

## The New Rules of Mall Success: Curation, Co-Tenancy, and Experience

By Rick Strauss, Principal, Odyssey Retail Advisors

For much of retail's history, shopping malls were evaluated through a familiar lens: strong anchors, consistent traffic, and reliable national tenants. That framework still matters in certain ways, but it no longer explains why some centers are thriving while others struggle.

Today, the most successful malls and retail centers aren't defined by their anchors alone — they're defined by curation, co-tenancy, and experience. In other words, the winners are increasingly the places where the right mix of brands cluster together, supported by thoughtful design and a reason for consumers to stay longer than a single purchase.

### A Clear “Flight to Quality” Is Still Underway

Retail real estate has been experiencing a flight to quality for years, and it continues to shape tenants' leasing decisions. Consumers gravitate toward the most relevant shopping environments, and tenants follow consumer behavior.

In every major market, there is typically a dominant retail district, whether that's a high street, an open-air lifestyle center, or a top-performing mall. What we've seen over the past decade is that these dominant destinations tend to become stronger because they concentrate the brands consumers actively want to shop. Meanwhile, secondary and tertiary districts often lose momentum, particularly when their tenant mixes don't evolve fast enough.



Modern retail transformation is less about replacing everything and more about sequencing change without breaking what already works.

— Rick Strauss, Principal, Odyssey Retail Advisors  

This isn't only about luxury, either. It applies across categories: contemporary fashion, beauty, fitness, and even food. Strong retail attracts strong retailers.

## **Co-Tenancy Has Become a Top Retailer Priority**

Retailers have always cared about fundamentals like access, demographics, parking, visibility, and economics. But one factor has always been important and now consistently rises to the top: co-tenancy.

Brands increasingly prioritize being near other tenants that share their customer base, aesthetic, and values. Beyond driving traffic, strong co-tenancy reinforces the overall identity of a destination and supports performance across the tenant mix. In today's competitive leasing environment, it's one of the clearest indicators that a center will deliver not just increased traffic — but the right traffic.

This is also why many retailers are becoming more selective about where they open stores. In 2025, brands continued pulling back from broad rollouts and instead focused their growth on high-performing corridors and leading destinations.

## **The Best Centers Are Lifestyle Destinations**

Consumers don't view shopping the way they used to. While convenience matters, shoppers are also influenced by design, atmosphere, brand relevance, and social energy — and they're quicker than ever to identify what feels current.

That's one reason Class A centers continue to lead: they've expanded beyond pure retail into full-fledged lifestyle environments that integrate shopping with dining, culture, wellness, and entertainment. These are places consumers choose to spend time, not simply a stop to run errands.

There's also a growing emphasis on creating a sense of place. Many retailers are seeking environments that feel curated and design-forward, where the surrounding experience reflects the brand identity they're trying to project. Beyond aesthetics, the investment in public space, landscaping, architecture, and programming supports leasing strength and long-term relevance.

## **The Gap Between Class A and Class B/C**

The biggest challenge in the mall sector today is the widening performance gap between Class A and Class B/C assets.



Class A centers — especially those that continue reinvesting — can stay highly occupied and attract strong tenant demand. Many Class B and C centers, however, are still dealing with high vacancies and legacy tenants that are no longer traffic drivers. In many cases, these properties face an identity problem: they lack a compelling reason for consumers and brands to choose them over stronger alternatives.

For landlords, the path forward depends heavily on market conditions, demographics, and location, but the playbook is becoming clearer. For many B centers, survival and improved performance are possible, but typically require active rethinking of merchandising, investment strategy, and public space.

Effective strategies tend to include:

- re-merchandising toward stronger concepts and more relevant brands
- adding service-based tenants that drive frequency (health/wellness, personal services, medical)
- upgrading food and beverage to increase dwell time
- improving the environment through placemaking: outdoor spaces, programming, art, and better design
- rebranding with a real vision, not just new signage

For C centers, the options are often narrower. In many cases, adaptive reuse or conversion to mixed-use may become the most viable path, depending on site characteristics and surrounding demand.

## **Looking Ahead**

The mall sector isn't disappearing — it's evolving. The best centers are getting clearer about what they are and who they serve, and they're building tenant mixes around brand relevance, co-tenancy, and experience.

Anchors still matter, but they are no longer the center of the story. The malls and retail centers positioned to succeed in the next cycle will be the ones that treat retail and food & beverage as part of a broader lifestyle ecosystem and build environments that feel worth visiting again and again.