

WESTERN REAL ESTATE BUSINESS®

Connecting Real Estate in the West

WHERE WILL RETAIL BE WHEN ALL THIS ENDS?

That's the question on everyone's mind as discussion turns to easing shelter-in-place restrictions.

By Nellie Day

COVID-19 is the disruptor no one saw coming. But it's here, and it's having a tangible impact on retail real estate, which was already in the midst of tackling existing disruptors like ecommerce. Stores and restaurants will eventually reopen, but what that will look like — and who will survive — is still unknown.

Until then, *WREB* enlisted the help of eight experts to sort through the rubble and give us a sense of what the West's storefronts may look like once all this is over.

WREB: What has this pandemic taught you about retail, consumers and the economy?

Don MacLellan, senior managing director at Faris Lee in Irvine, Calif.:



MacLellan

The biggest lesson I have seen from this is to always be prepared for the unknown. We have never experienced a medical pandemic that has shut down our economy. As in past disasters, society was forced to address the issues and make the appropriate safeguards to avoid being caught off guard.

Our economy and businesses will come out of this much better prepared, as we have seen historically. They will see a strong recovery, even if that takes an extended period of time.

Per usual, there is always change and evolution occurring, which will continue in retail. Retail will continue to be a viable part of our economy. It is guaranteed that this industry will constantly adapt to coincide with the changes in consumer tastes, demographic and spending.

WREB: While no one can be prepared for such a sudden disaster, how do you feel your company has handled this pandemic and its fallout?

Sandy Sigal, president and CEO of NewMark Merrill Companies in Woodland Hills, Calif.:



Sigal

Well, this crisis went from zero to 60 in a weekend. On a Friday, we had no tenant requests for assistance. That Monday, we had 50. It is hard to be ready for that. You can second guess the escalated lock-downs in a very unusual scenario, but it undoubtedly saved lives and probably shortened the shutdown in the long run.

For our perspective, I am very proud of our team's response. We were well equipped with a long history of dialogue and trusting relationships with our tenants. We also had technology that enabled us to track customer movements and behavior.

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A five-lane arterial highway that runs through Lake Tahoe's California-Nevada state line, is being redeveloped into a pedestrian, bike and transit-oriented Main Street.

FIVE REDEVELOPMENT TRENDS SHAPING THE FUTURE OF THE WEST

A transformation is taking place out West that emphasizes outdoor spaces, pedestrians and density in many regions.

By Becky Zimmermann and Stephanie Grigsby

When people picture the West, they often see wide, open spaces, big skies and lots of developable land. In reality, much of the land that is best suited for development was built on decades ago and is ready for redevelopment. Redevelopment is essential for economic vitality, improving aesthetics and enhancing the user experience.

Here are five key trends to watch for in 2020 that will shape the future for the next generation:

1. Main Street Redevelopment Spurs Investment

Vibrant streetscapes can create spirited districts that are dynamic, social places and economically successful. However, cars and traffic flow have been drivers of roadway design for decades, making the street a less desirable place to be. The South Shore communities of Lake Tahoe are on the cusp of a transformative project. Working across California-Nevada

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Mixed-use projects like Winrock Town Center in the Uptown submarket of Albuquerque are working to create a large live-work-play experience.

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FIVE REDEVELOPMENT TRENDS SHAPING THE FUTURE OF THE WEST

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state lines, the Tahoe Main Street Management Plan is being developed to ensure the successful transition of a state highway from a five-lane arterial highway to a world-class pedestrian, bike and transit-oriented Main Street. Nearly one mile of highway will be replaced with a low traffic roadway that makes room for pedestrians, cyclists, scooters, transit and green infrastructure.

One project set to break ground this spring as a result of the planning efforts is the Tahoe South Event Center. The \$80 million project has been designed to animate the street scene. Since 2000, the area has seen a 46 percent decline in property values. After construction, the project is anticipated to provide an estimate \$1 million in annual county revenue and increase property values 55 percent.

2. Parks, Open Space, Trails Still Highly Desired Amenities

Real estate advisory firm RCLCO consistently lists open spaces like parks, trails and corridors for walking, jogging and biking as one of the top features that set apart the top-selling master-planned communities.



Nearly one mile of highway will be replaced with a low-traffic roadway near the California-Nevada stateline, which makes room for pedestrians, cyclists, scooters, transit and green infrastructure.

The success of Cadence, a 2,200-acre mixed-use community in Henderson, Nev., is one example of a community built around the principle of walkability and park access. Built on one of the largest brownfield sites in the country, Cadence is building neighborhoods and commercial centers where all residents and workers can get to a public park or open space within a 10-minute walk. At build out, the project will contribute \$46 million annually in tax incremental financing dollars that can be re-invested in ex-

isting or new public facilities or social programs in the nearby downtown, helping reinvigorate the city center to its former glory.

3. Publicly Owned “Asset Lands” Leveraged for Housing

As pressure for housing grows across the nation, cities in California are looking toward asset lands as potential development sites. In Placer County, a new campus master plan provided for the expansion of government facilities and identified opportunity sites for non-county land uses, such as mixed-use residential housing, commercial and hotels.

The City of Hayward, Calif., entered into a Purchase and Sale Agreement with the California Department of Transportation to manage the disposition and development of 200 acres that was previously planned as a freeway. Through a community-driven site process, the city created a vision to re-integrate the lands into the city fabric with a mix of housing, trails and open space. In coordination with California Gov. Newsom’s order for the state to identify excess state-owned property for cost-effective housing projects, the California Tahoe Conservancy has



Zimmermann



Grigsby

classified more than 300 of its parcels as “asset lands,” which could be used as part of redevelopment and housing projects.

4. Redevelopment Opportunities Now Market-Supportable in Third-Tier Cities

As Utah’s Wasatch Front experiences unprecedented growth, the City of Ogden is struggling to maintain and grow its tax base. The city’s transition from an industrial, rail-driven economy has left many vacant or underutilized properties in the city’s core. A concentration of federal jobs in the downtown area has left tracts of tax-exempt properties within the city’s urban fabric. As a result, Ogden formulated a plan for its downtown core through that redevelopment that will accommodate about 1,000 housing units, more than 1,700 jobs, two hotels, experiential retail and additional civic/cultural space. Public investments in the downtown area focus on parks, open space, pedestrian and transit improvements — all of which are key to attracting private investment.

5. Retail Redevelopment Creates Experiential, Culturally Rich Destinations

The landmark International Market Place in Waikiki, Hi., has undergone a significant transformation since it was acquired by Taubman. Centered around a 100-year-old banyan tree, the new Market Place embraces the site’s history and Hawaiian culture, including the placement of educational and discovery panels where visitors can learn about the history of the Market Place and Hawaii. Visitors can also do a self-guided tour via their smartphones using the 25 plaques placed around the site.

Redevelopment and urban renewal are critical to the economic viability and livability of communities, towns and cities in the West. Current trends in redevelopment will ensure enhancement to property values, attracting and sustaining businesses, and providing a variety of housing product, which can all stimulate the economy. ■

Becky Zimmermann, president, and Stephanie Grigsby, principal, Design Workshop in Denver and Stateline (Lake Tahoe), Nev., respectively.



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