

Carter Oak Shopping Center

A vision for renewal



Mini Technical Assistance Panel | **ULI Atlanta Center for Leadership** | May 2018

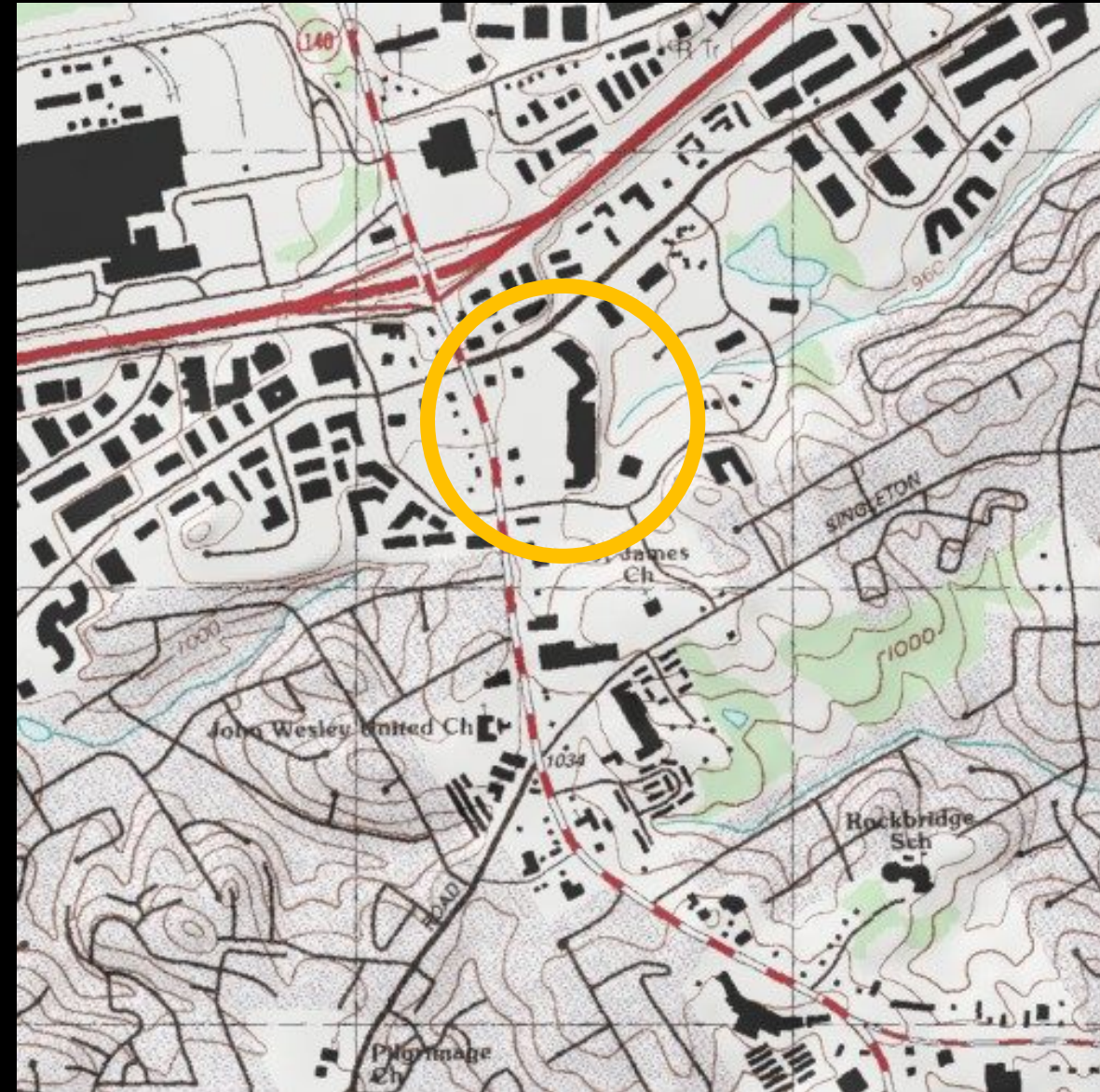
1.The Team

2.The Project

- Overview
- Process
- Context
- Precedent Studies
- Program Components

3.The Outcome

- Conceptual Ideas
- Criteria for Comparison
- Feedback
- Reflections



Jason Manners, P.E., LEED AP •
Kimley-Horn
Structural Engineering / Parking Consultation

Andrew Pearson, LEED AP
Seven Oaks Company
Development and Asset
Management

• **Sheba Ross, AICP, LEED AP, CDT, Int'l AIA**
HKS
Architecture and Urban Design

Clara Kwon, PLA •
City of Atlanta, Dept. of Parks & Recreation
Parks Design and Landscape Architecture



Advisors:
Angela Abraham, Novare Group
Erin Hewitt, Burr and Forman LLP

To create an inclusive **CATALYTIC DEVELOPMENT** that enhances pedestrian connectivity and provides adequate vehicular parking for a unique and diverse experience in Gwinnett County.

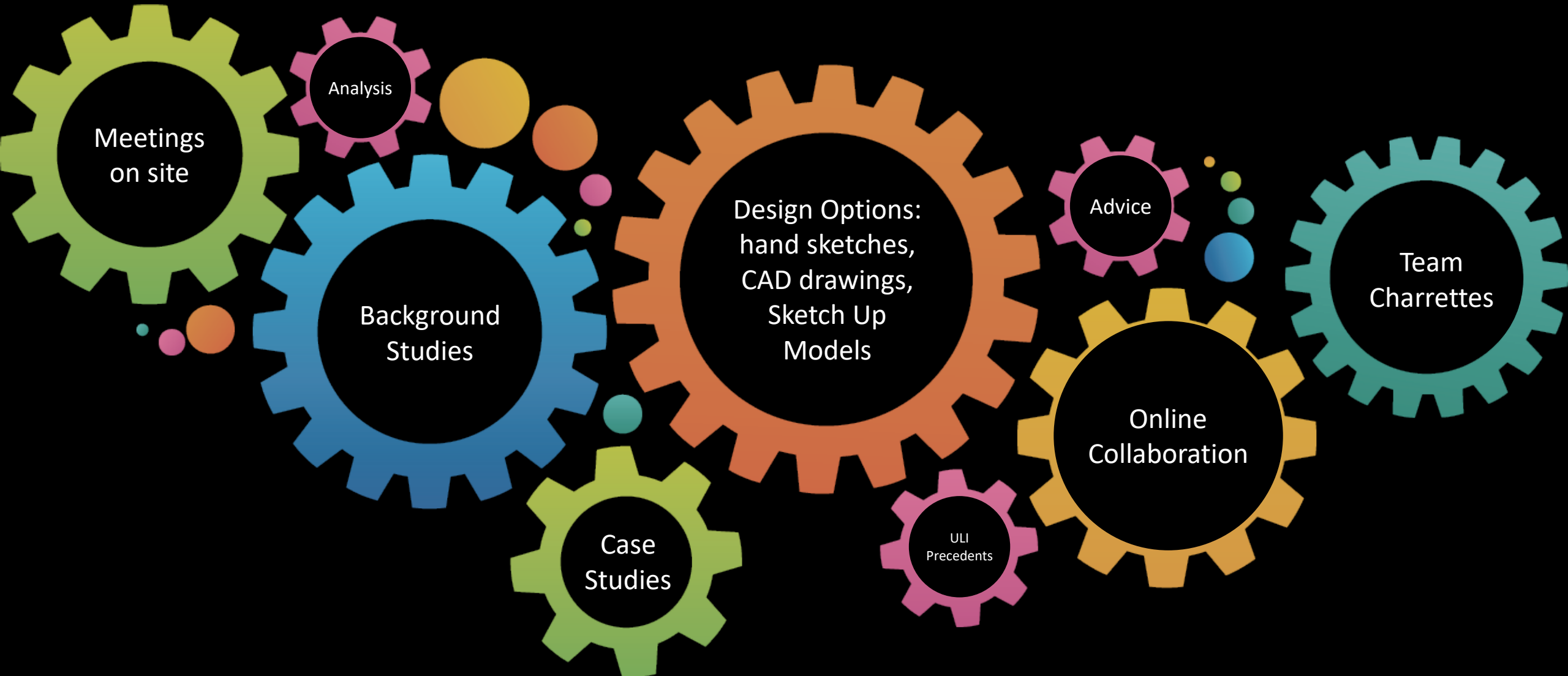
Owner



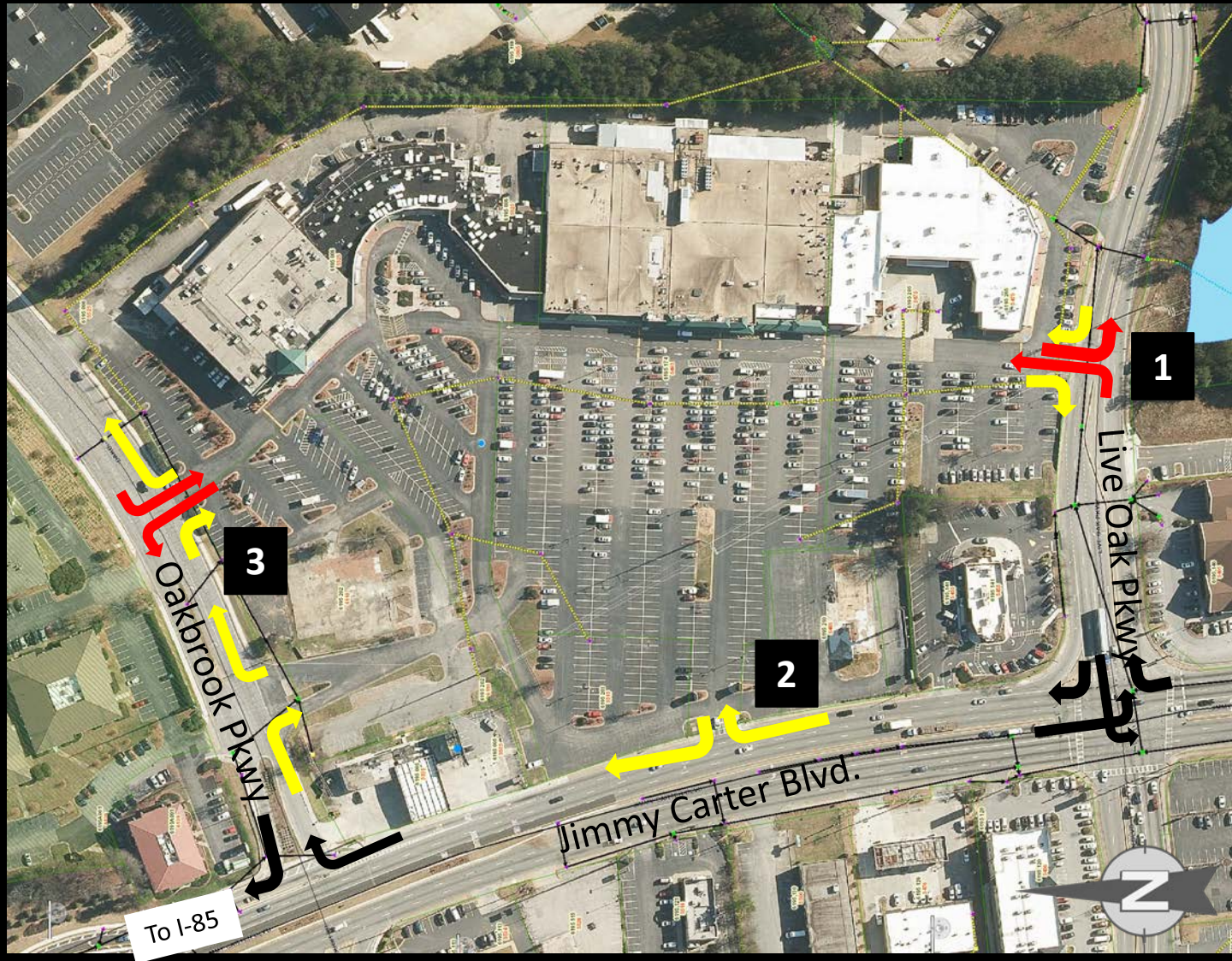
Client

GATEWAY85





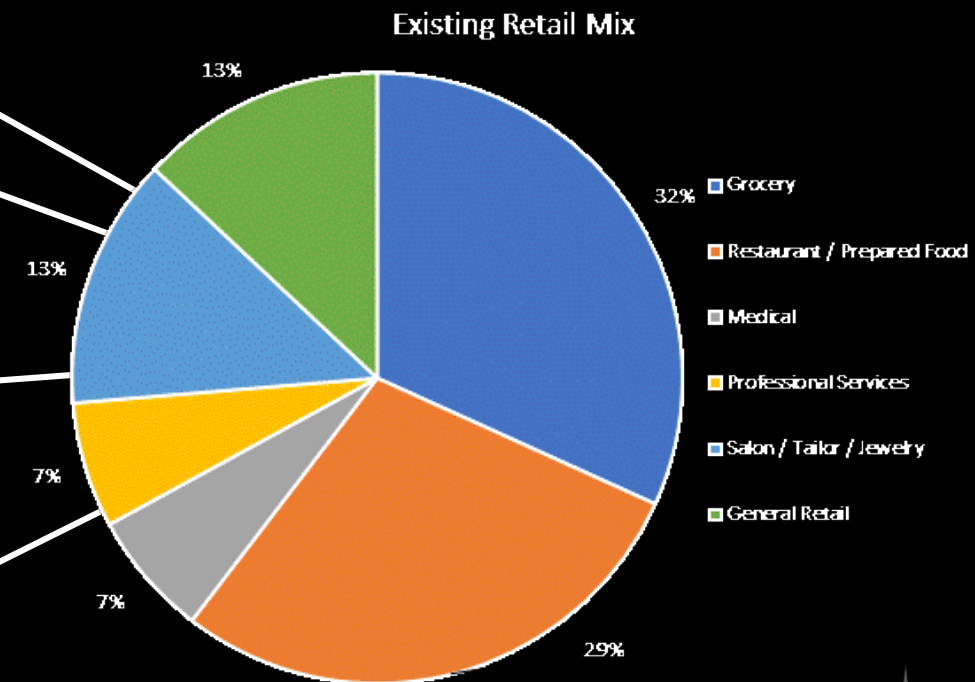
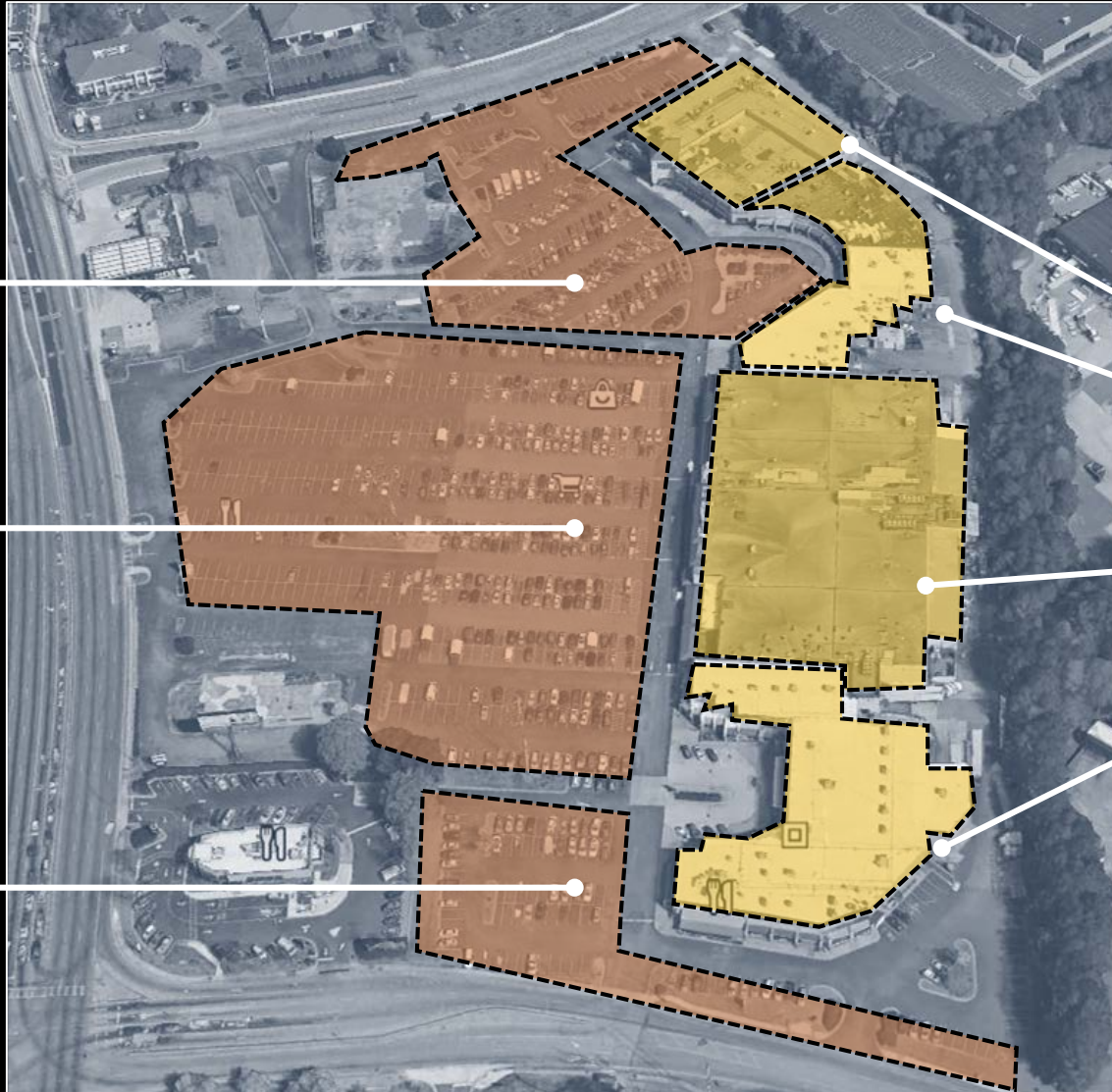




254 Parking spaces

550 Parking spaces

111 Parking spaces



BACKGROUND

- 1960's mall (North Hills Mall, 535K SF on 31-acres) located in Raleigh, NC.
- Outside of City core but with good vehicular access. Located adjacent to I-440 (i.e. Raleigh's 285) and Six Forks Road.
- Center of activity for several decades but new ownership neglected physical structure.
- High-income surrounding neighborhoods.

REDEVELOPMENT

- Mall demoed in '99. Redevelopment of mall and adjacent land took place over the course of 20 years.
- Initial vision of developer was to create a local gathering place. Site expanded from 31- to 94 acres.
- Now 1M SF of office, 920 residential units, 366 hotel rooms, and just under 1M SF of mixed retail.
- Focus on green space, community events, and gatherings. North Hills hosted >500 events in 2015.
- Vibrant 24/7 mixed-use community.

TAKEAWAYS

- Strong central core with retail-lined streets. Focus on central green / gathering spaces(s).
- Create walkable retail area. Sensibly position parking deck to encourage "park and walk" shopping experience.
- Densification over period of time is to be expected. Sensibly plan and build core area today to allow for more vertical, mixed-use development in the future.

ORIGINAL SITE CONDITION



REDEVELOPED SITE CONDITION



BACKGROUND

- Built in 1970's on farmland in Mississauga, a suburb of Toronto, Canada and Canada's 6th largest city
- Currently approx. 2.2M SF
- Mall was sited close to major highways
- Mississauga City Hall was located close by in the 1980's which spurred development in the area and creating a new suburban center

REDEVELOPMENT

- Major expansion and renovations began in 2013 with infill development and façade upgrades.
- New outdoor gathering spaces have been built in recent years
- Square One Shopping Centre is part of a larger redevelopment of this part of Mississauga into a suburban center that began in the 1990's with high-rise residential, college campus, transit hub and cultural institutions.

TAKEAWAYS

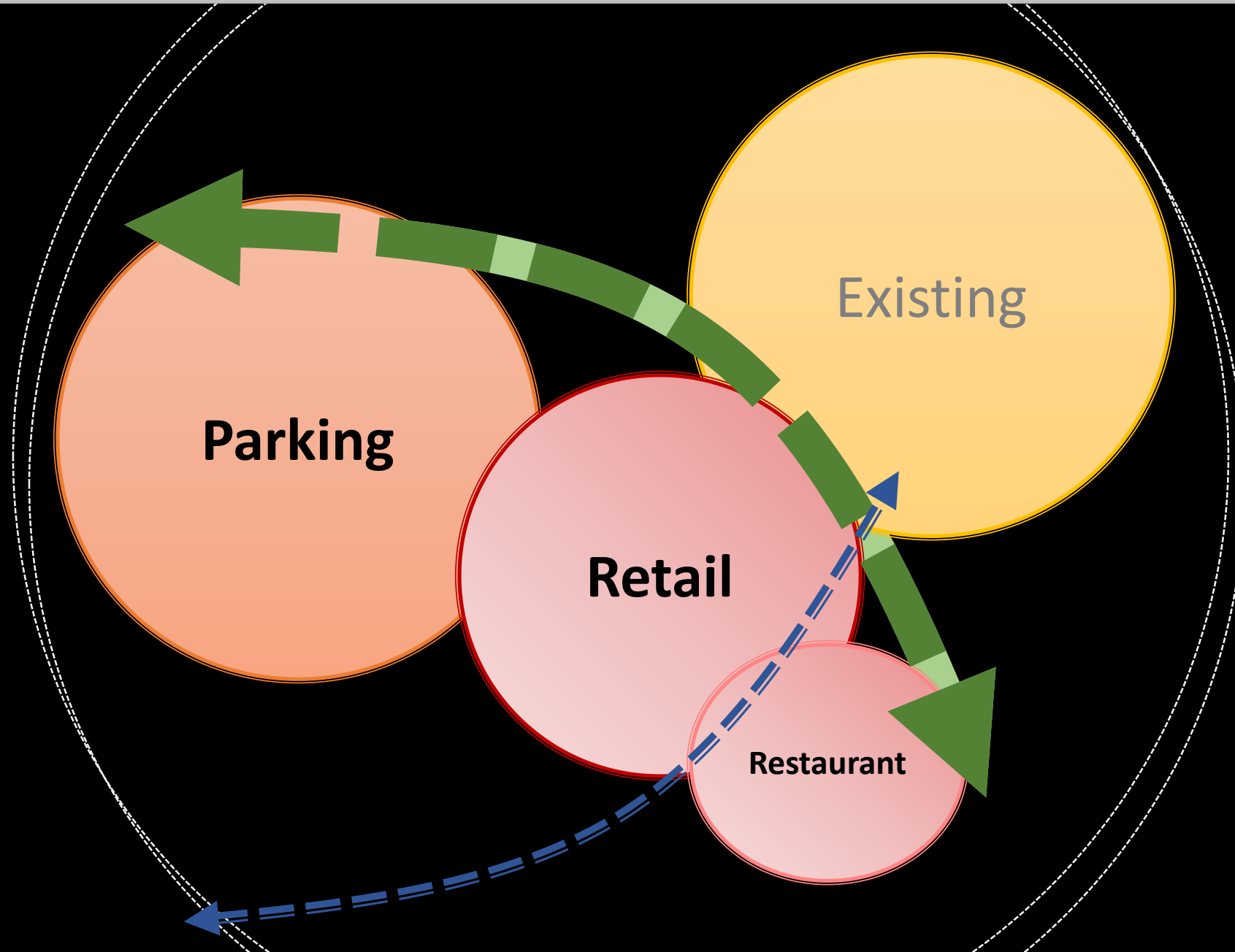
- Expansion of the mall and adjacent parcels now fall into a grid pattern
- Design quality has become a core value in the renovation and expansion of the mall
- As a transit hub with residential density, exterior plaza spaces have been designed to enhance the pedestrian experiences

ORIGINAL SITE CONDITION



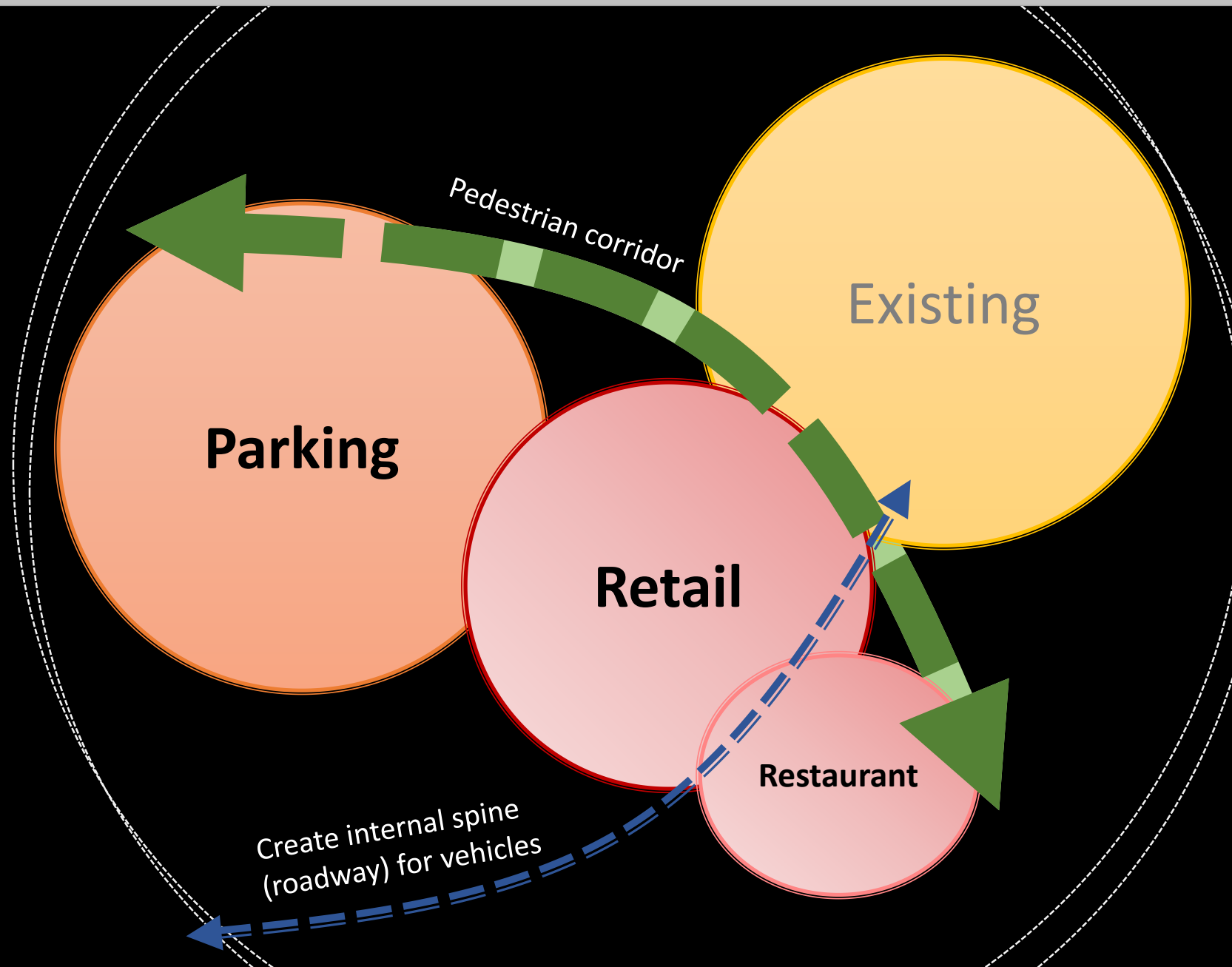
REDEVELOPED SITE CONDITION





2-bay parking garage
Parkable ramps
provided on both
parking bays
9' x 18' parking stalls

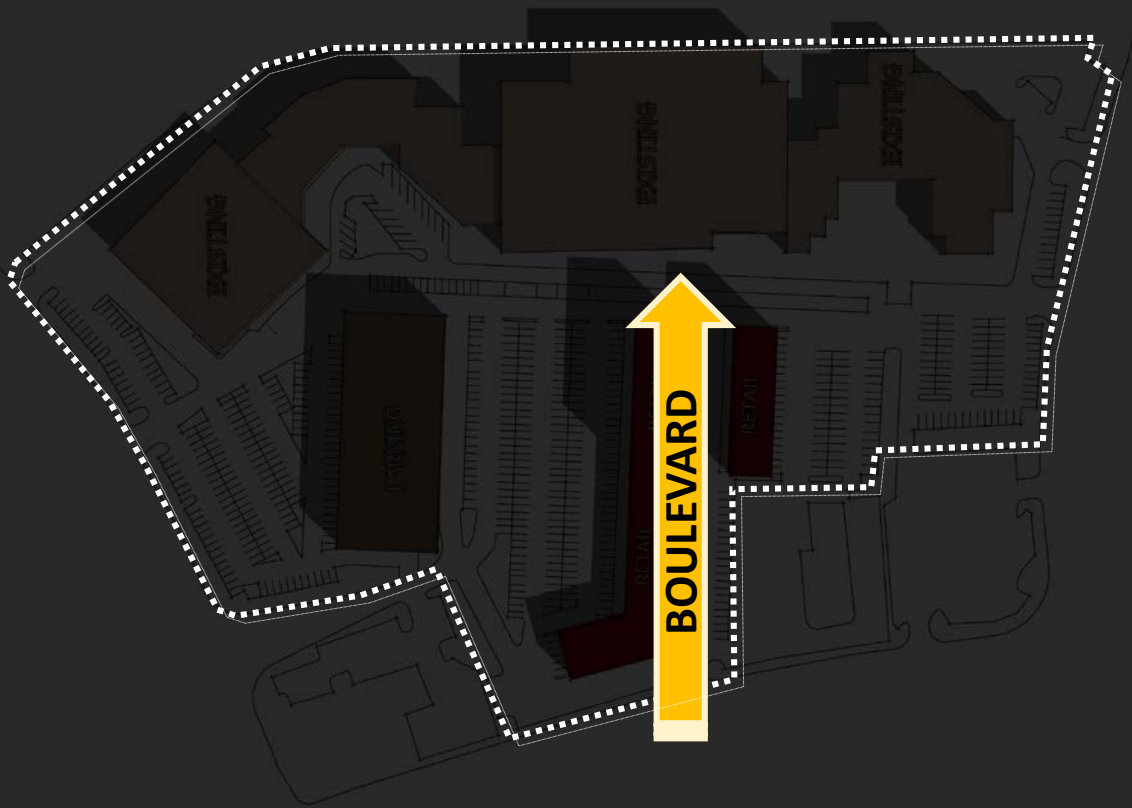
Design should
maintain openness
for natural ventilation
and reduced cost
Future Proofing:
Allows for conversion
to leasable floor area
in the future



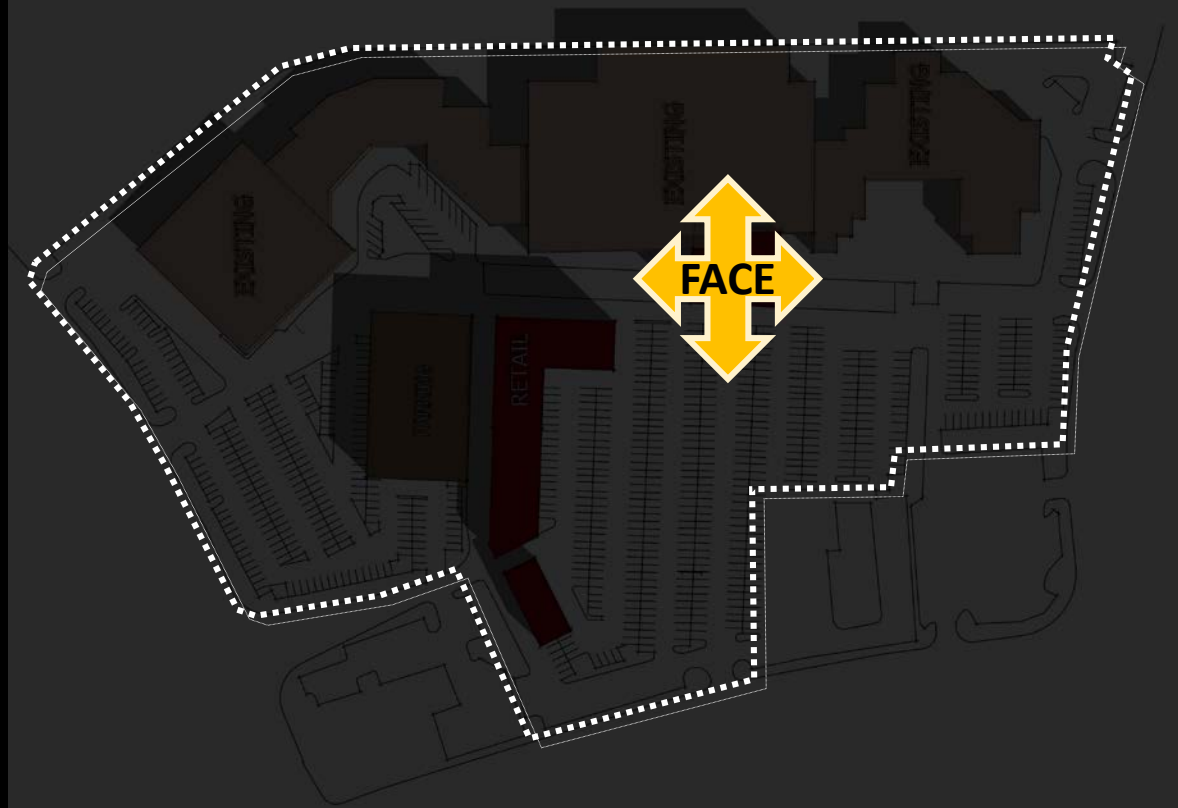
Focus on i) Professional Services (including 2nd Story office component of new build) and ii) General Retail with focus on lifestyle retail that will draw new customers and keep existing customers onsite longer:

- Spa
- Technology
- Taproom / Beer garden
- Boutique Clothing
- Vitamin Shoppe / Juice Bar
- Cooking Class Venue
- REI / Sports-focused Store
- Travel Agency
- Small Home Furnishing Store
- Brush and Bottle Art

Boulevard Scheme



Identity Scheme

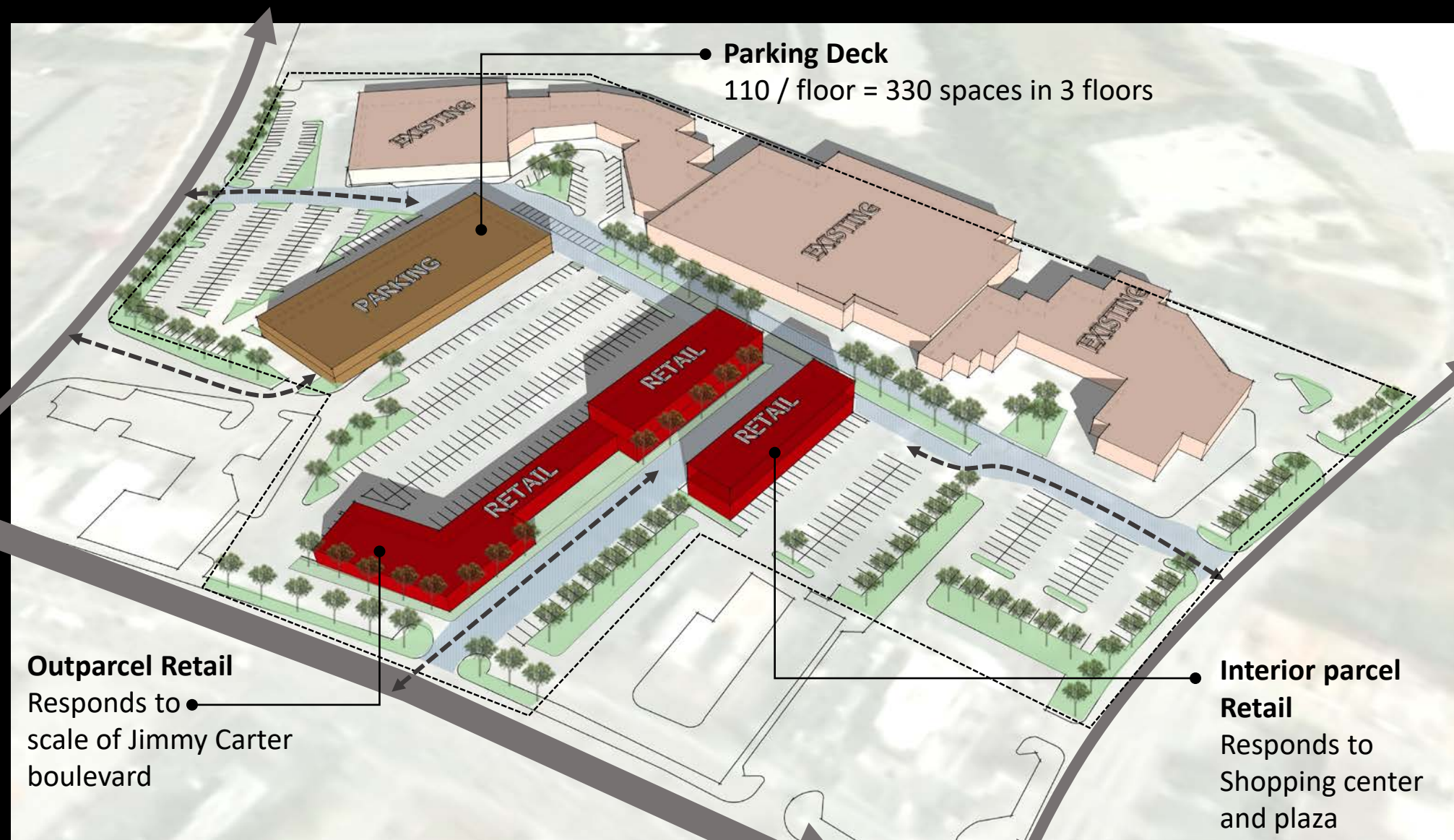


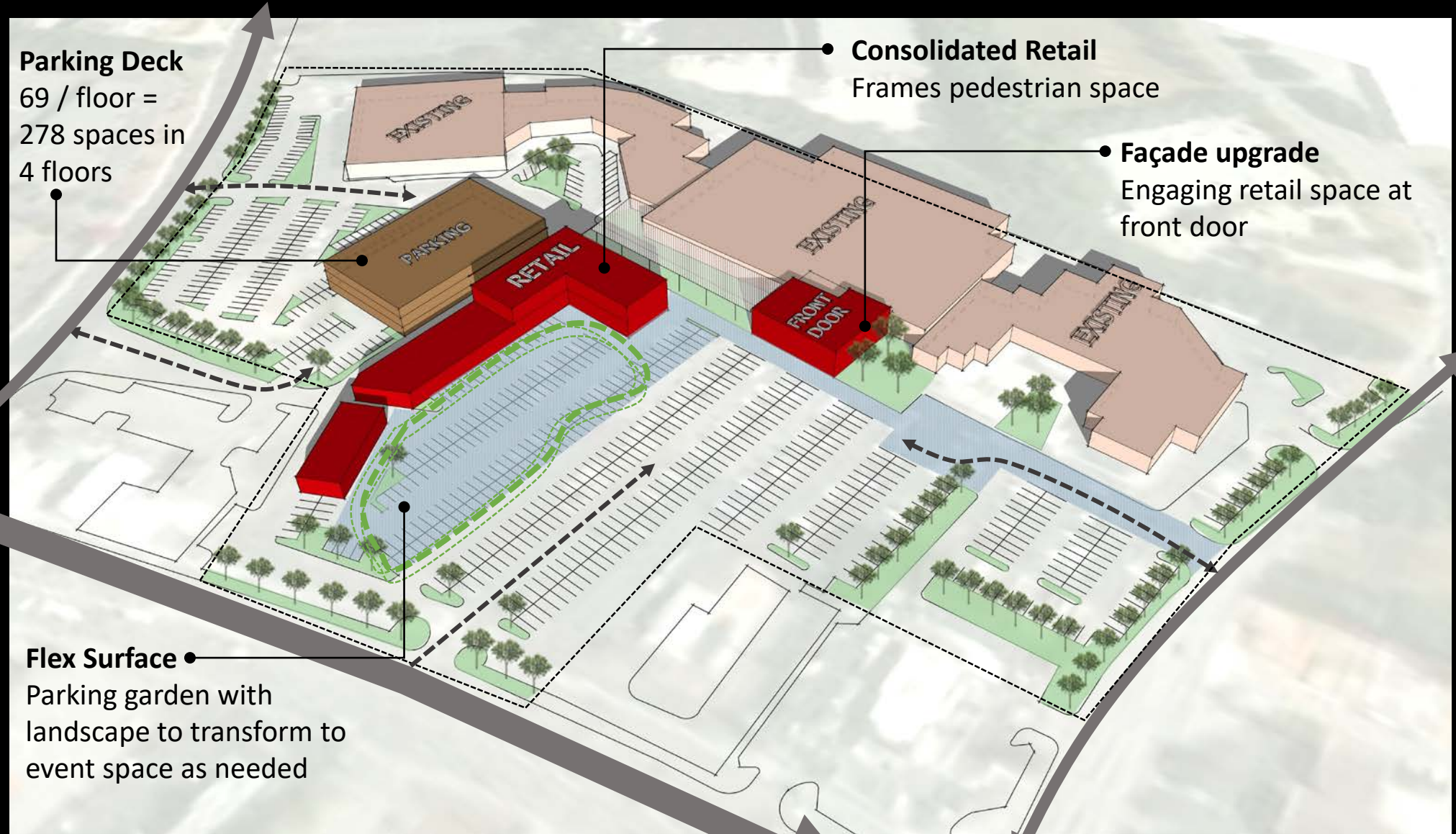
Boulevard Scheme

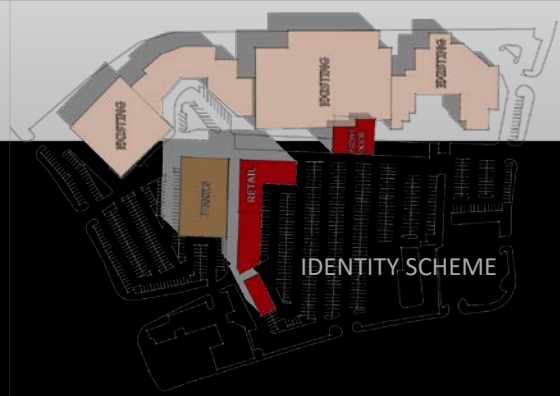
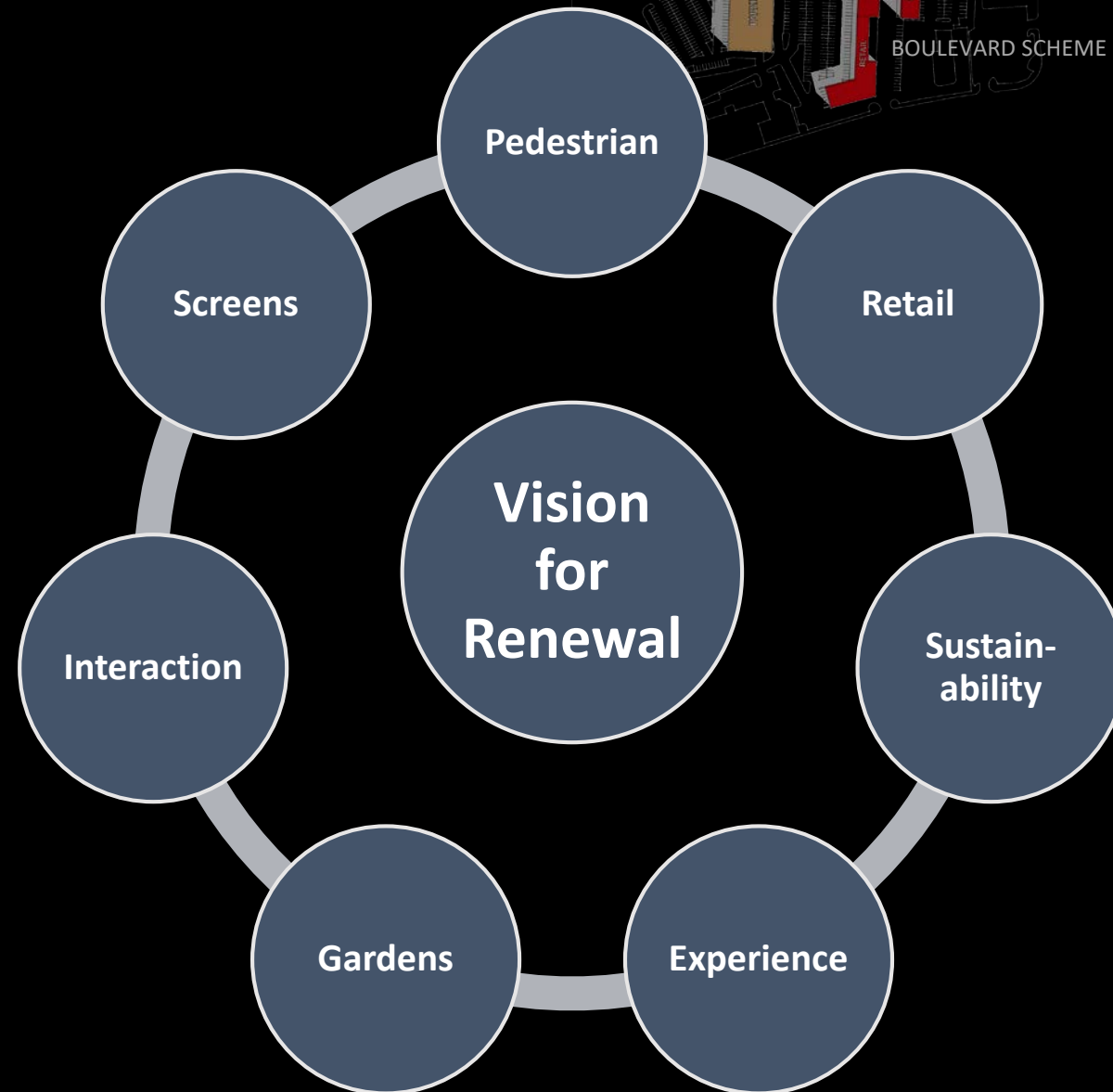


Identity Scheme





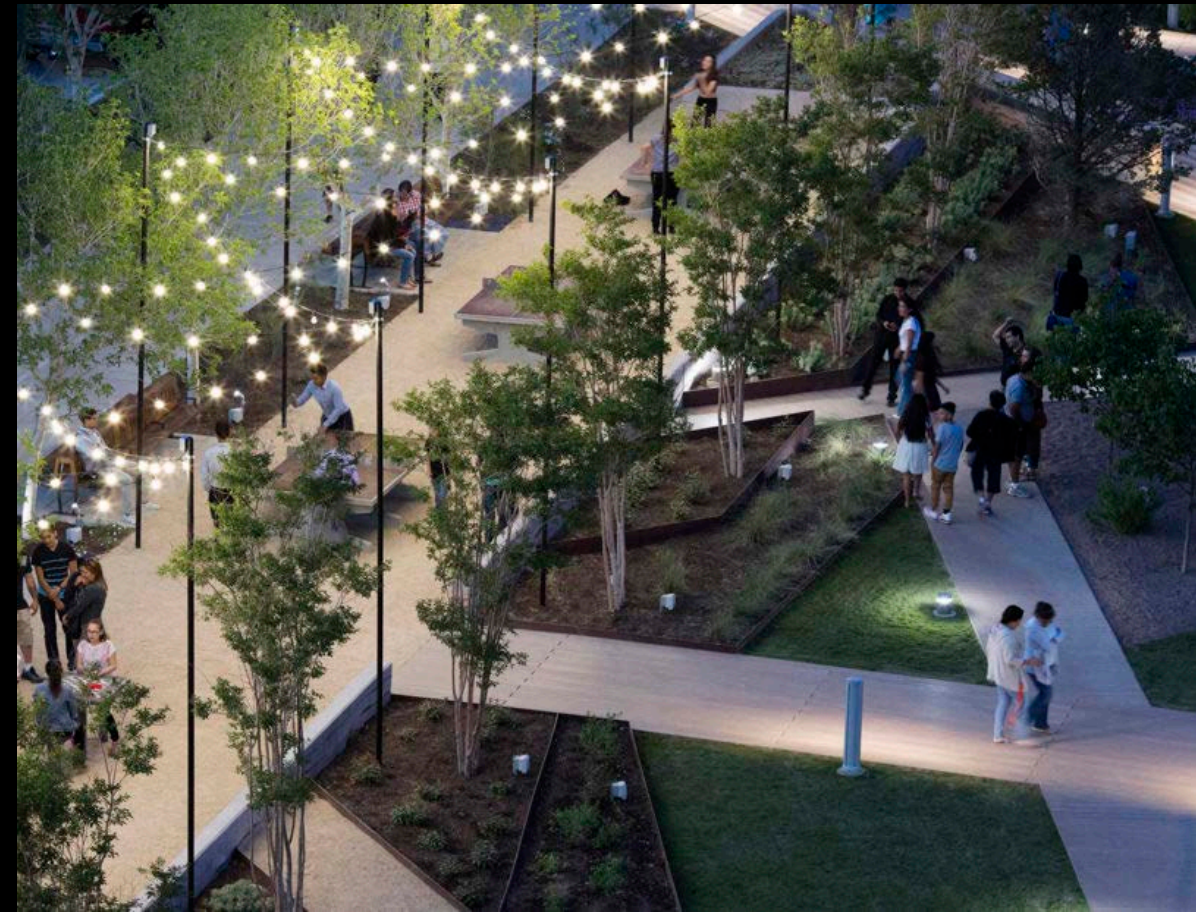
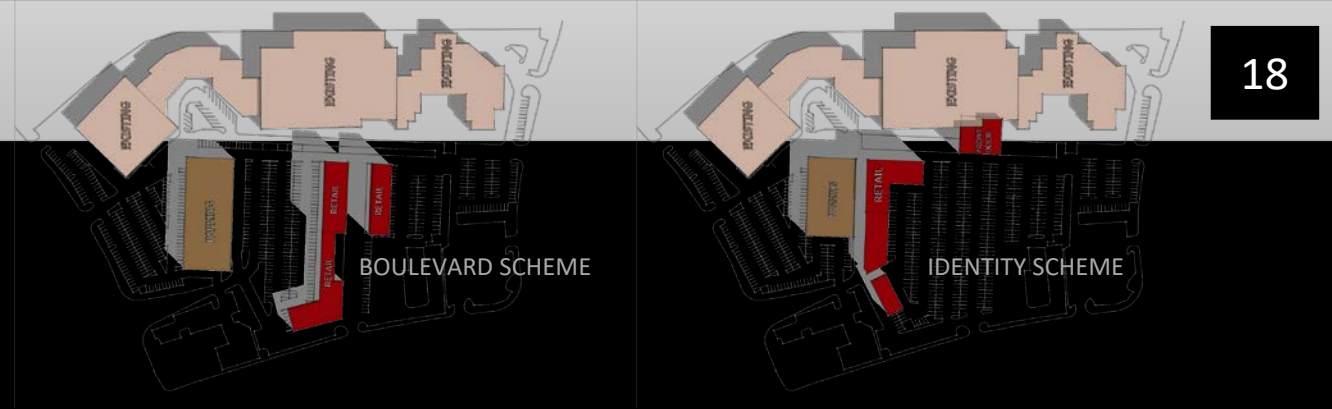




Conceptual Ideas - Experience

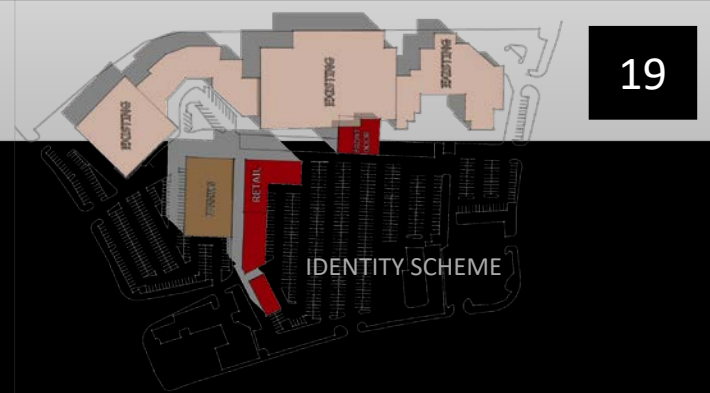
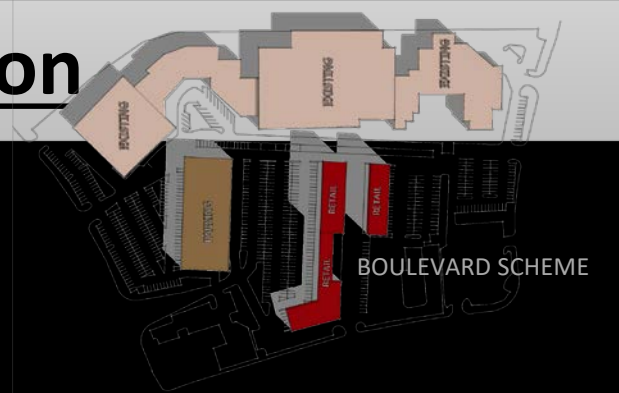
18

- Outdoor living rooms

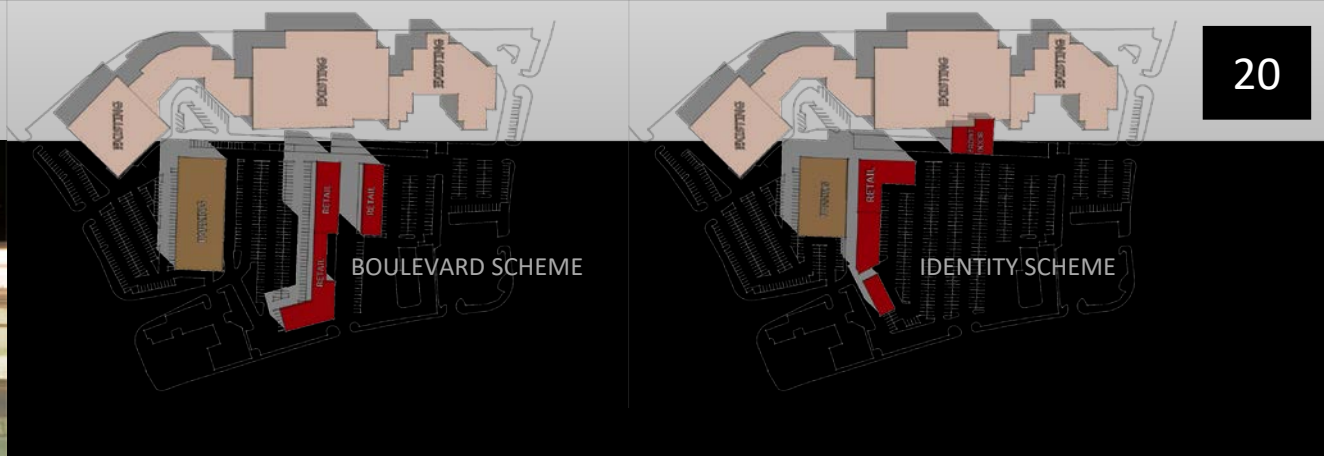


Conceptual Ideas - Pedestrianization

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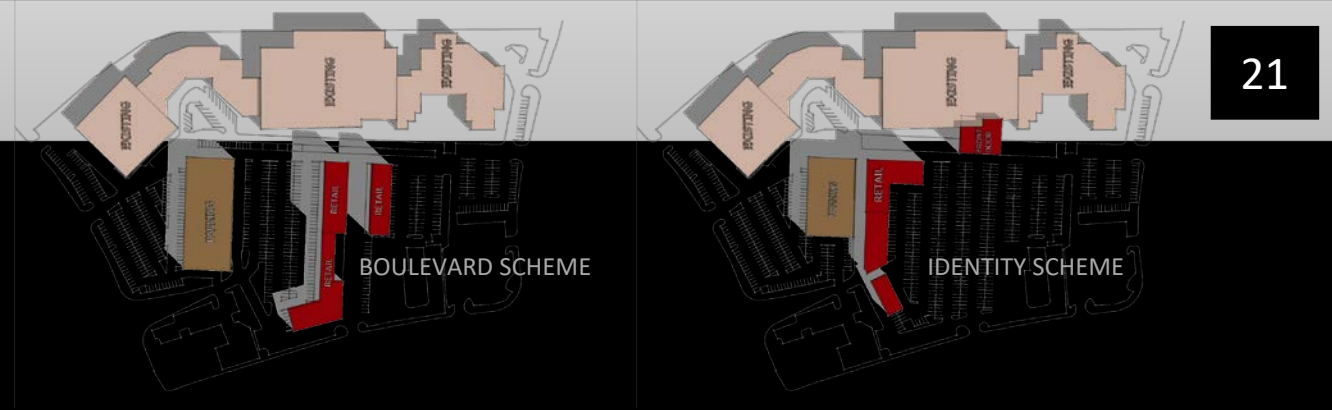


Conceptual Ideas - Retail



Conceptual Ideas - Sustainability

- Green infrastructure
 - Park space
 - Permeable pavers
 - Bio-infiltration beds



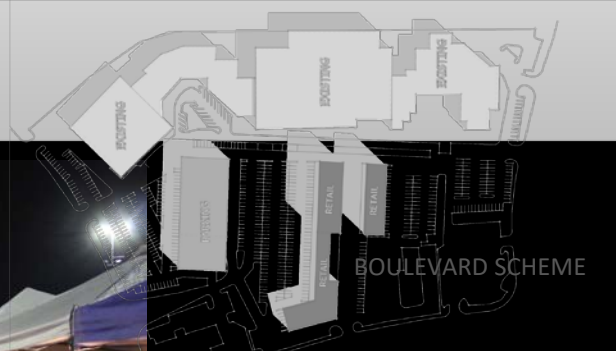
Conceptual Ideas – Parking Gardens

22



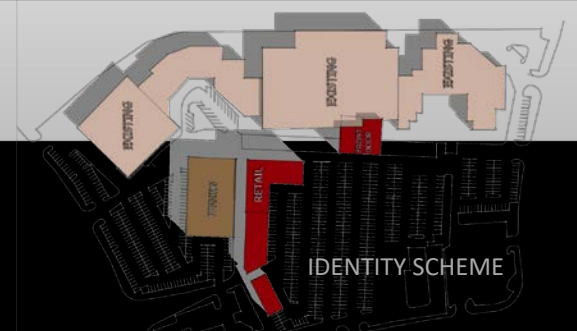
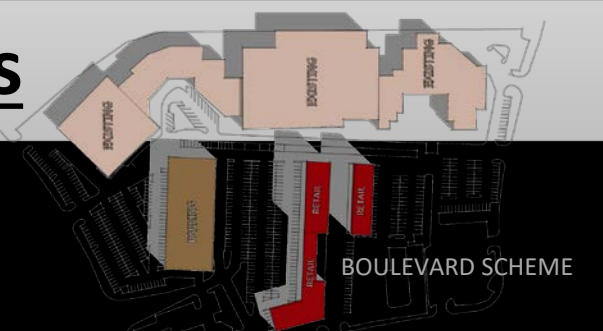
Conceptual Ideas – Interaction

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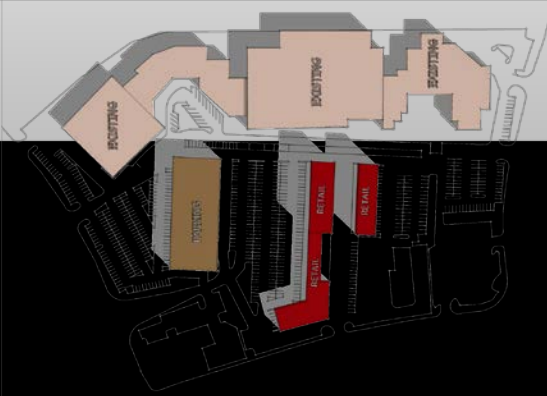


Conceptual Ideas – Parking Screens

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Financial Analysis – Boulevard Scheme



SOURCES AND USES SCHEDULE (Development)

Sources

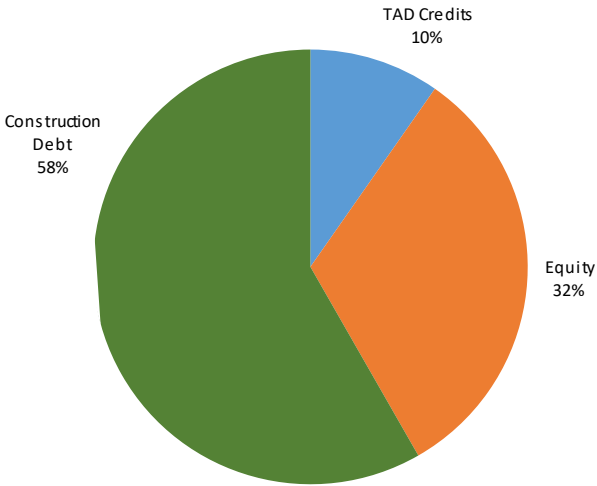
Equity + Public Investment

Equity	6,323,511	\$126 / SF
TAD Credits	1,918,250	<u>\$38 / SF</u>
		\$165 / SF

Debt

Construction Debt	11,509,500	\$230 / SF
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Total Sources	19,751,261	\$395 / SF
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Uses

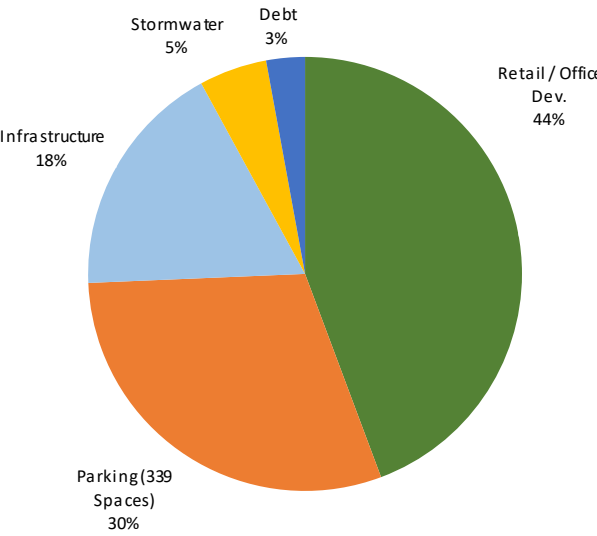
Retail / Office Development Costs

A&E	750,000	\$15 / SF
Sitework, Core & Shell	5,750,000	\$115 / SF
TI	1,500,000	\$30 / SF
LC	750,000	<u>\$15 / SF</u>
		\$175 / SF

Other Development Costs

Parking (339 Spaces)	5,932,500	\$119 / SF
Infrastructure	3,500,000	\$70 / SF
Stormwater	1,000,000	\$20 / SF
Debt	568,761	\$11 / SF

Total Uses	19,751,261	\$395 / SF
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26

Leveraged IRR	22.68%
Leveraged Multiple	1.68x

Financial Analysis – Identity Scheme



SOURCES AND USES SCHEDULE (Development)

Sources

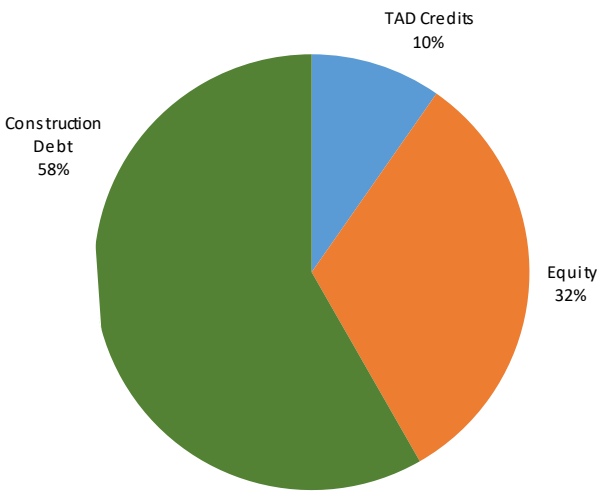
Equity + Public Investment

Equity	6,197,420	\$126 / SF
TAD Credits	1,880,000	\$38 / SF
		\$165 / SF

Debt

Construction Debt	11,280,000	\$230 / SF
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Total Sources	19,357,420	\$395 / SF
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Uses

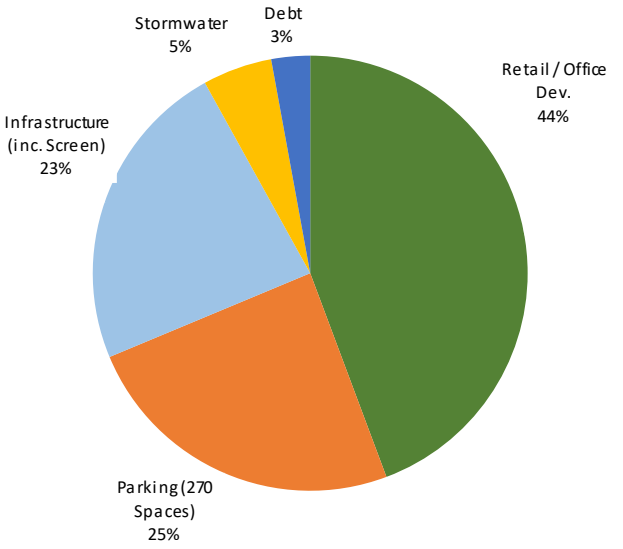
Retail / Office Development Costs

A&E	735,000	\$15 / SF
Sitework, Core & Shell	5,635,000	\$115 / SF
TI	1,470,000	\$30 / SF
LC	735,000	\$15 / SF
		\$175 / SF

Other Development Costs

Parking (270 Spaces)	4,725,000	\$96 / SF
Infrastructure (inc. Screen)	4,500,000	\$92 / SF
Stormwater	1,000,000	\$20 / SF
Debt	557,420	\$11 / SF

Total Uses	19,357,420	\$395 / SF
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Financial Analysis – Identity Scheme

PROJECT ASSUMPTIONS AND RETURN SUMMARY

General Assumptions

Outparcel, 1st Level	5,000 RSF
Outparcel, 2nd Level	5,000 RSF
Interior Parcel, 1st Level	27,000 RSF
Interior Parcel, 2nd Level	12,000 RSF
Total Square Feet	49,000 RSF
Development Period (Months)	15 Months

Financing Assumptions

Construction Debt	
Loan to Cost	60%
Interest Rate	5.00%
Origination / Closing	2.00%

Market Revenue Assumptions

Outparcel	NNN Rent
1st Story Retail	\$35.00 / SF
2nd Story Retail	\$25.00 / SF
Interior Parcel	NNN Rent
1st Story Retail	\$25.00 / SF
2nd Story Retail / Office	\$20.00 / SF
Future Rent Escalation	3.00%
Vacancy Factor	4.00%

Parking Deck Assumptions

Number of Spaces	
Add: Net New Hong Kong Market	0
Add: New Density, Req'd Parking	196
Add: Replace Spaces Lost to Dev. / I	175
Less: Net Surface Added (North Pad)	-75
Less: Pave Green Space in Middle	-26
Number Spaces to Construct	270

Blended Avg. Cost per Space:	\$17,500
Parking, Total Cost	\$4,725,000

Return on Cost Metrics		
Revenue (Stab.)	\$ 1,166,400	\$23.80 / SF
Cost (Post TAD)	\$ 16,920,000	\$345.31 / SF
Return on Cost		6.89%

Exit Assumptions

Month of Sale	36
Exit Cap	6.00%
Cost of Sale	1.50%
Sale	\$20,623,896
	\$421 / SF

Proforma	Year 1		Year 2		Year 3		TOTAL
	Half 1	Half 2	Half 1	Half 2	Half 1	Half 2	
	1	2	3	4	5	6	
DEVELOPMENT							
Retail / Office Development Costs	\$(3,258,500)	\$(4,030,250)	\$(1,286,250)	\$ -	\$ -	\$ -	\$ (8,575,000)
Parking Development Costs	(1,795,500)	(2,220,750)	(708,750)	-	-	-	(4,725,000)
Infrastructure / Stormwater	(2,090,000)	(2,585,000)	(825,000)	-	-	-	(5,500,000)
Total Development Costs	(7,144,000)	(8,836,000)	(2,820,000)	-	-	-	(18,800,000)
Less: TAD Credits	714,400	883,600	282,000	-	-	-	1,880,000
Net Development Costs	(6,429,600)	(7,952,400)	(2,538,000)	-	-	-	(16,920,000)
OPERATIONS / STABILIZATION							
Occupancy	0%	0%	28%	78%	96%	96%	
Outparcel Rent, Ground Floor	-	-	24,063	67,813	86,370	86,520	264,765
Outparcel Rent, Second Floor	-	-	17,188	48,438	61,693	61,800	189,118
Interior Parcel, Ground Floor	-	-	92,813	261,563	333,141	333,720	1,021,236
Interior Parcel, Second Floor	-	-	33,000	93,000	118,450	118,656	363,106
	-	-	167,063	470,813	599,653	600,696	1,838,224
REVERSION							
Net Sale Proceeds	-	-	-	-	-	20,314,538	20,314,538
UNLEVERAGED CASH FLOW	(6,429,600)	(7,952,400)	(2,370,938)	470,813	599,653	20,915,234	5,232,762
Unleveraged IRR	11.89%						
Unleveraged Multiple	1.31x						
LEVERAGED RUN							
Debt Proceeds / Paydown	4,286,400	5,301,600	1,692,000	-	-	(11,280,000)	-
Origination	(225,600)	-	-	-	-	-	(225,600)
Recurring Interest	(33,840)	(174,370)	(264,610)	(282,000)	(282,000)	(282,000)	(1,318,820)
LEVERAGED CASH FLOW	(2,402,640)	(2,825,170)	(943,548)	188,813	317,653	9,353,234	3,688,342
Leveraged IRR	20.51%						
Leveraged Multiple	1.60x						

Boulevard Scheme



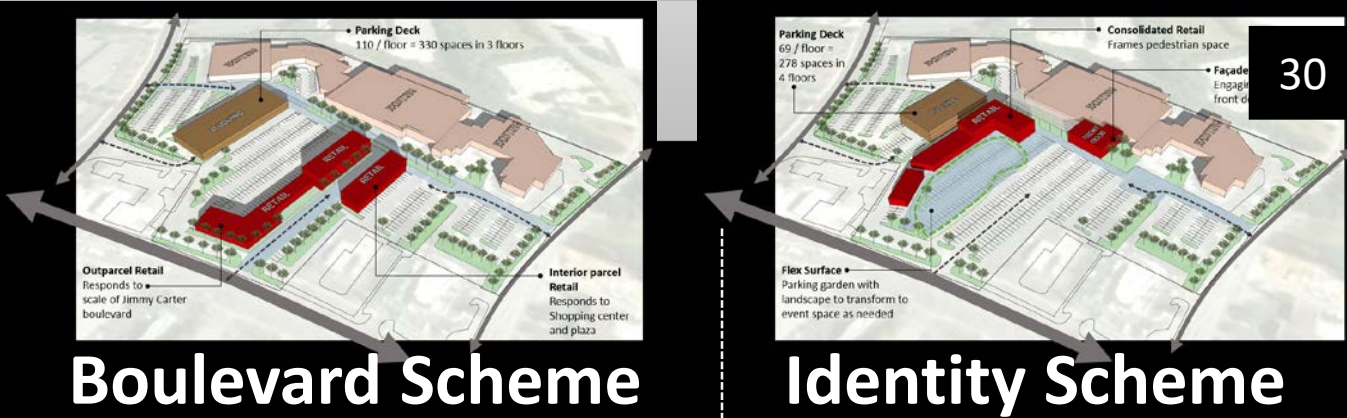
- Additional SF – 50,000 SF
- Structured Parking Spaces Needed – 339
 - Parking:
 - Lost 150 spaces + 75 spaces
 - Add 75 spaces through restriping
 - Added 110 / floor = 330 spaces through deck (3 floor deck)
 - Added 36 spaces in single loaded spaces
- Return on Cost – 7.05%
- Leveraged Return – 22.68%

Identity Scheme



- Additional SF – 49,000 SF
- Structure Parking Spaces Needed – 270
 - Parking
 - Lost 80 spaces + 75 spaces + 20 spaces
 - Add 75 spaces through restriping + 26 in median
 - Added 69 / floor = 278 spaces through deck (4 floor deck)
- Return on Cost – 6.89%
- Leveraged Return – 20.51%

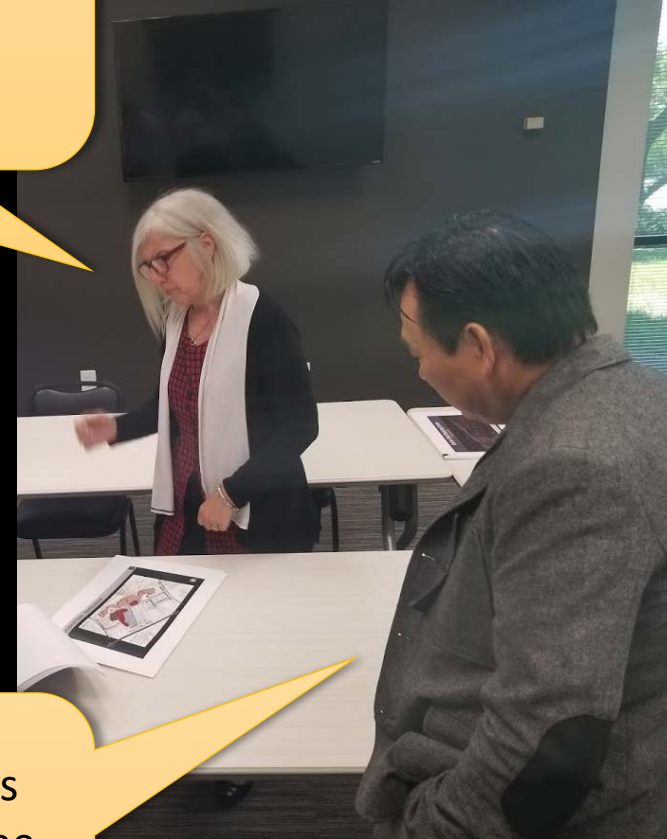
Criteria for Comparison



- Traffic circulation
- Parking
- Additional Leasable space
- Aesthetics
- Flexibility for activities and events
- Sustainability
- Customer experience
- Financial Return Metrics

The information is excellent and the details are very valuable to continue the development of this catalytic and transformational opportunity.

*-Marsha Bomar, Executive Director
Gateway 85*



I am excited about the design possibilities. I never thought of it this way. This gives me hope now that I see the options and financial analysis.

*-Ben Vo, Owner
MPI Development Group*



ENGAGE

What worked:

- Enjoy the process
- Early client engagement
- In-depth discussions with program type experts (Retail, Parking, etc.)
- Envision big ideas in the beginning before narrowing down the possibilities
- Leverage multiple perspectives and strengths
- In-person work sessions to dynamically iterate and test options
- Learn from precedents
- Prioritize the mTAP opportunity
- The motivation of a deadline

BALANCE

Challenges:

- Work-Class balance
- Putting pen to paper
- Focusing the effort to a reasonable and achievable scope

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