



Special Session Proposal

Declining Resilience of Shopping Centres Effects in the European Urban Space

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Abstract

Retail and consumption spaces are an integral part of our towns and cities environment. The retail landscape is changing rapidly in all developed countries, driven by several factors that can be grouped into three main categories: i) technological advancement and increasing online sales, ii) changing consumer purchase behaviour towards convenience, changes in the location qualities, value for money and, predominantly amongst the younger generations, sustainable purchases and iii) macroeconomic factors such as policy, economic shocks or cost of living crisis.

Shopping centres appeared in Poland and other Central and Eastern European countries in the mid-1990s as foreign investments of the largest retail operators in Europe. Shopping centres, combining diverse retail formats, are popular for both shopping and leisure. In social sciences, shopping centres are often viewed as spaces for consumption, with numerous publications devoted to the subject of their social impact and influence on urban and suburban structures. The key discussions focus on shopping centres as attractive places for shopping, spending free time opportunities, and as new tourist and recreational spaces in cities. The changing importance of shopping centres in the functioning of the urban environment is also significant.

If we take Poland as an example, then the pace of retail and consumption spaces development has been the most dynamic in Europe. The roll out of shopping centres was distributed both temporally and spatially, initially focusing on major cities, followed by expansion to other towns and smaller cities. Initially, these centres were very popular, driving continuous construction until higher market saturation was reached. More recently, a second generation of shopping centres has emerged, typically repurposed from regenerated old factories and designed to a high standard, with a greater emphasis on dining and other leisure activities. The newly built shopping centres are becoming competitors for older facilities, which are increasingly struggling with the problem of lack of tenants. The situation is approaching a similar one in Western Europe, as the one in four shopping centres in Poland is over 20 years old, while those that are over 15 years old, are already considered obsolete. It can be assumed that, considering the life cycle of the retail format, shopping centres in Poland are in the maturity stage, with an increasing number expected to enter the decline stage in the near future. A similar process called demalling has been observed for many years in North America, Asia and Middle East.

The process of decline of shopping centres in Poland and other Central and Eastern European countries has already begun and could be further accelerated by the dynamic development of digital tools and their applications in trade (e.g. e-commerce), causing negative economic, functional and spatial effects. In response, many cities have launched initiatives to transform existing commercial spaces into residential and service or service and office spaces. There is a concern that due to the shifts in consumer purchase behaviour, high inflation leading to smaller disposable income the economic viability of shopping centres, may be in question. This trend is much more pronounced in traditional western economies such as the US or UK offering potential lessons for European countries less advanced in the process. There is therefore a need to study the scale of this phenomenon in Poland and to look for opportunities to reverse the negative trend. This has been evident in recent years, as the market resilience of shopping centres in Central and Eastern Europe has been systematically declining, leading to a loss of economic viability and, ultimately, bankruptcy. The resilience of a shopping centre is typically associated with its ability to adapt (react and adjust) to economic, social and environmental shocks. Research also suggests that in the near future, retail centres are likely to face several key challenges including the fragmentation of trade, intensifying competition between new and older facilities providing a diverse offer, and the shifting attitudes of consumers towards online channels.

A better understanding of their response to ongoing changes and pressures will help inform the development of relevant mitigation measures and strategies for the post-Covid retail environment.