

Reinventing the Eastland Mall

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Institute
Advisory
Services Panel
Charlotte,
North Carolina
March 5-8, 2007



Special Thanks

- Mayor & City Council
- County Commission
- City Manager
- Chief of Police
- Director of Planning
- Director of Neighborhood Development
- *Tom Flynn*
- *Giovanna Buyers*
- Glimcher
- Fields
- Sears
- Belk
- Charlotte Chamber
- ULI - Charlotte
- More than 20 Community, Business and Neighborhood Leaders

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The Panel

David Leininger (Chair)
Chief Financial Officer
City of Irving, TX

Michael Beyard
Senior Resident Fellow
for Retail and Entertainment
ULI-the Urban Land Institute
Washington, DC

Tom Gardner
Senior Associate
EDAW
Denver, CO

Dr. Dennis Lord
Professor Emeritus
University of North Carolina
at Charlotte
Greenwood, South Carolina

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About ULI

- Established in 1936.
- Independent nonprofit education and research organization.
- *The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.*
- More than 35,000 members worldwide.
- Representing the entire spectrum of land use and real estate development disciplines.

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ULI Advisory Services

- Bring the finest expertise in real estate to bear on complex land use and development projects
- All volunteer panel
- Over 400 ULI-member teams assembled since 1947 to assist sponsors find creative and practical solutions

The Panel's Assignment

- Alternative uses or reuses for the anchor stores, including other anchor retailers and non-retail uses
- The feasibility of creating a mixed-use center
- Civic uses that might be needed in the Eastland area and might be accommodated at Eastland.
- Options for public investment and public/private partnerships in the project
- Public infrastructure needs for the site and adjacent area

The Process

- Studied and discussed information provided by the sponsors
- Briefed by city staff
- Toured the project area
- Met with key stakeholders
- Heard a variety of perspectives from dozens of community members and discussed issues and concerns
- Debated the issues and framed recommendations



Today's Presentation

- Introduction
- Situation Assessment
- The Market
- Development Scenarios
- Design and Planning
- Implementation

Situation Assessment

- Eastland Mall built 1975, remodeled in 1990
- Situated on 90 acres
- 1,031,746 square foot mall
 - Sears 191,000 sq ft.
 - Belk 180,000 sq ft.
 - Dillard's 159,000 sq ft.
 - JC Penny 169,000 sq ft.
 - 5,762 Parking Space
- Located approximately 5 miles from downtown Charlotte
- Oldest Regional Mall in Charlotte



Situation Assessment

- The Mall has suffered from bad publicity / image
- Many National in-line retailers have left
- Penny's has closed and been backfilled with discount retailers
- Belk has closed
- Dillard's has changed to a discount format and will probably close



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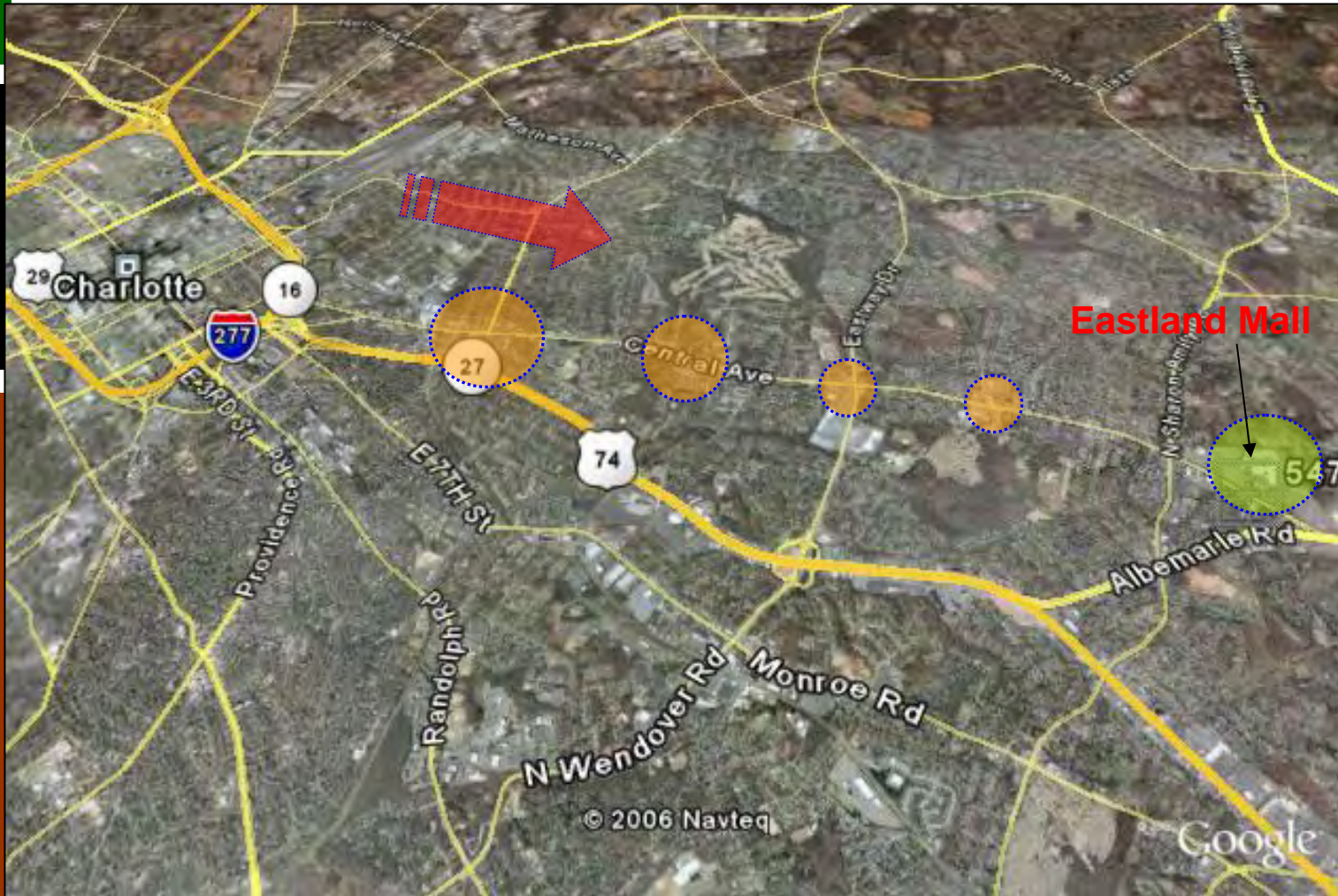
Size of Site

Eastland Property Superimposed on Downtown



Neighborhood Reinvestment is Progressing Toward the Eastland Mall along Central Avenue

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The Market

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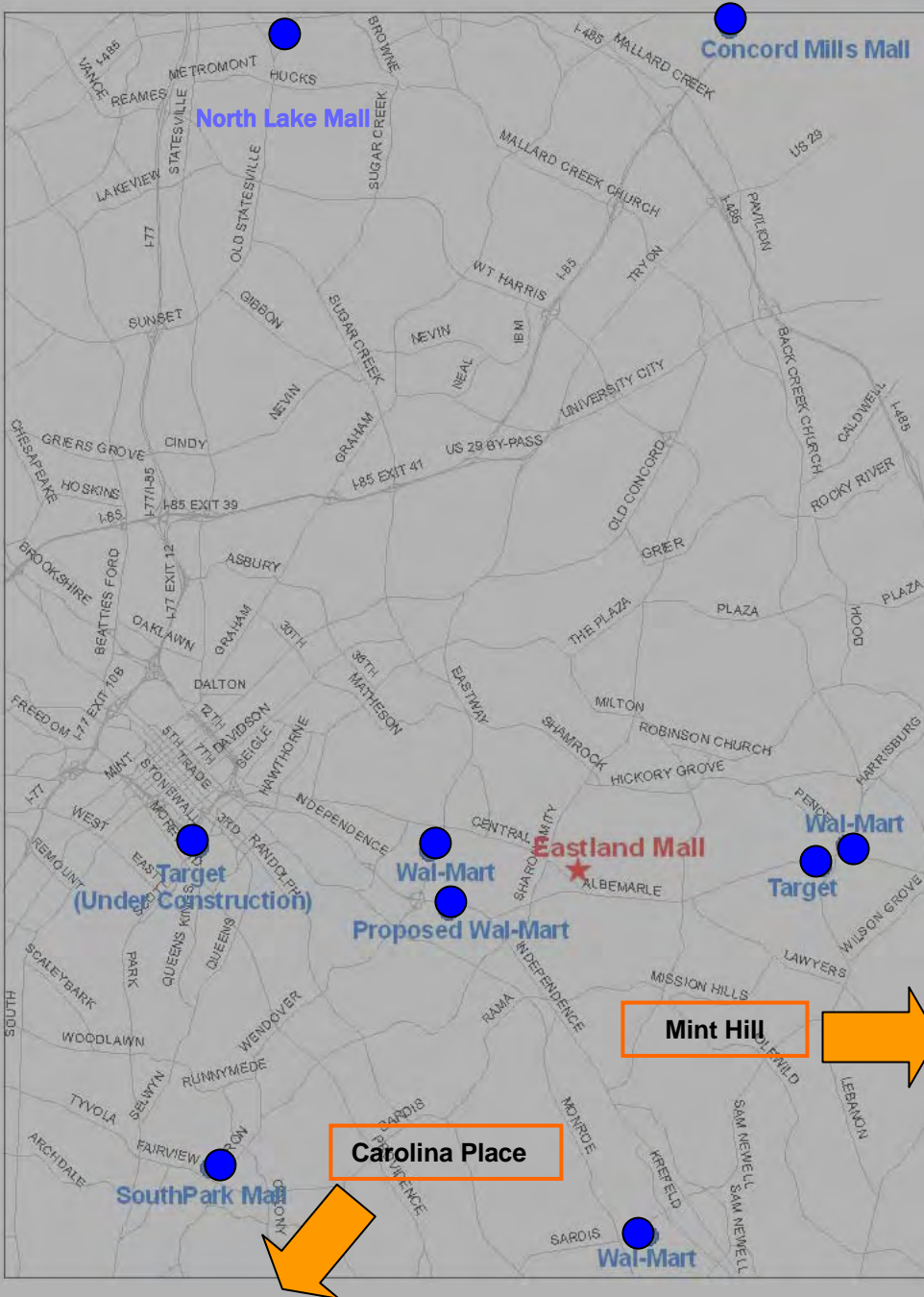
Retail Market Analysis

- Reviewed Eastland Mall tenant operations statements
- Analyzed the Rose & Associates Southeast, Inc. retail market study
- Correlated market data with ULI Dollars & Cents of Shopping Centers tenant sales data
- Estimated space demand for the types of stores that are under-represented in the Eastland trade area
- Created a preliminary tenant mix for the new town center

Eastland Trade Area Retail Conditions

- Oversupply of retail
- Obsolete and deteriorated strips
- Public realm does not match consumer expectations
- Most desirable retail formats are locating elsewhere
- Newer Mall and Big Box Competition nearby

Competing Retail



Name	Distance
SouthPark Mall	6 miles
Concord Mills Mall	14 miles
Wal-Mart (Eastway Dr)	2.5 miles
Wal-Mart (Albemarle Rd)	4 miles
Wal-Mart (Sardis Rd N)	7 miles
Proposed Wal-Mart (Indep Blvd)	2 miles
Target (Albemarle Rd)	3 miles
Target (Under Construction/Midtown)	5 miles

Development Challenges

- Trade area has been cut off
- The Eastland Mall site is no longer a regional location
- Growth has passed by the area
- Incomes are growing only modestly
- Weak public realm along major arterials
- Perception of crime
- Multiple site ownership

Eastland Market Strengths

- It's the center of the east side communities
- Strong community access, traffic, and visibility on major east-west and north-south corridors
- The population has increased from 105,000 to 110,000 people since 2000
- Average household income has increased from \$45,000 to \$56,000 since 2000
- Strong homeowner neighborhoods
- Re-investment is spreading east along the Central Avenue

Change is Required

- Crucial to the future of east side
- What happens on the mall site will determine what happens to the neighborhood in coming years
- Plan a comprehensive solution that creates a more sustainable real estate development and livable community

The New Town Center

- Not a regional shopping center
- An environmentally sustainable new town center
- Focused on community retail, dining and services
- Mixed with recreation and leisure amenities
- For-sale residential neighborhoods
- Civic facilities and
- A central gathering place
- In a high-quality, pedestrian-oriented environment

Create a New Identity

- The mall site should become the heart and soul of the east side communities
- Combine retail with a range of other activities
- Provide connectivity to surrounding neighborhoods and commercial streets
- Integrate uses in a convenient town-center configuration
- Brand the place to create a new identity
- The name “Eastland” must go!

Market-Responsive Retail Mix

- Restaurants 90,000 – 100,000 sf.
- General Merchandise 75,000 – 85,000 sf.
- Books and Music 40,000 – 45,000 sf.
- Electronics 20,000 – 30,000 sf.
- Home Furnishings and Accessories 10,000 –15,000 sf.
- Specialty Food and Wine Stores 5,000 – 10,000 sf.
- Specialty Garden/Hardware 5,000 sf.
- Neighborhood Services 5,000 – 10,000 sf.
- Range total 250,000 – 300,000 sf.

Illustrative Development Program

Illustrative Development Program

Total Land Area

Category	Acres	Units/acre	units/sf
Retail	15.0		275,000
Residential			
Condos	7.5	40	300
Townhouses	15.0	15	225
Single family detached	7.5	8	60
			<hr/> 585
Civic	10.0		
Open Space	15.0		
Streets, ROW	20.0		
	<hr/> 90.0		

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Development Scenarios

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Development Scenarios

- ***Scenario 1: Status Quo***
- **Scenario 2: Adaptive Re-Use**
- **Scenario 3: Site Transformation**

Scenario 1: Status Quo

Re-model and re-tenant and position as a sub-regional retail mall

- Considerations
 - Current complex is three to four times square footage need determined by market
 - Vacant anchor facilities would need to be marketed to non-retail uses or demolished
 - Substantial amount of surplus land would remain
 - Does not respond well to community redevelopment goals
- Not a viable development scenario

Scenario 2: Adaptive Re- Use

*Selective demolition and general site
redevelopment*

Considerations

- Sears stays, and clear in-line portion of complex
- Detach, remodel and re-tenant anchor buildings with either retail or non-retail uses
- Introduce mixture of residential and other uses to site

Possibly viable

- Retains much of the current character
- Limits ability to reposition and rebrand the site
- Inconsistent with Community Aspirations

Eastland Area Plan

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Scenario 3: Site Transformation

New site development program, with new street layout and balance of civic, retail and residential uses

Considerations

- Total site redevelopment is most likely required to match changing market dynamics
- Mix of civic, retail and open space will still leave 30 - 40 acres available for cluster and attached residential units
- Requires reassembly of parcels under a common development program

Most viable development scenario

- will require public/private partnership to address infrastructure and civic use requirements
- Requires creativity and adroit development skills
- Consistent with Community aspirations

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Design and Planning

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Eastland Area Plan

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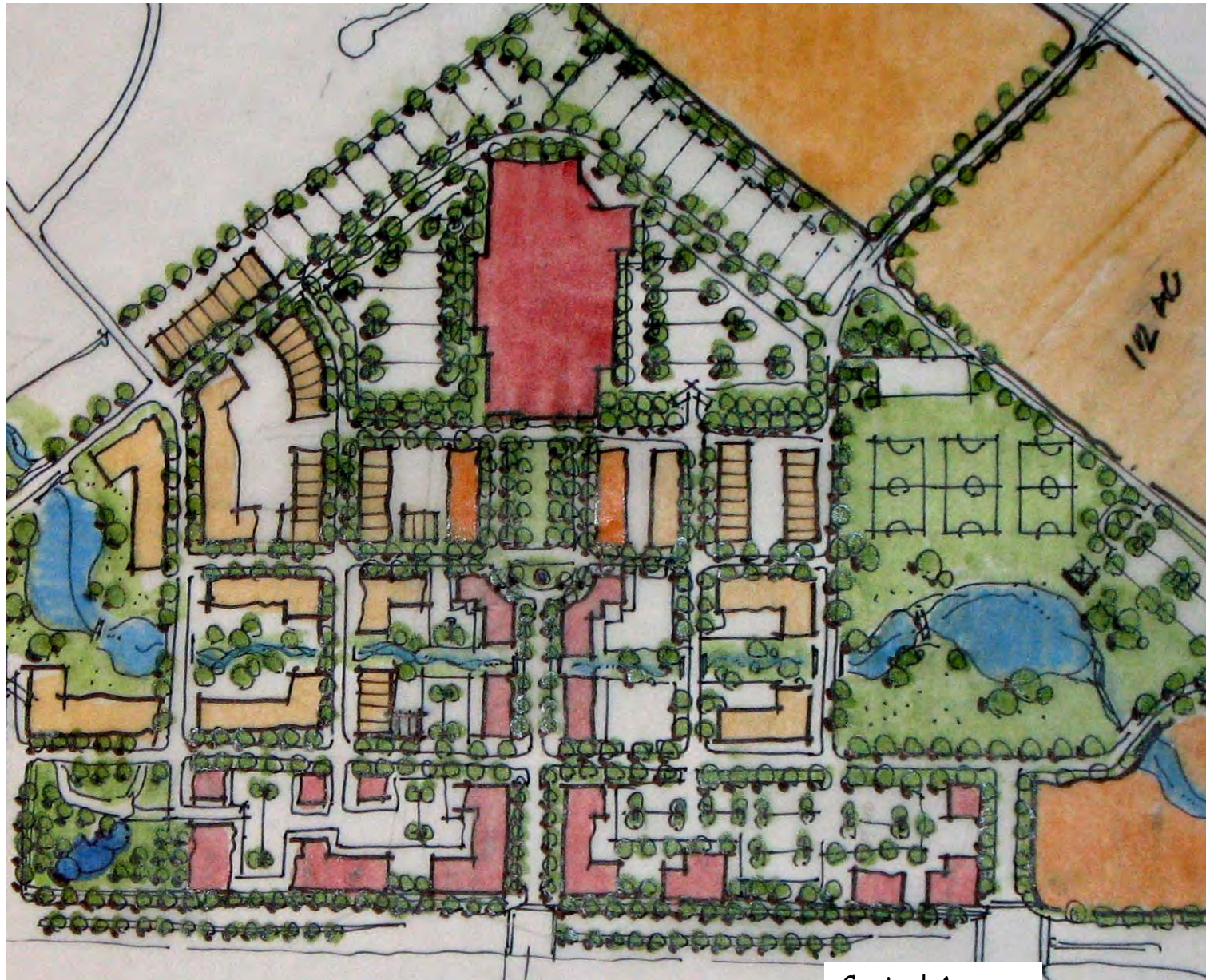
Scenario 3: Partial Transformation

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Central Avenue

Scenario 3: Full Transformation

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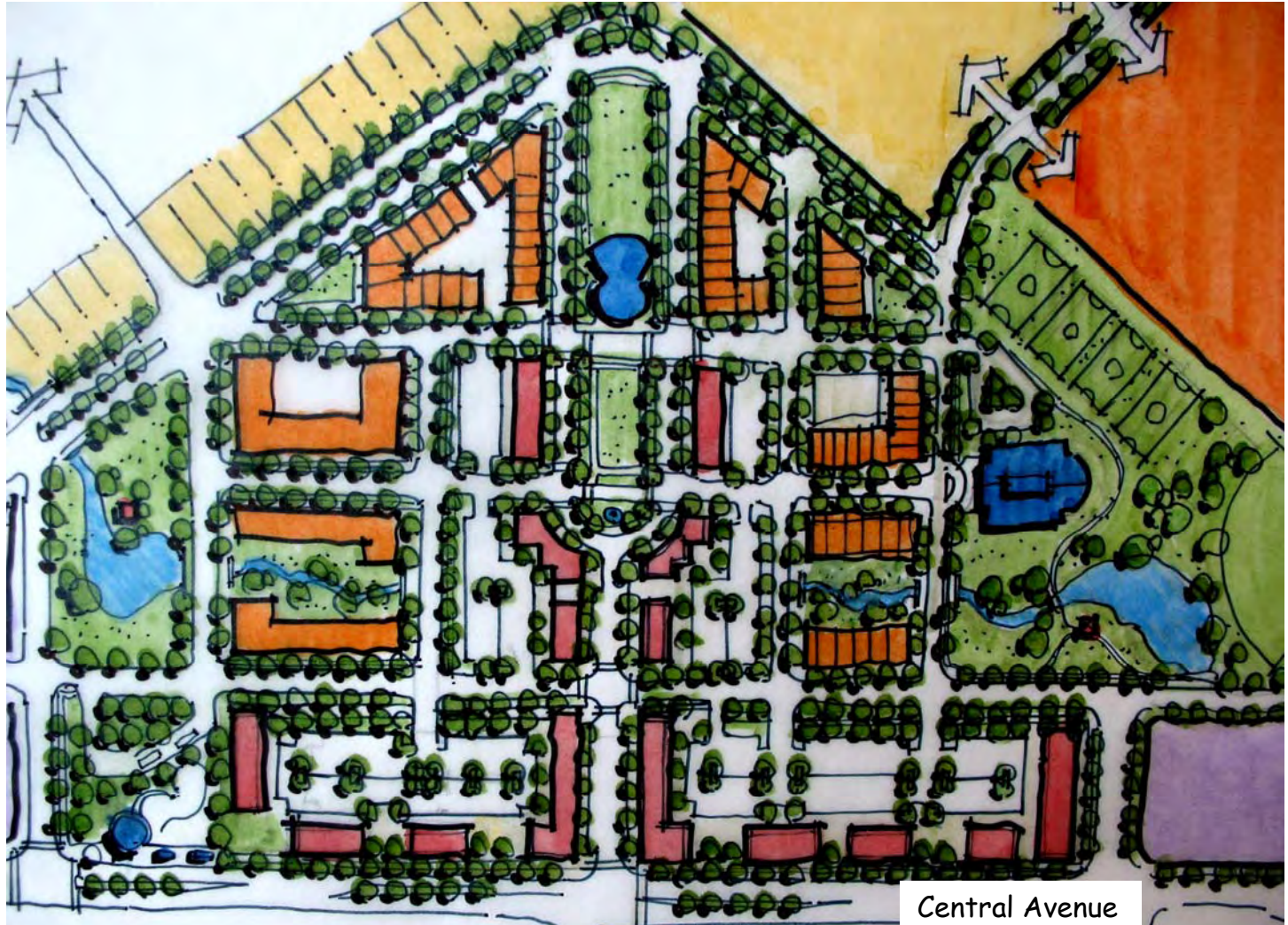
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Scenario 3: Full Transformation

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The Public Realm

- Energized, high-quality, public environment
- Focused on a central gathering place, a new grid of streets, a re-opened stream, and an interactive fountain
- Programmed with farmers markets, antique shows, local events, civic meetings, street festivals and seasonal events
- Enlivened by a recreation center/YMCA combined with soccer fields, baseball field and
- A new ice rink if the community is willing to support it
- Linked to a regional bikeway/trail system



Place Making Character

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Implementation

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Implementation

- General Observations
 - None of the current owners at the site are mixed use developers
 - A mixed use development program will require:
 - develop a master plan,
 - revise the zoning plan,
 - Create a city TIF financial plan
 - Determine city infrastructure support and civic uses requirements

Comparative Conversion Projects

- Addison Circle
 - Addison, Texas
 - Conversion of failed retail center to urban loft village center
 - City participation in traffic circle, iconic outdoor sculpture, public event lawn
- Prestonwood Mall, Dallas, TX
 - Dallas, Texas
 - Conversion of regional mall to Wal-Mart, big box and rental residential
 - Limited city participation

Comparative Conversion Projects

- Richardson Square Mall
- Richardson, Texas
 - Conversion underway of failed declining multi-anchor, off freeway mall
 - City participation under discussion to assist in transition to new market program

Public Investment Considerations

- Funding for general public infrastructure:
 - Arterial roadway improvements
 - Storm drainage and open space
- Funding for public realm:
 - Commons and streetscape
 - Public art
- Funding for parks, library and open space
 - Parks and playfields
 - Recreation center and ice hockey rinks
 - Trails and connector walk paths
 - Library branch
- Funding for public trolley/transit extension

Private Investment Value

Estimated Private Market Value in Mixed Use Program

Property Use

	Sq. Footage			
Retail	300,000		\$ 150	\$ 45,000,000
Residential	Units	Avg SF		
Condominium	300	1,200	\$ 200,000	\$ 60,000,000
Townhomes	225	1,800	\$ 250,000	\$ 56,250,000
Single family detached	60	2,400	\$ 300,000	\$ 18,000,000
				\$ 179,250,000

Implementation

- The nature of this mixed use project suggests the likelihood that several builder/developer will ultimately be involved in the project
- The scope of the project will require that total build-out will occur over a series of phases
- Therefore, the first effort is to solicit third party master development partner acquainted with this style of development

Implementation

- Solicitation process
 - Secure joint agreement among the landowners and city to participate in a site master plan project
 - Retain planning, architecture, engineering, finance team to develop due diligence package that verifies physical facts, legal matters, viable develop alternatives
 - Develop and pursue solicitation RFQ to generate interest among qualified developers

Project Timeline

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- Pre-Development Phase
 - City Designates a deal maker:
 - Secure joint agreement
 - Complete Due Diligence, Tiff Analysis, RFQ preparation etc.
 - Select Master Developer for exclusive negotiations
 - Negotiate and completes a participation agreement among the land owners and City.
 - Complete Master Planning and Rezoning
 - City continues to be the Champion until rezoning is complete
- Phase I – Town Center
- Future Phases 2-5

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Development Timeline

Development Timeline					
Pre-Phase I					Completion Dates
	Landowner Participation				April-June,07
	Due Diligence Completion				July - December,07
	Developer solicitation				January - June, 08
	Masterplanning/Zoning				July - June, 09
Phase I			Square FT	Units	July 2009 - July 2011
	Retail		100,000		
	Residential	Condo		150	
	Public Realm				
Phase II					July 2011 - July 2013
	Retail		75,000		
	Residential	Condo		150	
		Townhouse		50	
		Single family		60	
	Parks/Open Space			260	
Phase III	Residential			75	July 2013 - July 2015
	Civic Facilities				
Phase IV	Residential	Townhouse		50	July 2015 - July 2017
	Retail		50,000		
Phase V	Residential	Townhouse		50	July 2017 - July 2019
	Retail		50,000		
			275,000	845	

Long-term Management

- It's not a shopping center: Being open 24/7 requires more intensive management
- Create a management assessment district to take care of maintenance, landscaping, security, events
- Streets should be private to ensure the highest standards possible
- Work with the retail management and homeowners association to address ongoing issues and problems
- Coordinate events and marketing efforts with an International theme

Final Issues

- Protect existing residential neighborhoods from encroachment
- Generate “value capture” at the major intersections through phasing
- Up-zone south side of Central and apply design controls to shape higher quality development
- Create opportunity for more options and amenities by building the Central Avenue trolley
- Change at Eastland will accelerate change in the international corridor: Be prepared!!

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When a mall falters, the question that needs to be asked is not “How can we save the mall?” but “How can we use this opportunity to create a higher-value, more sustainable real estate development that helps build a more livable community?”

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The Urban Land Institute’s *Ten Principles for Rethinking the Mall*