

HIGH ON THE HYPERLOCAL

New life in aging Texas downtowns



BRYAN DANNA



DAVID GREENBERG



AMY ROSENTHAL

BY BRANDI SMITH

On Small Business Saturday, parking was hard to come by on 19th Street in the Houston Heights. Crowds rolled like waves down the sidewalk, popping in and out of the stores. Along with the chatter of shoppers and rumble of traffic, you could hear the frequent bell jingle, a sign that another customer had popped in to see what one of the mom-and-pop storefronts offered.

A day after consumers hit up major retailers, they wasted no time shelling out money to support local retailers as well. An estimated 104 million shoppers helped smash the sales record for Small Business Saturday, spending an estimated \$17.8 billion.

"About ten years ago, we started to witness a shift from retail centers, such as the Galleria or Highland Village, to more local neighborhood-centric developments, but it has escalated quickly over the past five years," says Bryan Danna, principal at RE:VIVE Development. "As Houstonians began to move back

into the city center after decades of retreating to the suburbs, they are demanding more retail options closer to urban centers."

When he moved his family into the Heights in 2005, he quickly realized how underserved it was, both from retail and restaurant offerings.

"As Houstonians began to move back into the city center after decades of retreating to the suburbs, they are demanding more retail options closer to urban centers."

- Bryan Danna

"The area has always been home to solid demographics that many tenants look for, but residents were accustomed to leaving the neighborhood for restaurants and shopping," Danna says. "There was a lot



Old Eckerd's Drugs on Yale & 11th - Courtesy Re:Vive Development

of demand, but no supply."

What was in great supply, however, was underutilized buildings.

"I realized that there were some great structures that, with some creative design, could be repurposed to supply this retail demand, while also preserving some of the neighborhood's historic buildings," explains Danna. "Land can be very expensive in these in-town areas, so repurposing these older buildings to accommodate modern demand was an exciting challenge to take on."

One of the first projects in the area RE:VIVE contributed to developing was South Heights, an entertainment district along White Oak Drive. Danna also recalls a memorable project, restoring a beautiful art deco storefront of an old Eckerd's Drugs on Yale & 11th for the restaurant Lola, utilizing an historic building to inspire a new generation of retail.

"We did a lot of work to existing buildings because we believe that the people who live in these types of neighborhoods want the character maintained," explains Danna. "We appreciate the history of these structures. They are part of what makes the Heights what it is. We want to honor that history while contributing to the thoughtful growth of the neighborhood."

Pointing to similar examples in Houston's EaDo neighborhood, Danna says they're all indicative of a bigger shift within the retail industry.

"Lifestyles, retail options and demand are all shifting," says Danna. "Patrons want something different. They want something more unique than a strip center or huge mall. They want something that reflects their neighborhood."

It's no secret that many big-box retailers have faced



South Heights, an entertainment district along White Oak Drive. - Courtesy RE:VIVE Development

HIGH ON THE HYPERLOCAL

< Continued from Page 10

challenges over the past few years. Bankruptcy filings from Toys 'R' Us to Sears to Brookstone highlight the struggle faced by some brick-and-mortar mainstays that didn't evolve with their increasingly online clientele.

"There's more concern about the big boxes going dark and coming up with a good use for them," says David Greenberg, president of Greenberg & Company, a Houston real estate firm.

Despite the change, he reports primary retail space isn't seeing a rate decline.

"If you still have a really good demographic mix for what is specific to somebody's intended use, you should be able to get it leased up," Greenberg adds. "We're very active."

He says service-oriented businesses are in demand and restaurants, above all else, are leading the way.

"I can't think of a day gone by when this office doesn't receive calls for food," says Greenberg. "It comes from both the national side all the way down to the local mom and pop."

Many of the new eateries that are opening up aren't exactly brand new to the market. Greenberg says second-generation locations are in very high demand. That's something Danna has witnessed as well.

"Restaurant operators are adjusting their concepts to suit the neighborhood. They could be in five different neighborhoods with five different concepts," Danna says. "Operators are responding to this hyperlocal 'borough' mentality and it's benefiting the neighbors they serve."

As keyed into the feel of a neighborhood as



Historic downtown McKinney, for decades served as the economic hub of the county. - Courtesy City of McKinney

restaurateurs may be, he thinks the onus of representation falls to the developer.

"We need to provide the experience that people are looking for before they even walk into the space," Danna elaborates. "It is our responsibility to offer up an experience and local vibe to satisfy this demand. Ample parking, responsible building practices and thoughtfully curated amenities all contribute to the draw of a space, both to the operator and the consumer."

Examples of reinvigorated local neighborhoods can be found far beyond Houston city limits. Outside of Dallas, McKinney is working to pump new life into its historic downtown.

The seat of Collin County, McKinney was established in 1848. In the 1870s, a limestone courthouse - the tallest building

north of San Antonio - was erected in the center of the town. For decades, downtown McKinney served as the economic hub of the county.

In the years that passed, the city fell victim to the same menace as so many others: the highway system.

"Highway 75 was built about two miles west of the downtown. Businesses wanted to be accessible by car. They wanted their customers to be able to pull in off the highway and shop at their store," says Amy Rosenthal, director of McKinney's Main Street Program.

She offers the example of a high-performing JC Penney in downtown. Once the highway was built, it relocated to be closer to the new TX-75, as so many other small businesses did. In 1979, the decision was made to shutter the courthouse and move county operations to a new facility.

"What was this really vibrant, economically significant downtown became very neglected. Businesses closed. There wasn't a lot of investment in maintaining the facilities. The little downtown looked pretty sad," Rosenthal says.

That lasted into the 1990s when McKinney started to benefit from Dallas's explosive growth. In the early 2000s, developers and investors started paying attention to downtown and before long, a transition was underway.

"In 2006, the old courthouse that had been sitting



Downtown McKinney - Courtesy City of McKinney

empty for 25 years, opened as a performing arts venue. The courtroom is now a courtroom theater. The other rooms in the facility are open. The building is open seven days a week with a lot of activity on nights and weekends," explains Rosenthal. "That was very significant in influencing the development of small business."

Since then, McKinney has become an entertainment destination for the region.

"You see the return of people wanting to live close to where they work, wanting the live, work, play combination," Rosenthal adds. "They want to enjoy amenities that are close to where they are. It's a sense of what being local means to a community."

With more than 120 businesses now calling downtown McKinney home, new development opportunities are opening up to the east.

"There's a beautiful flour mill that's ripe for opportunity," says Rosenthal. "We're starting to see some of the seeds being planted east of Highway 5."

In southwest Dallas County, the community of Cedar Hill went through many of the same challenges. But, like McKinney, its downtown is starting to come alive again.

Founded in 1846, it was, for a time, the county seat. Today, its downtown buildings have held onto that historic feel. Breathing new life into these buildings is a top priority for the city and area businesses. The Cedar Hill EDC is taking time and working with a number of developers to do just that. The goal is to work with partners who could adapt the existing infrastructure rather than tearing down historic property to build

Continued on Page 14 >

HIGH ON THE HYPERLOCAL

◀ Continued from Page 12



Hillside Village - Courtesy Cedar Hill EDC

something new. That way the buildings that stand as an example of Cedar Hill's rich past will be a part of its future.

"Throughout Cedar Hill's history, downtown has been the heart of our community. For decades, it's been the place where families have gathered to make memories and have fun together," says city councilwoman Jami McCain. "It's an incubator by nature because businesses come and see the opportunity, a place where they can get their start. They say 'this is the place where I want to start a future.'"

One example of that is a project spearheaded by Lake Moreno Partners. Owners Jim Lake and Amanda Moreno plan to start construction on a 5-acre, mixed-use redevelopment of a former lumber and hardware property.

"When we discovered the opportunity here, we said, 'You know what? This is something we can redevelop and advance the efforts of the community, bringing all the different things we've done in other markets to downtown Cedar Hill,'" says Lake. "With the mass and mix of different uses and the massive square footage that will be available, we are really looking forward to energizing the area, alongside the existing businesses. We'll work to create more draw from other cities throughout Dallas because Cedar Hill is less than 20 minutes from downtown Dallas."

The 40,000-square foot project, located at W. Belt Line Road and Broad Street, will offer a mix of uses, including retail, restaurant, and office space. Approval

of the agreement marks the beginning of initial phases of the project; construction is expected to begin in mid-2019 and to be completed in 2021.

"Cedar Hill already has great development present with its retail, housing, trails, and infrastructure. By taking elements from other projects we've done, learning what works on the size of sidewalks, adding in bike racks, accommodating the different ways you can move about within the city, and particularly integrating within the city's trail system and surrounding residential. These types of components will be a great addition to the downtown that does not currently exist," Lake adds.

The downtown area now boasts more than 40 businesses, but city leaders are hopeful the \$10 million first phase of the Lake Moreno project is a catalyst for what's to come.

"We are excited about the future plans the city and our future neighbors have been working on," says Richard Leonard, owner of Décor on the Hill. "For years, families come to experience a nice time dining and shopping. That's why we've moved into our larger space right next Pioneer Park."

Megan Calloway-Thiel, who owns the Cheeky Cactus Boutique in downtown Cedar Hill, echoed that, adding that the city's historic charm has drawn visitors for



Cedar Hill - Courtesy Cedar Hill EDC

years.

"We love being part of creating the future of downtown. The area provides opportunity for entrepreneurs to create a legacy for their family and future generations," she says.

These hyper-local revitalizations needn't be isolated to a traditional city center, as illustrated by RE:VIVE's development in Houston's Garden Oaks and Oak Forest

neighborhoods, just north of the Heights. RE:VIVE has six projects in this newer urban outpost that attracts Inner Loop families who want good schools, more land for their money and to still be close to the Inner Loop.

"My family, and many of our team members, grew up in this area, so we've watched it evolve over four decades. Most tenants in our Oak Forest and Garden Oaks projects live in the neighborhood as well. They understand the demand and they know the customers. So they connect with our products there," says Danna. "It's a very proud feeling to be able to supply neighbors with quality options that they are excited to support. It's a win-win."

His largest project to date in Garden Oaks is a three-acre, non-traditional development that is centered around an 8,000-square-foot green space. Repurposing three existing industrial structures, RE:VIVE is creating nearly 25,000 square feet of retail, including creative office space. Danna adds that there are plans for movie nights, live music and school functions, all opportunities to connect with the people who call the area home.

"I think retail is moving in this direction because demand is. Consumers are demanding that retail be done differently," Danna says. "When you fill that demand, it shows. Our tenants' sales have confirmed

our philosophy time and time again that spending the extra planning and design time to create these amenities, such as green space, parking and symbiotic uses, increases profitability."

Retail experts have watched this pendulum swing before: from local boutiques to national chains. As it falls back the other direction, developers like Danna are focused on capitalizing on that momentum.

"It's swinging our way. We've always believed in the inner city areas, such as the Heights and Garden Oaks, which is why we chose to move and raise our family here," he says. "We feel like we're in the right place at the right time and it's a vibrant neighborhood now where once it was very sleepy."

This push toward local retail seems to be just the thing to wake it, and many other communities, up.