

An aerial photograph of a dense urban area, likely downtown Westfield, Massachusetts. The image shows a grid of streets and numerous buildings of varying heights and colors. A large, light-colored rectangular area in the center is the focus of the text. The text is overlaid on the image in red.

*Westfield Downtown
Plaza*

**ULI Advisory Services Panel
April 12-15, 2005**



Original Questions

- Is Downtown Plaza a good location for a discount department store (e.g., Wal-Mart)?
- Is the proposed Westfield redevelopment plan consistent with the city's stated goals of revitalization of the downtown core?

Restated + Allied Questions

- Does a discount department store enhance the future position of the center?
 - How does the center “fit” the ongoing redevelopment of the downtown?
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- Are discount retailers appropriate/suitable for downtown Sacramento?
 - What can Westfield do to facilitate / capitalize downtown redevelopment plans?

An aerial photograph of a city grid, likely New York City, showing a dense arrangement of buildings and streets. A large, light-colored building is highlighted in the center of the grid. The text "Current Competitive Position of the Center" is overlaid in red on the image.

Current Competitive Position of the Center



Current Competitive Conditions

- Customer Segments
 - 60% residential (129,000 residents within 3 miles)
 - 20% Daytime Workers (110,000+)
 - 20% Visitors (1,500 Hotel Rooms)
- Sales and Tenant Mix
 - Relatively stable
 - Sales (\$184.3 M in 2004 vs. \$191.1 M in 1999)

Current Competitive Conditions Continued

•Mixed Performance of National Retailers

Healthy

American Eagle Outfitters
Banana Republic
Ben Bridge
Brookstone
Forever 21
Gap
Victoria's Secret
Morton's of Chicago
Z Gallerie
Hard Rock Cafe

Unhealthy

9 West
Ann Taylor
Gap Kids
Guess
J Crew
Jessica McClintock
Limited



Current Competitive Conditions Continued

- Under represented in:
 - Food
 - Jewelry
 - Books
- Physical Attributes
 - Tired and eclectic
 - Surprising strength on 2nd level
 - Single side anchor in non-anchor location
 - Dead spaces break connections

Current Competitive Conditions Continued

- As an “Urban” shopping center
 - A challenged asset class
 - Typically requires higher level of TLC and reinvestment
- Westfield has been successful at protecting competitive threats--downside, City expected something in return.

Westfield's Proposed Repositioning

- Theater relocation and expansion from north side to south side
- Discount Department Store
 - Unnamed for application purposes
- Retention and expansion of key retailers
(Ann Taylor, Banana Republic, Victoria's Secret, Morton's and Hard Rock Café)
- Expansion of food court

Panel's Observations

- Uncertainty that the plan can maintain or enhance the market position of the center
- New location for theaters has questionable synergy (i.e. restaurants, food, access)
- Cross-shopping to be generated by Wal-Mart is an unknown
- Wal-Mart repel factor for both retailers and customers is an unknown
- Adequacy of parking with a discount anchor is an unknown



Support/Appropriateness of
Discount Store in
Downtown Sacramento

General Concept

- Makes sense
 - Demographics support it
 - Apparent need to better serve existing/expanding downtown residential base
- Discount retail may be appropriate
 - As an addition to the center, or
 - As a free standing store

Why not Wal-Mart?

- Issues of business practices overshadow the retailer's merits
- Wal-Mart's public image overshadows the image of Downtown Plaza
- Potential risks of tenant and customer retention raise cautionary questions

Civic Observations

- Wal-Mart
 - Consensus that it could generate strong sales in Downtown Plaza
 - Concern that it will tarnish the center's image
 - Unconvinced that it will help retain existing mix of better quality tenants
- Theater
 - Adamant that theater should jump-start K Street redevelopment

Civic Observations Continued

- Common desire for better quality tenants
- Open to “category killers” (Pier 1, Barnes & Noble, Linens and Things, etc.)
- Emphasized strong performance of restaurants downtown—logical strategy in Downtown Plaza
- Concern with physical attributes
 - Can’t tell it’s retail
 - Lacks connectivity
 - Re-use of state office building
 - Deteriorating physical condition

An aerial photograph of a city grid, likely New York City, showing a clear path through the streets. The path is highlighted in a light blue color, starting from the top left and moving towards the bottom right. The text "There is a Clear Collision Course" is overlaid in red on the image. A faint "© 2014 Google" watermark is visible in the lower-left quadrant of the image.

There is a Clear Collision Course

Current Perception of the Downtown Plaza Continued

Westfield

- Unique
- Important asset
- Explored all options
- Opportunity to build value

Interviewees

- Past its prime
- 2nd tier asset—largely neglected
- Taking the easy route to solely benefit the owners—no civic value
- Fear of negative impact

Vision



Neither the City nor Westfield has a well articulated vision

Credibility



Both parties are damaged--just who is worse is unclear



Civic Capital

Westfield needs to substantially rebuild goodwill with city leaders.



Opportunities



Four Potential Courses of Action

- Pull the plan to buy time and goodwill
- Revise current plan
- Redevelop as a mixed-use project
- Sell (to the city)



Pull the plan--Buy time

- Maintain status quo
- Offers the opportunity to cure credibility issue—buy goodwill
- Participate in K Street redevelopment process

Revise Current Plan

- Different anchor (City probably willing to subsidize)
- Different location for theaters
- Consider addition of selected “category killers”
- 7th and K gateway opportunity (State office building & Marshall Hotel)



Redevelop into a mixed-use center

- Major reinvestment
- Hotel and office opportunity
- Opportunistic extension up K Street

Sell to the City

- Ultimate bail-out/fail to reconcile
- Redevelopment agency probably has the financial wherewithal to acquire and then redeploy/sell to another developer/owner.