



# Arkansas Democrat Gazette

ARKANSAS' NEWSPAPER

Copyright © 2004, Arkansas Democrat-Gazette, Inc.

Printed at Little Rock • Sunday, Jan. 11, 2004

416 PAGES 34 SECTIONS

\$1.25

## Retail developers bide time, jockey for sites

8 projects seek solid backing for new shopping experience

BY EDWARD KLUMP, ARKANSAS DEMOCRAT-GAZETTE

Summit Mall's shifting fortunes in recent years have cast a shadow over major retail development in Little Rock.

Although the fate of the megaproject planned for undeveloped land along Interstate 430 since the 1980s still is to be determined, a number of developers are pitching other local retail projects. The locations, sizes and concepts vary, but there's a common goal — providing consumers with a new shopping experience.

Just how many of the projects become a reality, however, remains to be seen.

"I think there is going to be some development occur," said David Jones, a businessman and former chairman of the Little Rock Planning Commission. "But, frankly, I think it's too early to put your money down on betting on which one's going to win, which one's not going to win."

At least eight sites in Pulaski County have been mentioned as possible places for new retail centers. Several of them might be built in some form, local and national experts say, but it's unlikely the majority can become full-blown "lifestyle centers" — now the buzz term of people in retail and real estate across the country.

The term is used so much that some experts aren't sure exactly what it means at this point. The International Council of Shopping Centers says lifestyle centers generally are upscale and have retail, restaurant and entertainment features. They often include a "Main Street" feel, with amenities such as fountains and street furniture.

"It's not clear yet whether this kind of lust for lifestyle centers is a long-term phenomenon or a short-term fad," said Adam Epstein of **Site Analytics Co.**, a New York firm that provides retail real estate and site evaluation consulting.

An analysis of four counties in central Arkansas by the National Research Bureau shows the area already has more shopping center retail space per capita than the national average of all metropolitan areas. The area's leasable space per capita in 2003 was 18.53 square feet, while the national metro areas' combined average was 18.06 square feet. The numbers are from 2003 and include shopping centers with at least three stores.

But retail per-capita numbers alone don't explain the status of a market, said Patrice Duker, spokesman for the International Council of Shopping Centers. She said other local factors come into play, such as income, area employers and what stores are already there.

In the Little Rock area, for example, some developers contend that area consumers crave more retail options that include the types of tenants found in lifestyle centers. Retailers such as Pottery Barn and Restoration Hardware are among names often mentioned as potential newcomers to the local market.

Developers and retailers also are working at a time when traditional conceptions of malls and shopping centers are breaking down across the nation, said Michael Beyard, senior resident fellow for retail and entertainment at the Urban Land Institute.

"I think we're going to see more hybrids and mixes and shopping centers tailored to the specific community and the location and the site," he said.

### SHOPPING SITES

Summit Mall isn't just the biggest of the proposed retail projects — it would be the biggest retail center in the state. Still, its future is foggy.

In December, the Arkansas Supreme Court reversed a lower court's decision that invalidated the zoning permit granted the 1.1 million-square-foot project. The court, however, indicated that residents challenging the development have the right to petition the city to call a municipal election so voters can decide the project's fate. Thus far, no action in that direction has been detected.

The mall was proposed by Simon Property Group Inc. of Indianapolis and Dillard's Inc. of Little Rock. Sketches at a convention in Las Vegas later showed that Cousins Properties Inc. of Atlanta was to be involved, and that the project had morphed from a traditional enclosed mall into an open-air venue.

Simon has declined to comment on Summit Mall since the Supreme Court's ruling. Dillard's also has declined to comment on any plans for the Little Rock area.

Meanwhile, discussion about other sites is hot.

One is at Chenal Parkway and Rahling Road, where in March 2001 Cousins Properties announced plans for The Avenue Chenal. The open-air center was to have 340,000 square feet and be anchored by Parisian, a specialty department store.

That development, which was to open by fall 2002, never materialized. And Matt Gove, a spokesman for Atlanta-based Cousins, said the company no longer is involved at the Chenal location.

"We are actively engaged on another site," Gove said.

He declined to pinpoint the location, but said Cousins feels the new site will better meet the needs of the central Arkansas market.

Now, RED Development has an option at the Chenal Parkway-Rahling Road site for a shopping center, said John Bacon, a spokesman for the firm that has dual headquarters at Scottsdale, Ariz., and Kansas City, Mo. Bacon said variables still need to be worked out, and he

wouldn't provide any details about the project. If it proceeds as planned, a full announcement could come late this month or in February, he said.

Also in west Little Rock, businessman Lou Schickel said he would like a lifestyle center to go along Cantrell Road west of Interstate 430. He declined to go into details, but said the project would be known as Pleasant Ridge.

Ed Willis, president of Financial Centre Corp., said there also are hopes The Ranch, farther west on Cantrell Road, would be the site of a lifestyle center. Willis said he has a tract identified, but added he is in no hurry to get it developed.

A midtown project on University Avenue, across from Park Plaza and just north of West Markham Street, is to include upscale retail and restaurants, said Ron Tabor of Irwin & Saviers. All of the area's proposed projects won't get built, he said, but the midtown development is proceeding.

Tabor's firm assembled land for the open-air development that is to have some 127,000 square feet of space in several buildings. Strode Property of Dallas is the owner and developer, Tabor said, and houses at the site are being removed or demolished.

He declined to name possible tenants, but said the goal is to have the center open by late this year or early 2005.

On the northwest corner of Colonel Glenn Road and I-430, a developer has contracted to buy 81.6 acres for a roughly 500,000 square-foot development, said Steve Hockersmith of PDC Cos. in Little Rock. Sites such as the one on Colonel Glenn benefit from being located at an interstate exit, he said.

Hockersmith has declined to name the developer, but said more details would be announced in coming months. The developer prefers not to make an announcement until a construction time frame and some anchor tenants can be disclosed, he said.

Some of the major retailers rumored to be in the market for west Little Rock space include J.C. Penney, Belk, Parisian and Dillard's, Hockersmith said in a prepared statement.

"To my knowledge, none have officially committed to our site, or any other site, but some have definite preferences," Hockersmith said in the statement.

For example, J.C. Penney is interested in the Colonel Glenn location, according to several sources who are familiar with the area's retail development. They asked not to be identified.

Another possible development is Otter Creek Town Center, envisioned to include a major retail presence, near the intersection of I-30 and I-430.

Tommy Hodges, president of the company that owns the property, said he would like to see an open-air "power center" with 500,000 to 600,000 square feet of space. It would be similar to the Conway Commons shopping center, he said. Hodges, who said he is working with a developer, added that he hoped details could be announced sometime this year. He declined to name the developer.

And in North Little Rock, The Shoppes at North Hills is planned south of Interstate 40. The development is to include a Bass Pro Shops location and open in 2005, said Bruce Burrow of Belz-Burrow Development Group, which is involved in the project.

It would be an open-air center that includes retail and entertainment components and 800,000-plus square feet, Burrow said. He and other developers said the North Little Rock center would serve a different area than those being talked about for west Little Rock.

"It's like two different markets," he said.

There aren't many retailers such as Bass Pro that would put a store on only one side of the Arkansas River, Burrow said.

## **ATTRACTING RETAILERS**

Many reasons have been given for the desire of some major retailers to move into Pulaski County. The reasons include Arkansas' higher profile because of President Clinton's years in office and some retailers' strategies to enter smaller markets.

Hank Kelley of Flake & Kelley Commercial in Little Rock said he expects retail anchors' decisions in 2004 to shape retail patterns for the coming decade. Flake & Kelley is working to market the Otter Creek land. The firm also is marketing land at the southwest corner of Chenal Parkway and Arkansas 10 in hopes of attracting a major retailer and several outparcels.

The six-county Little Rock-North Little Rock metropolitan area's population is nearly 623,000, according to the latest estimates from the U.S. Census Bureau. Some developers point to an 11-county area in central Arkansas, which has a combined population of more than 916,000, using the latest estimates.

While Little Rock isn't tiny, it also isn't big, said the Urban Land Institute's Beyard. The smaller the market, the riskier the venture for retailers, he said.

Attracting retailers can be a chicken-or-the-egg question, said Epstein, who is president of Site Analytics Co.

"No one wants to build a project until the retailers are all lined up," Epstein said. "And the retailers are anxious to jump in until there's already a big groundswell of support for that center."

A successful project also would line up money quickly and get permits and the backing of the municipality in addition to attracting retailers, he said.

Jones said developers are positioning themselves publicly while "a behind-the-scenes sales job" ensues.

"Whoever's got the best site geographically, incomewise, populationwise, that's clearly going to be the most likely one to develop," said Douglas Ryan, a development expert in Michigan.

The developers and property owners involved in Pulaski County plans share an optimism that's common to many people in their field. And while all of the projects might not work out as planned, Jones said it's amazing how much attention the market is getting these days.

"Probably in the last 25 or 30 years, this is somewhat unprecedented," he said.