

## 2 Detroit-area outlet centers could happen this year

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*The three-way race to build new outlet shopping centers near Detroit has narrowed to two.*



(Photo: New England Development)

Even as the ease of online shopping forever changes the retail world, a few local developers see a strong future in building more brick-and-mortar outlet malls in metro Detroit.

Two development teams are racing to break ground this year on rival projects: one in Macomb County, and one near Detroit Metro Airport. A third project slated for Canton unraveled late last year and is now canceled.

Based on the geographic distance between the two active projects, some retailing experts believe there could be enough tenants and shoppers for the projects. That's because outlet malls are a rare growth segment within the brick-and-mortar retailing category.

Unlike the typical enclosed mall, outlet centers can offer cheaper rents because they're generally less expensive to maintain. And bargain-hunting grew fashionable over the past decade among all income classes, and retailers started to produce higher-quality specialty merchandise just for that retail niche.

"The idea of an outlet mall being crummy merchandise is no longer the case," said Ken Dalto, a Bingham Farms-based retail analyst and management consultant who does not have a stake in either project. "Outlet malls are different than they used to be, and people will drive an hour to go to a good one."

Linda Humphers, editor of Value Retail News, an industry publication, said that between 2006 and 2014 about 50 outlet centers opened in North America and another 10 are expected to open this year. That compares to just three new traditional malls opened during the same period, which saw intensive growth in Internet shopping.

"There's a lot of what I call 'soft reasons' why people will always shop in stores," she said. "They want to look and touch and feel."

## Hotels included

The most ambitious of the two active Detroit-area projects — the Outlets of Southeastern Michigan — would cover roughly 200 acres in Macomb County's Chesterfield Township and include three new hotels and a small-to medium-size convention center.



Rendering for a Macomb County convention center that would be built in Chesterfield Township as part of the outlet center. (Photo: Rossetti)

It would be situated at the intersection of I-94 and Hall Road and feature 50 to 70 outlet stores, as well as restaurants and possibly a movie theater and specialty food market. Center Management of Birmingham and Cincinnati-based Jeffrey R. Anderson Real Estate are the developers.

Construction could begin in the fall for a 2016 opening of the outlets portion of the project. Work on the 100,000-square-foot to 120,000-square-foot exhibition space could follow six to 12 months later.

Thomas Guastello, owner of Center Management, said he's fielding considerable interest from prospective tenants.

"Instead of us calling the people, we're having the people calling us," he said. "Although we didn't realize it at the time, having three (projects) kind of beating the drum for developing outlet malls in Detroit had the retailers really take notice about southeast Michigan."

### **'Long layovers'**

The other still-active project — the Outlets of Michigan — would have 90 to 100 stores in Romulus across from the airport. Its developers envision local shoppers from as far as Toledo, along with bored air travelers looking for a break from their hotel or departure lounge.

"Part of it is long layovers," said Michael Barelli, vice president of Newton, Mass.-based New England Development. "Another part is the fact the airport draws from a huge catchment area and that many people come in the night before or the day before to travel out."

New England Development is now co-developing the Romulus outlets with a Baltimore-based firm, Paragon Outlet Partners, that at first tried to build the Canton outlet mall project that fell apart.

It was planned for southwest of Ford and Lotz roads, not far from the Ikea, and could have had as many as 100 stores. But Paragon scuttled its plans late last year after encountering issues with the costs of buying land, handling traffic flow and navigating wetlands.

Paragon then pivoted to Romulus and partnered with New England Development.

The duo are assembling prospective tenants for their airport outlet and could soon submit site plans. Construction could start as early as this summer and finish next year.

"I'm very confident that this is going to occur," said Kelvin Antill, development partner at Paragon.

### **No stranger to centers**

The greater Detroit region is already home to three outlet centers: Tanger Outlets in Howell, Birch Run Premium Outlets and Great Lakes Crossing Outlets in Auburn Hills, which is also an enclosed mall.

A fourth outlet mall, the Horizon Outlet Center in Monroe off I-75, once thrived but is now all but dead. Its remaining tenants include a Gap and a uniform store.

Metro Detroit also has two big convention centers — Cobo Center in downtown Detroit (more than 720,000 square feet) and Suburban Collection Showplace in Novi (214,000 square feet).

Michael O'Callaghan, executive vice president of the Detroit Metro Convention & Visitors Bureau, said he doesn't consider the Chesterfield Township convention center proposal as a threat to either Cobo or Novi.

"I think each of them offers a different product and they could actually enhance one another," he said.

### **Two outlet centers proposed**

#### **Outlets of Southeastern Michigan**

- Macomb County's Chesterfield Township
  
- 50 to 70 stores
  
- Three hotels
  
- Small to medium-size convention center

## **Outlets of Michigan**

- Near Detroit Metro Airport
- 90 to 100 stores
- Cater to locals and bored air travelers