

GEORGIA

New retail developments defy economic downturn

By [RACHEL TOBIN RAMOS](#)
The Atlanta Journal-Constitution
Sunday, March 22, 2009

Out Athens Highway, where sprawling homes have taken the place of family farms, retail developer Faison has built a new shopping center called North Logan Commons.

Just inside the Gwinnett County line in Loganville, Mike Cohn, the head of retail development for the southeast for Faison, coaxed five new big box stores out of the ground in this economy. Best Buy, Dick's Sporting Goods, OfficeMax and PetSmart opened their doors this month in the development anchored by Lowe's Home Improvement, which opened in November.

About 20 miles away in Bethlehem, near Winder, Faison also opened Barrow Crossing this month, with Belk, Publix, PetSmart and Staples anchored by Target.

By Cohn's own account, it wasn't easy.

He explained he had to keep reassuring the retailers that no one had dropped out of the projects. No retailer wants to go it alone.

"There's safety in numbers in retail," said Cohn. "There were a lot more post-lease discussions about who's opening when. Retailers were looking for more comfort."

Jeff Fuqua, president of Sembler, said he is facing similar challenges at his metro Atlanta developments, including Town: Brookhaven and Westside Crossing.

"If half the tenants don't open, others may not open. They don't want to take the chance. If everyone goes together then everything comes together — that's the orchestration of it."

In this economy, finding retailers that have both the capital to expand, as well as Wall Street's blessing, is becoming more difficult. These are some of the issues facing developers like Charlotte-based Faison and St. Petersburg-based Sembler as they plan shopping centers around Atlanta.

"We have several centers in pre-development, but given the state of the economy and retail, we're proceeding very cautiously," Faison's Cohn said.

In fact, [Home Depot's](#) stock rose last week after an analyst praised the company's slow growth strategy. The Atlanta-based chain will open only 12 stores this year, with only five in the United States.

Rival Lowe's, on the other hand, has taken some Wall Street heat over plans to build 60 to 70 new stores this year.

Target spokeswoman Jill Hornbacher said the Minneapolis-based chain will open only 60 new stores in 2009, down from 91 in 2008.

“Stores we have in place to open right now have been planned for 18-plus months out,” she said. “We look for trade areas that are underserved or have potential for new population growth.”

For example, Target opened two stores in Georgia this month, both in fast growing areas: a SuperTarget in Canton and the store at Barrow Crossing.

Strong chains key to success

Atlantans shouldn't be surprised to see new shopping centers despite the economy.

Cohn said he put the land under contract for the Loganville and Bethlehem centers years ago, and had signed leases in hand before the economy took a nosedive last summer.

Even when times were good, however, part of the secret recipe for building retail centers is choosing chains with strong balance sheets that are likely to still be in business in five, 10 or 15 years.

“In this economic climate, everyone is important to everybody else,” said Cohn. “We look for the best-in-class for all uses. That's what allowed our centers to get developed the way they did.”

Other retailers want to be near stores like Target, that bring in lots of traffic.

At Canton Marketplace, Fuqua said the opening has hit targets set more than two years ago when the economy was booming.

“This one opened up well above projection. It's going to be an incredible retail story. The research was correct in determining the trade area,” he said.

To be sure, it's not that easy to get out of a retail lease.

Bankruptcy is one way, said Fuqua. Or retailers can defer openings, but they still must pay rent.

Those are worst case scenarios, however, because in the end, developers don't want big gaping holes in their retail centers.

Fuqua said he almost faced that fate when Linens 'N Things pulled out of Canton Marketplace. He was able to sign Bed Bath & Beyond instead, but “there could've been a tooth missing,” he said.

Fuqua admitted leasing is harder right now, but he believes Sembler will sign as many leases in 2009 as 2008. It's just taking more work.

As for Faison, Barrow Crossing is opening 86 percent leased and North Logan Commons is 87 percent leased, Cohn said. He is looking to lease a few empty storefronts to restaurants or boutiques, he said.

One Loganville native said of the new retail center, “bring it on.”

Neal Byrd, 69, is a former county commissioner, city councilman and zoning board member. A Realtor since the early 1970s, he was raised in Loganville, and still owns his parents’ farmhouse.

The farmland, however, he turned into a subdivision. One of the stately homes he built on his land ended up in foreclosure. He bought it back from the bank is now listing the house, which is on 2.5 acres of land, for \$700,000.

In general, housing prices in Loganville are more modest, around \$200,000, he said.

Byrd says that people are attracted to the area for its excellent schools and spacious homes. Many [commute](#) to Atlanta for work he said, as there isn’t much local industry aside from retailers.

“I welcome all businesses — just bring it on,” he said.



CURTIS COMPTON / ccompton@ajc.com
A customer walks in to the PetSmart store at North Logan Commons, a new 360,000 square foot retail shopping center in Loganville, with anchors Lowe’s Home Improvement, Dick’s Sporting Goods, Best Buy, Office Max, and PetSmart, Wednesday, March 18, 2009.

TALE OF TWO RETAIL CENTERS LOGANVILLE

North Logan Commons (on Hwy. 78/Athens Highway)

- **Cost:** \$50 million
- **Demographics:** 123,000 people and average \$87,800 household income in 7-mile radius
- **Anchor:** Lowe’s Home Improvement
- **Other stores:** Best Buy, Dick’s Sporting Goods, OfficeMax, PetSmart, Dollar Tree, SunTrust Bank, Five Guys Burgers and Fries, Nail Talk and Sports Clip

BETHLEHEM

Barrow Crossing (at State Route 316 and Hwy. 81)

- **Cost:** \$75 million
 - **Demographics:** 130,000 people and average \$64,700 household income in 10-mile radius
 - **Anchor:** Target
 - **Other stores:** Belk, PetSmart, Publix Super Market, Staples, rue21, McDonald's, Great Clips, Lee Nails, Peking Restaurant, Starside Tans and Stevi B's Pizza
- Source: Faison