

# sitelines

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## The Market for Potential Suburban Town Centers

Sam Newberg

Among the most popular recent real estate development trends in the Twin Cities, as well as nationally, is the creation of town centers. They come in many forms, but usually involve redevelopment of existing or obsolete uses. This edition of Sitelines examines the market potential for success with today's new suburban downtowns.

Traditionally, Downtown has been the central retail and commerce district within the central city of a metro area. Transit lines and major streets often converge on a centralized, walkable place.

The magnetism of downtown declined as suburban malls and office parks evolved after World War II, and downtowns ceased to be the only place where business took place. The very notion of a main business section of a city morphed into commercial corridors and quadrants located along major arterial streets and at freeway interchanges. Their spatial arrangement was generally not pedestrian friendly.

Today, suburbs that never had downtowns are beginning to build versions of them. They are varied in nature, form and appearance.

### Why Build a Downtown?

Suburbs have several motivations for creating new downtowns. They include:

- ◆ Desire for a sense of place and community
- ◆ Desire among residents and employees for a central gathering place
- ◆ Demand for a quaint, well designed place to counter the placelessness of urban sprawl
- ◆ Municipal demand for additional tax base from redevelopment of a blighted or underdeveloped area

People are generally drawn to distinctive places. Today, the overall population is living in suburbs in greater numbers than ever before. Something about the concept of downtowns, whether it be nostalgic or practical, is causing this growing suburban population to begin to seek a more quaint sur-

rounding, one not dominated by the car and one with more aesthetically pleasing architecture.

The other, perhaps more important factor in the increased interest in suburban downtowns is tax dollars. Inner ring suburbs, once bastions for families fleeing urban decay, are now seeing their own cities evolve, with aging housing stock and retail centers that are becoming obsolete. Thus, a tremendous opportunity exists to redevelop in the inner ring suburbs with a variety of uses, from housing to office to retail. Densification of sites can also generate higher taxes in the long term.

### Market Opportunities for Suburban Downtowns

A variety of possibilities exist for development in suburban downtowns. They are not the same possibilities that led to the development of original downtowns, although their form and some uses are similar. Also, transportation access can inhibit development potential, unless the location is superb, such as the interchange of two major freeways.

### Housing Development

The possibilities for a variety of multifamily housing types are great in new suburban downtowns. Rental apartments, for-sale condominiums and townhomes, and various senior housing types are all possibilities for infill development, and often are in demand due to shifting demographics and household types in evolving suburbs. In particular, as baby boomers age and their housing demands shift, a variety of housing types are gaining popularity. Multifamily housing is denser in form, and is more easily integrated into a mixed-use neighborhood such as a suburban downtown.

### Office Development

Office development is another potential use for suburban downtowns. Office development can be integrated into mixed-use development, and is well-suited to be located in buildings with retail uses on the ground floor.

### Retail Development

Retail development is one of the major challenges for town centers, since they are often big-box based, and their physical mass often runs counter to the notion of town centers and the quaintness desired. Retail development relies on good access and visibility, and



Excelsior and Grand, St. Louis Park

large-scale retail development requires a nearby freeway or major arterial street for success. Additionally, smaller retailers generally rely on larger, big-box retailers and the traffic they generate. If a big-box component is not included as part of a suburban downtown, retail development is often restricted to small-scale neighborhood and convenience uses.

Design issues are a large factor in new suburban downtown development if retail is desired. If big-box development is chosen, the city and developers must find a way to blend the large buildings into the overall design in order to create a pedestrian-friendly environment. Solutions include adequately hiding parking, and possibly constructing multilevel big box stores.

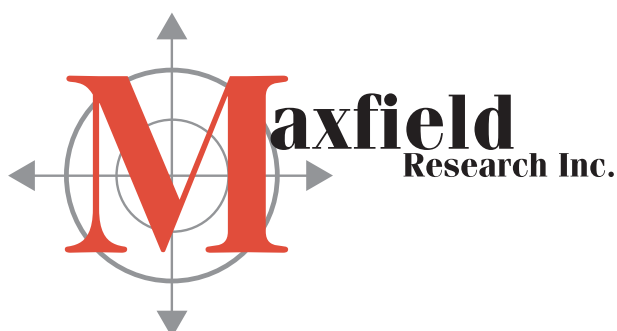
### Examples - Are they Downtowns?

Several new suburban downtowns are in the planning or development stages around the Twin Cities. They include Excelsior and Grand in St. Louis Park, Heart of the City in Burnsville, and Arbor Lakes in Maple Grove. Each downtown serves a slightly different purpose, has a unique market potential and mix of planned development, and each bends the definition of the term "Downtown."

#### Excelsior and Grand

One of the highest profile new downtowns in the Twin Cities is in St. Louis Park. Consisting of 125 acres of land overall, many of the components of the "downtown" are already in place, such as Target, Byerly's, and Park Nicollet Medical Center. These will remain largely unchanged, and it is the new development, called Excelsior and Grand, that helps create the downtown concept.

Excelsior and Grand, which is opening in phases, is a mixed-use development of over 350 apartments, with ground floor retail space, in addition to for-sale multifamily





Arbor Lakes, Maple Grove

housing. The mixed-use development replaces less cohesive, automobile-oriented uses with a more pedestrian-oriented environment. The retail spaces are just beginning to open, including a Panera Bread shop. Although the apartments help generate traffic, the retail users must rely on good access from Excelsior Boulevard to bring in additional customers.

Is Excelsior and Grand a downtown? In many ways, yes. It is part of a larger overall

distance of the Main Street. Furthermore, approximately 1,500 additional housing units are planned for the area, to be located within a general walking distance to Main Street. It is this overall area of Maple Grove that makes it the main business section of the City, albeit spread out, and only a small portion actually resembles a "downtown."

## Looking Ahead

Suburban town centers come in a variety of forms, and whether the term "downtown" is applicable is debatable. The one thing that is certain is suburbs face a variety of market possibilities when developing a town center. A well designed downtown will provide an attractive gathering place for area residents and workers, and a variety of housing types, as well as office and retail space, can be incorporated in mixed-use developments to create a sense of place.

Most importantly, suburban town centers cannot be stamped into every suburb using a boilerplate or standard format. Every site is unique, and a thorough understanding of the strengths and weaknesses and the market forces of each area is essential for a successful suburban town center.

area that includes multifamily housing, retail, entertainment and a major office user. However, it is only the new development that is pedestrian-oriented and creates a distinctive sense of place.

### Heart of the City

The City of Burnsville is creating a downtown area, Heart of the City, that seeks to redevelop an automobile-oriented section of Nicollet Avenue, south of Highway 13, into a walkable, mixed-use town center. A variety of uses are planned for Heart of the City, including residential, office, hotel, retail and open space. The initial redevelopment in Heart of the City consists of several residential projects, including Grande Market Place, developed by Sherman Associates. Construction began in August 2002, and first occupancy is expected in 2003. Grande Market Place will contain 113 units, 50 of which will be affordable to individuals at or below 60% of the median income. Located along Nicollet Avenue, Grande Market Place will also contain 15,000 square feet of retail space and a culinary school on the ground floor.

Heart of the City will not displace the Burnsville Center district of the City as the main retail area of the city. It can, however, be a smaller, more diverse business district. In that respect, it will evolve over time as an actual downtown, with a variety of housing, employment, retail, hospitality, and open space uses.

### Arbor Lakes

Arbor Lakes in Maple Grove has received much attention as a new suburban downtown. However, the area would not likely receive much attention without its two-block main street, which consists of small stores in two-story buildings with no setbacks. The Main Street itself contains stores that would otherwise be located in a small strip center adjacent to or attached to larger, big-box retail. It is the form, the quaint Main Street design, that attracts attention, but it could not survive without the surrounding big box anchors to attract customers.

The area around Main Street is a mixed-use area, however, with rental housing and Maple Grove city offices also located within walking



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Sam is also involved with the Urban Land Institute and is currently serving on the Executive Committee of the ULI Minnesota District Council. He has written numerous articles for Urban Land magazine pertaining to land use issues in both the United States and Europe. Articles of his have also appeared in Planning Magazine, the Minnesota Real Estate Journal, The Star Tribune, and Preservation Monthly magazine.

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