

The Urban Marketplace

August 2009

From Mall to Town Center



The Bayshore Town Center in suburban Milwaukee opened in late 2006 to great fanfare. It is a complete redevelopment and makeover of a classic aging suburban interior mall in to an upscale, pedestrian friendly mixed-use development. It is also notable because it demonstrates the evolution of the retail center in the development industry.

The developer, Steiner + Associates, of Columbus, Ohio, has developed numerous town centers over the years. Yaromir Steiner, CEO of the firm, periodically gives presentations about the evolution of town centers. In general terms, he says, the period from 1985 to 1995 saw traditional enclosed shopping malls become integrated with leisure time uses such as theaters, restaurants and bars. Placemaking became more emphasized from 1995 to 2005, and more open air town centers were developed, featuring a grid of streets and a very walkable environment. Easton Town Center, developed by Steiner + Associates and opened in 1999, is an example of the latter, as are Crocker Park and Victoria Gardens, for example.

Bayshore Town Center is an example of the recent evolution of mixed-use town centers. With nearly 200,000 square feet of office space and 113 apartments on top of a six-story structure (and more residential planned), these non-retail uses represent a larger proportion of the overall development. Indeed, Bayshore is not the only town center with a somewhat reduced emphasis on retail in lieu of office and residential.

The key is the design and walkability of these projects. All property types perform better at Bayshore than their competition. Not only are sales per square foot and market penetration for retail higher than before redevelopment, the residential and office space, in particular, generate premium rents or sale prices over competition. This is due to the attractive design and mixed-use character of the development.

Mr. Steiner notes that in Columbus, the retail market grew from 3.5 million to 4.2 million square feet of space between 1997 and 2007. What is striking is that 2.7 million was built in that time, meaning 2 million square feet was *removed* from the market. Columbus proves a nationwide fact: that we have plenty of retail space in most markets, yet much of it is aging or obsolete. Retail development will take a long time to recover from this recession, but as the redevelopment of Bayshore Town Center shows, **the key is it must be the right retail in the right setting.**

The Bayshore Town Center can be found at:

<http://www.bayshoretowncenter.com>

- Sam Newberg is President of Joe Urban, Inc. With 11 years of market analysis experience, including nearly three with his own firm, Sam is well-versed in a variety of real estate types. He also is an established writer, lecturer and active member of the Urban Land Institute. His website is www.joe-urban.com.