

The Nashville Ledger

How they did it

Despite the Great Recession, four new major retail centers are thriving

Friday, March 04, 2011, Vol. 35, No. 9

By Joe Morris



Despite a national climate that remains difficult for retail and even worse for construction, several major developments in Nashville have not only survived but thrived since coming online before and during the Great Recession.

Ask the developers and operators of Hill Center (Green Hills), Nashville West, Providence MarketPlace (Mt. Juliet) and the Streets of Indian Lake (Hendersonville) how they've done it, and you'll get answers as different as the developments themselves.

For some it was a matter of slowing the pace of construction. For others, the answer was tinkering with the tenant mix. But all say a willingness to adhere to the original plan – with the flexibility – was key.

“We never really scrapped any part of the original plan,” says Phil Martin, spokesperson for Newton Oldacre McDonald, the mixed-use developer behind Nashville West, which opened more than 500,000 square feet of retail and restaurant space in 2009 after dropping a group of residential units from the initial construction plan and rearranging some outparcels.

“We reprioritized based on the economy.”

Nashville West's location, off [Charlotte Pike](#) with easy access from I-40, allowed developers to ink deals with major chains such as Target, Best Buy and Costco, so the center was able to move ahead despite the bad environment, Martin says.

“The residential part just isn't a priority,” he says. “On the other hand, that and things like hotels are still very much a part of the plan — they've just moved down the list. It's the same for things like ‘white tablecloth’ restaurants. We want those, but for now we've

shifted our focus to quality dining concepts like Blue Coast and Buffalo Wild Wings that are more affordable in this economy.”

Working with solid anchor tenants and building from there has also been successful for H.G. Hill Realty, which has developed both the \$32 million Hill Center at Belle Meade and the \$13 million Hill Center at Nashville West.

Both involved the redevelopment of existing properties, and both moved ahead almost in spite of the sluggish retail environment, says [Jimmy Granbery](#), chief executive officer.

“When we were building, construction was very much in the tank,” Granbery explains. “We saved a lot of money on our budget because of the competitiveness. Everybody was scrambling to get work and to sell materials, so we were able to price things out well below our budgets.”

Hill Realty’s model has never been to indulge in speculative ventures, he adds, saying that once a tenant such as Publix is landed, some additional space will be developed based on that anchor.

“With [Nashville West], we weren’t embarking on anything that was very risky,” Granbery says. “We were 90 percent preleased, and because of the construction situation there really was no better time to build.”

The growing communities around Nashville also have seen successful development in the last few years.

Just off I-40 in Mt. Juliet, Providence MarketPlace has quietly become the largest open-air shopping center between Music City and Knoxville. The 103-acre “omnicenter,” with more than 800,000 square feet of shops and 12 outparcels of banks, restaurants and other retail, opened its anchor stores in 2006 and continued rolling out new retailers through 2007. It continues to perform well for owner and developer Charles Thrift Crosland Retail Management Services.

“Providence MarketPlace was more or less fully leased when the real slowdown of 2008 occurred, and the center has experience every little turnover in a recessionary period,” says Charles Thrift, Crosland’s leasing agent for the property.

“In a period where retailers were choosing to close underperforming units, Providence was seen as a bright spot in many retailers’ portfolios, where sales continued to grow.”

Property manager [Wendy Welch](#) says Providence is around 99 percent full with new tenants slated to fill the remaining spots during 2011. The property is fully built out, and there are no plans for expansion, she says, adding current efforts will focus on the appropriate infill when spaces is available.

Equally successful is the Streets of Indian Lake in Hendersonville, which opened in 2008 and offers more than 250,000 square feet of retail and rental space. Like

Providence, a multiplex cinema serves as an even stronger draw with the loss of a similar facility at the now-shuttered Opry Mills mall.

Inland Real Estate Group of Companies, which developed Streets of Indian Lake, acquired the property in 2008. Inland has invested in community events, which, along with a cautious rollout plan, has served as an additional buffer against hard times, says Marine Denard, director of marketing for Inland American Retail Management.

“Our location and the type of center that it is have helped it go beyond the ‘live, work, play’ model and also incorporate ‘stay and dine,’” Denard says, noting the property has signed 22,000 square feet in leases to eight different tenants in the last year.

“We have a terrific lineup of events in our square, like the Thursday night concerts in the summertime, the annual Taste of Hendersonville, a farmer’s market and our tree-lighting events during the holidays that draw in the Hendersonville community and the surrounding area, as well.”

The property also worked to bring in local businesses, not just national “big box” chain stores, another strategy that has worked in the developer’s favor.

“We have always considered Streets of Indian Lake as a project that would welcome local merchants to relocate or expand to serve the growing Hendersonville community,” adds Doug Leeds, a leasing director for Inland American Retail Management who has worked with the property.

“When the economic downturn began and national retailers froze, it was the established merchants already in Hendersonville that really understood the strength and potential of the area.”

The future of these developments likely will hold some twists and turns. Some, like Nashville West and the Streets of Indian Lake, either contain or are nestled up to residential developments that remain mothballed. Providence, on the other hand, draws some of its clientele from the thriving new communities that are being built as part of its overall footprint. In the end it’s about location, and flexibility, says Nashville West’s Martin.

“You keep your basic plan, and you shift around in it,” he explains. “You build where you’ve got a great demographic, and you work on having a broad appeal to that broad market. Stay flexible, and it will work out well.”