

SAVING

BRICK

&

MORTAR

ADAPTIVE REUSE & THE FUTURE OF RETAIL



METHOD
architecture

DESIRE FOR AUTHENTICITY DRIVING ADAPTIVE REUSE

Retail has been in a constant state of change since the late 1800's. New generations and rapid developments in technology have changed the way consumers shop for goods which ultimately has shaped the type of developments necessary to support the retail experience. From mom and pop corner stores and specialty department stores to shopping malls and online retail, the landscape of the American shopping experience has changed dramatically.

With consumers' preference for proximity and authenticity, developers look to convert existing buildings into lively, mixed-use retail centers that compliment the local culture and embody its character. The move toward urban centers and walkable communities has developers looking to repurpose buildings to attract the younger generations.

A NEW GENERATION OF CONSUMERS

For the last decade, retailers have been gushing over Millennials and forming strategies to capture this market as this new generation formed their spending habits as young consumers. The purchasing power of millennials is estimated to be \$170 billion per year. This generation of consumers values authenticity and often turns to peer influencers or word of mouth for information about products and services. They value brands who are socially responsible and will pay more for a brand they feel good about.

Welcome Generation Z to the mix. Defined as people born between 1994 and the present, this digital-first generation is predicted to account for 40% of all consumers by 2020. Although they share many similarities, Gen Z is not Millennial 2.0. Gen Z consumers are more critical in their buying decisions, weighing options and researching alternatives based on price, whereas Millennials make more impulsive purchases. Lastly, Gen Z prefers in-store shopping over online purchases. They like to feel and see products to make sure they're buying something quality. They're also keen on unique, in-store experiences such as in-store beauty classes or social media-worthy experiences.

DESIGNING THE RETAIL EXPERIENCE

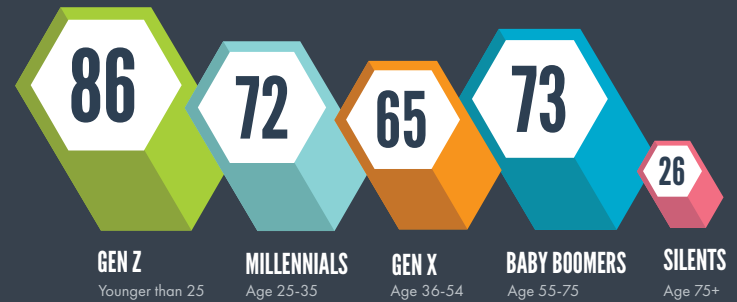
In a market where digital continues to gain share, retailers and designers must get creative on ways to engage these digitally native consumers offline and create an engaging physical experience.

Historically, the flagship concept of retail prioritized prime real estate locations with a massive footprint, a wide range of product offerings, and a few experiential elements that made the store unique.

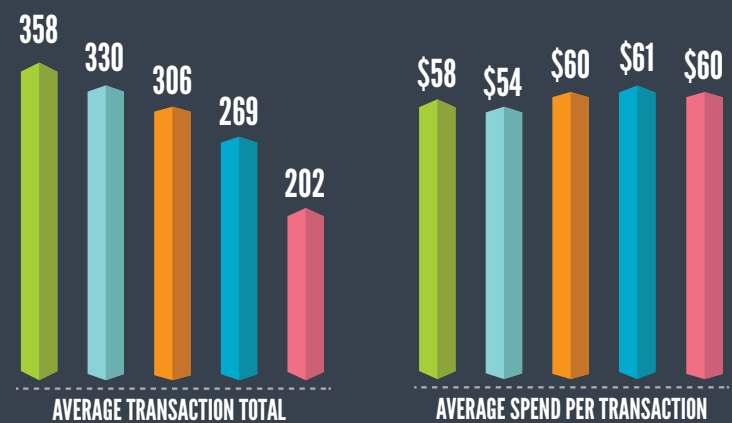
Now, the focus for retail is less transactional and more focused on creating an experience or a community of customers. Retailers have the opportunity to script a shopping experience that defines a brand through unique expressions tailored to resonate with their target customers.

This shift from a transactional focus to brand experience has allowed retail environment design to play an integral part in the success of a store. For a brand whose target market includes Millennials and Gen Z, utilizing the physical space to drive brand engagement through social media and creating opportunities for social media moments can help drive omni-channel traffic and sales.

US POPULATION, BY GENERATION, IN MILLIONS



ANNUAL CONSUMER SPENDING BY GENERATION



 **\$14 BILLION**
2019 INSTAGRAM AD REVENUE

TOP SOCIAL MEDIA CHANNELS FOR GEN Z



\$22M YOUTUBE'S TOP PAID INFLUENCER IN 2018
7-YEAR OLD, RYAN TOYSREVIEW

PURCHASES INFLUENCED BY SOCIAL MEDIA



DISRUPTORS IN US RETAIL HISTORY



2019
Google Wing gets first FAA certification for drone package delivery



2014
Amazon launches Prime Now, a 1-hour delivery service



2011
Mainstreet shopping is making a comeback.



1999
E-Commerce grows. Brick & mortar brands double online sales to \$20 billion.



1994
First online order in history was accepted by Pizza Hut



1985
The 1st infomercial was aired



1962
Big box retail: The first Walmart opens followed by Target & Kmart



1937
The shopping cart was invented.



1930
The first shopping mall opened in Dallas, TX.



1890 - 1920
The dawn of modern day department stores.



1887
1st Sears Catalogue is released offering consumers more options & better pricing



Method Architecture is working with Michael Hsu Office of Architecture to repurpose 200,000 SF of industrial buildings in Houston into a vibrant, mixed-use retail hub.

ADAPTIVE REUSE IS BRIDGING THE GAP IN RETAIL DESIGN

Millennials and Gen Z both place high value on community, proximity and accessibility. This preference for an integrated balance of live, work and play has rewritten cities to accommodate more living options, better transit and community amenities.

Mixed-use development has been on the rise over the last decade as a solution for effective land-use in supply-constrained markets such as major metros or coastal regions where Millennials and Gen Z-ers prefer to live. However, this generation isn't the only one who prefers an urban lifestyle in a walkable community. We're seeing this trend among Baby Boomers as they become empty nesters.

Challenges in finding available land have turned developers toward repurposing existing buildings, an idea that fairs well with the younger generations who prefer the authenticity that an old building brings. Adaptive reuse developments help to reshape neighborhoods without demolishing the culture or completely gentrifying an area which can have negative impacts for the local community.

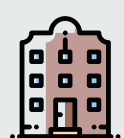
Adaptive reuse developments also attract unique tenants such as breweries, coffee shops, coworking, fitness studios, specialty stores and creative restaurant concepts .

Whether ground-up or adaptive reuse, there are always pros and cons to each side. Below is a breakdown of the benefits and challenges to consider in the redevelopment of existing buildings:

BENEFITS



Cultural Energy
Buildings tell a story. Unique elements become design opportunities & bring energy to the culture of the space.



Grandfathered Buildings
Can often take advantage of grandfathered buildings in terms of code and building upgrades



Sustainability
Reusing existing buildings help preserve raw materials and use less energy in construction than demolishing to build new

CHALLENGES



Parking Requirements
Typically, warehouses require 1 parking space per 7,000 SF. Retail, restaurant & mixed-use can require 10-12 per 1,000 SF.



ADA & New Code Requirements
Most older buildings are not compliant with ADA requirements and other modern code changes.



Utilities
Old buildings often means old & undersized utilities for the new use. Change in use can lead to increased utility impact fees & additional city plan review time

FIRM SNAPSHOT

INDUSTRIAL | OFFICE | RETAIL | PUBLIC | BREWERIES + DISTILLERIES

Method Architecture is a uniquely **ego-free** architecture firm, committed to a systematic creative process that focuses on clients and their needs first and foremost.

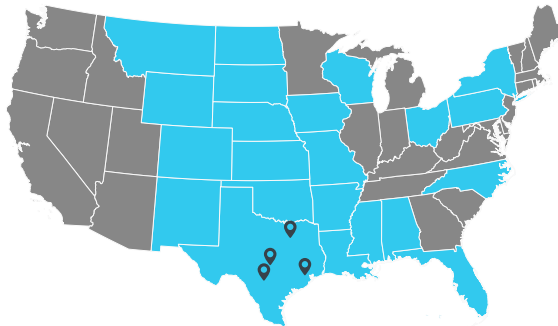
Operating with the flexibility of a smaller firm with big reach, Method Architecture is a full-service architecture firm specializing in ground-up and tenant interiors projects encompassing industrial, office, retail, public and breweries.

AWARDS



WHERE WE WORK

- | | |
|-------------|----------------|
| Alabama | New Mexico |
| Arkansas | New York |
| Colorado | North Carolina |
| Florida | North Dakota |
| Iowa | Ohio |
| Kansas | Oklahoma |
| Louisiana | Pennsylvania |
| Mississippi | South Dakota |
| Missouri | Texas |
| Montana | Wisconsin |
| Nebraska | Wyoming |



* Reciprocal state licenses can typically be obtained in 4 weeks through our NCARB certification



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