

There's more than 1 way to skin retail cat

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then a banquet hall began to evolve until it was decided a casual restaurant, upscale restaurant and banquet hall would occupy the project.

But the real coup, Shea said, was when Dr. Attallah arranged to lease space for physicians from the Detroit Medical Center to set up a one-of-a-kind suburban diagnostic center.

"Right now in Oakland County, if you have to see a specialist, you have to go down to one of the major centers in Detroit. Now, we will have specialists that people would normally be referred downtown to see," Shea said.

THESE THREE types of tenants will augment the specialty retail boutiques that are filling the remainder of the mall, she said.

"The kind of traffic that a medical office generates is entirely different from the type that retail generates," she said. "The type that restaurants generate is different from the type that offices generate."

With scheduled appointments at the medical and real estate offices, lunch and dinner crowds, and walk-ins at the boutiques, foot traffic

the stuff that commercial developers' dreams are made of — will be constant from 8 a.m. to 7 p.m., Shea said.

"We've really have built an ongoing busy place," she added. "I think what's most unique about the project is the hours it's going to be active."

Another part of River Square Main's appeal is its location and ties to the Rochester community, Shea said. Its architectural English Tudor style was chosen to complement the old world charm of downtown Rochester's business district.

Dr. Attallah also has plans for a downtown trolley that would run down Main Street to further tie the downtown business district together, Shea said.

AUBURN MILLS, the nearly two million square foot specialty mall on a 220-acre tract in Auburn Hills, is as conspicuous as River Square Main is subtle.

Big, vivacious, and boasting prices 20 to 60 percent less than competitors, the Mills concept is heralded by Western Development as the prototype for retailing developments into the 21st century.

Western Development has overcome public opposition to the

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—Patience O'Connor

project, but one gigantic stumbling block remains before it can be built — gaining the necessary construction funding.

Antsy lenders are still leery about loaning Western Development the \$200 million plus to bankroll the project.

Although Western Development has postponed groundbreaking until late summer, officials insist a funding arrangement will be made, and the mall will begin construction regardless of the economy.

According to Patience O'Connor, senior vice president, management and marketing, the Mills concept was developed in the early 1980s when Western Development was building a lot of small discount strip centers in the Washington D.C. area.

"It became clear as we were watching these centers that they

were gaining acceptance with educated, discriminating, brand-conscious consumers," she said. The Mills concept was designed to meet what the company perceived as a growing demand.

"We said, 'Why not do it on a grander scale?'"

That grand scale would eventually evolve into the two million square foot Potomac Mills in Prince William County, just outside of Washington D.C., in which Western Development set out to marry the two most popular value-oriented retailer outlets.

That in itself, was a daunting task. Off-price retailers and manufacturer outlets are typically fierce competitors and rarely associated with each other, O'Connor said. Convincing the two to set up shop in the

same building took quite some doing. "In the beginning there were a lot of naysayers," she said. "When we opened (Potomac Mills) there were a lot more vacancies than we anticipated."

Western Development put on an extensive marketing campaign to sell the Mills concept and was forced to offer leasing deals to fill up believed in the project.

"We believe we succeeded because we stuck to the original concept. Just to illustrate how far the Mills Concept has come in years, O'Connor said, Potomac Mills now has a waiting list of retailers trying to get in.

That's amazing when you consider how fragile the economy is. The concept has been so successful in fact that retailers who previously shunned the word "discount" — like Ann Taylor, Saks Fifth Avenue and Laura Ashley — have now opened outlets at one of the Mills malls.

The retail mix has continued to evolve. Each of the three Mills now opened — in Washington D.C., Philadelphia and Florida — and each of the three now planned — in Michigan, Illinois and California — will

have a different retail mix to reflect the areas in which they are located.

But the value shopping is only half of the Mills formula. An important part of the Mills concept is the family entertainment offerings.

In other Mills malls — and planned for Auburn Mills — activities including miniature golf, computerized bowling, batting cages, roller skating rinks, movie theaters and other forms of participatory entertainment are provided to shoppers.

Various theme courts will also be part of the extravaganza. Other Mills projects have featured food courts with a variety of specialty restaurants, video courts that offer programming for shoppers including consumer information, activity courts for special events, and a new ideas court displaying exhibits of new products and services.

The label was "that if you enter the store customers will spend more of their time at the center than at any other retail center."

The entertainment aspect of the Mills malls has also evolved. Potomac Mills began with fairly simple video entertainment and special events through out the mall.

Developers sing retail leasing blues

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they are protective development. "They're in places where there's only room for one store. If you don't build now, three won't be enough demand for many years."

MOST DRUG AND grocery store construction is in this category, he said. Drennick of Coldwell Banker said commercial development is always the first to suffer whenever the economy slows.

That is especially true this year, Drennick said. Unlike in past recessions, many of those being laid off are white collar workers. Last decade's commercial boom was mainly driven by white collar workers with disposable income, she said. Those same products couldn't be kept on the shelves a year ago are suffering today.

Soft goods, like clothing and accessories, and durable goods, like appliances and cars, are extremely sensitive to the economy, Drennick said, so new construction and leasing of commercial space is unlikely.

But some very specific niches hold some promise. Produce markets, prepared food stores, and frozen meat and butcher shops are benefiting from what is perceived as a lack of competition in the grocery industry. One big reason customers

choose one store over another is the produce and specialty food sections.

RECENT GROCERY store mergers have resulted in a consumer perception that grocery store produce areas have suffered, which gives specialty stores a chance to move in and gain market share, she said.

Another good bet is the warehouse super stores, like Sports Authority and Office Max. Drennick said several warehouse retailers are seeking space or new construction in the metropolitan Detroit area.

Rosenbaum of the Equitable Group said many developers have postponed commercial projects for the upcoming year because obtaining financing from skittish bankers is difficult, Rosenbaum said.

Hanks are even skeptical about making loans for the expansion of retail centers that are 100 percent leased and doing well. "But successful companies will move forward."

A recession offers well managed retailers — especially those with capital to invest — a chance to relocate and renovate their facilities in anticipation of better times, he said.

"There's no better time than the present to build because it will always cost more down the road," he said. "If you can build now without putting your company in jeopardy then now is the time."

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