

## The new shopping centre bubble and its impact on urban dynamics: the case of A Coruña

### Summary:

*In Spain a rapid economic growth began in the mid-1980s. This period was accompanied by the construction of a large number of shopping centres, with the result that it has established an alternative to the small traditional retailers and new type of consumption. In this article, we will first approach shopping centres as spaces of reference in direct urban consumption and their impact on the closure of small retailers; we will see the evolution at a Spanish level and finally we will focus on the case study of A Coruña as a model for understanding changes in urban dynamics caused by the implementation of shopping centres.*

**Keywords:** A Coruña, commerce, shopping centres.

The period of economic growth that started in Spain in the mid-1980s, was accompanied by the construction of a large number of shopping centres. These implied a new type of consumption and an alternative to the small traditional retailers, offering other products at more competitive prices. Thanks to these centres a new logic was born in urban planning, going from a centralised city to a fragmented and dispersed model, in which shopping centres were turned into architectural icons and gave an image of modernity. However, having overcome that phase, shopping centres are nowadays focusing their objectives on how to face new competitors and how to confront the effects of the crisis that began in 2007. A crisis that meant a reduction in families' expenditure and the closing down of small retailers – those that could not face their tax payments –, but, however, this did not stop the construction of new shopping centres (Fig. 1). The situation in Spain was not an isolated case, as that in 2008 in Italy where the opening of numerous medium size shopping centres had been scheduled and later in 2012 the debate on a shopping centre bubble began in Germany, putting into question the construction of 100 new shopping centres – in addition to the 11 million m<sup>2</sup> of commercial space – through a restrictive plan that called for the expansion of existing ones and the preservation of the existing retail market in their cities (Regiodata, 2012).

At a Spanish level, an exceptional and extreme case was that of the city of A Coruña, with only 37

km<sup>2</sup> and twelve shopping centres – which were 5 km apart – and where a set of factors concurred that help explain how the bubble of the shopping centres in Spanish cities was conceived and what its effects have been:

- a) Despite having a socialist government in the city during the economic boom, a liberal program in regards to land planning was developed. A circumstance which is undoubtedly the result of the effects of a capitalist dynamic, which responds to the logic of the secondary circuit of accumulation, through which masses of fixed capital are mobilised for the construction of houses, large infrastructures and facilities, such as those we are analysing here.
- b) During the last three decades legislation has been too permissive in regards to the creation of new shopping centres. A fact that determined that in 2012 the city came fourth in terms of surface allocated to shopping centres (395,380 m<sup>2</sup> distributed in 9 shopping centres), after Barcelona (420.056 m<sup>2</sup>), Zaragoza (461,340 m<sup>2</sup>) and Madrid (737.952 m<sup>2</sup>) (Fig. 1). A surprising situation when in that same year A Coruña had a population of 246,146 inhabitants in contrast to the 600,000 of Zaragoza, one million in Barcelona or the three million inhabitants in Madrid (Fig. 2).
- c) This overly exaggerated, neo-liberal logic – in regards to the creation of shopping centres – caused a huge impact on the urban dynamics of A Coruña – new centralities, the closure of

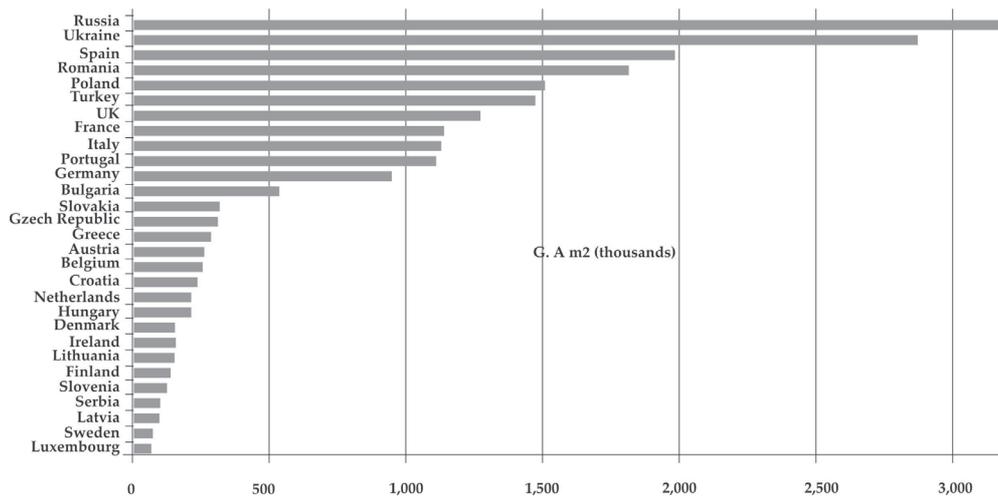


Fig. 1. New shopping centre schemes in the pipeline 2008-09.  
Source: Cushman & Wakefield (2008).

small retailers – which will be analysed in depth and that serves as an example to analyse the impact of large shopping centres in medium size Spanish towns.

### 1. Shopping centres: spaces of reference in direct urban consumption, and the crisis of the retail trade

In purely monetary terms, shopping centres are of extraordinary importance for modern economies because they rule the retail trade, generating large amounts of profit per retail space unit (Thrift, 2003). To analyse them, we must start from the premise that current business strategies try to strengthen the comparative advantages and rationalise costs, as a way to ensure the protection or enlargement of the market; where the ultimate aim of the capitalist company underlies: the pursuit of maximum profits (Gamboa et al., 2003). In this way, trade development strategies have evolved within the framework of capitalism’s global market towards deep mutations in the conception of business activity, financing, management and planning

and promotion techniques, image, advertising and sales. All the while the economic concentration allows for increasingly more elaborate, intricate and effective commercial tactics when it comes to distributing and selling large quantities of products to get high returns.

In this context, shopping centres are unique, original and complex retail businesses which have been developing for decades. They have instigated other formulas that have expanded the commercial offer from the traditional shop to alternatives with more complex strategies. As is well-known, traditional trade has been gradually replaced by these other business forms based on financial concentration and in the search of higher returns. They possess more effective strategies, new location models and elaborate commercial technologies that provide higher returns. In general, there has been an increase in the size of enterprises and establishments, both in sales and in surface area (Moreno and Escolano, 1992) which encourages their increasing market share. They use technology and advanced and varied business methods in all phases of the goods distribution and sales system in order to reduce costs,

	Shopping Centre Area (m <sup>2</sup> )	Number of Shopping Centres	Inhabitants	Area (m <sup>2</sup> ) per capita
A Coruña	395,380	9	246,146	1.61
Barcelona	420,056	17	1,620,943	0.26
Zaragoza	461,340	11	679,624	0.68
Madrid	737,952	33	3,233,527	0.23

Fig. 2. Main cities in terms of Surface destined for shopping centres.  
Source: Marín y Martín (2013).

Type of Centre	Previous to 1981		1981 - 1990		1991- 2000		2001 - 2010		2011 - 2015 (**)		TOTAL to 30/06/2015	
	Nº	GLA (m <sup>2</sup> )	Nº	GLA (m <sup>2</sup> )	Nº	GLA (m <sup>2</sup> )	Nº	GLA (m <sup>2</sup> )	Nº	GLA (m <sup>2</sup> )	Nº	GLA (m <sup>2</sup> )
MG			3	348,700	4	473,280	10	1,171,089	3	357,200	20	2,350,269
GR	1	64,708	2	98,004	27	1,396,043	42	2,129,759	4	244,600	76	3,933,114
ME	7	189,964	12	351,527	46	1,366,098	50	1,444,602	3	86,486	118	3,438,677
PE	1	5,163	27	282,955	51	613,480	53	621,622	6	71,939	138	1,595,159
HI	11	249,680	29	506,468	48	711,087	10	108,070			98	1,575,305
PC			3	63,089	8	382,716	40	1,156,767	10	276,101	61	1,878,673
CF					6	98,327	5	86,635	2	33,921	13	218,883
CO					7	144,418	15	334,721			22	479,139
TOTAL	20	509,515	76	1,650,743	197	5,185,449	225	7,053,265	28	1,070,247	546	15,469,219
Density (m <sup>2</sup> /1000 inhab.)		13.4		53.1		175.7		303.1		330.7		

Fig. 3. Evolution of shopping centres in Spain according to their typology  
Source: Spanish Association of Shopping Centres and Business Parks (2015).

make profitable investments, increase sales and achieve higher profits which, in turn, will allow them to continue growing financially and spreading their business model throughout the space. Before this competition, traditional trade, characterised by a high level of smallholdings run by predominantly economically precarious family businesses, that responded more to a subsistence approach than an entrepreneurial spirit, have been forced to renew and seek new strategies in order to be competitive. Normally, this type of trade has combined the vertical (wholesalers and retailers) or horizontal (sectoral and/or territorial) associationisms under multiple modalities; although, obviously, the simple traditional model still survives.

A certain type of seller, one that is more competitive and dominated by market logic, is able to expand, which implies the predominance of the idea of profit in commercial activity. Nowadays the real difference is between outdated and ineffective establishments and modern trade with appropriate service, imposed through the manipulation of its demand, to the consumer. The great distribution, either through branches using franchises, is progressively suffocating the small traditional retailers that only reach a certain degree of organisation and dynamism in central districts (López Gonzalez, 2007).

We consider shopping centres as exclusive establishments where a series of primarily for recreation shops and services are grouped together. That is, the model of the American *mall* which is widely spread all over the world, and thus, in Europe and in Spanish cities. Planned centres whose dual functionality as leisure and consumption areas are the root of the success they have achieved

in urban spaces, modifying the traditional sense of displacement while contributing to standardised behaviours on this front (Mendez, 2001). It is a formula that responds to the demands of the consumer and leisure society which are qualifying traits of the public sphere today. They are commercial spaces that constitute the main attraction of the leisure space and entertainment areas and they integrate, as an additional attractive point, the commercial space (Benach, 2000). In the Spanish context, the Spanish Association of Shopping Centre and Business Parks (AECC) counts 546 centers and 15,459,219 m<sup>2</sup> as the offer available for the year 2015. In Figure 2 we can see how in the decades prior to 1980, shopping centres had undergone incipient development as there were only 20 in all of Spain, and 55% corresponded to hypermarkets (Carrefour, Alcampo and Pryca). The density of retail space per 1,000 inhabitants at that time did not reach 14m<sup>2</sup>. In the following decade, which also coincided with the economic upturn and the expansion of cities and their immediate peripheral areas, there was an upturn in the construction of a total of 76 new shopping centres, of which 36% corresponded to hypermarkets and 34% to small shopping centres (< 20,000 GLA). In this same period the first large shopping centres also opened (>80,000 GLA) in Valencia and Madrid, which means that the density of retail space increased to 53.1m<sup>2</sup>. The following decades were of even greater development, building up to a total of 197 shopping centres in 1991-2000 and 225 in 2001-2010. In those periods the predominant typologies were medium and large shopping centres and it was also when the first leisure centres and business parks opened. The result was a density of retail



space which reached 330.7m<sup>2</sup>. The impact of the crisis in the construction sector, whose effect was immediate in the field of housing and infrastructure, would not be reflected in the scope of the shopping centres, which continued to increase their number to reach 546 by 2015.

## 2. The shopping centre bubble in A Coruña

The case of A Coruña was exceptional in terms of the proliferation of shopping centres. Since the mid 1980s 12 shopping centres were built and their destination was quite disparate (Fig. 4). In this city, in which traditionally the commercial activity had its greatest development in the urban centre (the Picasso district or Obelisco commercial area) gradually saw how towards the consolidated urban edge new centralities were emerging. This was the case of the commercial area of Calle Barcelona, whose boost was linked to pedestrianisation processes that turned the area into a convenient pedestrian circuit that was attractive for shopping, as well as the creation of the Calle Barcelona Urban Shopping Centre in 1991. This was formed with the purpose of organising small retailers and the services of the area through organised planning under a brand that aimed at developing actions and services that benefit the associated members and the end consumers.

However, the first proper shopping centres began to appear in the early 1980's. These were two hypermarkets located on the edges of the city, whose offer focused mainly on rural inhabitants as was the case of Alcampo (1981), and in highly densified residential neighbourhoods as was the case of Carrefour (1985). Despite their peripheral location they had great success due to the fact that the idea of proximity to trading areas was gradually replaced by that of accessibility according to offered goods and services.

Shortly after El Corte Inglés and the Cuatro Caminos Shopping Centre were built, located in an interstitial area between the city centre and residential neighbourhoods. Following their implementation, A Coruña's small retailers began to wonder up to what point the competition of such centres was going to affect them, even though the opening and subsequent consolidation did not mean the closure of small retailers (Fig. 5), but quite the opposite, as the shopping centres became a dynamic focal point for the entire area. It wasn't until 1996 when another shopping centre surfaced again in the city, Los Rosales, whose location in a residential area of new construction

was the presage of a promising future, mainly as it held a hypermarket and several cinemas (Escudero, 2002). With the turn of the century Comcor (2003) whose offer was based on decoration, home and DIY was built; and Puerto Ocio (2005) which is located in the port of the city. With time and given its low initial success it would change its name to Cantones Village, and its strategy to focus its offer on night leisure. In 2006 Elviña shopping centre and in 2008 Papagayo Boulevard were built, two centres that can be considered local, and whose offer focused on hypermarkets. However, in the case of Elviña they wanted to reinforce its offer introducing a low-cost gym and Papagayo having a local business incubator. Already in the midst of the crisis Dolce Vita (2008), considered the pioneer of modern shopping centres, was inaugurated with 91% occupancy; Espacio Coruña (2009) and Marineda City (2011), the largest shopping complex in Spain with half a million square meters, including almost 200,000 of leasable area and an investment of 450 million euros. Coinciding with their construction a drastic reduction in the number of small retail establishments can be observed. If until then these shopping centres had kept a positive growth trend, between 2008 and 2012 they underwent a strong descent of 24.11% that has had, as a consequence, the emergence of a bleak urban landscape in traditionally commercial streets located in the urban centre in which the sight of closed shops in a serious state of deterioration is predominant (Fig. 6).

The result of this process is that A Coruña has become one of the cities with greater land surface aimed at shopping centres, going from 95,210m<sup>2</sup> in the 1980's to 395,380 m<sup>2</sup> in 2012. It is only surpassed by Barcelona (420,056) and Madrid (737,952), meaning that, since 2008, the commer-

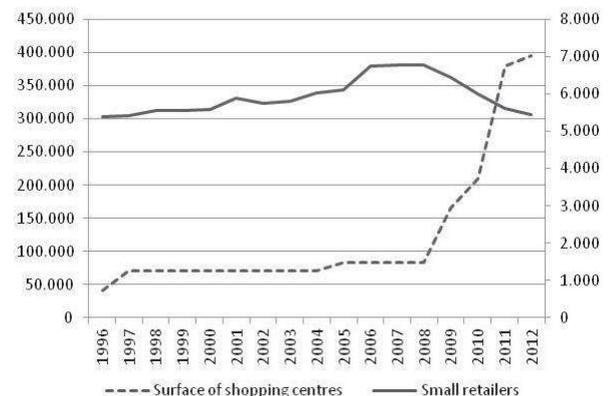


Fig. 5. Evolution of the surface of shopping centres and small retail activities in A Coruña.  
Source: Fundación La Caixa (2013).

cial square metre surface has increased 376.85% due to the significant contribution of Marineda City which hosts 46% of the city's total offer. While we can observe a greater concentration of these centres in the peri-urban areas close to residential areas with mainly medium and high income levels, they are also found next to roads and highways of great traffic looking at maximising the accessibility of their customers and extending their nets beyond the close commercial environment; the truth is that shopping centres have ended up proliferating in all the spaces of the city, resulting in the emergence of new urban centres. However, the fact that in A Coruña there is an over-concentration of these facilities in urban fringes – in the same way as in many other Spanish cities –, indicates that:

- a) The planning for their location to be used as catalyst elements of a rational and effective urban development hasn't been done accordingly.
- b) The interests that have prevailed have been others: the provision of commercial structures for the population, obtaining funds for the financing of the councils through the granting of commercial and opening licenses and of others local taxes, etc.
- c) There is a lack of integration of shopping centres with other compatible urban uses such as housing, offices or other public areas that would bring diversity and a more urban character to the commercial sites (De Gregorio, 2007).

### 3. Conclusions

Shopping centres are going through an uncertain period, characterised by competition from other small retail formulas and other *shopping centres*. In A Coruña, the closure in 2013 of Dolce Vita, which was only five years old, sounded the warning alarm. One of the main causes was said to be the excessive competition that this centre had in its vicinity. And the reason is that today any good, service or information stops being appreciated when it can be replaced by another that gives the same satisfaction and has greater social recognition than the previous (López Levi, 1999). This standard pushes shopping centres for their constant renewal, to compete against each other, because otherwise the risk of obsolescence is high, especially for the older ones. The time when the opening of a *mall* was something novel and attractive in itself for cities that lacked these kinds

of commercial establishments, has been succeeded. Today, most urban areas have these types of complexes; however the case study of A Coruña is especially prolific in this sense. The new shopping centre has to compete with the ones that are already open, be more attractive to refine the already mentioned main strategies: a more striking architectural design, a more startling image promotion, more aggressive commercial promotions, a greater concentration of franchises and chain stores that are clearly successful among consumers (this factor depends on the evolution of the market and is very volatile but, for example, today in Spain a shopping centre that manages to attract the Irish textile retail chain Primark (Diario ABC, 2016) will achieve a clear competitive advantage over other shopping centres) and, most importantly, through the increase in surface. The current phase is that of the competition of shopping centres against each other, and in our cities we can easily see that there is a margin of successful centres and losing centres within the general frame of the *shopping centre* success. This has happened in A Coruña, where shopping centres like *Cuatro Caminos*, *Espacio Coruña* or *Boulevard Papagayo* languish; while the larger *Marineda City* commercial park has strengthened.

The future of shopping centres goes by offering more entertainment activities, expanding their commercial offer, given that new commercial formulas already threaten their success. Seemingly, as these areas have overtaken the small traditional retailers of the city centres, in the future the *factory outlets* (the A Coruña urban area already has its own, *Coruña The Style Outlets*) or other novel large commercial surfaces and, especially, the on-line trade, can overtake them.

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