

# Retail pros embrace experience-focused reboot

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[Will Muoio](#)

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**A**fter a protracted period of store closures and uncertainty, a leaner and more experience-focused retail market is starting to emerge. This trend is being seen more in urban areas but is expected to proliferate beyond the borders of the big cities as retailers figure out how to blend physical locations with online sales. “The reality we are seeing is these sort of retailers, who have embraced [the] new reality, are doing online sales out of brick and mortar locations with great basements and high ceilings,” said **Rod Kritsberg**, managing partner at New York-based retail and office specialist **K Property Group**.

Manhattan, not surprisingly, has been an epicenter of this shift as retailers have been creatively tapping into the space that's available. Curated concepts in the home goods and apparel sectors have been extremely well-received. Kritsberg has seen a hyper-targeted, direct-to-consumer approach where retail companies are focused on who lives in the area. "It's not about who might show up, it's about who is here right now and what they will buy," he added.

A key example of this is **Reformation**, a clothing store that sells its own apparel that was constructed from vintage fabrics or garments, on 23 Howard Street in Manhattan's SoHo submarket. Reformation and stores like it are not well-known across the U.S. but are intensely popular with its clients. "Ninety-eight percent [of shoppers] never heard of the stores, and the [other] 2% are completely addicted," Kritsberg said.

**Faith Hope Consolo**, head of retail leasing for **Douglas Elliman**, noted that retailers have become extremely efficient at using space, particularly in small physical locations. Gone are the days of having ample product stored away in the basement. Instead, most product is out on the shelves and available for the customer to purchase. "Companies are listening to the needs of the shoppers and are providing in-store experiences," she added.

Another rising trend is a consumer's ability to purchase items in a store and have them directly shipped. This offers the same benefits of home delivery that e-commerce brands utilize, yet also has the brick-and-mortar ability to see a product, Kritsberg said. Indeed, **Amazon** and **Domino Magazine** recently opened a pop-up store at 446 Broadway where customers can do that just: browse kitchenware and home goods, scan items and have them delivered two days later. The store, which opened on December 1, will close on December 24.

There are specific areas within retail that may also see changes to the market. **TH Real Estate** reported through **eMarketer** that it's expecting a 15.1% retail e-commerce sales growth in 2019. The firm listed food and beverage as the largest growth driver, predicting a 17.9% increase in sales.

Food and beverage is another example where the layout of the product has changed within urban spaces. There is an increase in fast casual dining options where clients can specifically see the food they want and expect a higher-quality meal. "You can't stop quality from spreading as soon as someone tries it," Kritsberg said.

Many fast-casual restaurants also have the option to deliver food or order online, expediting the process for a customer by removing a physical interaction. **Sweetgreen**, for example, has moved swiftly across the U.S. with 75 mostly urban locations since its founding in 2007. Over the long-term, Kritsberg noted that he wouldn't be surprised if fast-casual restaurants such as Sweetgreen were to be seen on off ramps instead of typical fast-food options.

At the end of the day, physical storefronts aren't going anywhere – even if their layouts are changing.

“Customers need a reason to go to the store. They still love to touch, interact and try-on in person, and urban retail companies are upping the ante by offering immersive experiences that are exciting and memorable,” Consolo said.

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