

Thursday, November 4, 2021  
9:30 A.M. – 10:45 A.M.

**Seminar 10**

**Impacts of Innovations on Contemporary Grocery Store Leasing and Development**

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- I. Introduction
- II. History and Evolution of the Grocery Store
  - A. Origins
    1. Over-the-counter grocery - produce market, butcher, dry goods/sundry stores, “general” stores (1800s-1915)
    2. Technological Advancements – Part I
      - a. Shopping Cart
      - b. Refrigeration
    3. Self-service grocery - Piggly-Wiggly (1916)
      - a. Shopping baskets
      - b. Open shelves
      - c. No clerks to retrieve items
    4. Supermarket
      - a. King Kullen (1930) First “supermarket” (Queens, NY).
        - i. KK claims it was confirmed by Food Marketing Institute/Smithsonian.
        - ii. 5 characteristics of a supermarket: separate departments, self-service, discount pricing, chain marketing, and volume dealing
      - b. Uniform merchandise, layouts, and advertising
      - c. Addition of large parking lots.
    5. Technological Advancements – Part II
      - a. Automobile
      - b. Refrigerated Trucks
    6. Multi-Department General Merchandisers
    7. Experience-based supermarket
      - a. Hot/cold bar and prepared foods.
      - b. In-store sit-down dining.
      - c. In store bar service/brew-pub.
      - d. “Green”-Focused theme; organic/natural foods and local merchandise.
    8. Discount Grocers and Dollar Stores
  - B. Contemporary Innovations
    1. Mobile computing and app-based ordering.
    2. Delivery Services
      - a. Direct-Shipping.
      - b. Third party shopping services

3. Scan-and-go and touch-less checkout
4. Green technologies

### III. Contemporary Innovations and Impact on Leasing and Development

- A. Height of COVID-19 Impacts
  1. Shopping Activity & Packaging and Health Concerns
  2. Construction of Centers and Stores
  3. Refocus on Mixed Use Developments
- B. Environmental & Market Impacts Shaping Supermarket Anchors and their Venues
  1. Experiential vs. Click and Buy
    - a. Click and Buy Considerations
      - i. Curbside pickup
      - ii. Personal Shoppers
        - (a) Interior packaging/pickup area
        - (b) "Retail" use vs. shipping/receiving use
      - iii. Implementation of Technology
        - (a) Cameras
        - (b) License Plate Readers
        - (c) Checkout technology (auto-scan, cashier-less, app-based).
        - (d) Only cash-less checkout– conflict with local laws
    - b. Experiential Considerations
      - i. Activation of common areas
      - ii. Non-grocery in-store activities
      - iii. EV chargers
      - iv. Renewable energy sources – solar, recycled waste
      - v. Green-motivated use restrictions
- C. Grocery Stores as Attractive Anchor for Traditional and Non-Traditional Shopping Centers
  1. Urban Setting and Need for Parking Garage
    - a. Customer Use (2-hr parking)
    - b. Mixed Use Impact
    - c. Commuter Parking for Government Money/Incentives
    - d. Public Transportation and Public Space
  2. Staying Power of Life Style Shopping Center
  3. Grocery Anchor as a new Anchor for Malls

### IV. Hypotheticals

- A. Urban Setting Full-On Mixed Use Development [Site Plan Discussion]
  1. Public Transportation
  2. Surface Parking and Structured Parking
  3. Construction Phasing and Impacts
  4. Retail below Residential and Office
    - a. Grocer Anchor
    - b. Junior Anchor (apparel)
    - c. Service Areas and Pads (Co-Generation)
    - d. Charging Stations
    - e. Valet
  5. Form of Ownership (Impact on Negotiation of Documentation):
    - a. Mixed: Commercial/Residential Condominium
    - b. Single Owner Leased & Institutionally Financed
    - c. Multi-Owner and Leased
      - i. Multi-Building-Tenant Developer
      - ii. End User Developer
      - iii. Typically Complimentary Co-Tenants
      - iv. Atypical Complimentary Co-Tenants

6. Key Touch Points
  - a. Restrictive Covenants (Protections and Carveouts) in Mixed Use Setting
  - b. Common Area Designations and Allocation of Cost
  - c. Delivery Dates & Force Majeure
  - d. Relationship Provisions
  
- B. New-Tech Grocer in an Existing Grocery-Anchored Shopping Center
  1. Impact of Click and Buy and Third-party Shoppers
    - a. Curbside pickup
    - b. "Retail" use vs. shipping/receiving use
  
  2. Impact of Technology on Use Restrictions
    - a. Impact of typical restrictions on new technology
    - b. Protections of new technology
    - c. Green-motivated use restrictions
  
  3. Sustainable Energy Initiatives
    - a. Renewable energy sources
    - b. Car Charging Stations
      - i. Which party pays the installation costs/which party pays ongoing costs?
      - ii. Which party bears liability?
      - iii. Developer controlled revenue and operation
      - iv. Shared with Anchor(s)
  
  4. Novel uses of technology.
    - a. Conflicts with REA
    - b. Properties outside of landlord's control.
    - c. Interference from other tenants or interference of other tenant operations.