

# Toast of the Town

Main Street and town-center projects continue to build and lease



## Worthington

**Headquarters:** Malvern, Pa. (intersection of U.S. Route 202 and U.S. Route 29)

**Size:** 2.2 million sq. ft. of integrated mixed-use

**Developer:** O'Neill Properties Group

**Components:** 745,000 sq. ft. of retail; 490,000 sq. ft. of office; 753 multifamily residences; 476 apartments, 303 condominiums, 74 townhomes; hotel

**Major tenants:** Wegman's, Target, Muvico, Arhaus, L.L. Bean, Turner Investment Partners (U.S. headquarters); VWR International (global headquarters)

**Status:** Under construction, with a 2010 opening

By Katherine Field

All is not as quiet on the town-center construction front as recent headlines might suggest. Though there has been a slowdown in development — a complete stall in some municipalities — town centers and Main Street-style projects, particularly those in the form of mixed-use lifestyle centers, are continuing to get built and leased.

“Will mixed-use lifestyle centers become the white elephants that many of their regional mall counterparts have? Not likely,” said Robert Spratt Jr., president, Charlotte, N.C.-based Hill Partners. The reason, he said, is two-fold.

First, the mix of uses is insulating the format from the economic downturn. “The opportunity to build mixed-use lifestyle centers hasn’t gone away; it’s too powerful a concept,” said Spratt. “It’s simply taking longer to execute because of the slowdown of retailer expansion, a weakened office market and a tightening of the lending community.”

One way around that is for developers to secure a diverse property portfolio, he said, which spans different geographic regions.

Another route to success is through phased development. “The first wave of leasing should shift to other uses still expanding, such as movie theaters, fitness centers and natural/organic specialty grocers,” advised Spratt. In short, if you can’t get the core of the project merchandised at the moment, concentrate on the components that offer more immediate opportunities.

A Hill Partners’ open-air town center that is flourishing is the

Town Center at Levis Commons, situated in the shadow of Detroit, in Perrysburg, Ohio. Despite the troubled times, particularly in hard-hit Detroit, many of the 319,000-sq.-ft. town center’s merchants recorded double-digit increases in March, said Spratt, and at presstime April was expected to continue the positive trend. “Our consumer at this center is more upscale and, while scaling back, is still spending money. This shows that if your center is well-merchandised and well-marketed, it will perform well.”

Another Main Street stalwart is Biltmore Village, near the Vanderbilt estate in Asheville, N.C. “It used to be a support village for the estate, but over the years has evolved into an urban pedestrian village in its own right,” said Spratt.

The mixed-use, phased project features a hotel and retail, with a large medical office component adjacent.

“Tenants at Biltmore Village are performing at or above pro forma, including J. Crew, Talbots, Chico’s and Aveda,”

he said. Phase 2 — an infill project with a Main Street retail environment and a mix of uses, including residential — is currently leasing.

**Uptown action:** In suburban Philadelphia is a vibrant

## Town Center Teamwork

**B**ringing together multiple developers with different areas of expertise is a relatively new strategy in the building of today’s mixed-use town centers and Main Street-style centers. But the melding of the varying specialties is of paramount importance to the ultimate success of the project.

“By developing projects with partnerships of different skill sets and strengths, you can make a better project that works for the different components and their users,” said Charles Elliot, senior VP development for Philadelphia-based Dewey Commercial Investors. In the past, said Elliot, a single developer would have built the different uses solo.

“Either a retail developer did the project, and it didn’t work for the residential customer, or vice versa.”

That’s precisely what the developers of Voorhees Town Center, in Voorhees, N.J., wanted to avoid. The former Echelon Mall launched a major redevelopment in 2007 with a goal of creating a smart-growth, mixed-use development with a right-sized enclosed mall, Main Street retail, upscale condominiums, office space, restaurants and entertainment. To deliver a project consistent with the original vision, Philadelphia-based Pennsylvania Real Estate Investment Trust brought in a residential specialist, Dewey, as part of the development team.

“We completed a long-term ground lease with Dewey to develop

the residential portion of the project,” said Joseph Coradino, president of PREIT Services. A land condominium, which is a creative way to convey property, governs how PREIT and Dewey work together.

But how they team up day-to-day is based largely on the core competencies of each company. “PREIT is the retail expert; we are residential

along.

“Of the four residential buildings under construction, the first one comes online May 15, another in July, one in August and one in September,” said Coradino. “All of these buildings will have ground-floor retail, so it is a true town center.”

It is also a true team effort, with a retail specialist — PREIT — combin-



Voorhees Town Center will be a result of a retail-residential partnership designed to build a better project mousetrap.

ing efforts with a residential expert — Dewey — to

create a mixed-use town center that is a better mousetrap.

“Our partnership almost speaks to the old adage ‘two heads are better than one,’” said Elliot. “With more people involved and more communication, skills and competencies, you have the ability to anticipate problems, catch potential shortcomings and overall be more rigorous about the whole process.”

“At the end of the day, we communicate, we stay on the same page and we use the partnership to its best advantage.”

Voorhees Town Center has begun opening in phases. The renovation of the mall is complete, as is a 50,000-sq.-ft. office building that houses the headquarters operation of Philadelphia’s largest advertising agency. And the residential portion is moving

corridor with high-tech and financial businesses, bioscience industries and more than 8 million visitors each year — but no downtown to speak of. Locally based O'Neill Properties Group aims to change that, with its new Uptown Worthington project opening fall 2009.

Located at a “Main and Main” address, in the heart of the corridor, the 2.2-million-sq.-ft., mixed-use Worthington features a Main Street and town-center component anchored by Wegman's, Target, Muvico and L.L. Bean.

“The town center component isn't just important to the Uptown Worthington development,” said Brian O'Neill, founder and chairman of O'Neill Properties. “It is the development.” The developer is constructing a de facto downtown for the township of Malvern, Pa., in Chester County.

“We are creating the downtown, the place to go, to see and be seen,” said O'Neill. “There are 190,000 day-time employees around the site, and 20,000 connect to the site. They've been in these offices for years, and now we are giving them a downtown, a place to have lunch, to do some shopping, to see a movie.”

Wegman's is building a 140,000-sq.-ft. store in Uptown Worthington, joined by a same-sized Target, an 85,000-sq.-ft. Muvico complex complete with luxury box seats and 14 all-digital theaters, L.L. Bean and Arhaus. O'Neill considers each of these the best in its category, and their selection to the project is by design.

“This is the wealthiest suburb in the state of Pennsylvania, and it has no retail,” he said. “Picking the best of each category is our leasing strategy.”

The project is currently under construction, with delivery for interior fit-out in fourth quarter 2009 and opening starting in spring 2010. ■

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The tenants of The Town Center at Levis Commons, in Perrysburg, Ohio, have performed at or above expectations, even in a tough economy.



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New Super Stop & Shop anchored center at the intersection of Route 44 and Route 7 in affluent Litchfield County. Up to 12,000 SF available — including premier endcap and restaurant space.

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### CROSS POINTE CENTRE | FAYETTEVILLE, NC

Located at the intersection of US 401 Bypass and Morganton Road, Cross Pointe Centre is a 237,167 SF power center anchored by Staples, T.J. Maxx, Bed Bath & Beyond, Shoe Carnival, ULTA and A.C. Moore. Cross Creek Mall is directly across the street. Other major retailers in the immediate area include Lowe's, Target, Home Depot, Kohl's and Hobby Lobby. 47,355 SF available in premier endcap space.

### CROSS POINTE CENTRE | JACKSONVILLE, NC

196,214 SF power center featuring Marshalls, Books-A-Million, Shoe Carnival, Old Navy, Michaels, Lane Bryant, O'Charley's, Cracker Barrel, and Pet Warehouse. Located on Western Boulevard in Onslow County near the Jacksonville Mall. 2,000 to 27,000 SF available.

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