

**ULI 3-day Advisory Panel**  
**February 22 – 25, 2004**



**The Truman Waterfront Property**  
**Key West, Florida**

# ULI Panelists

- **Walter Bialas, PNC Bank,  
Pittsburgh, PA**
- **Mike Higbee, Development  
Concepts, Indianapolis, IN**
- **Bruce Leonard, Street Sense  
Retail, Bethesda, MD**
- **David Lynn, Avalon Bay, San Jose,  
CA**

# **Unique Site Advantages**

- **The Central Park site has excellent name recognition.**
- **The site is a well known commercial property, partly due to its adjacency to the top-performing North Star Mall.**
- **Regional access afforded by Loop 410 is superior, with extraordinary traffic volumes.**
- **Easy access to airport can benefit land uses.**

- **Centrally located midway between downtown and the region's northern growth areas.**
- **Loop 410 & San Pedro Avenue intersection is the heart of the retail hub.**
- **Central Park Mall site has been cleared in preparation for new development.**
- **Site contains sufficient acreage to create a 'place'.**

- **Site topography helps separate uses and insulate the southern section of the site from Loop 410 traffic.**
- **Improvements to Loop 410 and the access road provides various points of egress.**
- **Single Ownership by good corporate citizen with strong community ties.**
- **Unique infill development opportunity in an established retail area.**

# **Site Constraints**

- **Existing location of GPM office buildings prevents site flexibility.**
- **The building locations and conditions of Sears retail store and auto center prevent connectivity with North Star Mall and prevent comprehensive planning for the entire property.**

- **Site is known for the failure of Central Park mall.**
- **Retail market is saturated requiring search for new tenants and formats.**
- **Local development community questions viability of redevelopment plan.**
- **Air and noise pollution caused by the site's proximity to Loop 410.**

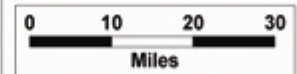
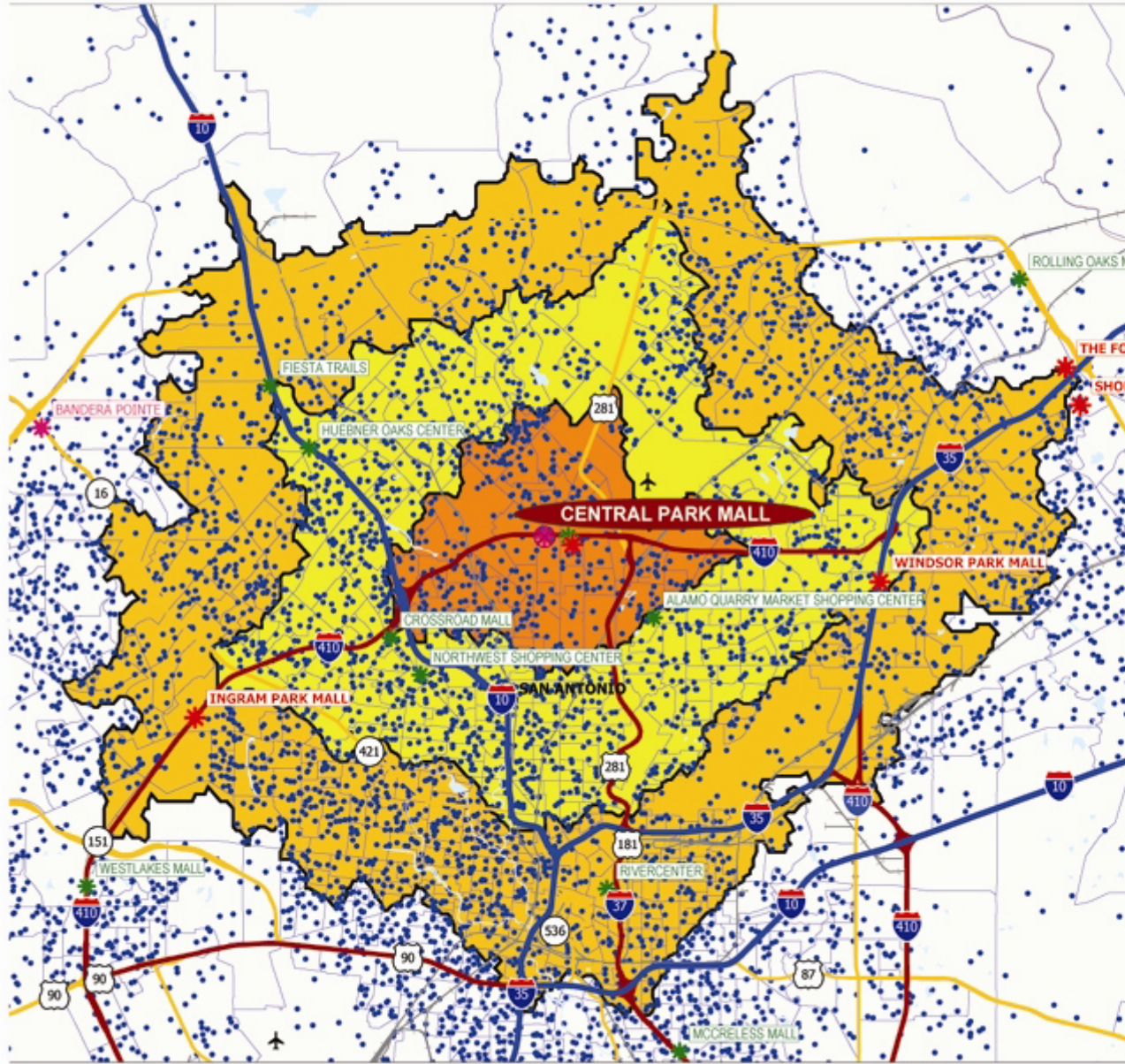
# **Regional Economy**

- **San Antonio's economy has been resilient through the last recession.**
- **Over the last year the region has added 10,500 jobs and maintained an unemployment rate below the national average.**
- **The region is a gateway to Mexico for tourism and trade.**
- **Strong medical and defense sectors.**

# Market Context

- **Central Park location lends itself to being developed as a major retail center to complement North Star Mall.**
- **Area spending potential is considerable within a 10-minute drive. There are over 150,000 households, with average incomes of \$55,000.**
- **North Star Mall is an exceptional sales generator (\$525-plus per square foot).**

# CENTRAL PARK MALL - AREA DRIVE TIMES & DENSITY



**Shopping Centers**

- ★ 1,000K+ S.F.
- ★ 750K - 1,000K S.F.
- ★ 250K - 750K S.F.

**Trade Areas**

- CENTRAL PARK MALL - 10 min
- CENTRAL PARK MALL - 15 min
- CENTRAL PARK MALL - 5 min

**Population (2003)**

- 200 Population (2003)

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PNC REAL ESTATE FINANCE

- **North Star Mall is the current mall of choice in San Antonio for residents and tourists (42% of sales are from visitors to the region/25% from Mexico).**
- **The window of opportunity to create a compelling retail development at Central Park closed, perhaps 5 years ago with the development of La Plaza del Norte, San Pedro Plaza, and The Quarry.**

- **There are few immediately identifiable development opportunities.**
- **Office market is currently soft, with Class A occupancies averaging 82% region-wide.**
- **The apartment market is also over-supplied. Occupancy in the Class A stock are now running 92%.**
- **With the recent slowdown in tourism and business travel, the local hotel market is at 59% occupancy.**

# **Planning and Design**

# **Design Concept**

- **Enhance Central Park's image.**
- **Create a flexible land plan that can be adapted to changing market conditions.**
- **Produce a plan that can act as a catalyst for the redevelopment of north San Antonio.**
- **Develop a “sense of place” that is unique to San Antonio.**
- **Maximize “development value” in a way that is consistent with GPM's investment goals.**

# **Specific Opportunities**

- **Attract an anchor-scale retailer new to San Antonio.**
- **Establish a restaurant collection, mixing local and national eateries.**
- **Develop Class A build-to-suit office sites fronting on Loop 410 side of property.**
- **Present new housing products.**
- **Provide a variety of rental flats and rental or for sale townhouses.**

- **Include a boutique hotel as a future development option.**
- **Encourage public transit into the heart of the property.**
- **Create a pedestrian friendly environment.**
- **Arrange land uses to bring green public space to “Central Park”.**

# Scenario A: Incremental Approach



# Scenario B : Integrated Mixed-Use Approach



# **Development Process**

# **Development Scenarios**

**Scenario A:**

**Incremental**

**Scenario B:**

**Integrated Mixed-Use**

# **Key Assumptions**

- **No obvious development scenario.**
- **Land economics limits return potential via straight land sales transaction.**
- **Diversification improves development velocity potential.**
- **Landowner plays secondary vs. primary role**

# **Development Potential**

**The incremental approach allows for the market to respond to each of the development uses as demand dictates.**

# **Site Treatment**

**Housing represents a diversification strategy intended to increase the velocity of development for the site.**

# **Site Economics**

**The incremental approach is clearly a conservative approach representing low risk while at the same time only limited upside.**

# **Incremental Approach: Numbers**

- **\$86.7M = New Investment**
- **660 Residential Units**  
**(assumes 100-150 units/year)**
- **\$17-20M = Land Sales**
- **Build-out = \$2M tax revenue annually**

# First Steps: The Incremental Approach

- **Broker or owner's representative**
- **Refine site plan**
- **Establish development program**
- **Market site**
- **Initiate development agreement**

# Integrated Mixed-Use Approach

- **Development Potential: Attempt to maximize both land use and land value.**
- **Site Treatment: Benefit from stand alone pads and integrated mixed-use development.**
- **Site Economics: Improved land value, increased development return, risk management necessary.**

# **Integrated Approach: Numbers**

- **\$114,150,000 = New investment**
- **910 Residential units  
(assume 100-150 units annually)**
- **\$21-29M = Land sales**
- **Build-out = \$7.6M Sales and property tax  
annually**

# **First Steps:** **Integrated Approach**

- **Solicit master developer**
- **Validate site assumptions**
- **Establish development program**
- **Identify catalyst project**
- **Finalize initial development proforma with objectives**

# Summary

- **Patience is a virtue**
- **Share risk through management**
- **Assemble strong urban development team:**
  - **Master developer**
  - **Owner representative**
  - **Design team w/ market analyst**
- **Test multiple development options**
- **Selective participation in the deal**
- **Conduct on-going market analysis**
- **Engage public sector in redevelopment of north San Antonio**

**ULI**

**Urban Land Institute**

**Thank You**