

## New Cherokee retail complex defies slowdown

Developer Sembler's Canton Marketplace is set to open next month

By [RACHEL TOBIN RAMOS](#)  
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Out past Lake Allatoona and Woodstock, in the quaint North Georgia town of Canton, the Sembler Co. is putting the finishing touches on a \$120 million, 800,000-square-foot retail center. It's the developer's largest project in Georgia in terms of land.

About 40 miles north of Atlanta, Canton's become an outlying suburb, and even before Cherokee was one of the fastest-growing counties in Georgia, it had caught the eye of developers.

Workers at the retail development are stocking 13 big-box stores, many opening on March 8, and landscaping the outdoor areas.

The activity is a sign that despite the recession, some business continues as usual.

While the retail malaise has toppled chains such as Circuit City, other retailers and some developers are able to take the long view, recognizing the cyclical nature of their businesses.

With 13 anchor tenants, it's a huge project that will be part of a 400-acre master plan that includes a regional hospital to be developed by Northside.

It's at the intersection of I-575 and Ga. 20. Anchor tenants include SuperTarget, Lowe's, Kohl's, Bed Bath & Beyond and Best Buy — all retailers that are still developing new stores during the downturn and are outperforming others in their categories.

"We think it [the retail center] has an economic life of 25 to 50 years," said Jeff Fuqua, president of Sembler. Big-box stores have leases from 10 to 25 years, some with options up to 60 years.

"There will be hiccups along the way," Fuqua said. But, he added, that's to be expected, and you have to roll with the punches.

Retailers plan their investment in terms of decades, not months or even years, Fuqua explained. And some retailers were headed for the exit even before the recession.

But Fuqua said retailers like Canton's demographics. In a marketing flier, Sembler shows a population of 57,634 within seven miles and an average household income of \$74,056.

Still, Fuqua said that it took nearly six years to complete the project as the company waited for homes in the area to fill in and for data to show that median income was on the rise. The adage is that retail follows rooftops.

“What separates them from a lot of other developers,” said Abe Schear, a real estate lawyer with Arnall Golden Gregory in Atlanta, “is that Sembler spends a lot of time and effort investigating sites. Then they tell tenants that in two to three years, that’s the site where you want to go. They are ahead of the tenants as opposed to doing what the tenant asks them to do.”

John J. Schupp, senior vice president of development and project management for Jones Lang LaSalle in Atlanta, said, “In a different time, that location would have been the next mall.”

But malls have fallen out of favor with retailers, he said. Sembler has built its business instead around open-air shopping centers such as the Edgewood project within Atlanta’s city limits. The Canton center is very similar in terms of retailers and architectural style.

“He’s got all the right tenants, and that’s by design,” Schupp said.

Still, developing the center wasn’t smooth sailing, nor without risks even during the boom times when Sembler contracted for the land six years ago. Three years ago, Sembler negotiated with Linens N’ Things to put a store in the center. Last year, the home goods retailer filed for bankruptcy and announced it was liquidating.

Sembler quickly went to Bed Bath & Beyond, which took the space instead.

The site for the retail center once had rolling hills topped with pine trees. Sembler had to move about 2.4 million cubic yards of dirt to make it ready for asphalt and concrete, said Dan Diamond, Southeast division development manager for the St. Petersburg, Fla.-based company. The interchanges at Exit 19 also were widened, he said.

“That was quite a construction feat,” Fuqua said. “I learned a lesson: If I can see mountains on an aerial photo, I shouldn’t buy the property.”

Jokes aside, he said the retail interest was strong and he could make the deal work. The site didn’t have room for a J.C. Penney’s store.

The project is good news for Canton Mayor Gene Hobgood.

“The opening of Canton Marketplace will certainly help the city financially — from both property tax and sales tax,” said Hobgood, who’s been grappling with a projected \$1.1 million revenue shortfall due to a decline in most city revenues, including [taxes](#) and impact fees.

Sembler’s project will compete with several older strip malls that include a [Home Depot](#) and Belk to the north of I-575 at Exit 20.

Cherokee County Commission Chairman Buzz Ahrens said that what makes the Sembler project unusual is the master plan.

“What’s really distinct is that Canton Marketplace is only a portion of the development,” Ahrens said. “Northside Hospital-Cherokee will build a 300-bed, state-of-the-art regional hospital. There will be office and residential as well.”

The closest comparison, he said, is a center at Exit 7, about 13 miles away. “But the scale of this [Canton Marketplace] is much bigger and the scope is broader.”

He’s looking forward to several thousand new jobs created by the master development and up to \$350 million in sales from the retail stores.

“This is an extremely important and timely evolution of quality retail in a high-traffic corridor,” Ahrens said.

Meanwhile, Sembler is working on other metro Atlanta projects with an investment value of several hundred million dollars, Fuqua said.

The economy, he said, is slowing development plans on some of them. Specifically, he said the proposed 900,000-square-foot Dawson Marketplace in Dawsonville has been delayed for a few years, as has a controversial project in DeKalb County at North Druid Hills and Briarcliff roads.

Still going strong are Town Brookhaven and Westside Crossing, a smallish development at 14th Street and Northside Drive. Fuqua said he’ll announce five anchor tenants for the Brookhaven project in a matter of weeks. But it hasn’t been easy.

“All tenants started scrutinizing everything and looking at the numbers,” he said. “That delayed us, but we finally got them to the table.”

He said deals can still get done, they’re just harder. The delays, he said, “sure do make me sweat.”

“Ninety percent of retailers are still very viable and strong and this downturn isn’t going to collapse them,” Fuqua said. “We’re going to continue on. ... We’re looking toward an improving market and in 2010 to get back to normal.”

Retail developments take years to complete, he said.

“If you don’t work on anything today, you won’t be working on anything tomorrow.”

— Staff writer Nancy Badertscher contributed to this article.

## **OTHER METRO ATLANTA DEVELOPMENTS BY SEMBLER**

**The Prado:** A 345,000-square-foot redevelopment on Roswell Road at I-285. A Publix is opening soon.

**Henry Marketplace:** The 500,000-square-foot development across from Sembler's Henry Town Center. The new center calls for a Dick's Sporting Goods and Best Buy.

**Town Brookhaven:** A mixed-use development on Peachtree Road. Plans call for 1,000 residential units and 650,000 square feet of retail. Anchor tenants to be announced soon.

**Westside Crossing:** A 260,000-square-foot project at 14th Street and Northside Drive near Georgia Tech. Anchors to be announced soon.

**Dawson Marketplace in Dawsonville:** Near the North Georgia Premium Outlets, this 900,000-square-foot development calls for a SuperTarget. Progress delayed. Completion now scheduled for 2011 or 2012.

Sources: Sembler Co., staff research



Phil Skinner/pskinner@ajc.com  
David Frady (from left), Charles Morgan and Richard Raysick stock food items at SuperTarget at the 800,000-square-foot Canton Marketplace. SuperTarget is scheduled to open in March.



Phil Skinner/pskinner@ajc.com  
Jordan Smith helps retailer Best Buy get ready for business in the new Canton Marketplace, which was developed in Cherokee County by Sembler Co.

### **CANTON MARKETPLACE**

Canton Marketplace in a northern suburb of Atlanta is Sembler's largest Georgia development in terms of land. The retail center will open in March with 13 big-box stores plus other retailers and restaurants such as Taco Mac, Chick-fil-A and Olive Garden.

The anchor tenants are:

- Bed Bath & Beyond
- Best Buy
- Books-A-Million
- Dick's Sporting Goods
- Kohl's
- Lowe's
- Off Broadway
- Office Max
- Petsmart
- Rack Room
- SuperTarget
- T.J. Maxx
- ULTA

Source: Sembler Co.