is to place the department store at one end, with another large store at the other end. In this case the shopping traffic will be greatly increased because the interchanging shopping traffic between these two big stores will be much greater and the stores located between them will profit from participation in that traffic.

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<sup>1</sup>Victor Gruen, Shopping Towns U.S.A., p. 78.

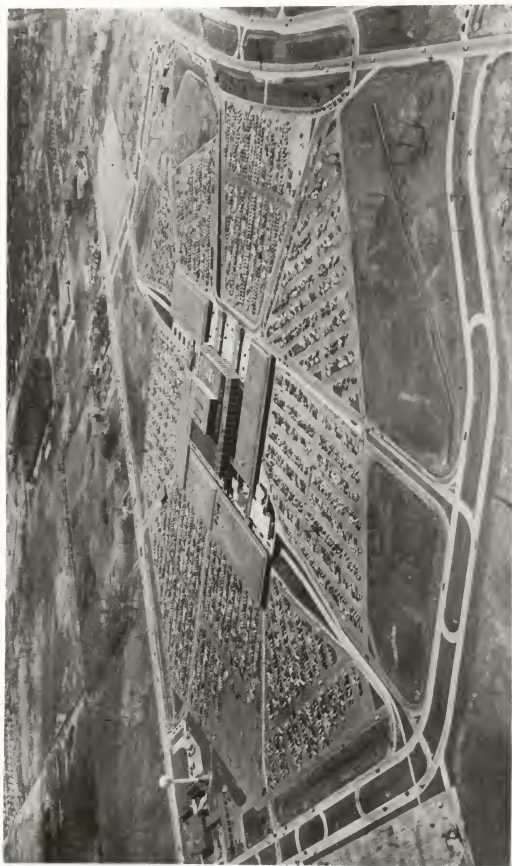
<sup>2</sup>"Shopping Centers." Urban Land, September, 1962, p. 4.

EXPLANATION OF PLATE III

A cluster shopping center

Northland Shopping Center,  
Detroit, Michigan.

PLATE III





If, on the other hand, there is only one major store within the shopping center, then the best arrangement will be to put that major store to a center position on one side of the mall. Thus it will give convenience to shoppers and at the same time create a higher degree of shopping traffic generated by this main store.

Another factor which should be considered is the mall itself. If landscaping is elaborated in the mall, convenient sidewalks must be spaced to encourage traffic across the mall. This concept also means that the mall must not be too wide. Many architects believe that 40 to 50 feet is a desirable width since that permits customers to do window shopping on both sides of the mall at the same time and encourages them to shop on both sides.<sup>1</sup> (Plate IV illustrates the mall type shopping center.)

#### Location of the Stores

There are many factors to consider in deciding the location of the stores in a planned shopping center. The first and probably the most important factor involves the concept of traffic "getters" and traffic "users". That is, there are two basic types of stores, those that bring traffic to the center and those stores that feed on the traffic after it is there.

Of the group of stores that get traffic for the center, the department store branch is by all odds the most important.<sup>2</sup>

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<sup>1</sup>"Shopping Center." Urban Land, September, 1962, p. 8.

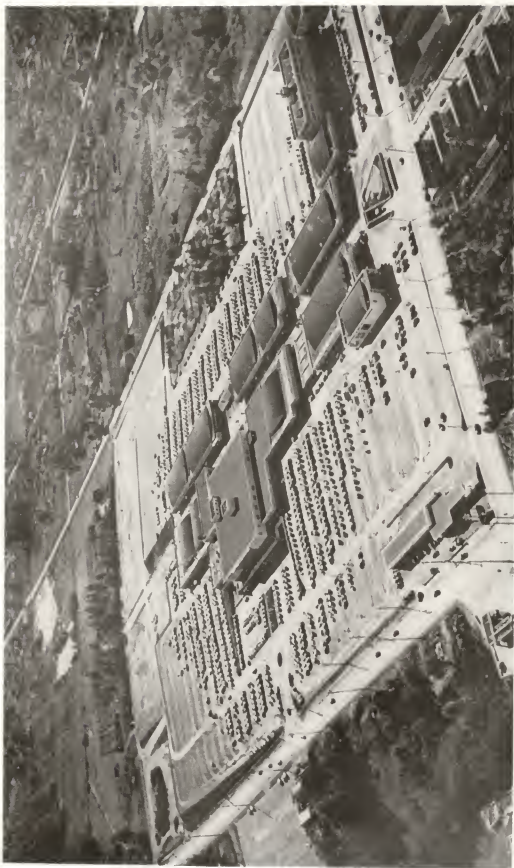
<sup>2</sup>Samuel Feinberg, What Makes Shopping Centers Tick, p. 25.

EXPLANATION OF PLATE IV

A mall shopping center

Northgate Shopping Center,  
Seattle, Washington.

PLATE IV



Other stores in this category include the supermarket, the junior department store, the general merchandise chain store, some of the better known ready-to-wear stores, the bank, and to a more limited extent, the drug store. Stores that advertise tend to be traffic getters and local stores that do considerable advertising would also be included in the group that attracts traffic.

The traffic user group includes the variety stores, service stores, and specialty shops that do no local advertising. This group is dependent on the traffic generated by the other stores. Regardless of shopping center layout, the problem is to locate the various types of stores so that the maximum amount of traffic will flow along the street and all the stores will benefit by it. This is not as simple as it may sound because there are more "users" than "getters".

The strip layout, with the stores located on a straight line, creates fewer location problems because it usually contains fewer stores. It has been found that people will walk as much as 600 feet from their cars to the stores.<sup>1</sup> If all of the stores that pull traffic to the center are located at one end, the other end will be dead. If all the traffic-pulling stores are in the middle, the end stores suffer. Some shopping centers have learned to their sorrow that this is very important since many shopping centers have dead locations where the leases are broken or the stores remain vacant and are not rented even after several years. The problem is where to locate the department

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<sup>1</sup>Welton Becket, "Shopping Center Traffic Problems," Traffic Quarterly, April, 1955, p. 12.

store. Actually, there cannot be a completely satisfactory answer unless there are two stores in the center which have the same pulling power. Stores with the same attraction to the customers should be placed at either end with other traffic "users" and "getters" sprinkled between the two. With one department store, the problem is more difficult and actually has never been completely settled in a strip shopping center. Attempts have been made to bring balance in store location by placing the supermarket at one end and the department store at the other. The other stores that bring people to the center are scattered in between. This has one other advantage. Most supermarket customers like to shop on Friday, Saturday, and at night. This usually coincides with the department store's busy hours. By placing them on the opposite ends, better use is made of the parking area.<sup>1</sup>

Other factors which must be considered are: merchandise lines, price emphasis, type of stores, and automobile traffic. A planned shopping center with a complete selection of merchandise contains many different merchandise lines. If the center is large it is considered best to locate similar merchandise together. This will save shopping time for the customers and also give them a chance to compare values.<sup>2</sup> In other words, competing stores are placed together. It is usually desirable for the department store to have apparel shops as neighbors. There is

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<sup>1</sup>C. B. Palmer, "The Shopping Center Goes to the Shopper," New York Times, November, 1956.

<sup>2</sup>"Variety Store Experience in Shopping Centers," Chain Store Age, April, 1955, p. 4.

also an agreement by merchants that stores selling merchandise of about the same price should be near each other. This also provides the customers with variety and makes it easy for them to shop.

### The Future Growth

The provision for the future growth is an essential feature in the planning of shopping centers. The future growth is inevitable because of the growth in population in the surrounding area. There are two main situations for planning the future growth: (1) planning for expansion, and (2) development in stages.

1. Planning for expansion is indicated when the shopping center is located in a steadily growing area. In order to make the expansion feasible, several prerequisites are required.
  - a. The carrying potential of the surrounding roads must be sufficient to absorb additional traffic load.
  - b. The site must be large enough to permit holding space in reserve for additional building, parking, and traffic areas.
  - c. The developer, when planning for expansion should make a market analysis. He must be reasonably certain that his shopping center will be able to benefit from the growing buying potential of the area and that this potential will not be more efficiently



served by existing or future competition. Thus the planning for expansion is advisable only when there is a reasonable certainty that it can be implemented in the foreseeable future.<sup>1</sup>

The expansion can be taken either in vertical form or in horizontal form. In the case of vertical expansion, the construction of larger foundations and heavier columns as well as roof slabs strong enough to carry future floor loads is required. In the case of horizontal growth, consideration should be given to the new and existing shopping center buildings so as not to create over-extended walking distances between parking and pedestrian areas. In both vertical and horizontal expansions, provision will have to be made for service facilities, utility plants, and distribution systems.

Northland Center (Fig. 12) in Detroit, Michigan, has a plan for expansion. It is planned for an ultimate size of 1,500,000 square feet of rental area, with original construction of 1,000,000 square feet. There are four additional store buildings, and the parking spaces are also increased accordingly.<sup>2</sup>

2. Planning for development in stages. The motivations of stage-wise development of shopping centers are: First, the site is located in an area which has not reached its ultimate population, and in an area where a quick acceleration of population growth may be expected. Second, the landowner desires to make some immediate use of his land, though it is obvious that full

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<sup>1</sup>Victor Gruen, Shopping Towns, U.S.A., p. 110.

<sup>2</sup>Victor Gruen, Shopping Towns, U.S.A., p. 111.



Fig. 12. Plan for expansion, Northland Center, Detroit.

Future enlargement of parking area.

Future enlargement of building area.

utilization will be practical only in future years.

For a successful stage-wise development, the most important point is that each planning and construction stage should by itself represent a complete, well-rounded, and sound economic unit. Planning for development in stages can be successfully accomplished only if a total master site usage plan is completed, and detailed planning of the first stage is undertaken.

The Waiālae Shopping Center, in Honolulu, Hawaii, (Fig. 13), is an example of development in stages. In this shopping center, the development is divided into four stages. In each additional stage, there is also an addition in parking area so that the center is able to accommodate the additional traffic and parking demand. In this case, each construction stage is a complete and well-rounded unit in itself.

#### PROBLEMS IN SHOPPING CENTERS

The shopping center industry has been very successful in the past fifteen years. All indications point to a continuance of this strong growth trend.<sup>1</sup> The future of the shopping center industry holds significant promise as well as serious problems. Currently, the industry in general and many existing centers in particular are confronted with difficulties that have been around for some time.

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<sup>1</sup>Gordon H. Stedman, "The Rise of Shopping Centers," Journal of Retailing, Spring, 1955, p. 11.

- I - First stage
- II - Second stage
- III - Third stage
- F - Final stage
- D - Department store

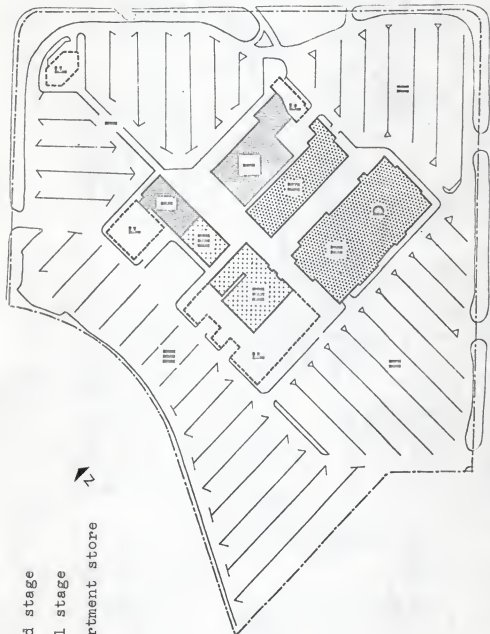


Fig. 13. Master plan for stage-wise development, Wai'alea Shopping Center, Honolulu, Hawaii.

The bulk of our existing shopping centers were conceived and developed during a period that was characterized by rapid and remarkable change in the patterns of retail merchandising and distribution.<sup>1</sup> These changes are continuing to take place. As a result every merchant, shopping center developer, and manager is being forced to restudy and reevaluate his market and competitive position, strengthen his merchandising plant, adjust present operations to meet shifts and changes in markets, competition, buying habits, patronage patterns, and so forth.<sup>2</sup> Over the years these factors have caused degrees of alteration in the original trading areas of many centers. Moreover, these same factors also affect the internal character and operations of the centers themselves.<sup>3</sup> Because of this, it is imperative that we critically reexamine yesterday's shopping center developments in the light of today's retailing situation and tomorrow's emerging trends.

Many existing centers are encumbered with problems that can be directly traced to the shopping center's inability or unwillingness to adjust and strengthen its operations in accordance with changes that have occurred since it initially opened. Generally speaking, the most pressing problems have been caused by: (1) increased competition, (2) changing trading area characteristics, (3) obsolescent and outdated site conditions, and (4)

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<sup>1</sup>Ibid., p. 18.

<sup>2</sup>Loc. cit.

<sup>3</sup>Robert K. Otterbourg, "Sales Promotion in Shopping Centers," Journal of Retailing, Winter, 1956, p. 185.

increasing operating costs.<sup>1</sup> The impact of these factors upon numerous centers already has caused concern within the shopping center industry.

### Competition

Competition has increased many times during the last few years. Some centers built in the fifties have seen their trading areas saturated with new retail facilities.<sup>2</sup> In some instances, retail space has outpaced purchasing power.<sup>3</sup> The expected building program of suburban developments will tremendously increase competitive pressures. Now any number of commercial developments compete for the same trading area under rather similar conditions.

However, perhaps the major source of potential competition to the larger centers in particular lies in the resurgence of the Central Business District.<sup>4</sup> The advent of a shopping center tends to pull merchants in the Central Business District together to meet the common threat. This cooperation results in the rehabilitation and renovation of Main Street, the provision of better parking facilities, and more cooperative merchandising,

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<sup>1</sup>Arthur Rubloff, "Are Shopping Centers Failing?" Supermarket Merchandising, May, 1960.

<sup>2</sup>Ibid., p. 4.

<sup>3</sup>Ibid., p. 5.

<sup>4</sup>Thomas F. Murray, "The Resurgence of Downtown," National Association of Assessing Officers, 1962.



which all in turn stimulate trade.<sup>1</sup> Once only a rumbling of a slow-moving bulldozer, this revitalization has steadily gained momentum, and in effect could take on the guise of a "counter-evolutionary" movement which could have serious repercussions on suburban stores and shopping centers.

Recently, significant retail activities have taken place in downtowns scattered throughout the country. Rochester's Midtown Plaza is a vivid example.<sup>2</sup> In Cincinnati, every major department store has expanded and/or renovated extensively.<sup>3</sup> In Downtown Jacksonville, Florida, two new department stores have been built and a third has been extensively remodeled.<sup>4</sup> Downtown New Haven will soon see a major Macy store joining a new Malley's unit.<sup>5</sup> Another Macy store will soon be built in Topeka's core area as will a Sanger-Harris in Dallas.<sup>6</sup> Fort Worth, South Bend, Fort Wayne, and Hartford, and other downtown areas have also experienced strong department store activities and others are bound to follow.<sup>7</sup> In smaller and medium-size metropolitan areas served by a centrally-located CBD, this renewal of strength can jeopardize existing shopping centers. This is also true of larger metropolitan areas where suburban markets are fragmented

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<sup>1</sup>R. L. Nelson and F. T. Aschman, "Conservation and Rehabilitation of Major Shopping Districts," Technical Bulletin No. 22, Urban Land Institute, 1954.

<sup>2</sup>Thomas F. Murray, Loc. cit., p. 3.

<sup>3</sup>Ibid., p. 3.

<sup>4</sup>Ibid., p. 4.

<sup>5</sup>Vernon Raymond, The Changing Economic Functions of the Central City, p. 62.

<sup>6</sup>Ibid., p. 62.

<sup>7</sup>Ibid., p. 63.

by physical barriers and other conditions that permit only limited market support in any one trading area.

Strong general merchandise strength in the central area would extend competitive pressures upon existing centers by revitalized and new major downtown facilities and by additional suburban-based facilities. Existing shopping centers may find themselves in areas now boasting a stronger downtown than when they just entered the market.

The shopping center industry's single most pressing problem is the increase in competition. Although this condition is a normal occurrence in retailing, existing centers should sharpen their current competitive ability and build additional retailing strength.<sup>1</sup> Successful shopping centers usually have a habit of attracting hopeful competition, and the centers' true test then comes in meeting this competition. In some instances, this new situation will transform a successful center into a marginal operation due to the lack of foresight or apathy on the part of existing shopping center management in not strengthening their facilities during the competition. These facilities include parking, traffic circulation, exterior and interior decoration, and the delivery service. They can be strengthened through the cooperation between the developer of the center and the owner of the shops to improve these facilities constantly and according to needs.

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<sup>1</sup>H. Myers, "Sharpening Your Store Image," Journal of Retailing, Fall, 1960.

## Changing Trading Area Characteristics

Since the early shopping centers were developed, income and population trends have changed numerous trading areas. The expansion of income, and the introduction of higher-priced homes into some trading areas, have pushed the market into better income brackets.<sup>1</sup> But some centers operating in up-graded markets continue to advertise and promote to the original, outdated market level. Joint newspaper ads and circulars constantly promote price and bargains rather than putting some emphasis on fashion, style, and quality.<sup>2</sup> In similar situations, a center's main tenant composition on a price and image basis no longer coincides with the newly found alluence of its trading area.<sup>3</sup> Conversely, some centers developed in the fifties in close-in suburban areas are facing a reversal of this trend with lower-income families replacing those with better incomes.<sup>4</sup> The age composition of trading areas has also undergone significant changes.<sup>5</sup> Markets once filled with infants and young family groups are now heavily oriented to the teenage market and middle-age households. Again, current merchandise mix and center promotions should reflect these changing trading area characteristics. In brief, many centers built to serve one market are

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<sup>1</sup>C. B. Palmer, "Shopping Center Goes to the Shopper," New York Times Magazine, November 29, 1953.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid.

<sup>4</sup>Charles Silberman, "Retailing: It's a New Ball Game," Fortune, August, 1955.

<sup>5</sup>Ibid.

are actually operating under significantly different market conditions.

Shopping centers operating in this type of situation are not fulfilling the job that led to their very creation and corrective measures should be taken. Generally speaking, adjustments pertaining to the shopping center's promotional orientation is management's responsibility, while those of merchandising and price lie with the individual tenants.<sup>1</sup> However, center management has the prime responsibility of recognizing changes, educating tenants and adjusting overall operations to reflect current and future market trends.<sup>2</sup> Management, whenever possible, should also replace tenants and secure additional ones to strengthen the shopping center's compatibility with its trading area.

Competition and changing trading area characteristics are external factors over which shopping center management has no effective control. However, numerous centers also face difficulties that are largely internal in nature. Here management can generally exercise a great degree of control. Broadly speaking, these internal factors can be divided into two groups--obsolescent and outdated site conditions, and increasing operating costs.

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<sup>1</sup>Genevieve Smith, "Regional Shopping Grows Fast," Printers Ink, May 14, 1962.

<sup>2</sup>Ibid.

### Obsolescent and Outdated Site Conditions

Many existing shopping centers are characterized by outdated, on-site conditions that are hampering their competitive ability.<sup>1</sup> Tenant mix and center design and decor which were adequate in a prior period may not be sufficient today. Furthermore, physical and functional obsolescence have actually developed in some shopping centers. Others lack the glamour and excitement of modern day retailing and are in a stage of comparative obsolescence as a result of newer developments.<sup>2</sup> Centers that once updated the area's retailing facilities are now dated themselves. In numerous instances overall center decor does not reflect the character of the stores grouped within nor the tastes, preferences, or income characteristics of the trading area.

Original tenant size and placement also adds another source of difficulty to some of the existing shopping centers.<sup>3</sup> Many department store units lack sufficient space to express their own merchandising strength, to meet the market's consumer needs, and to successfully compete with additional units that have subsequently located in the trading area.<sup>4</sup> On the other hand, many

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<sup>1</sup>Kenneth C. Welch, "The Regional Center and Downtown," Traffic Quarterly, July, 1958.

<sup>2</sup>S. Shaw, "The Shopping Center Revolution and Its Impact," Business Economic Review, April, 1958.

<sup>3</sup>Kenneth C. Welch, "Location and Design of Shopping Centers," American Planning and Civic Association, 1956.

<sup>4</sup>R. Nelson, "Outlying Shopping Centers Vs. Downtown Retail Trade," Appraisal Journal, October, 1957.



smaller type units possess too much space. This latter point is basically the fault of many chains who mistakenly believe that extensive frontage and large floor area were prerequisites to market dominance. As a result, their square footage production is low, fixed costs are high, and the occupancy of this extra space deprives the center of additional units that might be sorely needed. In other cases, tenant misplacement, improper store grouping, and the poor positioning of major traffic generators also contribute to the problems.<sup>1</sup>

In many instances something can be done to correct on-site problems. There is great variety of facing materials on the market today that provide a wonderful opportunity for shopping center remodeling. Sincere negotiations by owner and tenant should alleviate some tenant-associated problems. In summary, numerous centers have a chance to develop new vigor and personalities. Improvements of this type can, in effect, produce another "grand opening" for many of the middle-age centers.

#### Increasing Operating Costs

The profitability of numerous centers is being seriously threatened by the ever-increasing cost of operations.<sup>2</sup> Higher operational costs pose a serious problem for developer and tenant

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<sup>1</sup>Weldon Becket, "Shopping Center Traffic Problems," Traffic Quarterly, October, 1954.

<sup>2</sup>Lawrence Smith, "Department Store Trends in the Development of Shopping Centers," Urban Land News and Trends, March, 1962.



alike. Some of these problems originate from giveaway rentals, subsidy rents, costly construction, and faulty design, not easily eliminated. However, other expense sources can be curbed, although the task will not be an easy one. Externally, increasing and sometimes unrealistic real estate taxes are the number one problem.<sup>1</sup> Internally, maintenance costs coupled with rising promotional and management expenses can transform a healthy competitive center into a marginal operation. In brief, the "arithmetic" of center operations must be watched as closely as its volume levels.

The trend of real estate taxes represents a serious problem. A developer cannot rely on the escalator clause alone, for this only transfers the problem to the tenant and an uneconomic center is still the end result. This problem can only be solved by local assessors affixing a fair and reasonable tax on shopping center developments.<sup>2</sup> The developer should also consider assessment policies as well as the tax rate. Often the assessor will base assessments on physical property during the first years and economic productivity during the later years, thus catching the owner both ways. In estimating and analyzing the effect of taxes on the center, the developer should estimate high as the tax trend has been consistently upward.

Management itself can exercise a good degree of control over costs associated with center maintenance, promotion, and staff.

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<sup>1</sup>D. H. Graham, Jr., "A Shopping Center's Real Property Taxes," Urban Land, December, 1962, p. 3.

<sup>2</sup>Ibid., p. 4.

Advertising more specifically aimed to fall within the boundaries of the actual trading area will prevent wasted effort and money. So will advertising and promotions oriented to the specific tastes of the market. Individual advertising of stores in a center is not enough. Cooperative advertising is important. The center should be promoted and advertised as a whole in order to establish identity. More selective maintenance and hiring procedures along with the continuous development of professional management personnel will help keep costs in line. In summary, the profit squeeze facing many centers should be arrested at the same time that their competitive ability is maintained or extended.

The internal and external problems just discussed represent conditions no longer to be ignored. In the aggregate, these conditions pose serious problems to the current status and future progress of the shopping center industry. Many centers are already operating under the conditions described herein. Unless the owners are willing to improve their shopping centers, the shopping centers will lose the battle in competition with the Central Business District.

#### THE FUTURE AND TRENDS IN SHOPPING CENTERS

The shopping center industry has entered into the most challenging era of its history, according to authorities such as Larry Smith, Victor Gruen, and James B. Douglas. They all believe that shopping centers have not reached their height, and

the retail business in shopping centers will continue to be prosperous. Many more and better regional shopping centers will be built, especially the regional shopping centers. The reasons for more development in shopping centers in the future are as follows.

1. The increase in population. It is estimated that within the next twenty years the United States will increase 50,000,000 to 60,000,000 people.<sup>1</sup> The main reason is because all of the children who were born immediately before, during, or after World War II have reached the age of marriage. Practically all the population growth of the next few decades will be in suburban areas, and that will start a new surge of shopping center building.<sup>2</sup>

2. Increase in automobile population and the implementation of the gigantic Federal highway program. Again, these two factors will encourage the decentralization of population and also help the shopping center development.

3. Increase in personal income. For example, the United States national income in 1956 was \$343,620,000,000,<sup>3</sup> but in 1960 the national income rose to \$400,000,000,000.<sup>4</sup> Bigger personal income means greater buying potential. If the course of the American economy holds and if the population goes on increasing, there is no doubt that all of the present shopping centers

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<sup>1</sup>U.S. Department of Commerce, Bureau of the Census, 1960, p. 28

<sup>2</sup>Homer Hoyt, "The Status of New Suburban Shopping Center," Urban Land Institute, 1955.

<sup>3</sup>Victor Gruen, Shopping Towns U.S.A., p. 267.

<sup>4</sup>Ibid., p. 269.

will be required plus many more during the next two decades.

4. The advancement of technology. The use of atomic power for peaceful purposes and the automation of factories will bring about shorter working hours and more leisure time. If shopping centers have good planning and design, people will consider shopping centers as one of the places for them to go and visit. Thus technological development has indirect influence on suburban shopping center development.

It is expected that the four factors mentioned above will also benefit the central business district. The decay of downtown business areas has been a problem ever since the turn of the twentieth century in some sections of the country, but nothing much was done until the Housing Act of 1954, as amended, which provided Federal aid to revitalize the downtown. The Urban Renewal program, in a sense, is good to the community as a whole but not to the shopping center industry. The revitalization of the central business district is definitely a force against the further growth of shopping centers. Many cities like St. Louis, Cleveland, Washington, D.C., and Kansas City, Missouri, have carried on the Urban Renewal project very successfully.<sup>1</sup> With two-thirds of the project funds granted by the Federal government, city planners are able to investigate the problems in the central business district. These problems include inefficiency in land use; physical deterioration and

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<sup>1</sup>William H. Ho, The Problems of CBD and the Possible Solution, unpublished term paper, Kansas State University, Manhattan, Kansas, p. 30.

appearance; parking; traffic and transit congestion; decline in retail trade; values and property tax burden; and the decline of specific land use types.<sup>1</sup> Of all the above problems, parking and traffic are the most serious problems. City planners and architects try to solve these problems by providing more off-street parking and parking garages.

Downtown malls have been successful in many cities, such as Toledo, Ohio, Kalamazoo, Michigan, and Atchison, Kansas.<sup>2</sup> They can not only solve the problem of traffic congestion but also make the downtown area very clean and attractive.

It is apparent that many forces are at work which will favorably shape the future of suburban shopping centers. Some of these forces, as mentioned before, may be helpful to downtown areas as well. All these forces tend to bring about more intense competition between central business district and shopping centers or even between shopping centers themselves. If shopping centers will have a steady improvement in quality of planning, design, and construction, and also the improvement of management of the centers, then these new forces will spell continuing success for the shopping centers.

As a conclusion, the author is going to sum up the major trends concerning competition, general development, and planning factors of shopping centers in the future.

1. Shopping center growth has created complex problems for

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<sup>1</sup>Ibid., pp. 7-21.

<sup>2</sup>Ibid., p. 42.



the future of older commercial districts and the central business districts. These problems include the decline in retail trade and the decentralization of many business activities from downtown to the suburban area and the shopping centers. For example, the banking activities, the insurance establishments, and the utility companies<sup>1</sup> (Figs. 14, 15, 16, and 17).

2. Shopping center development has tended to cluster in all growth areas, especially in the suburbs where higher income families live. Basic reasons for locating in a growth area are population density, intersection of roads, and accessibility.<sup>2</sup>

3. There are signs of shopping center growth over extending itself. Economic competition exists not only between the center and commercial districts, but also among shopping centers themselves.<sup>3</sup>

4. Newer shopping centers tend to be larger than the ones which were first developed, and many centers indicated land is held in reserve for future expansion. Examples of these are South Bay Shopping Center in Redondo Beach, California, and Northland Center in Detroit, Michigan.<sup>4</sup>

5. The new centers will be located at a central point between a number of large and small cities. An example of this is Allied Stores' North Shore Center at Peabody, Massachusetts, 20

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<sup>1</sup>Harwood and Boyce, Studies of the CBD and the Urban Freeway Development, p. 21.

<sup>2</sup>"Planned Postwar Shopping Centers Come Big," Business Week, April, 1953, pp. 124-26.

<sup>3</sup>Ibid., p. 128.

<sup>4</sup>Victor Gruen, Shopping Towns, U.S.A., p. 114.



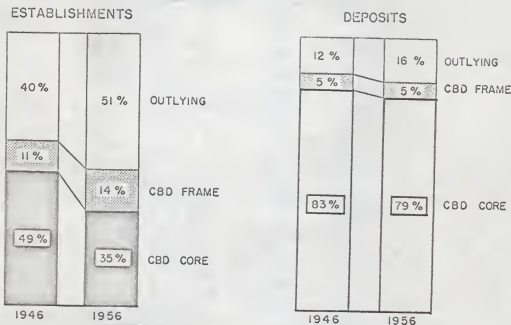


Fig. 14. Relative location of banking activities, 1946-1956.

Source: Edgar Horwood, Studies of the Central Business District and Urban Freeway Development, p. 88.

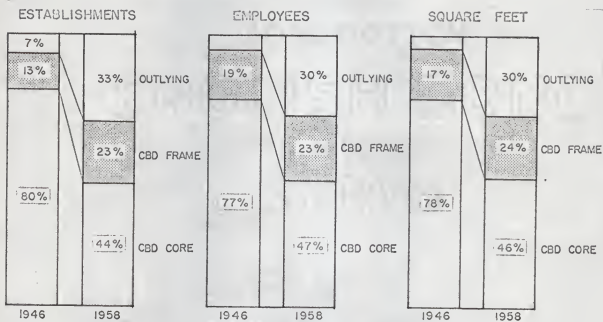
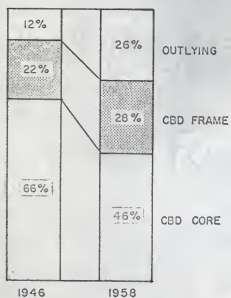


Fig. 15. Relative location of insurance companies.

Source: Ibid., p. 66.

## HEADQUARTERS OFFICES



## REGIONAL OFFICES

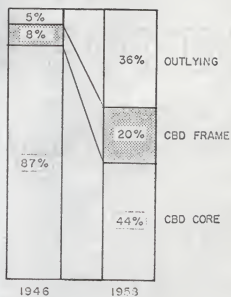


Fig. 16. Relative location of insurance establishments:

Source: Ibid., p. 67.

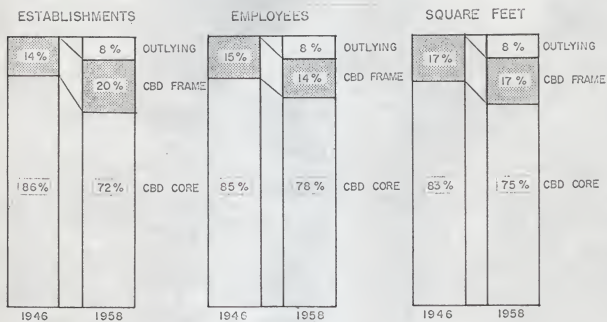


Fig. 17. Relative location of utility companies.

Source: Ibid., p. 75.

miles north of Boston, which can tap a population of 1,500,000 living in numerous towns, cities, and villages nearby.<sup>1</sup>

6. Many of the shopping centers are located within commercial zoning districts; however, there is a trend toward specialized shopping center districts.<sup>2</sup> The main reason for this is that the conventional commercial zoning districts are not large enough for shopping center development, and they are originally designated for much smaller retailing purposes such as supermarkets, convenient shops, etc.

7. In the future as in the past, the means of transportation from home to shopping centers with ample selection of fashion goods will be the governing factor in the location and composition of the regional center. In the automobile age, highway access, ample free parking, and a complete selection of merchandise are, and will continue to be, the decisive elements in the creation of successful regional shopping centers.<sup>3</sup>

#### CONCLUSION

The development of a properly planned shopping center can be personally rewarding and interesting as well as financially remunerative. Information on shopping centers is still in the stage of being assembled and analyzed. But even with the

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<sup>1</sup>Homer Hoyt, "Classification and Significant Characteristics of Shopping Centers," Appraisal Journal, April, 1958, pp. 214-218.

<sup>2</sup>Ibid., p. 217.

<sup>3</sup>Ibid., p. 218.

current available information, the developer is able to develop a balanced and integrated center that will be beneficial to the community. A pride of ownership comes with this type of development which is not often found in older, ribbon-type shopping districts. Enlightened developers no longer apply the rule-of-thumb methods which could be applied before the automobile emancipated the shopper. With the advent of the widespread use of the automobile, it has become necessary to refine the techniques for the location and development of the shopping centers. Today it is necessary to develop economic analysis which is on the trade area, population density, purchasing power, competition in the area, drawing power of the proposed center, and the traffic patterns. All this information, in turn, must be related to the cost factors of development to determine the economic feasibility of the proposed venture.

If the economic analysis proves that the proposed center would be feasible, then it becomes a matter of selecting the best available site. Once the site is decided upon, the problem becomes one of the proper layout and development. In all cases the layout should be planned so there is ample parking to serve the envisioned facilities. Provision should also be made for the free flow of traffic both within and without the center.

The future of the shopping industry holds significant promises as well as serious problems. The most pressing problems have been caused by increased competition, changing trading area characteristics, obsolescent and outdated site conditions, and increasing operating costs.



Despite these problems, the shopping center industry will continue to grow due to the increase in population, increase in automobiles, implementation of interstate highway systems, and the advance in technology which will shorten the working hours and give more leisure time. The future shopping centers will be large, better planned, and better designed. In all probability, the new shopping centers will be regional shopping centers which will be located at a central point between a number of cities.

In summation, this study has presented a multitude of factors frequently encountered in the creation of shopping centers. There is no best method of development because each center presents problems of different types and magnitude. It is the hope of the author that the information and suggestions in this paper may be useful to those developing future shopping centers.

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A STUDY OF SHOPPING CENTERS

by

WILLIAM H. L. HO

B. S., Kansas State University, 1963

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AN ABSTRACT OF  
A MASTER'S THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF REGIONAL PLANNING

College of Architecture and Design

KANSAS STATE UNIVERSITY  
Manhattan, Kansas

1965

The shopping center is a rather recent development. The first shopping center established in the United States was the Country Club Plaza, in Kansas City, Missouri, by J. C. Nichols, in 1908. But after World War II, shopping center development became so common and so prosperous that shopping center establishments can be seen all over the United States.

The purpose of this study is to investigate the development of shopping centers, to analyze the economic and physical aspects of shopping centers, and to consider the existing problems and future trends.

A shopping center can be defined as a group of commercial establishments planned, developed, and managed as a unit and related in location and size and type of shops to the surrounding trade area which it serves. There are three types of shopping centers, namely, the neighborhood centers, the community centers, and the regional centers. The shopping center became a profitable development after World War II because of the following reasons: 1. The growth and the decentralization of population; 2. the increased use of automobile and highway development; and 3. the increase in buying power.

The economic analysis and site consideration are the two most important factors in building a modern-day shopping center. The economic analysis includes the types of developers, the investigation of trade area, the inventory of population within the trade area, the income of families, and the personal consumption expenditures.

Selection of a suitable site is another important factor. In determining a suitable site, many problems will be encountered, such as the zoning problem, the shape of the site, the visibility of the site, the traffic, parking, and the service problems. In the actual planning of a shopping center, these are not separated but are a part of the total planning program. In order to obtain the optimum sales result, and to cope with different site situations, different layouts of shopping centers are used. These are the strip type, the court type, the mall type, and the cluster type of shopping centers.

The future of the shopping center industry holds significant promise as well as serious problems. These problems include: (1) The competition from the revitalization of the central business districts and the shopping centers themselves; (2) the change of trading area characteristics such as the change in income and age composition; (3) obsolescent and outdated site condition; and (4) increasing operating costs.

In spite of these problems, the shopping center industry is expected to grow. In the future, more regional centers will be developed, and these regional centers will usually be located at a central point between a number of large and small cities.