

The Latest Trends in Retail Space Conversions

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While there are always shifts and trends in the commercial property market, they usually happen gradually. Many predict that the retail and commercial real estate markets are on the verge of their most disruptive transitions in recent memory. Questions still linger as to which direction these retail conversions, shopping center makeovers, and office conversions will take.

The ascent of e-commerce shopping and shifts in consumer shopping habits were occurring for more than a decade. The pandemic forced rapid widespread acceptance of online shopping for millions who may have otherwise taken years to adapt, if at all. It is too early to tell if these unnatural shifts in habits will continue in the long run.





Subsequently, the boom in e-commerce led to a near immediate demand for last mile distribution centers. Big box retailers with large spaces, empty stores, and vacant parking lots were an easy match to fill the need. Some converted to mini-distribution centers almost overnight.

The conversion of retail shopping centers had begun long before the pandemic. The descent of former powerhouse retailers such as Sears and JC Penney signaled a decline in brick-and-mortar retail and prompted industry speculation about other uses for these large spaces. Indoor shopping malls also waned and were joined into the conversation.

The requirements for last-mile distribution centers are much in line with those of retail stores. The proximity to population centers, transportation corridors, and large open spaces make them compatible conversions.

Some indoor shopping mall spaces are being converted into high-end, creative [office spaces](#). The open floorplan of tech work environments and the rise of co-work offices have opened the door for many of these types of conversions.

Vacant office spaces are also being converted into co-workspaces to meet the demands of shifting work habits. With many office jobs shifting to remote or hybrid roles, the demand for individual office space is expected to decline dramatically. Shared workspaces and short-term office rentals may be viable solutions for underutilized office buildings.



The demand for medical offices is also on the rise. Depending on the practice and on-site services provided, these are conversions that can work well for strip malls, shopping centers, and office buildings.

One of the reasons for the wide range of medical facility conversions is that the category covers a variety of business types. Medical specialists, dental offices, lab services, physical therapy, urgent care centers, and even veterinary care are the types of businesses that have taken up occupancy in converted spaces.

While these are the typical conversions taking place in retail and office spaces, other transformations are also reshaping the commercial landscape. Concert venues, childcare centers, food halls, and experiential retail have all moved into

converted spaces.

Historic architecture has found new life as [multifamily](#) and mixed-use properties. Developers have also seen that blending residential with retail has proven to be very successful, finding cross-over compatibility, especially with high-end, open-air environments.

Besides their proximity to large population centers, retail spaces have other characteristics that make them suitable for conversion. They generally have ample parking and the buildings are structurally capable of conversion, which makes them efficient to transform to other uses.

Converting an unused space to a business that benefits the community will generally garner public support. Repurposing is also [environmentally friendly](#). Construction costs and build time are significantly lower for conversions versus starting from the ground up.

As the commercial landscape shifts, retail, office, and other commercial spaces will need to consider these types of solutions for maintaining occupancy into the future.

Source: [Omnia Pacific Construction](#), a division of [CAM Property Services](#), is a construction company that specializes in revitalizing retail and commercial centers throughout Southern California.

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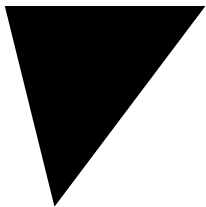
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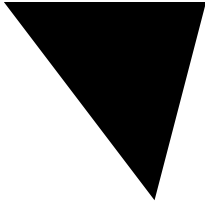
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