The Failure of Shopping Malls as a Tool of Downtown Revitalization in Mid-Size Urban Areas

by Pierre Filion and Karen Hammond

Summary

The erection of downtown shopping malls was for three decades a preferred instrument of downtown revitalization in mid-size urban areas. But success at the implementation stage did not translate into strong retail performance, causing malls to lose their stores and seek other functions. The reliance on a revitalization strategy focusing on malls and their ultimate failure was due to a misinterpretation, in the postwar decades, of urban structure transformations. Mid-size urban areas became more decentralized than expected, leaving little opportunity for downtown revival. The article closes with a discussion of the place downtown malls can take in the new generation of revitalization strategies, which concentrate on conservation and traditional commercial streets.

Sommaire

Pendant trois décennies, la construction de centres commerciaux a été l'arme principale de la stratégie de revitalisation du centre-ville dans les aires urbaines de taille moyenne. Mais le succès initial remporté ne s'est pas traduit par un bon rendement du commerce de détail, entraînant le départ des marchands et la nécessité pour les centres commerciaux de se trouver d'autres fonctions. Le recours à une stratégie de revitalisation mettant l'accent sur des centres commerciaux et son échec éventuel découle d'une interprétation erronée de la transformation des structures urbaines dans les années d'après-guerre. Les aires urbaines de taille moyenne ont subi une décentralisation plus forte que prévue, laissant peu d'appui à une résurgence du centre-ville. Cet exposé conclut par un débat sur la place que devraient occuper les centres commerciaux dans la nouvelle génération de stratégies de revitalisation, qui mettent plutôt l'accent sur la conservation les artères commerciales classiques.

The Brantford Market Square is now mostly occupied by call centres, office space and a museum.

Some planning problems seem to defy solutions. One such problem is the relentless decline of downtowns of mid-size urban areas (defined here as census agglomerations and census metropolitan areas with populations between 70,000 and 700,000). Stakes in the revival of these cores are high because of their symbolic value for their urban region, investments in their built environment and attendant tax revenues, and their impact on the appeal of inner city neighbourhoods. Recently, the smart growth movement has stressed the environmental benefits associated with a healthy downtown: more reliance on transit and walking, and a strong potential for urban intensification.[1] In addition, the creative class perspective, which links economic development to the presence of innovative and entrepreneurial individuals, underscores the role lively urban environments, such as those of healthy downtowns, can play in attracting such people.[2]

Despite repeated efforts at revitalizing this category of downtowns, most are still in a state of decline. The focus here is on one strategy which enjoyed considerable popularity from the late 1950s to the late 1980s, and probably qualifies as the most significant in terms of expenses and modifications to the built environment. The strategy consisted in providing downtowns with shopping malls in order to allow them to compete with suburbs for the mass retail market. It was assumed that retailing difficulties experienced in downtowns were largely a function of dated settings and facilities. Thus, in this perspective, a modernization of the downtown, to be achieved by transplanting there the most popular suburban retail formula, held the key to revival.[3]

Methodology

Research for this article focused on south-central Ontario, a region defined by an imaginary line running just east of Peterborough and including the area to the west contained within Lakes Huron, Erie and Ontario and connecting rivers. Although the shopping-mall-oriented downtown revitalization strategy was common across Canada's mid-size urban areas, reliance on the strategy was more pronounced in south-central Ontario where eight out of 11 such areas have erected at least one downtown mall. In the remainder of Canada, 12 of the 24 mid-size urban areas have taken a similar course of action. The research considered 12 malls, since a number of urban areas contained more than one downtown mall. The article's data and conclusions are based on newspaper and planning document searches, a survey of floor plans, interviews with planners, local historians and developers, as well as an analysis of data from the *Canadian Directory of Shopping Centres* over the period covered by the study.

Brief Glory Days

Different circumstances led to the development of the downtown malls (see Table 1). In some instances, malls were instigated and fully funded by private enterprise. The role of the municipality was limited mostly to the adoption of accommodating zoning regulations. In most cases (nine of the 12 malls), however, the process was initiated by the municipality and substantial public funding went into the development of downtown malls, mostly towards site purchase and clearance. Senior governments were also involved. The assembly of the land where Hamilton's Jackson Square stands was in part funded by the Federal Government Urban Renewal Program. But it was the Ontario Downtown Renewal Program that was most instrumental in spawning the development of downtown malls. All studied malls that opened from the mid-1970s to the mid-1980s benefited from its funding.

Another catalyst was the attachment of the T. Eaton Co. to downtown locations.[4] In eight of the investigated malls, Eaton's was the anchor and, in some cases,

TABLE 1: FEATURES OF THE INVESTIGATED MALLS

Urban Areas	Malls	Opening Year	Presence of Eaton's	Role of Public Sector	Recent Transformations
Brantford	Brantford Eaton Market Square	1986	Yes	Land assembly and clearance by municipality, provides parking structure, contribution of the Ontario Downtown Renewal Program.	Call centres, office space, public sector agencies, local museum.
Chatham	Downtown Chatham Centre	1982	No	Land assembly and clearance by municipality, contribution of the Ontario Downtown Renewal Program.	No major transformation.
Guelph	Guelph Eaton Centre	1984	Yes	Land assembly and clearance by municipality, provides parking structures, contribution of the Ontario Downtown Renewal Program.	Transformation into indoor main street with a boutique-type retailing orientation, arena, important reduction of floor space.
Hamilton	Jackson Square	1972-1985 (different phases)	No	Outcome of the Federal Urban Renewal Program, public sector responsible for land assembly and municipality locates facilities in the complex.	Mall remains focused on retailing, but high vacancies and portion of mall closed.
Hamilton	Hamilton Eaton Centre	1990	Yes	City sells land below market value and provides parking structure.	Mostly office use and some discount retailing.
Kitchener (Waterloo Region)	Market Square	1974 and renovation and expansion in 1985	Yes	Part of municipal urban renewal effort, built on municipal land cleared for the purpose.	Offices, fitness centre, some stores left.
Kitchener	King Centre	1981	No	Minimal	Transformed into an office building.
London	Wellington Square	1960	Yes	Minimal	Integrated within Galleria London.
London	Galleria London	1989	Yes	Minimal	Private and public sector offices, call centres, educational establishments, library, some retailing.
Peterborough	Peterborough Square	1975	Yes	Land assembly and clearance by municipality, contribution of the Ontario Downtown Renewal Program.	Offices, community services, bargain stores.
Sarnia	Sarnia Eaton Centre	1982	Yes	Land assembly and clearance by municipality, contribution of the Ontario Downtown Renewal Program.	Public sector offices and services, call centre, art gallery and some retailing left.
Waterloo (Waterloo Region)	Waterloo Town Square	1961-1977 (different phases)	No	Municipality assembles and clears the land.	Part of the mall replaced by street-facing office and retail development.

contributed to the funding of the malls. Eaton's was not the only major corporate player involved in the development of downtown malls. Some of these malls were developed and originally owned by prominent retail development firms (Campeau and Cadillac Fairview). It is important to stress that in all cases, whether receiving public funding or not, the municipal response to downtown mall proposals was enthusiastic. Their presence indeed conformed to downtown revival strategies.

Two of the malls struggled from their very beginning. This was the case of the Kitchener King Centre, which largely replicated the content of a nearby downtown mall, and whose third floor proved difficult to rent because it was insufficiently visible and accessible. The other faltering mall was the Hamilton Eaton Centre, which opened in the worst of the early 1990s recession. On the whole, however, in their early years the downtown malls appeared to live up to the optimistic market projections that led to their creation.[5] As in their large suburban counterparts, vacancies were low and a large proportion of the stores belonged to national and international chains. But glory days were short. In many cases, the first visible sign of decline coincided with the 10th anniversary of the malls, when leasing contracts with chains came to an end and frequently failed to be renewed. Also contributing to their downward trend was the early 1990s recession, when many retailers either closed their least profitable outlets (many of them in downtown malls), or went out of business. And in 1997 Eaton's filed for bankruptcy and was liquidated two years later, causing many of the malls to lose their anchor.

Mall owners responded to these adverse circumstances by targeting independent stores, and when independents proved to be as vulnerable as chains to malls' low traffic, they sought a broader range of activities. These included fitness centres, educational establishments, government and community services, call centres and public and private sector offices. Bargain stores also assumed prominence within malls. Functional transitions were accompanied by successions in the ownership of malls and a steep decline in their value. In an extreme case, 10 years after its opening, the Hamilton Eaton Centre was sold for 1/20 of its construction cost.

Part of the Waterloo Town Square indoor mall has been demolished and replaced by street-facing buildings.

The nature of the activities malls presently host can be interpreted as a sign of their adaptation to the new economy. But it is important to realize that the foremost asset of malls in attracting these activities is their low rent. The most prestigious and profitable among new economy enterprises are not found in downtown malls. The major impediment to a downtown revitalization role is the inability of the activities that presently occupy the malls to reproduce the dynamics associated with mass retailing. Replacement activities attract a small fraction of the people who used to visit chain and department stores, and, contrary to the clients of such stores, they tend to generate single-purpose journeys, thus minimizing interactions with other downtown activities.

Why the Failure?

The downtown mall strategy was based on a hybrid interpretation of the evolution of urban structure, popular over postwar decades. In this view, core areas would be able to maintain their prominence in the face of galloping decentralization, provided they were the object of aggressive public sector interventions.[6] Virtually all downtown plans from the 1950s to the 1980s adhered to this vision. We now know that while it conformed to patterns found in large metropolitan regions, the hybrid vision failed to foresee tendencies experienced in most mid-size urban areas. Low public transit use, easy agglomeration-wide automobile accessibility and an absence of large core area concentrations of workers, residents and visitors have all contributed to the advanced suburbanization of mid-size urban areas. In these circumstances, downtowns, with or without malls, had little chance of holding on to their mass retailing market.[7] The assumption that modernized mid-size city downtowns could compete with suburbs for this market was thus flawed. In any event, downtown malls rarely reached the standards of suburban regional malls. They tended to be smaller, and perhaps above all, generally failed to provide free parking.[8]

The adoption of the mall strategy also stemmed from the existence of downtown growth coalitions – comprised of politicians, planners, developers and merchants – searching for formulas that could be readily implemented.[9,10] As original downtown redevelopment plans (proposing large outdoor pedestrian malls and plazas, and a much renewed built environment) failed to raise the interest of the development industry, planners and politicians settled for what appeared to be a proven model, a downtown version of the suburban shopping mall.

Future Mid-Size City Downtown Strategies

With a shift towards conservation, mid-size city downtown strategies have taken a 180-degree turn. While decades ago the image of a successful downtown consisted of new buildings, including a downtown shopping mall, it now takes the form of lively, pedestrian-oriented commercial streets.[11] Moreover, awareness of the incapacity of this category of downtowns to compete with the suburbs for mass retailing has caused new strategies to focus on niche markets: arts and crafts, boutique retailing, ethnic food, specialized restaurants, cultural activities, etc.[12-14] When compared to the previous mass market approach this is clearly a retrenchment. The objective is no longer to secure a downtown predominance of the retail hierarchy, but rather to encourage this sector to focus on specialized hospitality services and shopping. This is a risky strategy due to the fickle nature of targeted markets and their relatively small size, especially in mid-size urban areas.

What place is there for the mall structures within this new vision of downtowns? As large modern buildings, they clash with the sought after historical character and street orientation, and their content contributes little to the niche market revitalization strategy. A costly solution, carried out to some degree in Uptown Waterloo, consists in demolishing the mall and replacing it with street-facing multi-use buildings. A more modest approach would involve locating in the mall activities unlikely to stimulate street life and moving those that enjoy such potential to street-aligned facades. ■

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References and Notes

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8. Significantly, the sole downtown mall in our study that was able to retain its department and chain stores, the Downtown Chatham Centre, did not have to compete with a large suburban mall within its trade area.
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