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Michael Hirschfeld Says—

Suburban Malls: Soon to Be Ghost Towns

By JOHN CUNNIFF
AP Business Analyst

NEW YORK (AP) — Not everyone will agree with his latest observations about real estate, but that won't bother Michael Hirschfeld, who built his retail-space brokerage firm by defying many of the ground rules.

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To explain: a few years ago he entered the business by purchasing a small brokerage company for next to nothing and declaring he intended to serve retail tenants when all the competition was dealing only with landlords. At 29, he now heads the nation's largest firm devoted solely to retail-space brokerage, Garrick-Aug Associates Store Leasing, Inc.

Hirschfeld startles. His latest controversial declaration is that many of the big, smart, busy suburban shopping malls will be ghost towns in 20 years, dead as so many old school buildings and gasoline stations.

But, you muse, the day of the suburban shopping mall seems to have just begun. You see the cars in the lots and the throngs in the aisles and you think that Hirschfeld, in spite of his record, has to be wrong.

He accepts the challenge. He repeats his claim: "They'll either be recycled as something else or be the 21st century's ghost towns."

The evidence is already building, he says. "In their place will be urban malls — huge multilevel covered pedestrian spaces," such as in Boston's Faneuil Hall market or Baltimore's harborfront redevelopment.

Some of the best suburban shopping center developers, such as Rouse Co., are already into the new market, and others, such as Monumental Properties Trust, have sold off suburban holdings throughout the South.

But why? First, we must explain the makeup of the suburban mall, said Hirschfeld.

Generally, he said, they consist of large department store chains at either end, with about 100 satellite shops in between.

During the 1974 recession the department stores decided to forsake their less profitable departments and shrink operations in order to reduce inventories and overhead, and to make quicker profits, he said.

In doing so, Hirschfeld continued, they went into competition with the satellite stores, which soon grew more reluctant to park themselves next to the giants. Satellite store marketing strategy began to change.

This also was the time of the oil shortage trauma and, understandably, people were less inclined to drive to the suburban center for social shopping, a phrase used to describe the browsing that often preceded an impulse purchase. Trips often were limited to necessity shopping only.

Retailers couldn't ignore this

phenomenon, said Hirschfeld, who describes a suburban shopping center as one that requires 90 percent of shoppers to use an automobile, and which derives 65 percent of its trade from customers who have to travel at least five miles.

Other problems developed simultaneously, according to Hirschfeld. Families postponed having children. Growing numbers of women left home each day for the office or plant. And cities were rediscovered.

Technology will be the coup de grace, if Hirschfeld is correct. People may shop via home computers for standard items, such as television sets, refrigerators, washing machines and a variety of products that don't involve impulse or fashion or face-to-face contact with a clerk.

According to Hirschfeld, busy men and women, many of whom come to the city each day anyway, will find the latter items more easily available in pedestrian malls now appearing in downtowns everywhere. In larger cities, he observes, many of these malls have direct transit links.

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Won't city crime deter shoppers? You probably have more holdups in suburban stores, says Hirschfeld. Seldom, he says, do you hear of a holdup at a busy downtown store.

Doesn't his argument assume people will return to the cities, when the probability exists that electronic communications might allow further population dispersal? The trend, he replies, isn't in that direction.

Aren't some suburban malls currently too prosperous, too well managed, too attractive to fall by the wayside? Malls such as those built by Ernest Hahn in California, Arizona and elsewhere? He agrees. Some of these malls might not be downtown but they really are urban, he says.

Could Hirschfeld, despite his swift rise, be too oriented to urban space? "I consult all over the country and represent tenants who used to be shopping mall oriented," he replies.

Not everyone will agree with Hirschfeld, and this won't bother him. His success to date can be traced to analyzing markets and methods on his own rather than depending on conventional thinking and research.