



This artist's conception of a Walmart Town Center shows Walmart's vision for a true community center.

Mixed Maintenance

MIXED-USE DEVELOPMENTS PROMISE UNIQUE OPPORTUNITIES FOR RETAIL TENANTS — AND UNIQUE CHALLENGES FOR RETAIL FACILITY MANAGERS

BY MATT ALDERTON

The typical Walmart Supercenter feels like a small, self-contained city. A modern-day Main Street, it has everything consumers need to live a contemporary American life, including a restaurant at which to eat lunch, groceries with which to make dinner, an oil change for your car, new school clothes for the kids and seasonal flu shots from a nurse. There's even tax-return help at tax time. It's what has made Walmart so popular and powerful — if you need it, it has it.

IMAGE: WALMART & MMA

And yet, nearly 70 years after Sam Walton opened his first five-and-dime in Bentonville, Arkansas, there are still things you can't get at Walmart, or most other retailers, for that matter. Things like experiences and community, which consumers desperately want but can't always access.

Enter the "Walmart Town Center."

Unveiled in October 2018, Walmart Town Center is a new concept that will transform massive, underutilized parking lots at select Walmart Supercenters into walkable community centers that host farmers markets, festivals and other community gatherings. Along with third-party retailers and restaurants to which Walmart will lease space, they'll include a wealth of experiential amenities, such as: food halls and food trucks; entertainment options like bowling alleys and movie theaters; sports offerings like

For the business, synergy is savvy. For retail facility managers, however, mixed-use can be a mixed bag. In order to be effective in mixed-use developments, they must embrace a new way of working that's holistic and communal — like the communities themselves.

GREAT EXPECTATIONS

To succeed in retail, one must know his or her product intimately. That's as true for facility managers as it is for salespeople. In the case of mixed-use developments, the former must realize their product isn't a facility at all; rather, it's the lifestyle the facility affords.

"With mixed-use centers, you're dealing with folks who are walking by every single day, either because they work there in non-retail spaces or because they live there," explained Matt Little, Regional Area Manager, Store Development, at Gap, Inc. "If you're one

of those people, you're paying rent, you're buying food, you're buying clothes — all in one spot. You're spending a lot of money at that property, so you have high standards for how you want that community to look."

In some cases, those high standards manifest in the form of increased maintenance expectations. "Mixed-use centers are much more detail-oriented and much more cognizant of their appearance, so there tends to be more accountability when it comes to maintaining storefronts," Little continued. "That may mean increased cleaning

services, for example, or increased work-order calls for lights that are out or signs that are not fully lit."

Because they're typically spelled out clearly in the store's lease, facility managers can manage increased requirements by getting ahead of them. "It's being proactive," Little said. "You might have a dedicated route, for example, where you change light bulbs on a schedule versus waiting for them to go out. Or you might educate store staff to open a work order as soon as they identify an issue instead of waiting for it to get bigger."

The latter is especially important. "It's going to take a little extra work from the store personnel to help us out as far as keeping things clean on a daily basis so that it doesn't become a larger expense down the



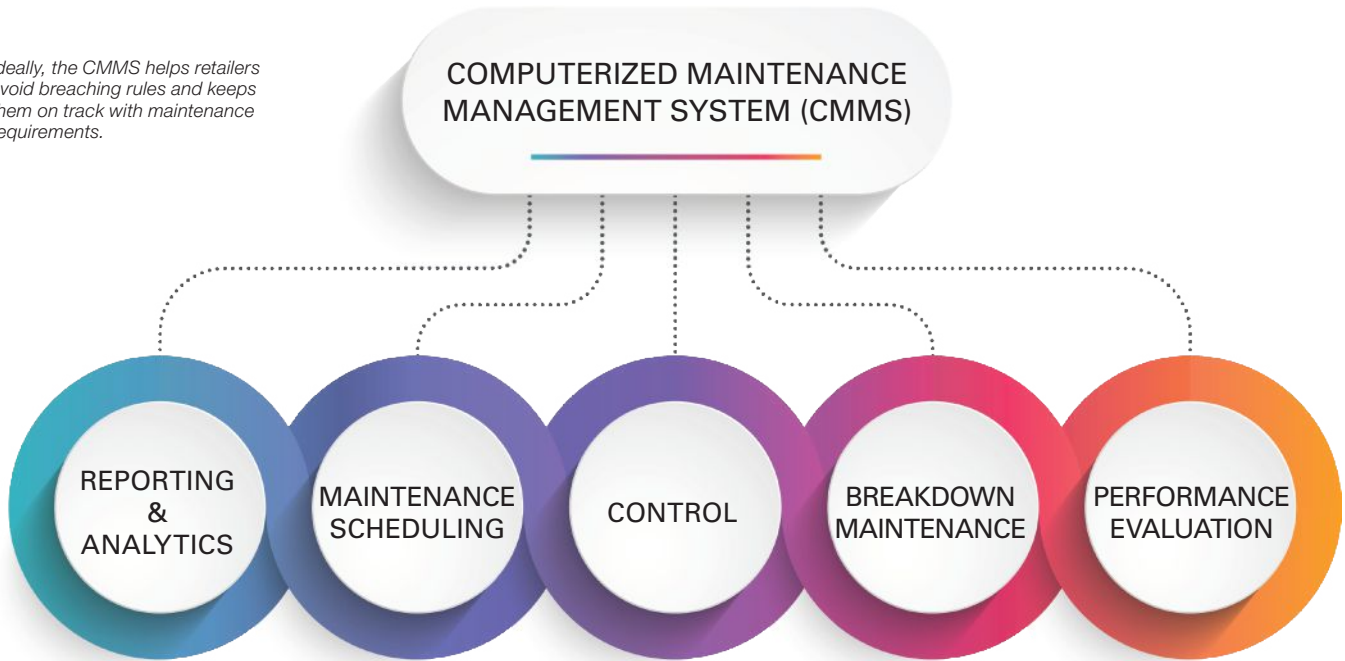
The Walmart Town Center would host farmers markets, festivals and other gatherings.

driving ranges, skate parks, basketball courts and ice skating rinks; transit services like bike rentals; and outdoor community spaces like parks, playgrounds and jogging paths.

It's a bold move, but it's just one piece in a larger industry puzzle: the transition from traditional malls and shopping centers to new mixed-use developments.

"Overall, there is a trend toward diversifying the experiences and offerings in and around retail," said Mark Sullivan, Senior Managing Director at CBRE, a commercial real estate services and investment firm. "In larger developments, the trend is toward mixed uses that enable all ships to rise given the synergy and proximity of complementary goods and services."

Ideally, the CMMS helps retailers avoid breaching rules and keeps them on track with maintenance requirements.



road,” Little continued. “It’s a mindset shift from having facilities take care of everything for you, to store personnel taking a little more ownership of the store in terms of its maintenance.”

RESPECTING THE RULES

Often, covenants in mixed-use developments encompass not only the appearance of the community, but also access to it.

“The most obvious challenge in many of these locations is in trades and other retail vendors gaining access to service retail space equipment through the landlord,” Sullivan said. “There are often rules for parking commercial vehicles, gaining access to rooftops, maintenance windows for project work and deliveries, etc., and all must be integrated into the retailer’s facilities management operation.”

Mixed-use landlords typically have good reasons for restricting access, Sullivan explained. “The most obvious example is roofs,” he said. “Often, roofs have long-term warranties of 20 years. If a retailer’s HVAC supplier damages the roof with additional penetrations without following proper procedures — working with the warranty ‘owner’ roof contractor who is certified on the roof system — warranties can be voided.”

To achieve equilibrium between vendors who need access and landlords who want to restrict it, consider leveraging a computerized maintenance management system (CMMS) to align maintenance activities with community policies and procedures. “Computerized maintenance management systems, often employed by retailers or their facilities-management service providers, effectively manage ... details in work rules at the site level, take the lease requirements into account, help prevent retailers from breaching rules

and keep maintenance on time,” Sullivan explained. “Modern CMMS systems can also manage services that have warranty-related restrictions and keep retailers and landlords organized to minimize breaches.”

ENVIRONMENTAL IMPERATIVES

The lifestyle mixed-use centers market to their tenants is often a sustainable one. Facility managers working in mixed-use developments should therefore brush up on environmentally friendly maintenance techniques, Sullivan explained.

“For mixed-use facilities with LEED and energy-efficiency goals or desires, keeping the community aligned with LEED and energy requirements will take not only a deep understanding, but also communication and a collaborative approach. A cooperative community will be vital to making sure the overall health of the mixed-use campus is sustained,” he said. “That said, a landlord’s sustainability requirements will be dictated within the lease and specified.”

It’s up to facility managers to communicate those requirements to anyone who needs to know them. “It’s important these requirements are shared in work orders dispatched to suppliers so the suppliers can be cognizant of the rules, but also so they are prepared to bring the right tools and method of procedure with them,” Sullivan continued. He also recommends ongoing education for facilities managers who lack sustainability savvy. “It ... poses a challenge to find facilities and maintenance talent that are well-versed in a variety of different systems aimed to achieve these environmental standards. Education and hands-on training are the best ways to ensure systems and programs installed operate as intended during occupancy.”

CONQUERING COMMUNICATION

Not every mixed-use community has sustainability requirements. By definition, however, all of them have diverse stakeholder groups that complicate the maintenance ecosystem. For that reason, mixed-use developments' greatest challenge — and best solution — is communication.

"You're going to have the same facility issues in a mixed-use facility that you have anywhere else. The difference is: Now you're surrounded by different types of tenants ... whose needs you have to take into consideration," said Bill Schaphorst, Vice President of Business Development at facility maintenance and repair company MaintenX International.

Little agreed, "Instead of other retailers with the same business hours, our neighbors in these spaces are doctor's offices and real estate offices that close a lot earlier than we do; restaurants and bars that are open very late at night; or even residential tenants who

live directly above or adjacent to the store. So we often have noise restrictions during certain hours and curfews we have to work around."

Schaphorst, for example, recalls a retail client that shared a mixed-use development with a senior-living facility. The client wanted to perform an electrical upgrade, but doing so required shutting down electrical service. "The retail space wanted to stay open during the day, but the senior-living folks didn't want to be shut down at night because there was nobody there to take care of people in case of an emergency," Schaphorst explained. "It took us six months to figure out how to schedule it properly, but we finally figured out a way to get the project done by working from 6 A.M. to 9 A.M."

The project was completed thanks to successful communication between numerous stakeholders, including the retailer, the senior-living facility, the mixed-use landlord and the electric utility company.

"Without adequate communication, the process breaks down and costs the retailer hard dollars through extra time onsite," Sullivan said.

An effective communications plan outlines what you need to communicate, when, how, with what frequency and to whom.

The latter is especially important. "The best thing to do is to know who your business partners are [in the mixed-use center]," Little said. "Get in touch and build relationships with the property managers there so you understand what their requirements and procedures are. It makes the whole process a lot smoother."

It's a good reminder: Retail's face may change to include new formats like mixed-use, but its heart will forever stay the same.

"This is a relationship business," Little concluded. "The stronger your relationships, the easier it's going to be for you to do what you need to do for your store" — wherever it's located. ●



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