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\$80M open-air Detroit mall moves ahead

Development has more than 60% of retail space leased

Jaclyn Trop / The Detroit News

Detroit -- Despite the economy and other setbacks, developers are moving forward with their plans to build an \$80 million open-air mall -- the Shoppes at Gateway Park -- at Woodward and 8 Mile next to the Michigan State Fairgrounds.

More than 60 percent of the retail space in the 365,000-square-foot mall has been leased, and the developers are in talks with two major retailers -- one for a 190,000-square-foot anchor store and the other for a 40,000-square-foot space, according to Bernie Schrott, one of five partners in Gateway Park LLC.

He declined to name either retailer, but said both are union shops and "not Wal-Mart."

An announcement on the retailers could be made within weeks and the developers hope to break ground as early as next month.

"We're very pleased. It's going to be the largest commercial real estate development in the last 50 years in the city of Detroit," Schrott said.

Plans call for about 40 shops, each between 5,000 and 10,000 square feet, offering "medium to upscale discount" shopping, he said.

There will be no dollar stores in the mix. Nor will there be a central food court or fast-food outlets. Instead, the mall will offer casual family dining along the lines of Red Lobster or Applebee's, Schrott said.

"We're very protective of the community. The people who live there are going to be our customers," Schrott said.

"We don't want to put in anything that will be offensive to the people who live or shop there."

The mall will draw customers from the surrounding Detroit neighborhoods of Sherwood Forest and Palmer Woods, as well as from the suburbs of Hazel Park and Ferndale and other areas of southern Oakland County, he said.

Economy stalls development

The Shoppes at Gateway Park had initially planned to be open by now. But the project has suffered several setbacks since Schrott's group retained Chicago-based General Growth Properties, America's second-largest shopping mall owner, to develop the 35-acre outdoor mall in 2006.

The project has been derailed by Michigan's receding economy and downsizing by retailers and developers.

JCPenney, for instance, signed a letter of intent to anchor the center in 2007, shortly after the project was announced.

The retailer, which would have been the city's only major department store and the first to open since Crowley's closed its New Center store in the late 1990s, withdrew last year as part of its strategy for weathering the down economy.

General Growth Properties ended its involvement last summer, according to spokesman Jim Graham. The firm is at risk of filing for Chapter 11 bankruptcy protection, according to its most recent filing with the U.S. Securities and Exchange Commission.

Now, Gateway Park LLC, which includes long-time Metro Detroiters -- ex-Ford Motor Co. executive Elliott Hall, Greektown casino minority partner Marvin Beatty, theater magnate Joe Nederlander and former Wayne County commissioner Ricardo Solomon -- is developing the project without an outside partner.

The retail project was granted tax and other incentives two years ago when Gov. Jennifer Granholm signed a bill that created a corridor improvement authority at Eight Mile and Woodward Avenue.

The incentives expire July 1.

"If a shovel is not in the ground, they have to reapply," said Tami Salisbury, executive director of the Eight Mile Boulevard Association, a nonprofit group that promotes business along the Eight Mile corridor.

Predictions of success differ

Farmington Hills-based retail analyst Kenneth Dalto said he did not think the neighborhoods near the site could support a large-scale shopping center.

"People are trying to put stores in for demographics that aren't there," he said.

However, another retail consultant, Fred Marx of Farmington Hills firm Marx Layne and Co., said that the center's location, access from the thoroughfares and accessible parking lots would draw shoppers.

"There are opportunities for centers with the kind of stores that are proposed," Marx said.

"I think it's a very doable project."