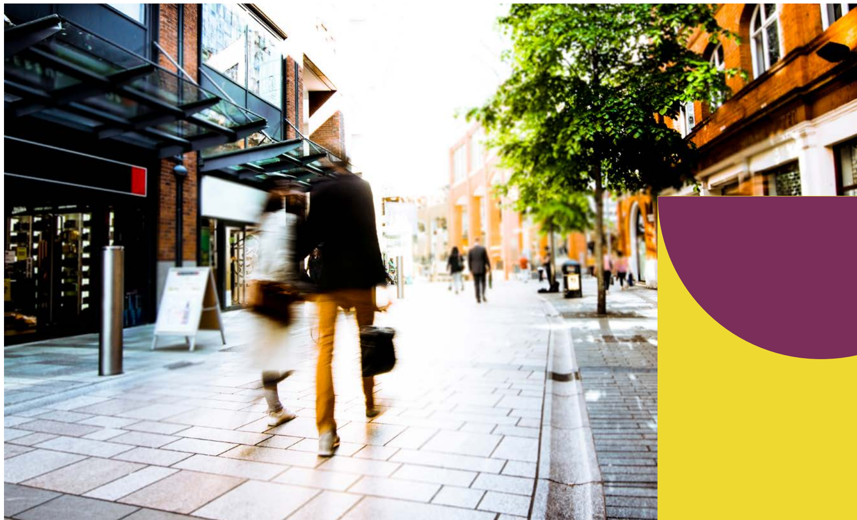

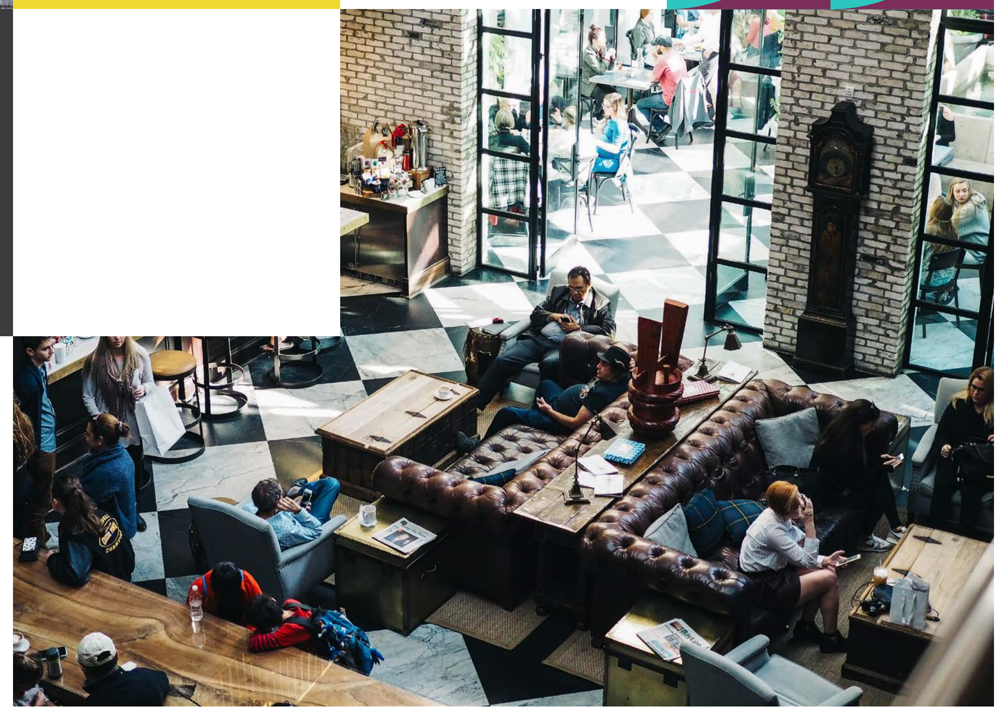

SUCCESSFUL RETAIL

HOW 14 SHOPPING CENTERS ARE THRIVING TODAY

About the Urban Land Institute

The Urban Land Institute is a nonprofit education and research institute supported by its members. Its mission is to shape the future of the built environment for transformative impact in communities worldwide. Established in 1936, the Institute has more than 45,000 members worldwide representing all aspects of land use and development disciplines.

About the ULI Center for Real Estate Economics and Capital Markets

The goal of the ULI Center for Real Estate Economics and Capital Markets (REEcap) is to identify and explore emerging issues and directions in real estate economic and capital markets activity. The center's program of work supports ULI members' essential need to plan for the future of their businesses, reinforcing their capacity to support ULI's mission.

Established in 2009, the center has a focus that ranges from overarching emerging trends to metric-specific forecasts to new practices and opportunities. One hallmark of the center is to include and spotlight the expertise and experience of senior ULI members through one-on-one interviews and surveys. Center activities include research and report production, webinars and meeting sessions, forums, district council and product council programs, and engagement. The center's work has benefited from strong partnerships and sponsorships with organizations and individuals.

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This report was made possible through the generous support of the Bucksbaum Family Foundation.

2001 L Street, NW | Suite 200 | Washington, DC 20036-4948

Recommended bibliographic listing: Nelson, Andrew, and Anita Kramer. *Successful Retail: How 14 Shopping Centers Are Thriving Today.* Washington, D.C.: Urban Land Institute, 2023.

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INTRODUCTION

What drives successful retail projects today? What lessons can be learned from outperformers that can help owners improve their retail centers or plan better ones?

These questions are particularly important in this third decade of the century, given the maturity of e-commerce in the landscape of consumer choices and the pandemic jolt that led to adjustments by retailers, shopping center owners, and consumers alike. While the pandemic may well have created even more converts to online shopping, the upside limits to its scope may also have been demonstrated: the e-commerce share of all non-automobile-related retail sales topped out at about 20 percent before settling down to 18 percent once the most severe COVID-19 restrictions receded. Also notable: after several straight years of elevated store closures, planned store openings in 2022 outpaced the number going dark.

Still, succeeding in this crowded and increasingly complex environment has become even more difficult than it was before the pandemic. Retail space in the United States remains significantly oversupplied per capita relative to levels in other countries and compared with what can be supported by consumer demand, so retailers and landlords still face daunting challenges.

The Urban Land Institute spoke extensively with the owners of a wide range of thriving open-air retail properties across the nation to better understand the factors that drive success today. (More traditional enclosed regional malls, anchored by department stores, are unique in their design and function and are not included in this report.)

OBSERVATIONS AND CONCLUSIONS

“Constant change, constant pruning, and long-term ownership is a really, really important point here that contributes to the success of our retail project.”

The projects profiled through ULI’s interviews demonstrate, by their very diversity in geography and type, that there is no single blueprint for success shared by all high-performing centers. Yet the owners interviewed reveal several operational strategies and themes followed by nearly every successful center.

LOCATION MATTERS, BUT DOES NOT EXPLAIN EVERYTHING

It is hardly newsworthy to declare that location is a key driver of retail success—and arguably *the* key driver. But what does that mean? The term *location* encompasses a diverse bundle of qualities beyond spatial coordinates. Local and regional access and visibility, trade-area demographics, and the presence or absence of nearby competition and supporting land uses are all geographic features that affect the type and amount of retail space that can be supported on a site.

As a general proposition, *more* is better for retail: more heavily trafficked roads, more visibility, more shoppers living nearby, more complementary land uses—even more competition, if it pulls more shoppers to the area. All of these can raise the odds of success for a retail project on a particular site.

For example, **Santana Row** in Santa Clara, California, has made the most of its premier location for a high-end lifestyle center. The center benefits from being across the street from a super-regional mall at one of the most heavily trafficked intersections in the county, with an average daily vehicle (ADV) count of over 70,000, and with visibility and immediate access from two interstate highways. In a different way, **Sunset Esplanade**, a community center in suburban Hillsboro, Oregon, has succeeded not only because of its prominence along the most heavily trafficked road in its market area, with an ADV count of 27,000, but also because of regulatory barriers to entry that protect it from further competition.

In addition, at least three centers profiled in this report—**Glendale Marketplace**, an urban open-air center in downtown Glendale, California; **Shops at Boca Center** in Boca Raton, Florida; and **Brentwood Place** in St. Louis—are relatively small but owe their outsized market draw at least in part due to their proximity to much larger regional centers. All benefit from nearby regional malls that make their market area a regional shopping destination, thus increasing their market draw even while it increases nearby competition.

But favorable location alone does not ensure success. The retail landscape is littered with unsuccessful centers that failed to capitalize on their exceptional location—some situated near very successful centers. At the same time, many other centers have thrived despite very challenging locations. Though **Freedom Plaza** in Los Angeles faced initial reluctance from retailers in response to the relative low income of residents in its trade area, the nearby residential density provided compelling aggregate income per acre. In Scottsdale, Arizona, **Kierland Commons** was a lone pioneering center in a developing market before other centers helped confirm the area as a key retail node.

At still other projects, managers were able to create successful projects on sites that previously had known sustained failure. The developers of **Woburn Village** in Woburn, Massachusetts, and **Moores Mill Center** in Atlanta scrapped failing centers and built new ground-up grocery-anchored centers. At **Block 296** in Portland, Oregon, and **Chophouse Row** in Seattle, developers converted existing structures that previously served nonretail uses. In each case, the developers found success by better leveraging the site's potential.

MARKET ORIENTATION

In one way or another, every owner interviewed stressed the necessity that the tenant mix complement the site's location. Said an executive of a real estate investment trust (REIT), "Regardless of demographics in your market, if you merchandise and create the right tenant mix that matches your demographics and psychographics, you can have a very productive center."

Shoppers in a moderate-income suburban market differ from those in an upscale urban area and will patronize different retailers, so the tenant mix must be adjusted as well. This is true even within the same center category. Thus, though **Freedom Plaza** and **Sunset Esplanade**—both grocery-anchored community centers on the West Coast—have completely different tenant rosters, mostly in response to their divergent demographics, each is highly successful in its own right.

But even where the market orientation appears evident given a center's locational attributes and trade-area demographics, no simple formula exists for selecting the right retailers. Said another REIT executive, "It's a mix of art and science to get the merchandise mix right and have the components be synergistic and create better sales and a better experience for everybody that comes to the property."

BUILD YOUR BRAND, REFRESH YOUR BRAND

Branding is a crucial element of the strategy, which starts with having a clear vision for the center, including its market orientation. To get the right tenant mix, owners cannot just take whichever retailers show interest. As one owner said, "We're not here just to fill up space. If we really want this to go the distance and be successful long term, you really have to think about each and every business and group that you bring into the project."

Building a notable brand is the not-so-secret sauce of centers that have achieved sustained success. **Pepper Place** in Birmingham, Alabama, **Santana Row**, and **Kierland Commons** each has a distinct offering in its market that has endured for 34 years, 20 years, and 17 years, respectively. Creating a unique brand can also help a center achieve rapid success, as it has for **Chophouse Row**, which focuses on small, entrepreneurial retailers, and **Bottleworks District** in Indianapolis, which created an entertainment district with a combination of historic buildings and new construction.

The regional director of leasing for one retail REIT put it this way: "When we evaluate a tenant, they have to bring something. There has to be a *why* behind it. Why does the customer care? Why do we care about them, their store brand? Why does that brand care about being in the project? There has to be an alignment of brand DNA between ours and theirs, resulting in the customer getting a great experience."

Said the executive of a development firm: "You can't just be myopic about looking at this one space we put in a pro forma three years ago. . . . You really have to look at it in totality and go, 'How does this help the overall project?' And if it doesn't help the overall project, then that might be a tenant you need to pass on, even if the economics are where you want them to be."

TRANSLATING VISION INTO REALITY

Execution is also crucial. Even well-located centers may not be able to attract all the retailers they target, even if the site checks all the right demographic boxes. Every retailer has other stores it does—or does not—want to co-locate with in a shopping center, so landlords must be realistic about which retailers they can sign given existing commitments. Plus, each retailer seeks leasing parameters that fit its needs. **Bottleworks District**, for example, has been firm about the kinds of tenants it wants at its center but is flexible in the lease terms and conditions it will consider, such as percentage rents, in order to attract the diverse local tenants it seeks.

And the retailers must trust that the center will be well managed. Signing the desired tenants "certainly has a lot to do with our relationships across the nation and across our portfolio," said an executive with a leading retail REIT. Part of that has to do with the REIT's reputation, earned over decades of success, for delivering high-quality retail environments.

Not every retail center focuses on nationally prominent tenants, however. Most successful centers today have at least a few distinctive local or regional retailers. But some centers— including **Chophouse Row**, **Pepper Place**, and **Bottleworks District**—make this the heart of their approach by focusing on hyperlocal brands available nowhere else but ideal for the location. Supporting these local tenants is not just part of their brand and a way to attract customers, but also part of their mission. Said one retail center owner, "We were all about 'How do we build a local economy?' . . . We've always been a real champion for local businesses."

DRIVING SHOPPERS TO THE CENTER

For most of the past century, department stores served as the primary attraction or anchors for regional retail centers and many larger community centers, whether in the form of a downtown shopping district or a freestanding shopping center. But department stores have been in long-term decline, and none of the centers in this report has even one traditional department store (though some do benefit from department stores at a nearby center, known as "shadow anchors"). Many lack even a big-box tenant.

Attracting consumers to retail projects is no less important now than in the past, but the traditional anchors have been replaced by other drivers, especially restaurants, entertainment, and personal services. Examples of this change among the profiled centers include **Santana Row,** with 127,000 square feet of eating and drinking establishments (24 percent of all retail space), and **Bottleworks District,** with a 30,000-square-foot food hall (21 percent of the retail and entertainment space). For these and other centers, the mix of unique and compelling offerings provides an effective alternative to the more conventional traffic drivers. Said one developer: "I can't overstate that enough: if you have a good mix of tenants and they're bringing a variety of services and amenities to the district, people will come to it."

For other centers in this report, the key is having complementary land uses on site like housing, offices, and hotels that bring different types of shoppers to the center at different times and on different days. **The Hub on Causeway** has all three—apartments, offices, and a hotel—plus a below-grade regional transit center and a sports arena next door to drive retail traffic.

Certainly, not every center can support The Hub's multiple uses, but successful retail centers today are increasingly either mixed use (multiple property types in one building) or multiple use (multiple property types in different single-use buildings). Even neighborhood and community centers, like **Moores Mill Center** and **Woburn Village**, and much smaller retail projects, like **Block 296** and **Chophouse Row**, have residential and/or office components that provide on-site demand.

The additional uses need not even be physical or permanent. Several of the centers profiled rely on regularly scheduled events like the farmers market at **Pepper Place**, whereas others have dedicated event spaces used by the community for concerts or other gatherings, like the **Shops at Boca Center**. The goal is the same: to bring more potential shoppers to the center. One developer interviewed referred to the importance of events as "the Main Street formula. . . . We really encourage anything that brings the community together."

SITE DESIGN AND CONFIGURATION

The projects profiled in this report span a great variety of retail center types and styles, ranging from traditional grocery-anchored neighborhood centers to pioneering urban villages focused on dining and services. Most were developed ground-up through new construction; several were created through wholesale redevelopment of historic structures that served very different functions in their original incarnations. But for each, success required that the design and style ultimately match the retail orientation and shopper profile. This includes the architecture, choice of building materials, the building massing, and the site layout. All contribute to the center's "feel."

Two adjacent retail centers may appeal to overlapping consumer segments and have a broadly similar market orientation and yet deliver very different experiences. **Santana Row** is adjacent to an enclosed regional mall. Both appeal to a similar demographic but have little tenant overlap and totally different architecture. The open-air center offers a more urban village experience with a greater focus on food and entertainment, whereas the mall might be viewed as more transactional and emphasize goods. A successful center will discern a site's strengths and build on them.

Sometimes those site advantages are well hidden, waiting for the enterprising developer to see potential not obvious in conventional metrics. **Freedom Plaza** is located in an underretailed, lower-income trade area often shunned by mainstream retailers; **Pepper Place** and **Bottleworks District** are in largely industrial or underdeveloped areas that never previously supported retail space and had no obvious shopper base. Yet each managed to either overcome the site's shortcomings or turn them to their advantage.

That is not to say that every site can support a successful retail center. But locational drawbacks often can be countered through inventive placemaking that strengthens the connections between people and places.

BUILDING COMMUNITY

A critical first step in developing a center, especially for challenging sites, is working with nearby residents, community groups, and other interested stakeholders to frame a community vision of what could be supported. The extensive outreach conducted by the developer of **Freedom Plaza** years before beginning construction provided clear direction of what made sense for the underserved neighborhood. "We set out to bring in all of the uses that the community talked about needing and wanting," the developer said.

The Hub on Causeway, positioned at the crossroads of three neighborhoods, faced a much different situation. The developer reported that "what we heard over and over from the community was they wanted to tie these neighborhoods together," so that became a guiding principle for the project. More than just identifying the local needs, community engagement engenders buy-in. "The community is truly integrated into the project and has been from the beginning," the developer said. "So, they basically have birthed the center themselves. By the time it got built, they have already known it well."

In some cases, the developer must "work to build community," as one owner explained it, because there is little sense of community to tap into at the beginning. This was the case with **Pepper Place**, which slowly evolved from a failing industrial area into a vibrant retail district. The center's strong focus on cultivating and attracting local businesses helped develop that sense of community, as did working closely with local government entities and the broader neighborhood to develop that shared vision for the area.

ADAPTABILITY

Landlords also must be nimble. Flexibility is crucial for keeping retail centers fresh because markets, market conditions, and tastes change over time. To succeed over the long haul, managers must step back periodically to objectively assess which elements of their plans should be revised, a process one leasing executive interviewed called "constant change, constant pruning."

The pandemic accelerated several longstanding trends that upended physical retailing, demonstrating the importance of being adaptable. For example, in-store spending has been shifting to smaller boutiques and away from bigger department store boxes. This trend benefits centers with more flexible construction that allows store sizes to be modified relatively easily, such as at **Santana Row** and **Kierland Commons**, which have been modifying their tenant mixes over time.

But sometimes sustained success requires that centers make more significant changes to respond to macroeconomic and other external shifts—while still remaining true to their brand and principles. As an example, **Shops at Boca Cente**r over time shifted its orientation from soft goods to food and services.

The pandemic prompted the need for other quick changes. With more retail spending originating online, retail centers require dedicated space for shoppers to collect their BOPIS—buy online, pickup in store—purchases. Several centers profiled here provided new space for customer pickups. But because not every center is configured to allow pickup areas, landlords needed to be creative and flexible, such as **Brentwood Square**, which allowed tenants to access some common-area space beyond that allowed by the lease.

Meanwhile, restrictions on indoor dining required either outdoor dining facilities or adaptations to facilitate takeout. **Pepper Place**, for example, introduced outdoor patio pop-ups for its restaurants while **Woburn Village** created some "four season" dining space that can be opened up to the elements when weather permits, but is warmed with heat lamps when needed.

LONG-TERM PERSPECTIVE

It is perhaps axiomatic that achieving long-term success requires a long-term perspective. That starts with the project vision and how that vision is translated over time into project leasing and operations.

But the concept goes further. Interviewees repeatedly stressed the importance of being good stewards of the asset for the long term, and savvy retail center managers recognize the need to be strategic. The developer of one center summarized it this way: "We have a very, very long-term view. And we think we need to be part of the community—not someone that's just coming in and making some money and exiting. And you do that through how you operate the asset. And obviously you'll also do that through how you design and build the asset, as well."

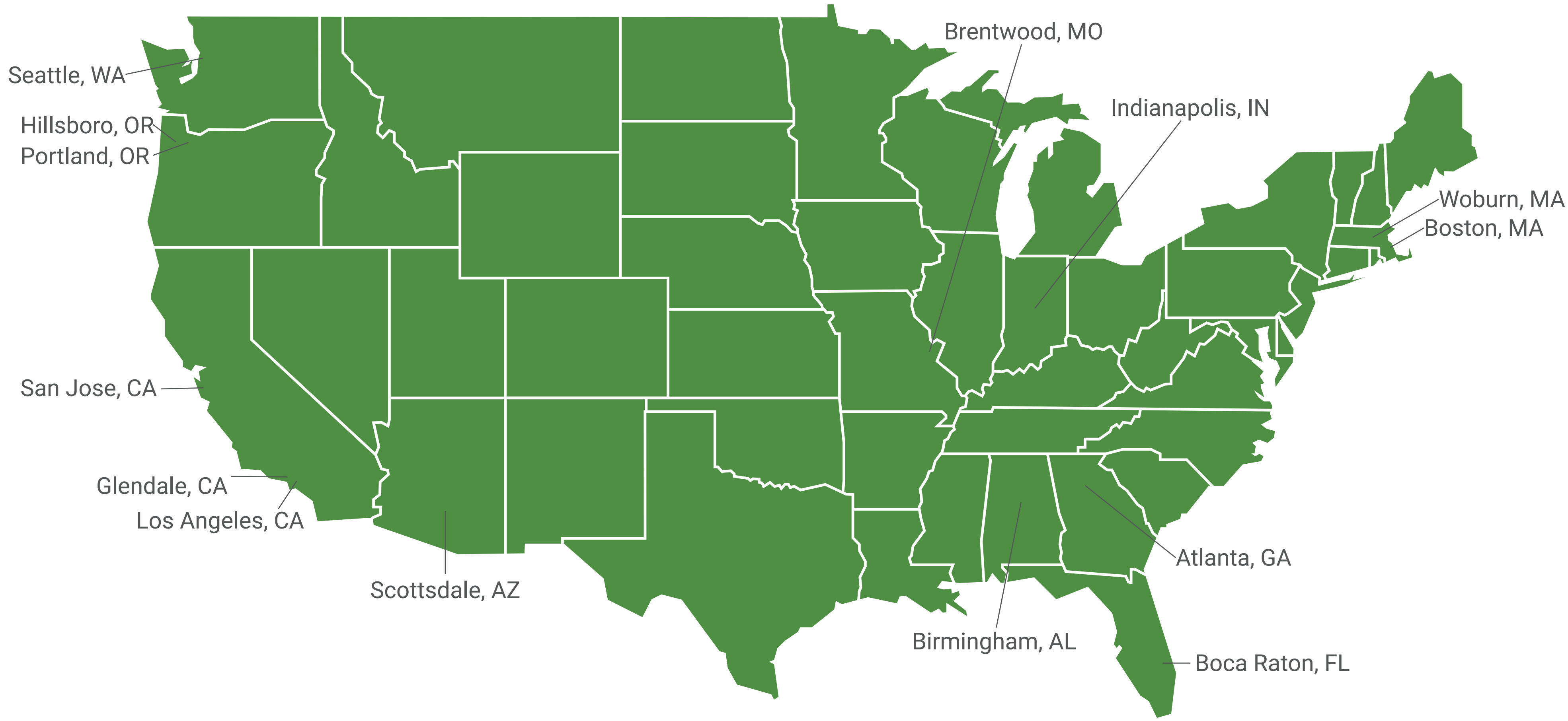
In the end, perhaps, that perspective matters more for long-term project success than any other factor.

REPORT ORGANIZATION

For this report, the centers have been grouped into the following five categories, though the reader will notice a range of project qualities within each category.

- **Grocery anchored**—the most traditional neighborhood and community centers, located in both suburban and urban neighborhoods.
- **Power of longevity**—pioneering centers that have achieved sustained long-term success.
- **Specialty**—centers that defy easy categorization.
- **Authentic history**—retail projects created through redevelopment of historic structures.
- **Urban**—unique projects in dense city districts.

LOCATIONS OF RETAIL CENTERS PROFILED IN THIS REPORT



CENTER PROFILES: GROCERY ANCHORED

Courtesy of Pace Properties

BRENTWOOD SQUARE

Power center
Brentwood, Missouri

Brentwood Square is a power center in Brentwood, Missouri, a close-in western suburb of St. Louis. The center is anchored by Whole Foods, Michaels, Nordstrom Rack, REI, and The Container Store, each with over 20,000 square feet of space, and Arhaus Furniture with about 17,500 square feet. Together these anchors account for almost 90 percent of the leasable area. The center also has four smaller tenants with 4,500 to 6,600 square feet of space.

BRENTWOOD SQUARE

Year opened: 2001

Site vicinity: Low-density suburban community with a mix of single-family detached housing, mid-rise office, and a range of community and regional shopping centers. Adjacent to Brentwood Forest, a 110-acre, low-rise condominium neighborhood with 1,425 residential units.

Site area: 16 acres

Uses

Retail: 199,800 sq ft
- Anchors: 177,500 sq ft (GLA)
- Non-anchors: 22,300 sq ft (GLA)

Floor/area ratio: 0.29

Number of tenants: 11

Parking spaces: 937

Owner: Pace Properties

Developer: Pace Properties via an RFP from city of Brentwood

Architects: Suttle Mindlin; TR,i Architects

BUILDING CONFIGURATION

All the stores in this mostly single-story open-air center are aligned in a single row, with nine of the 11 stores facing Brentwood Boulevard to the east, which provides the primary access to the center. Two small stores are in a separate side building located along Wrenwood Drive to the south, which provides secondary access to the site. Most of the parking spaces are in front of the main block of stores along Brentwood Boulevard, with additional parking north and south of the main block.

SUCCESS FACTORS

The center has never lost a big-box tenant because of individual store performance, says Rick Meyer, president and CEO of Pace Properties, which developed Brentwood Square and co-owns and manages it. Rather, any anchor turnovers have been the result of chain bankruptcies. Asked to account for the center's success, Meyer offered two "glaring and obvious quality measures: its strong and stable regional location and its strong tenancy."

Central location, strong demographics. The center benefits from its location in the central part of St. Louis County, with its dense population of affluent households: more than 100,000 people reside within a three-mile radius of the center and have a median annual household income exceeding $95,000. Brentwood Square also is within two miles of Clayton, the premier office submarket in the metro area, with many well-paid office workers.

Accessibility and visibility. Brentwood Boulevard is one of the few major north–south thoroughfares in the trade area. Access to the site is facilitated by three signalized intersections, two along Brentwood Boulevard and a third near the Wrenwood Drive entrance. The site is adjacent to Interstate 64, with visibility to eastbound drivers, and an I-64 interchange is immediately north of the center.

The site's natural advantages also have been enhanced by an early strategic design decision not to develop outparcels along the main access road, as is typical for retail centers. Though that meant the loss of potential leasable area, Meyer says, "we decided to be vigilant in terms of preserving the sightlines for our anchor tenants. As such, the visibility is exceptional from the primary arterial."

Retail hub. A final locational advantage for the center is the presence of two other major shopping centers nearby—the Promenade at Brentwood, a 338,000-square-foot power center directly east of Brentwood Square, and Saint Louis Galleria, the metro area's leading enclosed regional mall, with 1.2 million square feet of leasable area, located just on the other side of I-64. The combination of these three centers in such proximity makes the interchange the biggest retailing hub in the western St. Louis suburbs.

Unique tenants. Though the nearby retail centers inevitably compete with Brentwood Square for some shoppers and retailers, the center has prospered over the years through a strategy of finding tenants unique to the market.

"One thing we've done over the years is we have brought a lot of new tenants to the St. Louis area, or even the state of Missouri, for their first store," says Rob Sherwood, cofounder and managing director of Pace Properties. "We have a very robust tenant representation practice, as well as agency leasing in shopping centers. We're the biggest, in fact, in the trade area," which gives the firm an advantage in identifying and attracting these new tenants.

Brentwood Square had the first Whole Foods in Missouri and the only Whole Foods in St. Louis for the first 10 years of the center's existence, Meyer says. "They've since added stores, but that certainly contributed to the regionality of the center"—that is, expanded its effective trade area and draw, he says. "We're fortunate in that we have one of two REI stores in the St. Louis metropolitan area, for example, and I would say that that store draws from 10 to 15 miles. Likewise, Arhaus [is] unique in the St. Louis metropolitan area."

Architecture and design. Sherwood describes the Pace Properties design approach: "I think the principal difference is, in many, many strip centers of the period, [the design was] themed architecture, if you will—trying to be a train station or carnival or what have you. And our buildings each have an individual identity. I think the tenants appreciate that."

"We didn't want to build just another community center here," Meyer says. "We also didn't want to build something that was an architectural monolith. We wanted to give each tenant their own identity. But yet we wanted those storefronts and architectural elements to fit into a broader vision for the aesthetic of the center. You look around the landscape in the community center segment of our business, and you do see a lot of monoliths. We tried to avoid that." Sherwood and Meyer point to the center's success in retaining tenants and attracting new ones when the few vacancies arise as evidence of the architecture's appeal.

The center also works because it appeals to shoppers. "We have always sought out ways to improve the customer experience in the center," Meyer says. "At the time of development, we designed the center to have large, pedestrian-friendly sidewalks. We have also added bike racks and numerous permanent benches throughout the property, and we are always looking for landscaping upgrade opportunities to improve the aesthetic experience as well."

Courtesy of Pace Properties

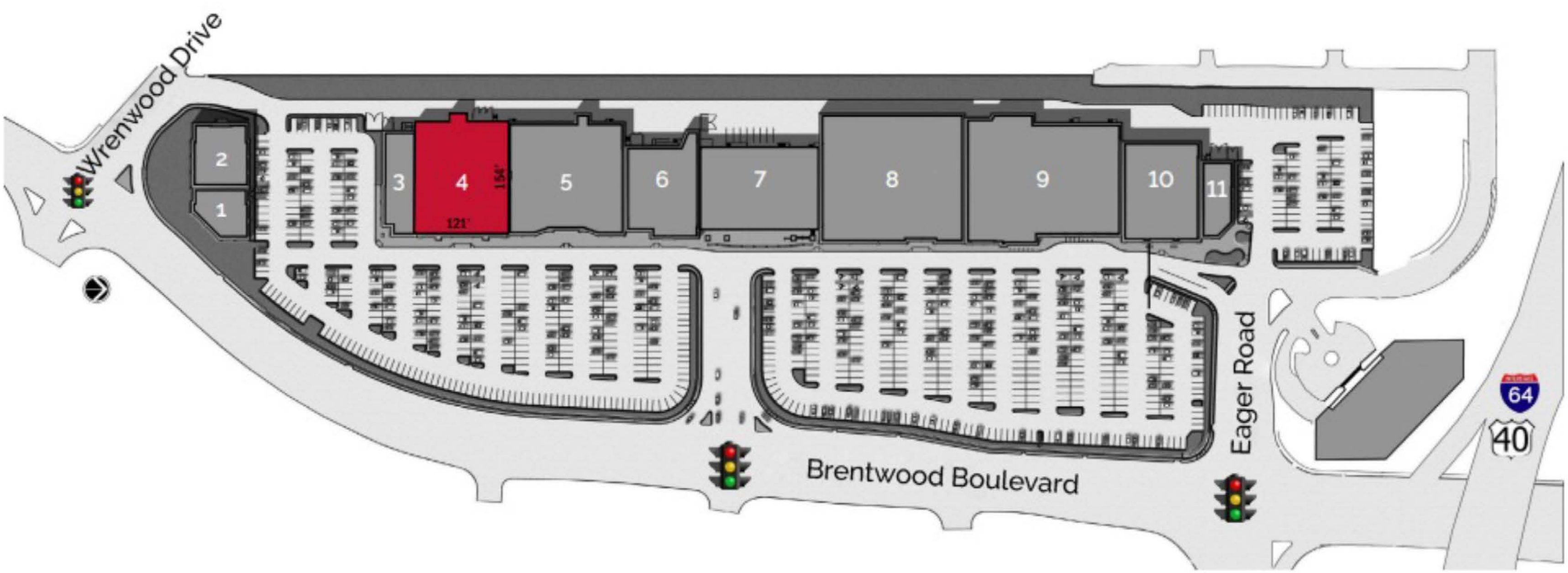
Community history. Says Meyer:

"The original Brentwood Square, which was built in the '50s, was one of the first open-air retail shopping centers of its kind in the Midwest. So, when we redeveloped the area, we had to assemble 70-plus properties to facilitate the development, but the largest property was the former Brentwood Square. We really tried to preserve some of the historical significance by utilizing the legacy name of the shopping center, Brentwood Square. We even utilized some of the retro signage, just to capitalize on that name recognition from the original shopping center."

PROJECT HISTORY

The current Brentwood Square resulted from the redevelopment and expansion of a small community center built in 1951 on a portion of the same site. The original center had just 65,000 square feet of leasable area split among about 20 tenants. The city of Brentwood wanted more intensive and urban development on the site, which was expanded from the original four-acre site to include 70-plus neighboring parcels totaling 16 acres.

The city issued a request for proposals in 1999 to demolish and replace the center. Pace Properties, which was already the leasing manager and so was very familiar with the center, took over the project in 2000 after the first developer could not proceed. Pace entered into a development partnership with the owners and remains both co-owner and manager of the center to this day.



Courtesy of Pace Properties

Andrew Pogue Photography

BLOCK 296

Urban neighborhood shopping center (on a mixed-use site)
Portland, Oregon

Block 296 is a superblock—twice as long as standard city blocks—in Portland's Slabtown district. It has two buildings: Slabtown Marketplace, an adaptive use of a 1952-vintage warehouse to serve as retail space, and LL Hawkins, a new mixed-use residential building with ground-floor retail. Slabtown Marketplace and LL Hawkins were the first major projects completed in a 17-acre redevelopment zone in northwest Portland.

BLOCK 296

Opened: 2015

Site vicinity: Densifying urban neighborhood with a diverse range of residential and commercial land uses. The immediate area is a master-planned redevelopment of a former industrial site.

Site size: 2.1 acres

Uses

Retail: 47,513 total sq ft
- Anchor: 28,000 sq ft (GLA) (in former warehouse)
- Other: 8,426 sq ft (GLA) (in former warehouse), 11,087 sq ft (GLA) (on ground floor of apartments)

Residential: 113 apartments

Floor/area ratio: 1.50

Number of retail tenants: 8

Parking spaces (for retail): 62

Co-developers: Capstone Partners LLC and Cairn Pacific LLC

Architects: Holst Architecture Inc. and GBD Architects

A 28,000-square-foot grocery in Slabtown Marketplace anchors the project and accounts for 59 percent of the leasable retail space. The other seven retail spaces, in the former warehouse and ground floor of LL Hawkins, range in size from 1,400 to 6,300 square feet and are occupied predominantly by service retail businesses and eating and drinking establishments.

BUILDING CONFIGURATION

Slabtown Marketplace occupies the western half of Block 296. A pedestrian walkway bifurcates the superblock and connects Slabtown Marketplace to LL Hawkins on the eastern portion of the block. All retail space is at street level, with the small LL Hawkins shops located on the first level of a mid-rise building.

SUCCESS FACTORS

Entering an emerging market early always presents a challenge. The market is untested, and success will depend partly on factors like the pace and reception of future development, which the developer has little control over. Such was the situation for Block 296.

“It wasn’t the very first project in the new Slabtown redevelopment area, but it was the first project of scale and the first to introduce retail,” says Chris Nelson, principal and cofounder of Capstone Partners, one of the development partners. Plus, the Slabtown district is situated between the NW 23rd shopping district to the west and the fashionable Pearl District to the east, so the surrounding area already had a considerable amount of retail space. Succeeding here would require a unique blend of offerings in order to attract shoppers and diners already patronizing nearby districts.

Success ultimately depended on the strength of the grocery anchor, selection and attraction of a complementary tenant mix, and the density of residential and daytime population in the trade area.

Critical anchor. Nelson was comfortable with the risks because of one key factor—the presence of the beloved regional grocery chain New Seasons Market as an anchor, which was required by the area master plan. Grocer interest in the site was strong because “there’s no room for another big grocery store in the trade area, so there’s a captive sole opportunity to own the sales in that space.” Plus, the number of households in the immediate area at buildout would “far exceed what would typically be found for a grocery store in that size. The closest other grocery store is in the Pearl District, which is quite a way away.”

New Seasons Market, a Portland-based grocer focused on natural foods and local sourcing, and with a very strong local following, was ultimately selected for this site. “It was a natural for them to go there because they like prime sites in the urban Portland neighborhoods,” Nelson says. New Seasons also appreciated the architecture of the renovated warehouse. “It’s got really high ceilings and the old, really neat character wood ceilings. So it became sort of the flagship for their chain.”

Staying local. The selection of New Seasons as the anchor illustrates another element of project strategy: there was a "very deliberate focus . . . to target well-known local or regional operators versus national operators," Nelson says. "Our feeling is that really good local and regional operators know their market as well as anybody, and we'd rather invest in a strong operator than just a big name. So when given the choice between sort of 'national retail' and 'strong local operator,' we always went with the local operator." Perhaps more than in most markets, "Portlanders like to support local business," Nelson says. "People make an extra effort to shop at New Seasons if given the choice." So the local-tenant bent helped drive customers to the project retail space.

Shared leasing philosophy. It also helped that "all the other projects in and around Block 296 have had a similar sort of philosophy and point of view related to trying to support regional operators and unique concepts, because people always want to try something that's unique and different, not what's generic and what you can find in any other city," Nelson says.

Leasing strategy. Getting the right tenant mix required not only selecting the appropriate tenants, but also executing a strategy to attract them. Starting with the grocery anchor, Capstone went after a "baby anchor" for the second-largest space and settled on Breakside Brewery. "It's a cult beer in the Pacific Northwest and particularly in the Portland area," Nelson says. "So we really felt fortunate to be able to attract Breakside to the Slabtown Marketplace because it really planted a big flag there."

With those table stakes in place, Capstone attracted several other local eateries with strong followings, particularly Besaw's, a historic restaurant in the Pearl District since 1903 that relocated to an expanded space in the LL Hawkins building. "The combination of those tenants really created—I wouldn't call it a shift in the trade area, but really an expansion from that 23rd Street area up to the east to Slabtown," Nelson says. "And then each project that's come along since then has sort of leveraged off of that early success. And activity in the retail business begets more activity, and so now the trade areas is more filled in. Looking back, those were . . . the key ingredients and catalysts to create a spark and . . . the flywheel started cranking, and now it is in a destination place that's well known."

Population density/accessibility. Underpinning the success of the New Seasons and the other tenants is the factor that attracted them in the first place. "There's an incredible amount of density within five minutes of the neighborhood," says Nelson. "[And] that critical mass doesn't require the ability to have a car to be able to access the retail." He adds:

"So I'd say" that visibility, critical mass, and hours of traffic are all really strong. . . . And then when you get a good critical mass of diverse, well-operated retail, it builds on itself."

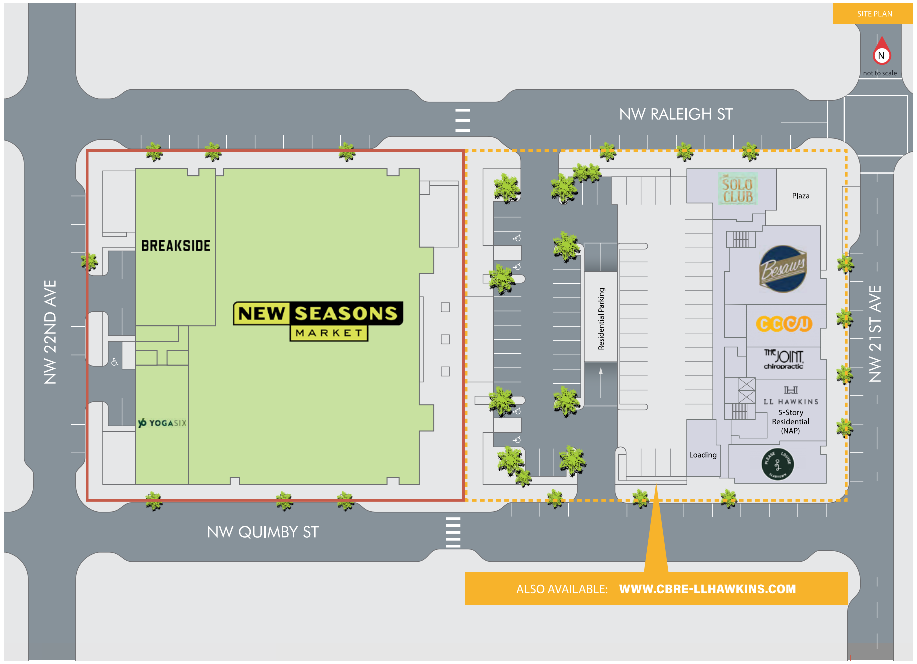
Timing of market support. Having both residential and employment population generates customers throughout the day. "The opportunity for sales morning, noon, and night: if you can drive sales between 7 even in the morning or 8 in the morning, and through the evening in a neighborhood, you're going to have more success," Nelson says. "And if a New Seasons opens up at 8 in the morning, and you got people rolling in for coffee and pickup—they have a hot bar for breakfast or whatever. They're capturing sales in the morning that a neighborhood without the same amount of density might not."

PROJECT HISTORY

The site that became Block 296 originally was part of a large shipping and warehouse district operated by Consolidated Freightways (Con-way), a freight service and logistics company based in Portland. Con-way folded in 2002 and sold off its 17-acre property after adopting a master plan for the district.

Completed in 2015, Slabtown Marketplace and LL Hawkins were the first two significant projects completed in the Con-way Master Plan and helped catalyze the local development and revitalization that followed in the area.

Breakside Brewery



Capstone Partners

Courtesy of PRIMESTOR

FREEDOM PLAZA

Community shopping center
Los Angeles, California

Freedom Plaza is a new ground-up retail development anchored by a Smart & Final grocery, Ross Dress for Less, Nike, and Blink Fitness, which together make up 75 percent of the center space. The balance of the stores are a mix of small service firms and retailers.

Primestor began serious planning for Freedom Plaza in 2017 and completed it in early 2020. Despite the strong headwinds from opening at the beginning of a pandemic, leasing and consumer support have been strong. The center is now essentially fully leased, with only a couple of small in-line spaces under negotiation as of April 2022.

Though it is a standalone project, Freedom Plaza was constructed as part of the Jordan Downs redevelopment.

FREEDOM PLAZA

Opened: 2020

Site vicinity: Densely developed residential; limited commercial. Density adjacent to the site will increase with the redevelopment of Jordan Downs into a master-planned community.

Site size: 9.5 acres

Uses

Retail: 113,359 sq ft
- Anchors: 86,000 sq ft (GLA)
- Non-anchors: 27,359 sq ft (GLA)

Floor/area ratio: 0.27

Number of tenants: 18

Parking spaces: 442

Developer/owner: Primestor and Federal Realty; a partnership

Project architect: Nadel Architects

BUILDING CONFIGURATION

Most of Freedom Plaza is located on a parcel at the northwest corner of Century Boulevard and Alameda Street, with most tenants in one linear block along the north side of the site and several tenants in two small blocks at the southwest corner; there is also one small outparcel at the southeast corner. Blink Fitness is located on its own parcel to the south across Century Boulevard.

All the single-story tenant spaces are accessed from the parking areas via external entrances.

The residential component of the redevelopment project is located mostly west and southwest of the center.

Courtesy of PRIMESTOR

SUCCESS FACTORS

Developing new retail in underserved communities can be challenging. But "the genesis of the firm is really about projects like this," says Arturo Sneider, chief executive officer of Primestor, which developed Freedom Plaza in partnership with Federal Realty. "This is the only reason we exist."

Community engagement. Succeeding in this environment starts with community engagement, which began years before the formal project planning, Sneider says. "The extent of community engagement that we all have undertaken [means] that the community is truly integrated into the project and [has] been from the beginning. So, they basically have birthed the center themselves—and they work in it, and they shop in it, and they know every piece of it," he says. "By the time it got built, they have already known it well."

"We have a very, very long-term view," adds Jeff Berkes, president and chief operating officer of Federal Realty. "And we think we need to be part of the community, not someone that's just coming in and making some money and exiting. And you do that through how you operate the asset. And obviously you'll also do that through how you design and build the asset as well."

The project team "set out to bring in all of the uses that the community talked about needing and wanting—so, the supermarket, the bank, fitness facility, opportunities for food and beverage that they didn't have," says Sneider. Before Smart & Final—and despite the dense population, with 57,000 people living within a mile of the site—the area was a "food desert," with no other supermarket available within a mile.

Income density. Even with the clear need for retail in the area, Sneider admits it was a tough sell initially convincing retailers to sign on. “It was definitely trailblazing,” he says. The market area’s residential density was compelling to retailers, but not the demographics. Many local residents were and are low income. To counter that, Sneider speaks in terms of “aggregate income per acre.” That notion captures the totality of the nearby spending power by combining household incomes and the number of area households, which Primestor determined is more than three times higher per acre than that of the L.A. metropolitan average.

Further, the project team demonstrated that the lack of nearby stores was causing this spending power to leak out of the area. Compared with over 20 square feet of retail space per capita nationwide, the figure is in the low single digits in Watts—representing a lot of untapped demand.

Further support for the retail space is indicated by the community’s unusually strong connection to the center. “If you’re in more traditional institutional markets throughout the U.S., there’s always an alternative [for shoppers],” says Berkes. “But in the communities [where] Primestor operates, there isn’t. So, the level of . . . community attachment to the physical place that’s been built is exceptionally strong. And it’s really woven into the fabric of the community and an important part of it.”

High-quality construction. A critical factor for attracting the tenants was “the quality of the architecture and the improvements,” says Berkes. “You would think, maybe because of the area and because of rent levels not being what they are in more affluent parts of L.A., that you would end up with kind of a utilitarian architecture and materials choices in order to make the economics work on the project. It’s the exact opposite. The quality of the architecture, the quality of the materials, the quality of the public spaces and improvements are no different than what you would build on the more affluent west side of Los Angeles.”

Some might view the quality level as a risk given the modest incomes in the area. Not the Primestor/Federal team. “It’s a nonnegotiable,” says Berkes. “We think about the long-term stability of communities and the direction that they take, based upon the investment that you make and the environment that you build. And since we’re in it for transformational purposes and really getting communities to where they have that sense of ownership, the expectation on architecture design and quality was never something that was even up for debate. It was about creating a cost-effective yet incredibly attractive project that people would respect and see that we cut no corner for that just because the demographic is different than the mainstream.”

Courtesy of PRIMESTOR

PROJECT HISTORY

Redevelopment of the Jordan Downs public housing projects began with project planning and community engagement around 2004. Constructed in the Watts neighborhood of South Los Angeles as temporary housing for factory workers during World War II, the 700 units of housing were taken over by the Housing Authority of the City of Los Angeles (HACLA) in 1955 and deteriorated over time. The city ultimately decided to demolish and densify the project, guaranteeing housing for all existing residents and doubling the number of units while also providing land for the retail center, a park, and other community amenities.

The project's housing will be constructed in phases. In addition to the 250 units completed to date, more than 1,300 units are scheduled to come on line when the project is completed in summer 2028.

Partners in the larger redevelopment project include HACLA, Bridge Housing, and the Michaels Organization, which is not involved in Freedom Plaza.

Courtesy of EDENS

MOORES MILL

Neighborhood retail center (on a multiple-use site)

Atlanta, Georgia

The Moores Mill shopping center is anchored by a 45,600-square-foot Publix supermarket; an 11,800-square-foot CVS drugstore also acts as an anchor but is now under separate ownership. Together, these anchors account for over 70 percent of the center's retail gross leasable area. The other tenants are a mix of mostly local restaurants and service firms. The largest of these in-line tenants is Piedmont Primary Care, a 4,800-square-foot outpatient clinic for a local hospital.

MOORES MILL

Opened: 2017: phase I; 2020: apartments; 2021: retail phase II

Site vicinity: Evolving low-density area where sites with industrial buildings are being converted into single-family residential to the south, established single-family residential to the north, and new multifamily in the immediate vicinity; limited retail nearby.

Site size: 6.04 acres (retail site, center owned); 1.42 acres (CVS site, not center owned)

Uses

Retail: 81,948 sq ft

- Center-owned anchor: 45,600 sq ft (GLA)
- Non-anchors: 24,548 sq ft (GLA)
- Anchor, not center owned (CVS): 11,800 sq ft

Residential, not center owned: 345 apartments

Floor/area ratio: 0.25 (center-owned retail site)

Number of retail tenants: 14

Parking spaces: 384 (for center-owned retail)

Owners: EDENS (retail center), Equity Residential (apartments)

Developers: EDENS (retail center, including CVS site) and Crescent Communities (apartments)

Architects (retail): Phase I: Fisher Architects; phase II: Hiscutt & Associates

The project involved the complete redevelopment of a site previously occupied by a small retail center. In addition to Moores Mill, the site now includes Luna Upper Westside, a 345-unit apartment building.

BUILDING CONFIGURATION

The grocery and drugstore anchors are situated along Marietta Boulevard, the major arterial in west-central Atlanta; the other retail tenants are along secondary roads through the center facing the primary surface parking lot between them. The mid-rise apartment building is immediately to the east in several buildings.

The site is a crossroads between the established Buckhead neighborhood to the north and a largely industrial area to the south that is evolving with more residential uses.

SUCCESS FACTORS

When EDENS purchased Moores Mill, it was failing and dilapidated, and most of its stores were long gone. “It had seen better days,” says Herbert Ames, senior vice president and Southeast regional lead for EDENS, in a bit of an understatement. But the area was changing. “You had these outmoded industrial tracts of land to the south. They were changing hands, and these rail terminals were converting into residential,” he says. “And it was driven largely by folks that were trying to get close to [Atlanta’s] office markets and this in-town lifestyle, but provided an alternative to the established Buckhead neighborhood to the north.”

Although at one time, Moores Mill had two grocery stores, Big Apple Food and Colonial Food Store, they had closed, and now no supermarket was located in the immediate trade area. “This area really was a food desert, according to the neighbors and the city leaders that we were working with on that, which made this a big priority,” Ames says.

Underserved market. With no neighborhood shopping in this increasingly residential area, EDENS saw the potential for a revitalized retail center on the site. “We identified the need early on that there was a lack of basic food and services in this trade area,” Ames says. “And that’s exactly what you see here: take-home, banks, dry cleaning, a veterinarian, a doctor’s office—all very basic thoughts around the merchandising—and then layering in some local food that gives it this sense of place.”

But most important was the lack of a supermarket. The closest large grocery is about 2.5 miles to the northwest, with another the same distance to the east, creating an untapped doughnut hole in the middle. It also helped that EDENS was able to sign Publix, a dominant grocer in the region with a strong local following.

Timing. The previous center had been at the site for nearly 60 years, but for a while much of the area had trended toward industrial uses that do not support much necessity shopping like grocery stores. When EDENS purchased the center, development was changing toward residential, which could provide more support for a neighborhood center. Moreover, “that also aligned with this great move back into the cities. This is an infill site,” says Ames. “So, there was this attraction to being closer to where you work and where you want to live and play." This all made the center ripe for a fresh start with new, modern construction.

Improving demographics. Increasing residential density was a related essential ingredient for the center's success. "There was just tremendous opportunity to the south," Ames says. "The northern trade area . . . has been for a long time very stable, etc." He adds:

"So, it was really about the changing demographics . . . the changing dynamics of the area to the south, this transition from largely industrial area serviced by the rail yard . . . to much more of a residential area and people wanting to be close to town."

Development catalyst. Though the area was already evolving when EDENS decided on the redevelopment, the project has been a catalyst for further development in the area, which has resounded to the benefit of Moores Mill itself. But it was initially tough to interest development partners in the residential component of the project because no other multifamily projects were yet in this corridor to demonstrate market demand.

EDENS knows from project experience that having a high-quality neighborhood center can help sell the residential component. "This is something that we've done time and time again, where we see that residential rental rate bump as a result of the retail," Ames says. "So that interest was significant after the grocery store was there." Thus, "in the absence of market comps that would have supported a residential development earlier," the success of the retail center helped convince the residential partner to sign on, he says.

Luna Upper Westside, the apartment building, has sparked the development of several other multifamily projects nearby. In turn, this new residential population provides more support for the retail tenants, not least from Luna Upper Westside itself, whose residents can easily walk to the grocery and restaurants. There are now four new projects nearby with 785 apartments and 200 townhouses, plus others in the proposal stage or under construction.

The area has become more attractive to other land uses as well, which will provide further market support. For example, Microsoft recently announced acquisition of a 90-acre site about three miles to the south where it is planning a campus for 15,000 employees. "What this site did, in an area that had been so ignored and left behind for many years, was to bring a lot together at one location," Ames says.

Community investment. One factor seemingly unrelated to the retail has also been important. EDENS worked to improve a park that abuts the residential component. "This is a city park that had been largely ignored and was in need of some repair," Ames says. "We partnered with the Gonzalez family, who created [the park], and provided an endowment for them to get going and recruit other businesses and other philanthropy organizations to contribute toward a massive overhaul of this site and turn this park into a very inclusive green space." As well as being a generous contribution to the community, the revitalized park made the area more attractive to local residents, which helped the success of Moores Mill.

Access and visibility. Having a prominent site along a major thoroughfare is critical for a thriving neighborhood center, and this project sits on the busiest road in the market area. Also noteworthy is that EDENS extended a secondary street, Moores Mill Road, from Marietta Boulevard through the center to another major street, Bolton Road, so that the center could be reached from two major streets and achieve a long-standing city transportation priority.

Business model and experience. Succeeding where others have failed is no fluke. Redevelopment of failing centers requires experience and dedication—a core competence for EDENS. "At the end of the day, we are an owner and operator, and enriching community is really how we value what we do," Ames says. "We want to design these places to foster dwell time, to bring people together, and all of them take a little bit of a different shape and feel depending on where that neighborhood is, or where that community is, and what the needs are ultimately moving forward. But that's really what we do."

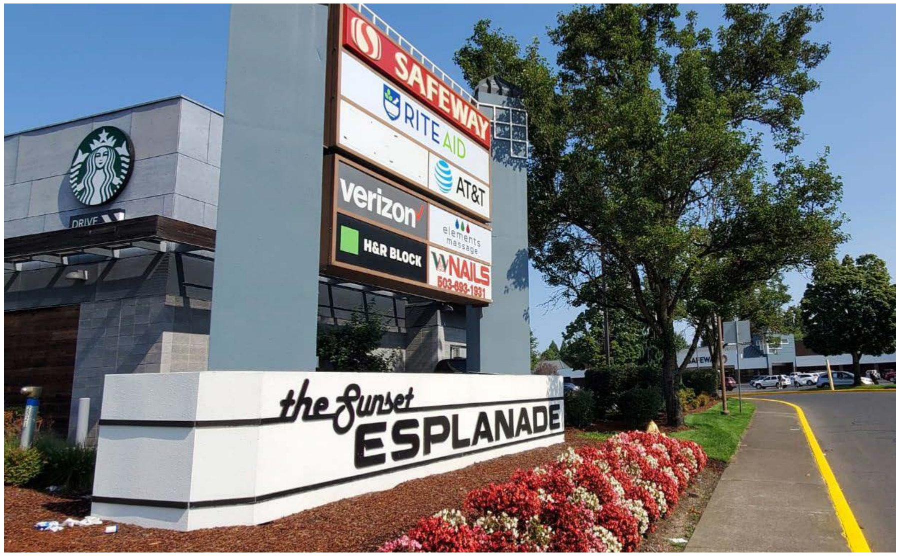
Courtesy of EDENS

PROJECT HISTORY AND OUTLOOK

Moores Mill is the redevelopment of a center built on the site in 1959. After EDENS secured approvals, ground was broken in early 2016 for an entirely new mixed-use project. EDENS bought an adjoining parcel to build a new store for CVS, the only tenant remaining from the old center, and has since sold that portion. The center was developed in two phases: the primary phase opened in 2017, and the smaller phase was completed in 2021.

EDENS brought in Crescent Communities to develop the residential component. Crescent sold its stake to Equity Residential after the project achieved stabilized occupancy.

Courtesy of EDENS



Courtesy of Pine Tree

SUNSET ESPLANADE

Community shopping center
Hillsboro, Oregon

Sunset Esplanade is a single-story retail center situated in a growing suburban community. It is anchored by Target (the footprint is store owned), Safeway, Rite-Aid, Dollar Tree, Ross, and Burlington (signed, but not yet occupied as of April 2022). These tenants together account for just over two-thirds of the leasable area. The approximately 40 other tenants range in size from 1,200 to 7,500 square feet of space, with most occupying less than 2,000 square feet, and are a mix of small retailers and fast-food restaurants.

SUNSET ESPLANADE

Opened: 1989

Site vicinity: Growing, low-density development of single-family neighborhoods and open space: limited retail along major arterials.

Site size: 32.3 acres

Uses

Retail: 372,000 sq ft
- Center-owned anchors: 156,000 sq ft (GLA)
- Non-anchors: 114,000 sq ft (GLA)
- Anchor, not center owned (Target): 102,000 sq ft

Floor/area ratio: 0.26 (includes Target)

Number of tenants: 45

Parking spaces: 2,090

Owner: Pine Tree

Developer: Real Property Resources Inc.

Architects: Benner Stange Associates

BUILDING CONFIGURATION

Most of the center's stores are configured in a C shape set back from the highway, with a large surface parking lot in front offering over 2,000 spaces. A group of outparcels is situated along the highway and generally faces the primary block of buildings.

SUCCESS FACTORS

Sunset Esplanade is virtually entirely leased and has been nearly or fully occupied for many years. Three factors stand out as responsible for its success: a highly visible location; a strong, growing trade area; and limited opportunities to add more retail space nearby—all ensuring a captive consumer market.

Access, visibility, proximity. Sunset Esplanade is located along Tualatin Valley Highway, the busiest road in the area, providing excellent visibility and access. Traffic volume at the access intersection to the center, at SE Cypress Street, is about 27,000 vehicles daily.

Sunset Esplanade also benefits from the presence of Home Depot and Lowe's stores directly across Tualatin Valley Highway, providing strong shadow anchors for the center, thereby increasing the effective market pull.

Limited competition. "It's a pretty simple story, but I think it illustrates some of the dynamics that make centers like this work," says Peter Borzak, chief executive officer of Pine Tree, the center's new owner. "There is a noticeable lack of competition, and the area is not over-retailed. There are also major barriers to entry so there is no threat of new competing properties. Those are things that we definitely look for."

Oregon has strong planning regulations, with new development sharply controlled. Retail space in the vicinity is mostly strip centers with local retailers, and the closest supermarkets are several miles away. The strong planning controls constrain the potential for new competitive centers.

Residential and daytime population. The market area is dense for a suburban market, with 90,000 people living within a three-mile radius and almost 200,000 people within five miles. And the area is still growing. South Hillsboro, a new residential neighborhood under development, is located about a mile east of Sunset Esplanade and will ultimately add 8,000 homes and up to 20,000 new residents to the area.

"It's unusual to find a growth area in this submarket, but there are several thousand new single-family homes that are being developed nearby that are going to add population," says Borzak—"not huge or dramatic, but it will help create more traffic, which is another appealing factor."

A substantial daytime population is also present due to the nearby offices and industrial parks, with 48,000 workers within three miles and 94,000 within five miles. “You’ve got a great employment base in the area with a couple of really iconic names and brands in both Nike and Intel,” says Borzak. The center is situated in a highly desirable submarket of Portland known as Silicon Forest. In addition to Intel and Nike’s world headquarters in Beaverton, nearby employers include Salesforce, IBM, Genentech, and Oracle.

Adaptability. Sustaining long-term success also requires the ability to adapt when needed to changing conditions. The center performed well during the pandemic, in part by pivoting to enable easy pickup for online orders. “Safeway and Target are both very active in that arena and doing really well,” says Borzak. “They’re using the space for shoppers, but they’re also using the space for last-mile delivery and allowing people to pick things up in the store. Or if people are ordering online for home delivery, they can return them to the store as well.”

PROJECT HISTORY

Real Property Resources started planning Sunset Esplanade in early 1986 on what was then farmland. The project opened in 1989 at almost its current size. Modest additions were made in 1991 and 2017–2018, expanding gross leasable area by less than 10 percent. Previous owners also made cosmetic improvements to the center in 2011. It was acquired by Pine Tree Realty in 2022.

Courtesy of Pine Tree

Courtesy of EDENS

WOBURN VILLAGE

Community shopping center (on a mixed-use site)
Woburn, Massachusetts

A Market Basket supermarket, together with three big-box discount stores, anchor the Woburn Village community shopping center and account for almost two-thirds of its retail leasable area. The other tenants are a mix of mostly national chains and some local tenants, with a heavy concentration on dining, including full-service, fast-casual, and fast-food restaurants.

WOBURN VILLAGE

Opened: 2021–2022

Site vicinity: Mature suburban area with a mix of primarily single-family residential and industrial space, with limited retail.

Site size: 23 acres

Uses

Retail, center owned: 202,000 sq ft (GLA)
- Anchors: 124,000 sq ft (GLA)
- Non-anchors: 72,450 sq ft (GLA)

Residential, not center owned: 350 apartments (25% affordable)

Floor/area ratio: 0.60 (includes retail and residential)

Parking spaces: 1,445

Developers/owners: EDENS (retail), Avalon Bay (apartments)

Project architect: Amenta Emma Architects

The center is the redevelopment of a small, enclosed mall—the former Woburn Mall—as an open-air center, with three of the original anchors retained. The site also now includes Avalon Woburn, a residential community with 350 apartment units of which 25 percent are affordable, constructed on a segment of the former mall footprint.

BUILDING CONFIGURATION

The four big-box retail tenants are arrayed in an irregular line along the site's north side, facing the primary surface parking lot. The apartment component is in the northwest corner of the site and has ground-floor retail on the corner of the building closest to the other retail spaces, creating continuity in the retail lineup. This ground-floor retail is owned by EDENS. The rest of the retail is grouped in smaller linear concentrations meant to evoke a walkable village.

Courtesy of EDENS

Courtesy of EDENS

SUCCESS FACTORS

Woburn Mall was struggling when it was acquired by EDENS: it had extensive vacancies and was in need of significant renovations. But Brad Dumont, who led the Northeast region for EDENS, was confident of the center's potential because of the outstanding transportation network near the site, the strong trade-area demographics, the strength of the existing retail anchors, and the limited nearby competition—all of which suggested significant untapped upside.

Transportation access. Woburn Village is located adjacent to one of the busiest highway interchanges in Massachusetts. This benefits both the retail and residential components of the project, says David Gillespie, who managed the residential development for Avalon Bay. "It's at a really great transportation node with the intersection of I-93 and I-95. I-95 serves as the beltway for Greater Boston, and I-93 goes directly into downtown Boston," he says. "It also is about a mile away from the Anderson Transit Center, which is a regional commuter . . . hub for rail, transit, commuter-rail transportation. So you have all those great advantages."

Strong demographics. EDENS has a rule of thumb for its community centers: "100/100 within the three-mile radius," Dumont said—100,000 people within a three-mile radius and an average household income above $100,000. "The three-mile radius for Woburn—the population is 95,000, but you have an average household income of $155,000, so they kind of balance each other out," he said. "And then you also have educational attainment like college degree or higher of 76 percent, which is a really good factor for the kind of consumer we're looking to draw."

When considering the total buying power—the average household income times the number of households—EDENS targets a minimum of $3.5 billion to $4 billion. With the trade area comfortably exceeding that at about $4.7 billion, strong consumer support for retail exists in the vicinity.

Great anchors. The strength of the anchor stores was another reason for EDENS's initial interest in the project, as well as for its success today. Market Basket is a family-owned regional supermarket chain with a loyal following in New England. The other anchors are all major discounters—TJ Maxx/HomeGoods (clothing and home furnishings), HomeSense (also furnishings, but more focused on furniture), and DSW (shoes). Said Dumont:

"In today's retail world, there is still a demand for those retailers who have that loyal customer. TJ Maxx is just one of those retailers that you've seen has consistent sales growth, is delivering on things that people . . . can't get online."

Though average incomes in the trade area are relatively high and the trend in the area has been toward higher incomes, a receptive audience still exists for discount retailers.

EDENS reports that both TJ Maxx and Market Basket are performing in the top 5 percent of their chains, which helps draw shoppers to the center. In particular, "we really believe in groceries as an anchor just because they provide the trips that we need for successful retail," said Dumont. "Bringing that to two to three trips per week is always a goal of ours in terms of the successful dynamic retail experience."

Underretailed. Even with the strong anchors, all of which were tenants of the earlier center except the new HomeSense, EDENS believed the area was underretailed and that the potential existed to support more, especially for dining. A major mall, MarketStreet Lynnfield, is about eight miles east of Woburn Village, and another, Burlington Mall, is about five miles to the west, but there is nothing in between.

This created "this hole in the doughnut where we felt like there was an opportunity to really make some upgrades to the food offerings, which we feel like we delivered from a fast-casual and a full-service nature," Dumont said. "A lot of the food that was missing—where people were having to leave Woburn to go to Lynnfield or go to Burlington—now it's all in their local trade area as well."

Tenant buy-in. EDENS needed to overcome several obstacles to transform the former interior mall into an open-air center. Perhaps the most challenging aspect of the development was getting tenant buy-in. "There were long-term leases in place with Market Basket, DSW, and TJX," Dumont said. "We had to renegotiate all of those leases to allow for this new kind of more densified, new vision for the property."

Those leases provided a solid foundation for the tenant mix but complicated the construction staging. "We had this barbell where we had Market Basket on one end, TJ Maxx on the other, and we had to demolish the whole interior mall, rebuild the new TJ Maxx concepts, move them over [before] we could build," he said. Thus, careful construction planning and execution were also crucial to the project's success.

Business and city partnerships. Both EDENS and Avalon Bay cite having the right partnerships as a key lesson learned from this project. Those relationships started from the very beginning, when EDENS was still in discussions with the previous mall owner. "We moved very quickly," Dumont said. "We met with the mayor of Woburn, we met with the president of the City Council, and they gave us a comfort level that they really wanted to see something happen there. We formed a partnership with the city at a very early stage." EDENS also quickly signed an agreement with Avalon Bay, even before closing on the mall purchase, which helped accelerate the project planning and approvals.

The partnership was important, Avalon Bay's Gillespie says. "We had done business with them before, which made a big difference," he says. "And each partner needs to stay flexible. There are a few things that [each of us] had to change along the way. And if your business relationship is strong and there is trust on both sides, you can actually accomplish those things."

Flexibility. "EDENS had planned on having a movie theater at the site originally, and that's what the original zoning called for," Dumont said. "But to invest $15 [million] to $20 million in a movie theater when there's just a lot of uncertainty about that, about the theater chains, . . . we needed the flexibility to phase that in later. So instead of doing the movie theater, we went to the city and said we have this idea that this really dynamic green space could be a really great community gathering place."

That flexibility will enable the center to program different activities. "We can do movie nights, we can do ice skating, we can do a beer garden, we can do pop-up retail. We can have all these different things if you can adapt to the environment," Dumont said. EDENS also worked with the city to adjust the design of its restaurants to increase the amount of outdoor seating, which proved popular during the pandemic.

Symbiosis. There is a symbiosis between the retail and residential components of a successful mixed-use project, Gillespie says. "The retailers—for example, a coffee shop—love that our residents live right there and will walk and get coffee or meet their friend for coffee within walking distance to their home," he says. "At the same time, our residents really value it. So there are inherent advantages. But it can't just be any retail. It needs to feel walkable. It needs to have a mix of tenants that directly relate to your everyday life for it to be ultimately very successful."

PROJECT HISTORY AND OUTLOOK

Woburn Village is the redevelopment of the former Woburn Mall, an enclosed mall last owned and operated by Bentall Kennedy (now BentallGreenOak), which sold the center off-market to EDENS in 2017. EDENS brought in Avalon Bay to develop the residential component before closing the mall purchase. Construction began in 2017 and was largely completed in 2021, with the final spaces opened in summer 2022. (EDENS managing director Elizabeth Furnelli is the current Northeast regional lead.)

Courtesy of EDENS

CENTER PROFILES: POWER OF LONGEVITY

Courtesy of Macerich

KIERLAND COMMONS

Lifestyle center (integrated into mixed-use component of a master-planned community)
Scottsdale, Arizona

Kierland Commons is often regarded as the first lifestyle center in Arizona. The project was pioneering not only in its concept, but also for its location at what was the far northeast corner of the Phoenix metropolitan area when it was developed. The center commands a strong draw of destination shoppers, with its curated mix of restaurants serving as the anchor. Among its larger tenants are Crate & Barrel, Arhaus, Anthropologie, Tesla, and Mastro's Ocean Club, ranging in size from 3,000 to 37,000 square feet.

KIERLAND COMMONS

Year opened: 2005

Site vicinity: Kierland Commons is part of the 730-acre Kierland master-planned community with single-family residential, multifamily condos, a resort/spa, and a golf club. Another major retail center, Scottsdale Quarter, is directly across the street, and other retail centers and strip retail are located nearby, along with medium-density office and residential development.

Site size (Kierland Commons): 38 acres

Uses

Retail, restaurants: 342,488 sq ft (GLA)

Office: 124,214 sq ft

Residential: 84 condominium lofts

Floor/area ratio: 0.38

Number of retail tenants: 75

Parking spaces: 2,040 spaces (shared by retail and office uses)

Owner: Macerich

Developer: Woodbine Development Corporation

Project architect: Nelsen Architects

USA Today's "10Best" website describes the appeal: "Kierland Commons is one of North Scottsdale's most urban and urbane shopping destinations. The edgy and fun flavor of this big city–inspired shopping village features dynamic, palm-lit streets, splashing fountains, and high-energy bars and restaurants."

BUILDING CONFIGURATION

Kierland Commons has what has become a common layout and design for lifestyle centers, though it was pioneering for Arizona when it opened in 2000. The mostly one- and two-story buildings are situated along one main street and three adjoining cross streets, creating a grid. The 70 retail spaces are pedestrian oriented and at ground level. The residential units are located both above the retail units and adjacent to the retail space in a tower. Office buildings flank the retail and residential core to both the east and west, with all office space located above some type of retail space.

SUCCESS FACTORS

Kierland has exceptionally strong sales volumes—among the highest in the Phoenix metro area as well as in developer/owner Macerich's entire portfolio. According to the center's management, factors contributing to the center's history of success are foremost its location, from which it benefits in several ways, as well as the carefully curated tenant mix and design.

Access and visibility. Kierland Commons sits along North Scottsdale Road, the busiest road in the upper northeast quadrant of the Phoenix metro area, with over 50,000 vehicles passing the site daily. This location thus provides Kierland Commons with both outstanding access and visibility for the market area.

Trade area. Upscale shopping options in the northeast quadrant are limited, with only a couple of destinations offering a critical mass of better lifestyle/apparel tenants, as well as top-drawing restaurants. Kierland Commons also benefits from a first-mover advantage that enabled it to capture a significant market share for this fast-growing segment of the metro area before other shopping centers could be developed and gain a foothold.

This advantage was not obvious early on. Several other developers passed on the opportunity to build a retail center on the site, perhaps believing the market was not yet ripe and the demographics too thin to support retail. Thus, project success required original thinking to conceive an appropriate workable vision for the site.

Today, Kierland Commons draws from an irregularly shaped trade area of some 900,000 people living mostly to the north and east of the center; more retail competition exists to the south and west.

Complementary nearby land uses. The center gains from synergies with nearby development. In the immediate vicinity are the homes and commercial space developed as part of the Kierland master-planned community, including hotels and office buildings. The community has continued to densify, and these residents, visitors, and office tenants provide market support for Kierland Commons.

The center is also close to Scottsdale Airpark, among Arizona's largest employment nodes, with over 2,900 businesses employing more than 50,000 workers.

Competitive retail. The center's effective market area is expanded by the presence of another sizable retail center directly to the east along North Scottsdale Road. Like Kierland Commons, Scottsdale Quarter is a relatively upscale open-air lifestyle center in a mixed-use project with about 370,000 square feet of retail space, plus 200,000 square feet of office space. Though the two centers compete for customers and tenants, together they raise the market visibility and draw of the combined centers, benefiting both. This is proved by the fact that Kierland Commons has continued to prosper even after Scottsdale Quarter was added to the market in 2009, several years after Kierland Commons was completed.

Regional tourism. The center gets additional support from tourism, which accounts for a significant share of the Scottsdale economy.

Courtesy of Macerich

Tenant mix. Even with its excellent location, execution is key for the center's success. No factor is more important than an outstanding mix of tenants. Macerich is especially proactive in keeping its tenant mix fresh. At Kierland, the firm focused on "unique, digitally native brands that historically did not participate in bricks-and-mortar space, leveraging Macerich's relationships across the nation and their portfolio," says Scott Nelson, senior vice president for real estate services at Macerich.

"At the end of the day, it's the tenants, it's the tenant mix. It's the environment, it's the experience that the shopper, the patron, the diner takes in," says Nelson. "Our goal is, how do we continue to add unique retailers, first-to-market retailers, one-of-a-kind retailers—not the trend, not necessarily the hot-and-trendy retailers, but those retailers that really resonate with the consumer, have a real brand that resonates with the consumer?"

Getting the right mix depends on understanding not only what shoppers will appreciate, but also what uses and retailers fit best with the location and the retail center's vibe. It is a process that Nelson calls "match the tenant mix to the local market."

Courtesy of Macerich

Design. Physical configuration must be appropriate for the site's location and tenant mix. Kierland Commons' pioneering pedestrian-focused open-air center built around low-scale main streets, with its sense of place, fits well with Phoenix's outdoorsy lifestyle and offers a compelling experience.

The center's design and tenant mix also helped the center survive 2020–2021. The pandemic hit destination and discretionary shopping much harder than necessity shopping for groceries, but Kierland Commons fared better than most similar centers. Though shopper traffic was still down about 10 percent at the beginning of 2022 from pre-pandemic levels, sales have actually risen. "Those that are coming are there to buy with a purpose, Nelson says. "They're there to shop."

The center likely benefited from Arizona's relatively lax COVID-19 restrictions relative to other states. But Kierland's performance has proved relatively stable during previous business cycles because of its unique, appealing environment. There is a flight to quality among both shoppers and retailers during challenging times, and Kierland has been able to leverage its market strength to be more selective in building the roster of tenants that its consumers want.

PROJECT HISTORY AND OUTLOOK

The project was developed by Woodbine Development Corporation, which began construction in the late 1990s. The first stores opened in 2000. Woodbine's first retail partner in the project was Macerich, a leading owner, operator, and developer of A-quality retail and mixed-use destinations in major urban and suburban U.S. markets. Macerich originally acquired a 50 percent interest in the property in the mid-2000s. In subsequent years, Macerich acquired Woodbine's remaining 50 percent. Today the property is still owned 100 percent by Macerich.

Within a mile or two of the center, another 870 apartment units are in the pipeline and scheduled to be completed in 2023. However, the lack of additional land means the center is largely tapped out in terms of adding more gross leasable area for retail. Therefore, management's focus is on continually evaluating the tenant mix, then improving the offerings when a space becomes available. Says Nelson:

"That's an opportunity to better that space, better the tenant, and hopefully better the sales productivity of that tenant, and thus grow the pie of the center in terms of total sales on the campus."

Courtesy of Macerich

Federal Realty Investment Trust

SANTANA ROW

Lifestyle center (integrated into a mixed-use, town center project)
San Jose, California

Retail is one of the main components of Santana Row, a mixed-use commercial and residential town center community intentionally designed by multiple architects and planners to create a variety of motifs. Restaurants occupy 24 percent of the retail space, effectively serving as a collective anchor. Larger retail tenants include Crate & Barrel, CB2, H&M, The Container Store and CineArts Theatre, each occupying more than 10,000 square feet, but most other tenant spaces have less than 5,000 square feet, and many have less than 2,000 square feet. Santana Row was developed on a site formerly occupied by a community shopping center.

SANTANA ROW

Year opened: 2002

Site vicinity: Densely developed area. Immediately north is Westfield Valley Fair, the largest super-regional mall in Northern California, with over 2 million square feet of retail gross leasable area.

Site size: 42 acres

Uses

Retail: 519,000 sq ft
- Restaurants: 127,000 sq ft (GLA)
- Other retail: 392,000 sq ft (GLA)

Office: 1,000,000 sq ft

Boutique hotel: 215 rooms

Residential: 615 apartments; 219 lofts, villas, townhouses/condominiums

Floor/area ratio: 1.1

Number of retail tenants: 90

Parking spaces: 6,200

Owner/developer: Federal Realty Investment Trust

Master planner: Street-Works New York

Building architects: SB Architects, Backen Arrigoni and Ross, MBH Architects

Placemaking designer: Maestri Design Inc.

BUILDING CONFIGURATION

As part of a pedestrian-friendly community, all retail space is on the ground level of multistory buildings that generally have residential units—both condominiums and rental apartments—above. In addition, the hotel and several office buildings on the site have ground-floor retail space. Altogether there are about 50 shops, 10 spas and salons, and 30 restaurants.

Santana Row is laid out along one main street and four adjoining cross streets, creating a grid. There are also several smaller interior streets. Most of the parking is in structured multi-level parking garages behind the main buildings, with limited parking along the streets.

SUCCESS FACTORS

Santana Row is often cited by industry observers as one of the country's largest and most successful town center projects developed by a single company. The lifestyle retail component has maintained high sales volumes and occupancies through its history and several expansions. In addition to the center's attention to basic issues like keeping the property clean and safe, Jeff Berkes, chief operating officer of owner and operator Federal Realty, attributes the success to three key factors: location in an exceptionally strong retail market, placemaking, and community connection.

Access and visibility. The center is at one of the busiest intersections in the country—where Stevens Creek Boulevard, a major east–west thoroughfare running through southern Silicon Valley with an average daily traffic count of almost 42,000, crosses Winchester Boulevard with a traffic count of almost 29,000. The site also benefits from outstanding visibility and regional access from Interstates 280 and 880 immediately to the southeast.

Retailing hub. Magnifying the center's draw is its location across the street from Westfield's wildly popular Valley Fair mall, one of the highest-volume shopping centers in the country. Though the enclosed Valley Fair competes with Santana Row for tenants and consumer dollars—despite distinctly different environments at the two centers—together they pull in more shoppers than either would alone, creating greater market pull.

Great demographics. The market area is densely developed with a highly affluent population: area incomes and home values are among the highest in the nation. The average household income exceeds $150,000 within the one-, three-, and five-mile radii, reflecting the high salaries paid many Silicon Valley tech workers, and home prices average well over $1 million. Moreover, the vicinity is essentially built out, affording limited opportunities to develop new competing retail.

Population and daytime density. Though single-family homes account for most of the residential development in the market area, lot sizes are small, yielding a dense population base of over 250,000 residents within three miles and 600,000 within five miles. The daytime population is even larger—725,000 workers, because of the many major tech companies and other employers in the area, including Apple, PayPal, and Intel. Together, the residential area and businesses provide an exceptionally strong base of retail support.

Placemaking. "The creation of the place . . . all the design elements, the mix of uses . . . are all critical to its success," says Berkes, who has been involved with the project for almost two decades. Santana Row enlisted multiple architects to design the community with a common Mediterranean theme but allowed sufficient variety among the buildings to create interest and a sense of discovery. This diversity echoes the variety of styles one sees in a cityscape, providing a more authentic community feel that encourages repeat visits.

Dynamic change. Santana Row is constantly evolving: "It's a living, breathing, dynamic thing," Berkes says. Like real cities, Santana Row has evolved over time. Federal Realty constantly tinkers with the tenant mix to serve shoppers and attract new ones. Moreover, construction continues in the community, increasing the project density and adding more on-site residents and office tenants to the shopper base.

Complementary uses. The mix of other uses in Santana Row provides a crucial base of retail support. The existing 834 residential units are home to more than 1,500 residents, while the office tenants employ over 3,300 workers; another 6,500 workers could be employed at the Santana West office complex, which Federal Realty is developing on an adjacent parcel. Finally, the 215-room boutique Hotel Valencia brings over 75,000 visitors to the site annually. These residents, workers, and visitors are all within short walking distance of Santana Row retail space.

Experience. Related to the placemaking, Santana Row was a pioneer in cultivating experience as the primary draw. Restaurants are a vital component of the project, occupying 127,000 square feet of space. Another innovation was to keep it local. "There was a very intentional effort to lease the restaurant space to local and regional operators that would add some character to the property and make it differentiated from other similar retail projects," Berkes says. "We didn't want it to feel like a project; we want to feel like a neighborhood."

Community engagement. Though less tangible than the usual drivers of market success, connection to the broader community has been key. Federal Realty credits the importance of relationships it developed with elected officials, city staff, neighbors of the property, and customers as it developed and operated the property.

Says Berkes:

“That comes in a couple of forms. One is obviously continuing financially to invest in the asset. And the other is a little bit softer, and that is how we run it day to day and the decisions we make with respect to the customer experience we create.”

Attention to detail. The project team admits obsessing over details in order to be good stewards of the asset through “constant change, constant pruning,” Berkes says. Rather than simply fill up the spaces with retailers that will pay the highest rent, management seeks brands that best align with the center’s DNA and enhance the customer experience. “There has to be a thesis as to why we’re doing something,” says Jeff Kreshek, who oversees leasing at the project. “Whether it’s something physical at the property, or a merchandising decision, or even a marketing decision, there has to be a purpose to everything you do.”

Federal Realty Investment Trust

Federal Realty Investment Trust

PROJECT HISTORY AND OUTLOOK

Santana Row started as wholesale redevelopment of a suburban shopping center. Federal Realty razed all the existing improvements and completely shifted the design from a suburban town and country–style shopping center to a multistory, mixed-use community with ground-floor retail and either office or residential space above. Federal Realty also significantly increased the project density while converting from an automobile-focused to a pedestrian-oriented development. The project has been constructed in phases, with the first phase completed in 2002 and new construction continuing today—and more planned for the near future.

The project continues to densify, increasing retail support. Federal Realty is developing a new office complex, Santana West, on a parcel across Winchester Boulevard to the west that will ultimately have 1 million square feet of office space in three buildings. Federal completed basic construction on a 376,000-square-foot office building in 2022, and another structure of the same size is in the pipeline. The project also has entitlements for another 395 apartment units and 828,000 million square feet of office space, in addition to 97,000 square feet of retail space, but as of 2022 there was no specific schedule for these. In the meantime, management continues to refine and improve the retail tenant mix to increase productivity and improve the customer experience.

CENTER PROFILES: SPECIALTY

Courtesy of Lara Swimmer

CHOPHOUSE ROW

Mixed-use urban district
Seattle, Washington

Chophouse Row is a mixed-use project encompassing both vintage structures and new construction. Its centerpiece is the original Chophouse building, built in the 1920s as a single store and now reimagined as a multitenant retail space with a combination of restaurants and small retailers, most either food related or service providers.

Above and behind the original structure is a new mid-rise loft office building with three residential penthouses on the top floor. On the fourth floor is a coworking facility, which has an outdoor terrace with a bar and lounge that are open nightly to the public.

CHOPHOUSE ROW

Year opened: 2015

Site vicinity: Dense urban neighborhood, with a range of residential and commercial uses.

Site size: 0.23 acres

Uses
Retail: 6,379 sq ft (GLA)
Office: 25,317 sq ft
Residential: 3 penthouse apartments

Floor/area ratio: 4.35

Number of retail tenants: 8

Parking spaces (for retail): On-street parking

Developer/owner: Dunn + Hobbes LLC

Architects: Collaboration between Sundberg Kennedy Ly-Au Young Architects and Graham Baba Architects

Engineer: MA Wright LLC

Though the name Chophouse Row technically refers specifically only to this one mixed-use project, it is used more generally for a complex of adjacent properties on the same city block that includes four other small mixed-use buildings with retail, all connected by a central courtyard in the middle of the block, formally known as the 12th Avenue Marketplace. With all these projects under common ownership and management, the properties are leased and managed holistically as one multibuilding, multiuse project. There is a combined total of 21 retail tenants.

BUILDING CONFIGURATION

The architect opened up the historic Chophouse building to allow for both a two-story exterior pedestrian alley and a two-story interior in an open market configuration with limited interior walls. Only two tenants face the street. Four tenant spaces front on an alleyway that runs along the building to a courtyard at the back that has another retail tenant. The rear courtyard connects to the other marketplace buildings on the block. Chophouse Row also has a partial mezzanine level that accommodates another two tenants.

With no parking on site for retail patrons and limited parking in the area, most locals and visitors travel to the site by transit or on foot. Located in the Pike/Pine neighborhood of Capitol Hill, the site is a short walk from the Capitol Hill light-rail station.

SUCCESS FACTORS

Chophouse Row faced some daunting challenges: a complex project including both redevelopment of a historic structure and the construction and integration of a new building; small tenant spaces, most without street visibility; and small, thinly capitalized tenants, many just starting out. Yet the project has been a market success from its inception, popular with both restaurateurs, and retailers and their customers. All commercial spaces—retail and office—were leased before construction was completed, and the project has generally maintained high occupancy. One initial setback was the failure of the Chop Shop as the initial anchor restaurant. But that tenant was soon replaced by Marmite, a French café that remains to this day.

Active landlord. Liz Dunn, principal of Dunn + Hobbes, conceived the project and has been managing it ever since. Dunn credits her active involvement for the ability to attract the right tenants and then work with them to ensure their success. Indeed, Dunn + Hobbes moved its office into the project's new office building to reinforce its commitment. “Sometimes I feel like everyone's mom, for better or worse,” she says. “Landlords have an image that maybe is a little hands-off, but I'm a mom-and-pop landlord and stay very close to my tenants.”

Staying local. The project has no national brands, and that is intentional. Dunn + Hobbes does most of its own leasing, relying on Dunn's network of retail connections and broker contacts to recruit a mix of "unique local tenants that give locals a reason to get out and visitors a reason to come in and shop," she says. She looks for "local tenants that punch above their weight" with a strong local following.

Staying small. Several tenants are new or otherwise cash-poor. That is one reason the project created smaller spaces ranging from 285 square feet to about 1,300 square feet at most: to keep them more affordable. Says Dunn:

"What tenants starting a small business probably care most about is their total monthly rent bill, not what rate they are paying on a per-square-foot basis."

Those smaller spaces tend to lease for more per square foot, generating higher overall rental income for the project, which helps support the project's common areas and amenities.

Shared design aesthetic. Dunn seeks tenants that share her design sense. The distinctive Chophouse architecture emphasizes its historic character. National retailers typically have their own design standards and requirements for street exposure, which can limit their interest in a project like this, but the Chophouse's cool urban design is a good fit for the local tenants Dunn seeks for the project.

Thinking communally. In crafting the tenant mix, Dunn takes care to not operate the project in isolation. Rather, an essential part of the strategy is to collectively lease and manage all the Dunn + Hobbes marketplace buildings on the block. The goal is to attract shoppers to stay awhile and dine or enjoy a glass of wine at one of the restaurants or lounges, or to encourage diners to shop while on site. She encourages cross-shopping by including a select number of services such as doggy daycare, a barber, and a spa that help increase the time customers stay at the project.

Events and public spaces. Event programming takes advantage of the project's indoor and outdoor public spaces and helps activate the site at different times of the day. Live music takes place on the courtyard stage three nights a week in the summer, and an old piano sits there for anyone to play at any other time. A monthly Capitol Hill art walk includes the Chophouse courtyard and the Cloud Room. "We can program all kinds of crazy events without needing a permit," Dunn notes. This is a way to help people discover the project if they haven't been here, and it creates foot traffic."

Complementary uses. A boost for the retailers is having complementary on-site users, namely the office space and the Cloud Room—the private coworking space and "culture club" that also has a lounge open Monday through Friday to members and their guests.

Resourceful tenants. Dunn credits the retailers' resourcefulness and innovations. Many tenants enhanced their online presence during the pandemic, which drove more traffic to the stores. While this is perhaps expected for well-capitalized national chains, it takes more ingenuity for small local retailers.

In it for the long haul. Above all, the Chophouse's success has depended on the developer's long-term commitment to the 12th Avenue projects and its hands-on involvement. That engagement has fostered the community that has evolved in the project and enabled it to weather the inevitable setbacks and challenges that emerge over a project's history.

Tony Kim, Dunn + Hobbes

Dunn + Hobbes

PROJECT HISTORY

The original Chophouse building was built in 1924 as an auto parts store and then used for decades as practice studios for local bands. Though Chophouse Row is a distinct project, it effectively was the last phase of a larger multibuilding project of adjacent structures all controlled by Dunn + Hobbes. Those projects—Agnes Lofts, Piston & Ring Building, Pacific Supply Building, and Baker Linen Building—provide a range of residential, office, and other retail spaces.

And the band practice space still exists, re-created in the lower level of the neighboring Baker Linen Building, along with a recording studio located next door in the lower level of the Agnes Lofts building.

Courtesy of SITE Centers

SHOPS AT BOCA CENTER

Convenience-oriented shopping center (within a multi-use project)

Boca Raton, Florida

Shops at Boca Center is an upscale convenience-oriented shopping center with a merchandising mix composed of restaurants and services that cater to the daily needs of locals, daytime workers, and visitors alike. The 117,106-square-foot shopping center, acquired by SITE Centers in April 2022, was originally developed as part of a mixed-use project that also included three class A office buildings totaling 362,184 square feet and a full-service Marriott hotel with 259 rooms.

SHOPS AT BOCA CENTER

Year opened: 1986

Site vicinity: Mature suburban area with a mix of retail, offices, and hotels. The concentration of nearby retail centers, especially a super-regional shopping mall, makes the area a major node for destination shopping and dining for Palm Beach County.

Site size: 14.26 acres, including 1.89 acres of outparcel property

Uses
Retail: 117,106 sq ft (GLA)
Office: 362,184 sq ft (separate ownership, as of April 2022)
Hotel: 259 rooms (separate ownership)

Floor/area ratio: 0.26, all uses

Number of retail tenants: 29

Parking spaces (for retail): 489, per March 2022 survey

Owner: SITE Centers (as of April 2022)

Developer: Thomas Crocker, Crocker Partners

Project architect: Cooper Carry & Associates

BUILDING CONFIGURATION

Boca Center's layout is linear, with retail tenants facing a primary roadway (Military Trail) and a surface parking lot located in front of the center. The hotel and offices are situated behind the retail space with entrances on Town Center Circle, which rings the project. A courtyard in the middle of the center serves as a focal point for community events. Retail spaces are single story; the hotel and office buildings are mid-rise towers accessed by structured and surface parking at the rear of the site.

SUCCESS FACTORS

Many factors contribute to the success of the shopping center. "Shops at Boca Center has all the attributes of a trophy convenience property," says John Cattonar, chief investment officer for SITE Centers. "It is centrally located in a well-established trade area, features a simple layout with convenient access, has complementary surrounding office and hotel uses that drive traffic to the site, and is in a growing market where people are moving. These factors have allowed the shopping center to thrive since its inception and will allow us to continuously upgrade merchandising over time through the introduction of fresh new tenant concepts that will add to the existing vibrancy. "

Access, visibility, and proximity. Shops at Boca Center is located in Palm Beach County along Military Trail, a high-traffic roadway running north–south through some of South Florida's most affluent zip codes. The property abuts Interstate 95 and Glades Road, the trade area's primary east–west artery, and sees more than 34,000 vehicles pass by each day.

Simon Property Group's nearby Town Center at Boca Raton is a 1.7 million-square-foot enclosed mall with a wide range of apparel and luxury offerings. The mall's regional draw expands Shops at Boca Center's trade area, and plans to densify the neighboring Glades Plaza shopping center as a mixed-use project will increase customer traffic and tenant demand in the submarket. With little merchandising overlap among the three properties, Shops at Boca Center, Town Center at Boca Raton, and Glades Plaza are intended to combine to create one of South Florida's most dominant retail corridors.

Analytics showing strong and improving demographics. Trade-area demographics for Shops at Boca Center are among the best in the country, with population within a three-mile radius topping 100,000 and average household incomes of $121,000. In addition to traditional radius demographics, SITE Centers uses mobile phone data and analytics to learn even more about its shopping centers. "The mobile phone data for Shops at Boca Center showed us that the property has a much larger customer base than what traditional radius demographics

Courtesy of SITE Centers

suggest," Cattonar notes. "The property draws from a trade area that is five to six times larger than what was typically believed." SITE Centers has been using this revelation to attract new tenants that are seeking a more regional draw.

Boca Raton, as well as Florida overall, has benefited from population migration following the COVID-19 pandemic, which saw many markets experience an influx of new investors and residents, leading to a boom in the housing market. From January to September 2022, home values in Boca Raton increased by 67 percent. This growth dynamic has strengthened retail tenant demand and helped fuel rent growth while removing the seasonality of the market, making it more attractive for retailers seeking year-round customers.

Changing tenant mix. Shops at Boca Center is well known for having established tenants that have been in business for over 20 years, but the mix has been evolving. "The prior owner really did a great job turning over some of the less desirable apparel tenants," Cattonar says. "And then when we acquired the shopping center, we were able to finish bringing in some exciting restaurant concepts and a pair of health and fitness tenants that are perfect for heightening weekday customer traffic."

Giving shoppers different reasons to visit is critical. "The shopping center has always offered a wide range of restaurant options and served as a dining destination, so we'll look to continue curating the right food offerings and upgrade to newer concepts where it makes sense," Cattonar says. "But beyond that focus, we're bringing in uses that serve the daily needs and fit within the routines of our customers so that the shopping center is used all day and all week long, not just for a dinner or business lunch."

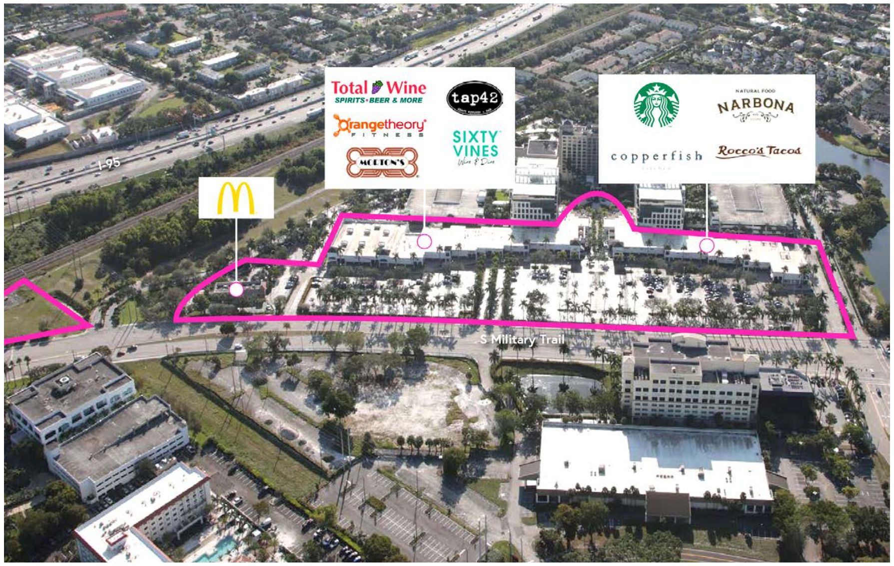
Convenience. Convenience is increasingly important, Cattonar says, and for suburban centers like this, that starts with access and simplicity. "Access and ease of access are important," he says. "The Shops at Boca Center is conveniently located at the crossroads of three major roadways and is conveniently laid out with multiple entrances, a parallel orientation to the road that maximizes visibility, and ample surface parking right in front of the stores. It is as simple as it gets. There is even a valet service during certain hours."

Another feature SITE Centers looks for that makes a shopping center more convenient is drive-through services. "The inclusion of the freestanding McDonald's with a drive-through is something that we really liked about the property because it doesn't get any more convenient than not having to get out of your car," Cattonar says. "We'll look to add another drive-through on the north end of the site as part of a future project. Drive-throughs are an increasingly important part of tenant store rollout plans and command rent premiums."

Complementary uses. The center also benefits from being part of a successful mixed-use project. Boca Center is a prestigious office address in the community and home to more than 1,000 employees. The project also includes a Marriott hotel with 259 guest rooms and hosts many events in its 17,000 square feet of meeting space. The office employees and hotel visitors provide on-site demand for the center's restaurants and retailers.

PROJECT HISTORY

Boca Center was constructed from 1986 to 1988. The retail center was completed in 1986, as was one of the office towers. The hotel was added the next year, followed by the second office tower in 1988. The office towers were renovated in 2000, and Marriott made a significant investment in upgrading the hotel in 2013. Shops at Boca Center has largely remained the same since its completion except for facade and tenant upgrades.



Courtesy of SITE Centers

CENTER PROFILES: AUTHENTIC HISTORY

Addison Group/Catalyst Photography

BOTTLEWORKS DISTRICT

Mixed-use entertainment district
Indianapolis, Indiana

The Bottleworks District is the redevelopment of a historic Coca-Cola bottling plant plus new construction. Phase one has a mix of ground-floor food and entertainment elements, including The Garage, a food hall promoting local chefs; duckpin bowling; and an eight-screen movie theater. The first phase also includes a hotel with ground-floor retail space, plus an office building. Future phases will add more retail space as well as residential units and more office space.

BOTTLEWORKS DISTRICT

Year opened: 2020

Site vicinity: Revitalizing residential and commercial downtown neighborhood.

Site size: 12.0 acres

Uses, phase 1
Retail, entertainment: 112,000 sq ft (NRA)
Number of retail tenants: 47
Food hall: 30,000 sq ft (GLA)/14,474 sq ft (NRA)
Boutique hotel: 139 rooms
Office: 53,000 sq ft (RSF)

Uses, at buildout: 1,500,000 sq ft (to be announced)

Floor/area ratio at buildout: 2.75

Parking spaces at buildout: 1,186

Developer/owner: Hendricks Commercial Properties

Project architects: EUA (Eppstein Uhen Architects), RATIO Design

BUILDING CONFIGURATION

The Bottleworks District will have a total of 10 buildings arrayed along two internal perpendicular streets and the main frontage street (Carrollton Avenue). The retail space is spread among several buildings, including some space on the ground floor of the historic bottling plant, which houses the hotel above. The Garage food hall is located in two historic buildings that were connected with an atrium that formerly served as garages for Coca-Cola delivery trucks. The theater and bowling lanes are in adjacent two-story buildings, and an office building has retail space on the ground floor.

SUCCESS FACTORS

The two most important ingredients for success were to be authentic to the community and be responsive to the tenants through flexibility, says Gavin Thomas, vice president of development for project developer Hendricks Commercial Properties.

Authenticity. "Authenticity is such an important thing," Thomas says. "And if you're fortunate to have something that we had with these buildings, it just screamed authenticity, and it screamed quality. And it was just a matter of showcasing that and restoring it in a way that respected the history of it, but also brought it to up to modern standards."

Says Jeff Milliken of Ratio Design, one of the project architects:

"At the center of this is this original art deco historic set of buildings, and there's a real authenticity to restoring those buildings. That's something that people really connect to. And the rest of the district is new construction [that] carried on the theme of high-quality detailing. And you get this real consistency to the district, which really provides for a sense of place, which people are wanting to go and seek out and be a part of."

Flexible lease terms. To get desired tenants, "we focus a lot on not making the barrier to entry too difficult on base rents, and look more at things like percentage rent," says Thomas. "We were willing to go up the risk spectrum a little bit if we believed in the concept and thought that it would add to the experience."

Tenant support. For some tenants, Hendricks went even further. "A lot of them were chef-driven entrepreneurs—with not a lot of resources to invest heavily into a space—and that's where we came in," Thomas says. "We provided the forum and set the stage . . . meaning we pretty much did all the design for each of the spaces. So we took that burden off of them and just worked individually to help them create their own voice."

In turn, this flexibility and willingness to work with tenants have been crucial to curating the desired mix of retailers and restaurateurs.

Different spaces for different tenants. Hendricks has been able to offer design options through its blend of historic buildings and new construction. "In the historic buildings, we have glazed lime-green wall tiles, old loading dock doors, and other features that just create a lot of character," says Thomas. "For some retail and restaurant groups, you're speaking their language, and they love all that. And then others, they have their own brand standards, and it doesn't quite fit. So we have a unique opportunity at this project that if somebody is in the latter group, we can say, 'Well, we have new space, too.' That allows them to create something completely their own. . . . On the other hand, we've had groups that wouldn't even think about going in the new space because they just love the . . . character and features that were in the original bottling plant."

Thomas believes that national tenants tend to choose the new retail space because "it's more of a typical standard buildout, and they just prefer that because it fits within their design criteria and prototypical stores that they like to have throughout the country. . . . What we've seen in the historical buildings has been more local because they don't have those criteria and in many ways [are] still building their brand. And they're much more open to taking the space for what it is. So you get a little bit of a mix of both, and that's really what we wanted. We wanted to highlight the best of local and regional, . . . [which] helps attract some of the nationals, too, because they're becoming more aware of the attractiveness of these types of developments."

Unique retailers/unique mix. Bottleworks' focus is on distinctive retail offerings that together serve as a nontraditional anchor with "things like food halls and other entertainment that attract people to the district," Thomas says. "And then the other retail and restaurants are feeding off of that traffic that you're bringing down there. . . . You've got to be creative about the programming. And curating a tenant mix with traffic drivers that complement each other is still as important as traditional retail development." Says Thomas:

"The Garage is a food hall with a mix of all different types of ethnic food, [but] it's not all food. It's a little bit of an eclectic mix. Along with food vendors, The Garage also houses an apparel store, gift store, and a barber shop. I think that's what the appeal is: it's not the same thing that you can see in any city in America. It's clearly uniquely Indianapolis."

Addison Group/Catalyst Photography

Addison Group/Catalyst Photography

Leveraging the location. Bottleworks is located on the northeast end of the downtown core along Massachusetts Avenue—known locally as “Mass Ave”—in one of seven designated cultural districts in Indianapolis. The area has experienced a renaissance over the past 20 years, with many historic buildings being repurposed as residential buildings and offices, stimulating a considerable amount of new construction in the area.

“If you go out to Mass Ave, there’s dozens of more restaurants and shops and other things that you could easily walk to from the district. So it’s just a continuation of that,” says Thomas.

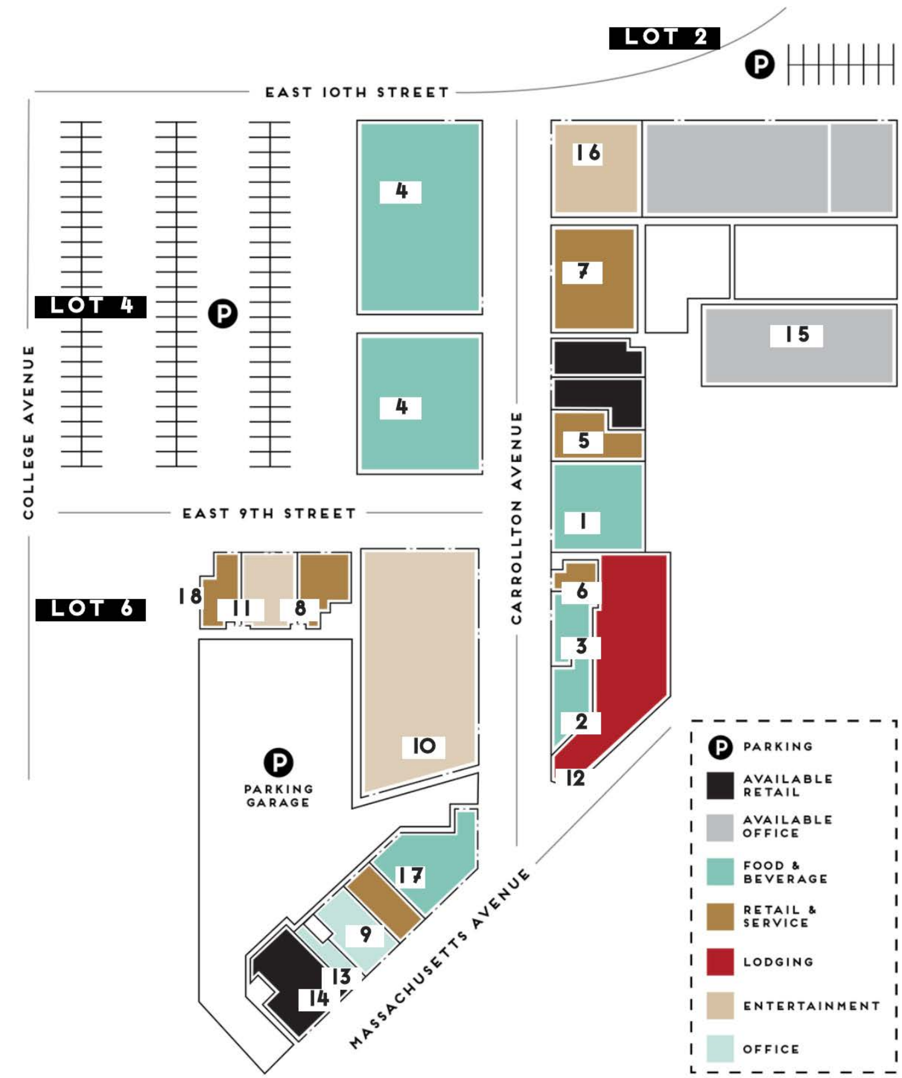
A well-established residential neighborhood as well as new infill residential exists nearby, too, and their residents use the district for their local shopping. “So, we are not an island. We’re very much integrated into the surrounding urban fabric of the neighborhoods that surround us.” The project also enjoys excellent visibility from Interstates 70 and 65, which pass just east of the project, and off-ramps provide regional access within a few blocks.

PROJECT HISTORY AND OUTLOOK

The original buildings in the Bottleworks District have a long history. The first building was constructed in 1920 for the Coca-Cola Bottling Company of Indianapolis. The plant was expanded during the 1930s and 1940s to become the largest Coca-Cola bottling plant in the world. However, the plant closed in the 1960s after aluminum cans became the dominant container for soft drinks.

The plant was sold to Indianapolis Public Schools in 1969, which used it as a maintenance facility for buses for almost 50 years until Hendricks Commercial Properties was awarded the rights to redevelop the site in 2017 through a request for proposals process. High Alpha was the first tenant to begin moving into Bottleworks District space, in June 2020. The first phase also included the hotel and cinema that opened in December 2020, followed by The Garage food hall in January 2021. Subsequent openings took place almost every month through the first half of 2021, with more leasing and opening continuing through 2022.

Phase two, commenced in April 2022, will bring 38,000 square feet of retail and restaurant space, 182,000 square feet of office space, and 275 additional parking spaces. Office leasing has been brisk, with half of the office space in phase two already committed. At completion, the Bottleworks District will have 188,000 square feet of retail space, plus more than 296,000 square feet of office space and over 200 residential units.



Addison Group/Catalyst Photography

Courtesy of Pepper Place

PEPPER PLACE

Destination food and retail businesses in a mixed-use district.
Birmingham, Alabama

Pepper Place is a design- and food-centered redevelopment project with retail space, restaurants, and offices, all placed within historic warehouse and light industrial buildings that date to the early 1930s. While many of the offices at Pepper Place are involved in a creative industry—interior or fashion design, architecture, graphic design, etc.—it is also home to sales, insurance, law, and a growing number of technology-focused businesses.

PEPPER PLACE

Year opened: 1988 (ongoing phases)

Site vicinity: Diverse range of urban land uses that have revitalized the neighborhood, including residential, office, and retail/dining uses.

Site size: 11 acres

Uses

Retail, restaurant, showroom, office, warehouse: 270,000 sq ft (RSF)

Floor/area ratio: 0.56

Number of retail tenants: 27

Parking spaces: 815 (444 in lot for Pepper Place, 371 in public right-of-way)

Owner/developer: Sloss Real Estate Company

On the ground level of the old buildings, Pepper Place offers a rich mix of unique shops and restaurants that combine the best local operators and a handful of select regional tenants that align with the buy local, support local focus of the complex and its developer, Sloss Real Estate. In addition to brick-and-mortar businesses, Pepper Place hosts a weekly Saturday farmers market that has become a centerpiece, traffic driver, and business-growing program, helping multiple food-related businesses, including restaurants and food producers, launch their own concept.

SITE DESCRIPTION AND BUILDING CONFIGURATION

Pepper Place encompasses roughly six city blocks, anchoring the southern side of the Lakeview District in Birmingham, Alabama. The overall area is a former industrial tract laid out in a typical city grid. Sloss Real Estate Company owns and manages 14 of the 17 buildings in the district, including the namesake Dr Pepper syrup and bottling plant, and the Martin Biscuit Building. Most of the historic buildings are one- or two-story structures that played an integral role in the survival of Birmingham after the Great Depression.

Courtesy of Chris Luker

SUCCESS FACTORS

Pepper Place is not a traditional retail project, and its path to success reflects its atypical origins. For one thing, Sloss Real Estate, which saw potential in the former Dr Pepper syrup building more than 30 years ago, has been developing the project from the beginning. It has been a patient and creative owner, committed to stewarding the project in an organic, evolutionary way over time.

The long view. Sloss believes that the quality and authenticity of the project are more important than a financial schedule. “We buy to own for a long time,” says Cathy Sloss Jones, chief executive officer of Sloss Real Estate. “We are always looking for partners . . . who want to build and own for an extended period of time because it’s a different path than most developers take.” This is not to say that Pepper Place is a purely philanthropic effort. It still must make money, but Sloss views its role as owner as partly a creative endeavor. “We are very deliberate about the type of tenants we want for Pepper Place,” Jones says. “And that has evolved over time. We started with a few key people—some of whom are still here—who were willing to take a chance by moving their business into an unproven neighborhood. In the early 1990s, there was very little commercial activity occurring and certainly no redevelopment. The Dr Pepper Building was the first.”

Authenticity. Pepper Place has stood the test of time by following simple guiding principles—"honor our rich history and work to build community," Jones says. She should know: her family helped found Birmingham and developed the nearby Sloss Furnaces more than a century ago. Her passion for the neighborhood is personal. "When no one else was returning to the urban core, we were looking for projects and hoping to bring some energy back into these beautiful buildings," she says.

Sloss's primary interest was not in creating a retail center, but in helping revitalize the district with businesses and uses that respected the area's history and put the existing architecture back to use. Says Jones:

"We started focusing on design- and construction-related businesses because there were already five paint stores and several construction companies in the neighborhood, but not a lot else. Early on, that became sort of our theme for the area. At that time, we envisioned Dr Pepper as a design center."

Sloss recruited artists and architects, interior and graphic designers, and supporting businesses like framers, art galleries, antique stores, an upholsterer, and a furniture showroom or two. The company sponsored art shows and design industry events to draw people into the area. With more of a vision than a leasing plan, "we started activating the buildings as best we could," Jones says.

Think local, act local. As space filled up, Sloss identified another principle integral to Pepper Place's success—be local. "We were all about, how do we build a local economy?" Jones says. "We've always been a champion for local business because it works." Sloss eschewed national chains that are the mainstay of most retail centers and went about becoming a business incubator and supporter of local businesses. It often took a leap of faith by leasing to startups and untested retail or restaurant concepts. Many worked and have become cherished Birmingham establishments while some did not, but this strategy helped Sloss become known as a firm favorable to small business while keeping its square footage filled with unique, interesting tenants. "We hate to have a business outgrow the Pepper Place community, but many have opened second locations, moved to larger space, or bought their own buildings after getting started," Jones says. "I like to think we played a small part in their success." Today, most Pepper Place tenants are still local, but a few regional ones such as Jeni's Splendid Ice Creams and Alabama-based clothier Billy Reid have come in. This is also by design because those brands subscribe to the same ethos as Pepper Place while also helping bring national visibility to the project.

Courtesy of Pepper Place

Farmers market. About a decade after Sloss began to revitalize the old warehouses and light industrial buildings that make up Pepper Place, it turned an eye to another opportunity that turned into a boon for the project.

Born of one of Jones's other passions—supporting local family farms and making healthy, local food accessible to an urban population, Sloss started a Saturday farmers market in 2000, in a parking lot under a dozen or so tents. The Market at Pepper Place continues to operate today, is credited for pouring millions into the local economy, drives thousands of people into the urban core weekly, and has been recognized as one of the best farmers markets in the country. Sloss did more than provide a physical marketplace for produce. "We built support systems into our farmers market program for training vendors about financial negotiation, how to borrow money, and how to build a business plan," Jones says. Again, the strategy, born from building community and supporting local business, is at the heart of what Pepper Place is.

As a leasing strategy, the farmers market has become an effective catalyst, bringing greater visibility and more shoppers to the area—and many new, unique tenant opportunities. "Pepper Place was sort of clicking along but not booming until the farmers market began. The market became an incubator for tenants that now exist at Pepper Place and all over the city," Jones says. "In all, we've graduated about 65 businesses from a tent at the market. We call [the market] 'Birmingham's low-tech incubator.' Many are value-added food businesses," like jams, cheese, and popcorn, as well as some genuine farm-to-table restaurants that started with a concept at the market, she says.

Events. Pepper Place borrows lessons from the Main Street America program model and hosts many events annually. In addition to the weekly market, activities include cultural festivals like Day of the Dead, and a food-focused event called Breakin' Bread that supports local chefs and restaurateurs. Sloss runs specific events such as Sunset Sweat and a Holiday Market to activate specific audiences and support tenants. It also makes spaces at Pepper Place available to nonprofits and individual tenants as a host location for their events. "One of our tenants created a Night Market, which we love," Jones says. It is a retail tenant and taps into its community of vendors and makers. "We really encourage anything that brings multiple communities together."

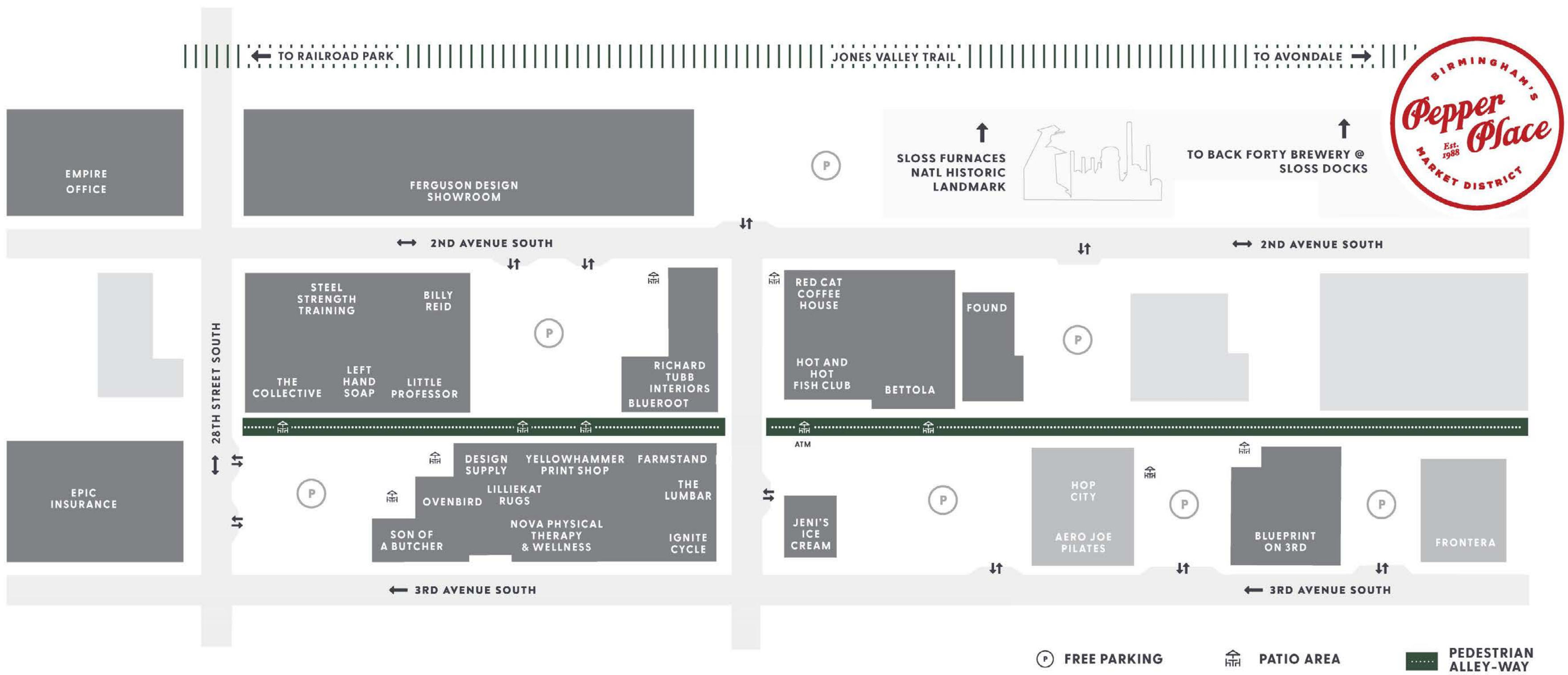
Public/private partnership. As with the Main Street America program, Sloss recognized the importance of working closely with local government entities and the broader community. “Public/private partnership is a very important part of what we do,” Jones says. “We worked with the city and actually did a master plan in partnership with the city—not just for Pepper Place, but for this whole district.” Sloss also works with state and federal agencies, using the district as a pilot location for new programs and ideas. The streets at Pepper Place have hosted the U.S. Department of Transportation’s Complete Streets “Better Block” event to illustrate principles from the *Street Design Manual*. In 2023, the primary streets through and around Pepper Place will undergo a complete renovation to mitigate flooding and bring more pedestrian and bike-friendly amenities into the space around it. In addition, a foundational element of Pepper Place is a pedestrian walkway that runs midblock through the heart of the district. It was built in partnership with the city on a city easement and would not have been possible without the city’s participation.

Public space. Pepper Place is also known for its outdoor public spaces. From the pedestrian walkway with multiple pocket parks to terraces wrapping many of its restaurants, there are plentiful places for people from across the city to gather, dine, read, and even work outside. The development team strives “to create outdoor spaces where people can gather,” Jones says. “And that’s been a huge part of the experience of Pepper Place and about finding ways to share our community.”

Pepper Place was recently designated as Birmingham’s second “entertainment district,” which allows for off-premises consumption of alcohol within the district’s boundaries. This has helped it become an entertainment destination and even more attractive for events. Outdoor space also helped Pepper Place prosper during the pandemic, with one of the first outdoor patio pop-ups in the city occurring along 29th Street South.

Sloss’s development plans for Pepper Place always include opportunities for outdoor gathering. A recent redevelopment of a small office building for a commercial insurance company included a sheltered sitting space with a bocce court for employees. The Sloss team is reviewing plans for how Pepper Place can better connect with the Jones Valley Trail, which will create a pedestrian connection to the entire city through the old railroad reservation that bisects Birmingham. The team is also researching how the roof of the Dr Pepper Building could be used as rooftop dining and bar space, with a bird’s eye view of Sloss Furnaces and Birmingham’s skyline.

Courtesy of Pepper Place



Courtesy of Pepper Place

PROJECT HISTORY

The modern reinvention of the Pepper Place district began in 1988 when Sloss Real Estate acquired a circa-1931 Dr Pepper syrup plant (the only one east of the Mississippi), which had been vacant since 1971. Sloss bought and redeveloped adjacent buildings, including a Dr Pepper warehouse and bottling building during the 1990s and the Martin Biscuit building in 1999.

Sloss opened its farmers market in 2000 in simple white tents set up each weekend on Pepper Place's surface parking lots. The market was able to operate throughout the pandemic with an innovative drive-through pickup program and online ordering. Sloss is currently planning a permanent market hall to allow year-round multiday sales and accommodate other community events.

To date, about 350,000 square feet of space has been redeveloped, of which Sloss owns and manages 281,000 square feet. Sloss plans to acquire and redevelop more buildings on the site to serve additional commercial uses, as well as establish more green spaces in and around its properties.

CENTER PROFILES: URBAN

Courtesy of Pine Tree

GLENDALE MARKETPLACE

Power center in an urban core
Glendale, California

The pedestrian-friendly Glendale Marketplace, a regional open-air retail center in downtown Glendale, has a traditional mix of big-box retailers, including anchors Ross Dress for Less, LA Fitness, HomeGoods, Five Below, and Old Navy. The center also has several mostly local restaurants serving the nearby residential and office populations.

GLENDALE MARKETPLACE

Opened: 1998

Site vicinity: Densely developed urban area with a mix of retail, office, and residential uses. Two shopping centers located across the street.

Site size: 2.2 acres

Use

Retail: 154,049 sq ft (GLA)

Floor/area ratio: 1.60

Number of tenants: 21

Parking spaces: 1,124 in adjacent municipal parking structure (reached by skybridge)

Owner: Pine Tree

Developers: Regent Properties and Tolkin Group in a joint venture with the city of Glendale

BUILDING CONFIGURATION

The two-story open-air center has two roughly equal-sized structures bisected by a pedestrian alleyway lined with retailers and restaurants and designed to offer an urban village feel with outdoor seating. All tenants are single-story businesses accessed from external entrances on either the first or second floor.

SUCCESS FACTORS

Glendale Marketplace has been nearly or fully leased for several years, even with an evolving tenant mix over time. The prime location is clearly the most important factor driving the center's continuing success.

Location in a regional retail hub. Glendale Marketplace is situated along South Brand Boulevard in the heart of Glendale's retail district south of East Broadway. Two major centers lie east just across the street—Glendale Galleria, an enclosed superregional mall that opened in 1976 (two decades before Glendale Marketplace) with 1.6 million square feet of retail space, and The Americana at Brand, an open-air regional lifestyle center that opened in 2008 with 600,000 square feet of retail space.

Says Peter Borzak, chief executive officer of Pine Tree (which recently acquired the center):

Courtesy of Pine Tree

"Avenue is an extremely active commercial thoroughfare, but I think what really attracted us to this property is that there are two separate projects in the immediate trade area that act as superregional draws."

Glendale Galleria is the fourth-largest mall in the Los Angeles region, and The Americana at Brand is one of the country's most successful, highest-volume lifestyle centers.

Together these three centers create a far greater regional retail draw than Glendale Marketplace could on its own. Despite its much smaller size, the Marketplace can attract tenants and shoppers on its own merits because it offers a distinct, more discount-market orientation compared with its more upscale neighbors. "Both of those projects are very successful," Borzak says. "They draw from a wide radius and are bringing a lot of people into this market. What we like is that the Glendale Marketplace—our project—occupies the convenience and necessity lane and so provides a different offering and different shopping experience."

Access. The center enjoys outstanding regional access due to its location on a major thoroughfare and close to several major surface arterials and three freeways. The center also can be reached by extensive public transit in the immediate vicinity.

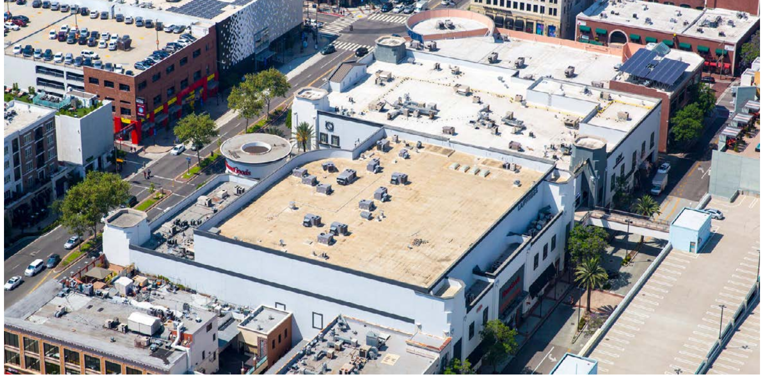
Parking for Glendale Marketplace, which does not have its own parking structure, is available at several nearby private and public garages, including an adjacent municipal structure with 1,124 parking spaces.

Trade-area density. A factor in strong regional draw is the density of residents in the trade area. A quarter million people live within a three-mile radius of the center, and over a half million live within five miles—and many shoppers travel farther than that.

The site also benefits from the density of residents and the daytime population in the vicinity supplied by the nearby office buildings and housing, much of it new. This includes about 350 residences at The Americana at Brand and 138,000 square feet of office space in the Glendale Galleria Office Tower. In the past five years, the surrounding area has added more than 2,100 multifamily housing units within walking distance of the center, and more are planned.

Pedestrian-friendly site. Close to 75,000 people live within a mile of the center. Moreover, the adjacent streets are pedestrian friendly, allowing shoppers and diners to walk to the center. Two wildly popular chains—In-N-Out Burger and Chick-fil-A—are located on the street across from the center's entrance and act as a shadow anchor, bringing more customers to the site. Says Borzak:

"Those are obviously both extremely high-volume users. And neither one of them has a drive-through because they're on the street. So, there is a tremendous amount of activity and energy in the immediate area."



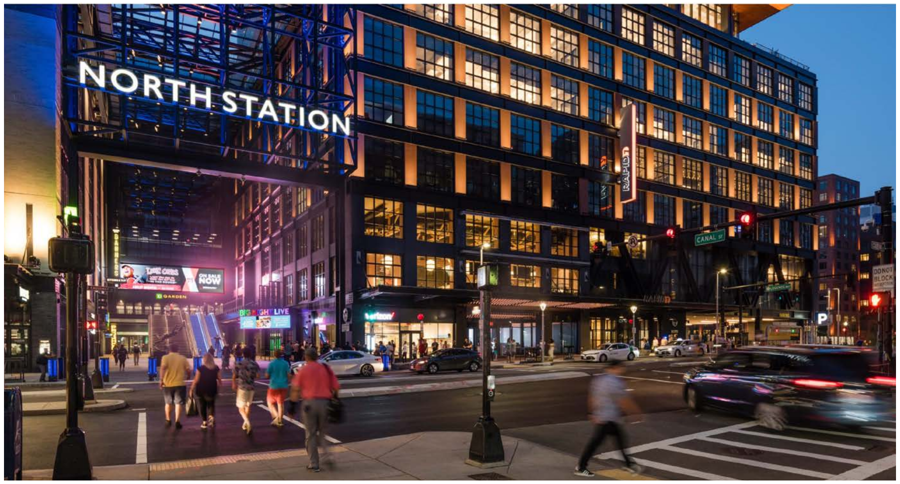
Courtesy of Pine Tree

Diverse demographics. "Another thing that's worth mentioning is the diverse community in the Glendale area," Borzak says. "You can see it by looking at the shops and restaurants, which feature many different ethnicities and cultures."

Tenant evolution. Glendale Marketplace has succeeded by refining its tenant mix over time to meet local needs and limit direct competition with the neighboring retail centers. Though the center is not yet 25 years old, few of the original major retailers remain—yet the center has again achieved high occupancy after several major tenants either closed their stores or went out of business, including Mann Theatres.

PROJECT HISTORY

The Glendale Marketplace opened in 1998 through a collaboration between the city of Glendale and two private development teams—Regent Properties and Tolkin Group. The project's urban village character won several awards, including best retail development from the Pacific Builders Association and an award of merit from the ICSC for its innovative design and construction. It was also recognized by the California Redevelopment Agency for spurring positive impacts to the community. The center was last renovated in 2015.



Courtesy of BXP

THE HUB ON CAUSEWAY

Hybrid community and regional center
(in a transit-oriented mixed-use project)
Boston, Massachusetts

The Hub on Causeway is a mixed-use commercial, office, and residential project that serves as the key access point to a transit station and an arena: it sits atop North Station, a major transportation hub with regional rail, commuter rail, and city light-rail lines, and is adjacent to TD Garden, home to teams in the National Hockey League and National Basketball Association.

THE HUB ON CAUSEWAY

Opened: 2019

Site vicinity: Densely developed urban area at the convergence of Boston's downtown, and West End and North End neighborhoods

Site size: 2.8 acres

Uses

Retail, dining, entertainment: 250,000 sq ft (GLA)

Office: 935,000 sq ft in three stacked buildings

Residential: 440 rental apartments

Hotel: 272 rooms

Floor/area ratio: 13

Parking spaces: 540 below-grade spaces serving all project users

Developer: BXP (formerly Boston Properties)

Owner: 50/50 partnership between BXP and Delaware North, owner of TD Garden

Project architects: Gensler, SCB, Stantec

The project also leverages its location at a strategic crossroads among several neighborhoods to serve multiple, diverse populations—office workers, residents, commuters, tourists, business travelers, and sports fans. As befits its name, the project truly is an urban community hub.

The retail component is made up of large tenants, all serving as anchors for various market segments, and includes a 60,000-square-foot supermarket and a 16,000-square-foot food hall with more than 500 seats. Other major retail tenants include an official store of the NHL team, and a music hall with more than 2,000 seats.

The project was built on the site of a surface parking lot.

BUILDING CONFIGURATION

The retail space, located mostly at ground level, includes the food hall, which also opens directly into the North Station. The grocery store has a small convenience store, including a Starbucks café, on the ground level, but most of its floor space is below grade. There are also multilevel entertainment and restaurant uses.

SUCCESS FACTORS

The site starts with outstanding innate locational advantages, but the project's success ultimately can be attributed as much to the specific combination of retail, food, and entertainment uses that work in concert and serve The Hub's diverse user groups—residents, hotel visitors, sports fans, tourists, transit users, and local diners and shoppers. Retail centers today typically focus on a niche—often high-income shoppers. "We believed the project would find success if we created a place that could be considered one of the most diversified and welcoming places in the city of Boston," says Bryan Koop, executive vice president of BXP's Boston region. "We wanted The Hub on Causeway to be a place where there is something for everyone, whether you're a local resident shopping for this week's groceries or a tourist attending your first Celtics game at TD Garden."

Though The Hub is still relatively new, it achieved early leasing success and attracted strong customer support.

Stance. It all started with a "stance." "Before we kick off a development, we create what we call a 'stance,'" says Koop. "And our stance is the project's vision statement and influences every aspect of development from design to the selection of construction materials. It's as much about what we believe in as what we don't believe in."

The team believed that "people would be drawn to The Hub to be entertained" more than just to buy things, Koop says. BXP insisted that all the retailers be destinations on their own and not rely on just the arena or retail anchors to be the draws. And recognizing the site's location abutting several distinct neighborhoods, the development team determined that "this was an ideal location to attract a diverse audience and ensure inclusivity through the wide array of experiences," Koop says. "All communities are important to us."

With this stance, the team set out to design the physical space and cultivate a tenant mix.

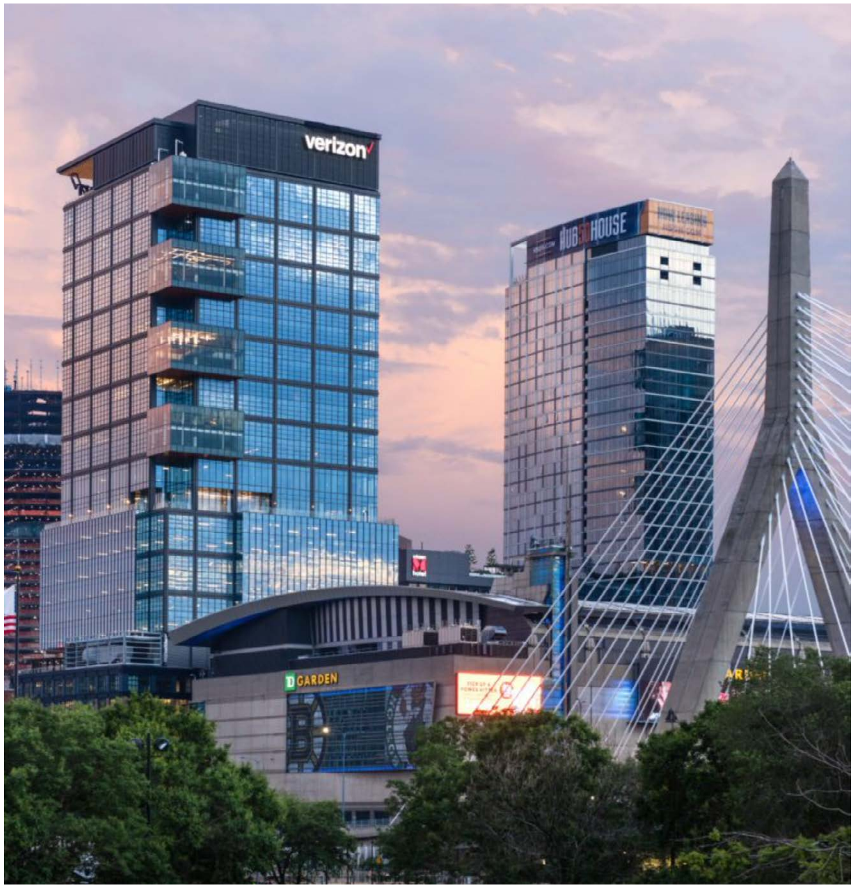
Enormous on-site demand. The Hub benefits enormously from its location directly above a major transit center serving both regional commuters and intra-city travelers, as well as from being adjacent to the arena serving two popular professional sports teams and hosting scores of other events throughout the year. That proximity alone puts millions of potential shoppers annually right at the project's entrances.

Matching retail to market. The project capitalizes on its location with retail and food tenants that cater to their specific customers, such as the Hub Hall food hall for pre- and postgame eating and a large ProShop store with sports team gear. The food hall is open both early and late for commuters and also serves on-site residents and office workers.

Serving the local community. The Hub's retail component serves much more than commuters, sports fans, and the on-site population. A key anchor is Star Market, fulfilling a longtime community desire to have a grocery store in the area. At 60,000 square feet, Star Market is one of the largest grocery stores in Boston. Though a Whole Foods Market is located about a half mile away on the border between Beacon Hill and the West End, Star Market at The Hub is only affordable supermarket in the West End, North End, or downtown, an area with a combined population of over 50,000 residents.

Entertainment. The Hub pulls in patrons to its entertainment and full-service restaurants. It has an active 1,500-seat music hall and three full-service restaurants, and recently signed a lease with AMC Theatres to open a 15-screen multiplex cinema.

Ground-floor retail. Though the project economics required significant project density on site, this density especially makes sense for an urban site situated above a transit center. Because of this, The Hub was designed as a vertical village, stacking many of its uses atop one another. However the development team did not extend that design philosophy to the retail component. "While a retail space may be more than one level, we designed the project with entrances required to be at ground level to ensure synergy amongst the different experiences and ensure accessibility," says Koop.



Courtesy of BXP

Open-air design. BXP "did not give in to extreme pressure to enclose The Hub entrance and retail," Koop says. "We created an open-air space, as it makes a huge difference in terms of how on-site visitors, residents, and office workers connect to the neighborhood. We chose to make The Hub an extension of the surrounding community versus a standalone destination." The developer also adopted a "strong architecture that you'd expect to see in a neighborhood that was originally warehouses and manufacturing," he says.

Independent functionality. The retail component does not exist in a vacuum, so its success ultimately depends on the vitality and integration of the other project components. "Mixed-use development is easier said than done," Koop says. He adds:

Courtesy of BXP

"Over 40 years of experience has shown us at BXP that building mixed-use projects on a speculative basis doesn't work. We designed The Hub with phaseabilty and a clear understanding of what retail and entertainment experiences would be successful, and designed these spaces to best meet the functionality of the specific retailer while ensuring the design complemented the entire project."

PROJECT HISTORY

The site, occupied by the original Boston Garden arena until it was demolished in 1998, was last used as a paved surfaced parking lot.

After groundbreaking in January 2016, The Hub on Causeway was constructed in three phases, with the first two phases being completed simultaneously in November 2019. That portion included the retail component along with a hotel, a residential tower, and low-rise creative office space, as well as the entrances to the TD Garden and North Station. The remainder of the office space—a high-rise office building mostly occupied by Verizon—was completed in 2021. Both components were built as stacked sections atop the retail podium.

SUCCESSFUL RETAIL

HOW 14 SHOPPING CENTERS ARE THRIVING TODAY

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