



RETAIL LEASING HAS STAYING POWER

Developers are landing new retailers and restaurants at their mixed-use projects across the Southeast in preparation for a post-pandemic world.

By Alex Tostado

Mixed-use developments across the Southeast have not shown signs of leasing slowdowns over the past few months in spite of the COVID-19 pandemic. After the initial shock of government-mandated shutdowns for non-essential retailers, leasing activity has picked back up at several of the region's game-changing projects such as Colony Square in Atlanta; Midtown Tampa in Tampa, Florida; CocoWalk in Miami; and Fenton in Cary, North Carolina. In addition to those projects, other mixed-use properties have also seen activity during 2020.

Developers and retail owners are greatly benefitting from the natural outdoor space that was designed into these mixed-use projects. Though designed pre-pandemic, the built-in social distancing aspect makes each property desirable for retailers and customers alike.

Each project has rebounded from the spring and early summer seasons when a majority of the commercial real estate industry hit the pause button on transactions, developments and leases.



CocoWalk in Miami's Coconut Grove neighborhood will feature bicycle trails for patrons, as well as retail and office space. Retailers are attracted to outside-oriented projects like CocoWalk in the wake of the COVID-19 pandemic.

New projects see interest

Cincinnati-based North American Properties' (NAP) Colony Square in Atlanta has a number of new leases to celebrate this holiday season. The development — a modern day re-imagining of a retail, hotel and office project in Midtown Atlanta that dates to

the early 1970s — includes 912,000 square feet of office space, 160,000 square feet of retail space, a 466-room hotel, 262 multifamily units and two outdoor courtyards. The project has been under redevelopment and began to open new retail spaces in 2020.

On Dec. 18, IPIC Theaters opened

at Colony Square. The movie theater's design allows for natural social distancing, with two-person pods being situated apart from each other. IPIC has had some theaters open in the past few months, according to

see MIXED-USE, page 20

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MIXED-USE from page 1



Colony Square, a mixed-use redevelopment project in Midtown Atlanta developed by North American Properties, features three outdoor areas for patrons and tenants to gather. These include The Plaza (pictured), The Grove and The Loop Lounge.

Adam Schwegman, partner and senior vice president of leasing at NAP, and has had success with showing second-run movies.

Schwegman says that IPIC still feels that now is a good time to open and “ease back into things” due to its socially distant business model and the roll out of the COVID-19 vaccines.

The theater joined Lush Nail Bar, King of Pops, Sunny Sunglasses, American Barber and restaurant Saints + Council as other recently signed retailers at Colony Square.

Schwegman says the COVID-19 pandemic accelerated certain trends in the retail industry that were already in place, including the decline of some retailers such as apparel and certain mid-tier chain restaurants that were struggling heading into 2020. Schwegman says NAP is keeping its finger on the pulse of trends that continue to affect brick-and-mortar retail, including consumer behavior, media, omnichannel solutions and pop culture.

“We will continue to partner with brands that are looking past the horizon in terms of where the puck is going,” says Schwegman.

Bromley Cos. is developing Midtown Tampa in partnership with Jeffrey R. Anderson Real Estate and Casto Southeast Realty Services. Midtown Tampa is 91 percent preleased with previously announced anchors Whole Foods Market and REI. More recent lease signings include Royal Pets Spa, Shake Shack, cycling studio Ride It, PureBarre and Functional 45 Training. Mark Fallon, leasing executive for Jeffrey R. Anderson Real Estate, says Midtown Tampa chose to pursue several fitness concepts that are popular to give customers a

choice on which gym to join, rather than signing one big box fitness center.

Fallon also says that the 20-acre development has ample outdoor space, allowing visitors to gather more safely than in enclosed areas.

“Midtown Tampa is mostly outdoors, and the troubles and fears of COVID-19 brought to reality what types of projects retailers want to be in going forward,” says Fallon.

Federal Realty Investment Trust is handling the retail leasing assignment for CocoWalk, an iconic four-story, 150,000-square-foot property known as one of the first entertainment centers in the United States. CocoWalk has been a big draw for tourists and locals to the Coconut Grove area of Miami over the years. Federal Realty has been focusing on retailers that are new to the Miami market to energize the center’s redevelopment. As part of a major redevelopment, CocoWalk has seen eight new restaurants and retailers recently open. Those include vegan restaurant Planta Queen, restaurant Mister 01 Extraordinary Pizza, athleisure brand Free People Movement, sporting goods retailer Sportvite, women’s wear retailer Edite Mode and menswear retailer Europann.

Federal Realty has built on that success. Recent lease signings include jeweler Gas Bijoux, which currently has only one other location in the United States. One of the center’s original tenants when it first opened was Edward Beiner Purveyor of Fine Eyewear, which later moved elsewhere. Edward Beiner recently signed a lease to reopen in a new space at CocoWalk.

The center is owned by Federal Realty

Investment Trust and partners The Comras Company and Grass River Property. An 85,762-square-foot Class A office building has also welcomed new tenants, even in the pandemic era.

In the Raleigh, North Carolina, suburb of Cary, Hines and Columbia Development are developing Fenton, a 2.5 million-square-foot development anchored by Wegmans. The most recently announced retailer to sign a lease at the 92-acre project is furniture store Arhaus, which will occupy 17,974 square feet at the site, which is 73 percent preleased to tenants including Free People, Honey-suckle Gelato, Sephora and M Sushi.

Dotan Zuckerman, principal and vice president of leasing at Columbia Development, says the projected timing of Fenton’s opening has benefited the leasing effort through the pandemic. The developers expect to

begin opening in spring 2022.

“Everyone is projecting that coronavirus will be behind us by then and everything will [be settled] into ‘the new normal,’” says Zuckerman.

Focusing on the market

Leasing experts point to a number of reasons they’ve been able to maintain success in leasing during a time when retail is contracting. Targeted retailers must be able to grab and hold the attention of the consumers, which Fallon says is why new-to-market retailers are essential to the leasing strategy. He has outlined the target retail audience for Midtown Tampa as women aged 25 to 55.

“The customer now is very picky about what she will go to and when she will go to it,” explains Fallon. “She expects a more upscale experience for her dollar, and that’s why it was important for us to go for these new and unique players.”

Additionally, Fallon says Midtown Tampa will have an unofficial soft opening leading up to Super Bowl LV, which will be hosted at nearby Raymond James Stadium on Sunday, Feb. 7. Fallon says the official grand opening for Midtown Tampa is planned for March, but he has received calls from celebrities and promotional companies inquiring about using Midtown Tampa during Super Bowl festivities.

Kenton McKeehan, senior managing director for Hines, says retailers at Fenton will receive a 20-foot-by-20-foot “engagement zone” to interact with customers. From the storefront, Hines wants retailers to use the space to create an authentic urban-suburban experience for customers who are walking by.

“We have been very intentional about the ground-floor plane,” explains McKeehan. “We are allowing the retailer to have its full expression and engage the consumer as much



Midtown Tampa features ample outdoor space for commuters, shoppers and tourists to gather. The project will comprise retail space, office space, apartments and a hotel.

as possible.”

At CocoWalk, the focus is on rebranding the neighborhood, according to Stuart Biel, senior vice president of regional leasing for Federal Realty.

CocoWalk is situated in Coconut Grove, which was founded in 1873 and is Miami's oldest neighborhood. Biel says the retail leasing strategy for the property includes pointing out to retailers the frequent use of the area's outdoor spaces and bike trails. Those trails and spaces lead them to CocoWalk, which serves as an outdoor amenity and living room for the community. Additionally, Biel says CocoWalk's office space works in tandem with the retail space to shorten residents' commutes and keep residents engaged with the development. The project's redevelopment is helping it to become more focused on the local customer versus the tourism customer it had bet on in the past.

“CocoWalk had a great history and it got away from itself in terms of becoming more touristy and ubiquitous in the nature of the retailers,” says Biel. “Our strategy has been working neighborhood-first to deliver uses that mirror the community and residents.”

Around the region

Other major retail developments that have seen leasing progress in the Southeast include the west end of Miami Design District, Exchange at Gwinnett in Buford, Georgia, and The Wharf in Washington, D.C.

Fuqua Development is developing The Exchange at Gwinnett, which spans 100 acres and totals more than 465,000 square feet of retail, restaurant, office and hotel space in a suburban setting. The project will include a Topgolf, Andretti Indoor Karting & Games, Sprouts Farmers Market and a food hall, among other uses.

The Wharf in Washington, D.C., recently entered a second phase of development, which is slated to include 95,000 square feet of retail space along the Washington Channel waterway. A joint venture between Hoffman & Associates and Madison Marquette is developing the project, which has been hailed as a catalyst for engaging citizens and tourists with the city's waterfront. To that end, the \$2.5 billion development features 223 boat slips and a 1.5-acre park along the waterfront, as well as a boardwalk.

In Miami, Michael Comras, CEO of Comras Cos., is in the process of designing and leasing retail space to fit in with the surrounding neighborhoods at the west side of the Miami Design District. Comras Cos.' joint venture partner on the project is Apollo Commercial Real Estate Finance.

Comras says the 125,000 square feet of retail space in the west side of the Design District spans 16 buildings and a square block. Comras Cos. is in

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the process of “turning the building inside out” to create a walkable community. He says the initial plans are a short-term solution to create a brand for the west side of the Design District. Over the next five to seven years, the Miami Beach, Florida-based company will redevelop the buildings as part of its long-term plans.

Because there are several small spaces within the Design District, Comras says he targets digitally native retail brands that may not have the budget for a larger brick-and-mortar space.

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— Adam Schwegman, North American Properties
Partner and Senior Vice President of Leasing

“These retailers need to be out there for people to see and touch the products,” he says. “The stores need to become part of the customers' lifestyles and become immersed in the neighborhood. We can offer that.” ■