

City of Plano Shopping Center Review

1 October 2013



Figure 1: Plano has a wide range of shopping center types, from older neighborhood strips (above, left) to the Legacy Town Center (above, right).

1.0 Executive Summary

During the past several decades, the City of Plano has evolved from one of Dallas' most outer edge communities to an almost inner ring suburb. Its residential and commercial development has been planned per their various timeframes from the 1960's to the present, resulting in a spectrum of real estate ranging from dated to the most cutting edge. The city's surrounding communities, especially to the north and east, have recently exploded with new population and commercial growth, and most are implementing the latest building, signage and landscaping standards.

Presently, the city faces a conundrum. Demand for new residential development is almost unparalleled, but a handful of its shopping centers face large vacancies. City retail sales have been flat during the past economic upsurge. Plano has 16 million square feet (sf) of retail for its 265,000 population, or 65 sf per capita - three times the national average.

The city recognizes that the vitality of its neighborhoods and commercial are interrelated. Healthy retail centers are also necessary for the city to compete for major employers. This memorandum summarizes GPG's findings of a two-day initial review of Plano's commercial challenges.

2.0 General Observations

- 2.1 The city generally has three commercial geographical districts: east, west and far-west.
- 2.2 Regional markets include North Central Expressway/Collin Creek Mall, the Dallas North Tollway/Shops at Willow Bend and Legacy Town Center.
- 2.3 New shopping centers in Frisco and Allen offer attractive alternatives to Plano's older centers and are likely intercepting market share for these communities.
- 2.4 Most of the city's shopping centers are attractive and in good to excellent condition.
- 2.5 While very different in design and market segment, Plano's largest shopping centers - Collin Creek, Willow Bend and Legacy Town Center - serve as regional anchors for the city.



Figure 2: Some of Plano's roadway corridors (above, left) are unsightly and dated as compared to new sections of Plano and some surrounding communities' streetscapes (above, right).

- 2.6 All of the centers are surrounded by stable residential neighborhoods or multiple communities.
- 2.7 Regional commercial brokers report Plano is one of the Dallas region's most sought after locations to deploy new stores and restaurants.
- 2.8 The far-west locations, found along the Dallas North Tollway, are presently the most desirable for new retailers, employment centers and automotive dealers.
- 2.9 The city's central and eastern sectors have many of the most dated shopping centers.
- 2.10 Surprisingly, some of the attractive and well-located centers have the most vacancy, indicating a management or leasing challenge.
- 2.11 Many older and tired centers appear to have higher retail occupancy, albeit with low- to mid-price point retailers, churches, offices and other non-retailers.
- 2.12 Some of Plano's roadway corridors are unsightly and reflect poorly on the adjacent shopping centers and neighborhoods.
- 2.13 Centers developed prior to 2000 generally were planned with parking lots up to double the size required by most of today's retailers, creating an opportunity for infill with out-parcels of new hotels, offices, residential, restaurants and retailers.
- 2.14 Given the prime location of many of the targeted shopping centers, it is likely that some of their owners would consider a private-public approach to upgrading their site, building storefronts and the surrounding roadway corridors.
- 2.15 Some of the centers with the greatest potential for redevelopment are attractive, well designed and maintained, and may not appear distressed.



Figure 3: Many of Plano's older shopping centers are well maintained.

3.0 General Recommendations

- 3.1 Group the subject shopping centers into three to five categories based on their:
 - Market demographics
 - Building typology and condition
 - Location
 - Likelihood of successful renovation or adaptive reuse
- 3.2 In advance of executing a redevelopment project, construct an in-house economic and planning model to determine the various categories' feasibility for redevelopment or adaptive reuse. Refine the model with project implementation:
 - Most likely to succeed with minimal effort
 - Easiest to redevelop as an alternative landuse: residential, mixed-use, etc.
 - Most infill opportunities on the site and parking lot
 - Excellent physical and site characteristics, likely only needing a strong management and leasing team.
- 3.3 Based on the above modeling and analysis, define general characteristics of a center that could most likely successfully be renovated or redeveloped as an alternative landuse.
- 3.4 Prepare a Request for Qualifications to participate in a pilot or beta test program to renovate or redevelop an existing targeted shopping center.
 - Select the most qualified group and negotiate terms to implement a pilot/beta test case.
- 3.5 Plan and design corridor streetscape enhancements:
 - Landscaping
 - Signage: public and private
 - Lighting: paint poles, upgrade fixtures, etc.

4.0 Next Steps

GPG recommends the city research the following specific issues as a part of pilot or beta test program:

- 4.1 Why are some of the city's shopping centers underperforming the market, while others are exceeding industry standards? Is this a market, property management or locational issue?

Recommendation: Study the subject center's strengths, challenges and opportunities. Try to determine the cause of any center's decline.

- 4.2 Does the city have too much retail for its population? Plano has approximately 60 sf of retail per capita. This is three times the national average, but may not indicate an oversupply.
Recommendation: Conduct a general market study to determine Plano's actual retail trade areas for its primary shopping centers and the subject study centers.
- 4.3 Are the new shopping centers in the adjacent communities absorbing market share that formerly visited Plano? Have the new surrounding shopping centers modified Plano's commercial potential?
Recommendation: Conduct a targeted market study for the subject shopping centers and a general study for the city as a whole.
- 4.4 Do some of Plano's centers need updating to fill space and attract new shoppers? Will an upgrade in a center's exteriors, signage and landscaping increase their economic viability?
Recommendations: The above market studies will determine the subject centers' market potential. Building elevation improvement sketches will help the property owners and potential new businesses gain an understanding of the center's potential.
- 4.5 Should some of the older centers be razed and converted to mixed-use development? Some of the centers are surrounded by strong neighborhoods and located at prime roadway intersections. Many also have surplus parking and land areas.
Recommendations: Conduct various market studies to estimate the viability of alternative landuses such as residential or office. Meet with local real estate broker experts to discuss the subject center's potential. Prepare alternative sketch plans for redeveloping the subject sites with alternative landuses.
- 4.6 Refine typology of retail centers by character and performance: convenience, neighborhood, community, regional, etc.
Recommendation: Compare the center type with industry standards to assist in understanding its underperformance and with forecasting its potential for renovation. For example, is it a neighborhood center that has lost its grocery anchor?
- 4.7 Select up to six representative properties having a high potential for revitalization and redevelopment.
Recommendation: Include a cross section of properties: small, medium and large with a variety of location strengths and redevelopment potentials.
- 4.8 Identify tools that may be useful in facilitating and incentivizing redevelopment/revitalization of commercial properties: planning, public-private cooperation, zoning, planning and architectural design.
Recommendation: Research all potential tools for assisting the subject center's renovation; apply as appropriate.
- 4.9 Define their characteristics and develop a Request for Qualifications from developers and property owners for redevelopment/revitalization projects.
Recommendation: Meet with potential developers and centers to review qualifications prior to releasing the RFQ to discuss potential challenges and opportunities.

4.10 Select one center as a beta project.

Recommendation: Select a center with the most potential after reviewing the six potential centers as described above.

4.12 Select best proposal and negotiate a development agreement, including:

- Development plan
- Business plan
- Developer and City responsibilities
- Cost participation

Recommendation: Determine criteria to measure the effectiveness and success of the pilot-beta test program.

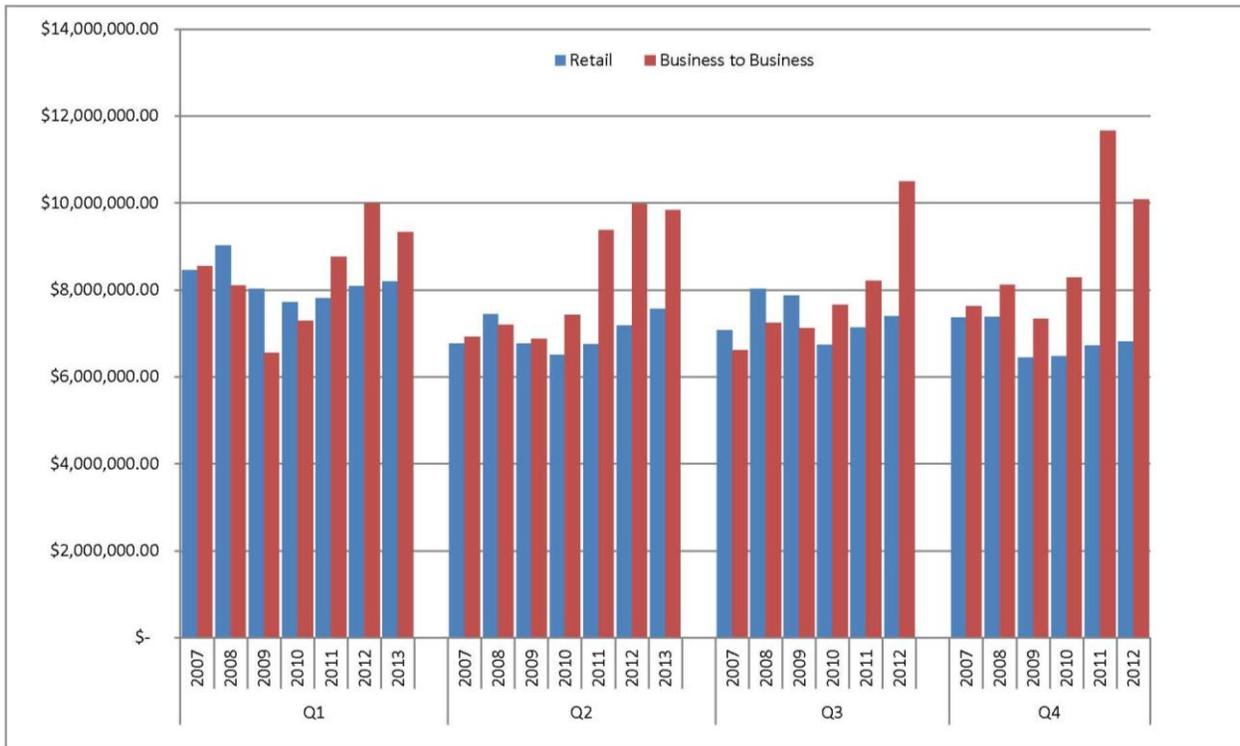


Figure 4: The City of Plano's August Sales Tax Receipts. Source: Plano Planning Department.