

# ULI DEVELOPMENT CASE STUDIES

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## Bayshore Town Center

**Glendale, Wisconsin**

Project Type: **Mixed Use—Three Uses or More**

Volume **39** Number **11**

**July–September 2009**

Case Number: **C039011**



### PROJECT TYPE

Bayshore Town Center is a redevelopment of a traditional enclosed shopping mall into a mixed-use town center consisting of over 1.2 million square feet (111,480 sq m) of retail, office, and residential space. Part new construction, part renovation, the project required extensive environmental remediation and faced a complicated land assembly process. Located in the northern Milwaukee suburb of Glendale, Wisconsin, Bayshore Town Center was developed by Columbus, Ohio-based Steiner + Associates in partnership with the city of Glendale.



### LOCATION

Inner Suburban

### SITE SIZE

52 acres/21 hectares

### LAND USES

Main Street Retail, Enclosed Mall, Office Buildings, Multifamily Housing, Restaurants, Town Square, Cinema, Structured Parking



### KEYWORDS/SPECIAL FEATURES

- Public/Private Partnership
- Pedestrian-Friendly Design
- Greyfield
- Brownfield
- Redevelopment



- Renovation

#### **WEB SITE**

[www.bayshoretowncenter.com](http://www.bayshoretowncenter.com)

#### **PROJECT ADDRESS**

5800 North Bayshore Drive  
Glendale, Wisconsin

#### **DEVELOPER**

Steiner + Associates  
Columbus, Ohio  
614-414-7300  
[www.steiner.com](http://www.steiner.com)

#### **DEVELOPMENT PARTNERS**

Mall Properties, Inc.  
New York, New York  
212-935-1330  
[www.mallproperties.com](http://www.mallproperties.com)

Corrigan Properties  
Dallas, Texas  
214-468-9179

#### **PLANNER**

Design Development Group (DDG)  
Baltimore, Maryland  
410-962-0505  
[www.ddg-usa.com](http://www.ddg-usa.com)

#### **ARCHITECTS**

Eppstein Uhen Architects  
Milwaukee, Wisconsin  
414-271-5350  
[www.eua.com](http://www.eua.com)

Meacham & Apel Architects  
Dublin, Ohio  
614-764-0407  
[www.meachamapel.com](http://www.meachamapel.com)



## GENERAL DESCRIPTION

Bayshore Town Center is a redevelopment of a 1950s-era enclosed shopping mall into a mixed-use, pedestrian-friendly town center. Located in Glendale, Wisconsin, a northern suburb of Milwaukee, Bayshore Town Center contains more than 1.2 million square feet (111,480 sq m) of retail, office, and residential development arranged on a traditional street grid.

Bayshore Town Center is an example of a successful public/private partnership, with the city of Glendale assisting with land assemblage and environmental remediation, and providing significant public financing for the project. The development team remediated a polluted property and redeveloped it into a well-connected, walkable town center. The resulting development has significantly improved retail market share, and added new office and residential space that commands premium rents in the marketplace.

The developer, Steiner + Associates, is based in Columbus, Ohio, and has been developing mixed-use town centers for over 15 years. The firm's work includes Easton Town Center in Columbus; Zona Rosa in Kansas City, Missouri; and the Greene in Dayton, Ohio.

## DEVELOPMENT BACKGROUND AND SITE HISTORY

Bayshore Town Center traces its history to 1954, when the original shopping center at Bayshore (called Bayshore Mall) was erected in what was then a growing portion of the Milwaukee metropolitan area. Glendale and surrounding cities such as Whitefish Bay, Fox Point, River Hills, and Brown Deer were the original suburbs on Milwaukee's north side, and Bayshore Mall was built in response to increased retail demand from new households. It was one of the first automobile-oriented shopping centers constructed in Milwaukee.

The original Bayshore Mall was built on 36 acres (15 ha) along the east side of Port Washington Road one block north of Silver Spring Drive. Anchored by a Boston Store and a Sears, the shopping center was added onto and enclosed in the mid-1970s, reaching approximately 600,000 square feet (55,740 sq m).

The remaining 16 acres (6 ha) of the present 52-acre (21-ha) site located along Silver Spring Drive contained a variety of uses, including a Kohl's department store, a grocery store, a post office, an auto repair shop, an electrical substation, three office buildings, and a greenhouse.

Prior to retail development, the site was used for gravel mining and as a landfill. Although a variety of items were disposed of in gravel pits on the site, the predominant user was the Schlitz brewery, which operated several miles to the south and disposed of barrels and bottles on the site; during excavation and site preparation for the Bayshore Town Center, antique Schlitz bottles were unearthed.

In the 1980s, the owners of Bayshore Mall recognized that the need for a major makeover was approaching. The mall had been extensively renovated during the 1970s, but newer retail centers that were planned and opened in the 1980s and 1990s threatened Bayshore's viability.

Beginning in the 1980s, the first of many potential redevelopment or expansion scenarios were drafted, none of which came to fruition. Meanwhile, Bayshore Mall was showing its age as other malls around the Milwaukee area were taking advantage of contemporary retail trends, adding attractions such as movie theaters. Both the owners of Bayshore and municipal officials were aware that if a new retail center opened to the north along Interstate 43, it could severely affect Bayshore Mall, possibly resulting in its closing. Another mall, Northridge, in nearby Brown Deer, had met its fate by 2000, and neither the owners nor the city wanted to see the same thing happen at Bayshore.

Thus, in 2002, the owners of Bayshore Mall began discussions with Steiner + Associates about redeveloping the property. They were impressed with other town center projects Steiner had completed, particularly Easton Town

Center in Columbus, Ohio. That same year, the two parties agreed to pursue a town center redevelopment at Bayshore.

The developer felt the site, at 36 acres (15 ha), was still too small for appropriate development of a town center and believed that existing mall proportions could not accommodate contemporary tenant needs. But internal market analysis performed by Steiner showed significant retail potential, as Milwaukee's entire north side suburbs were underserved. They knew Bayshore was averaging sales of just \$300 per square foot (\$3,229 per sq m), whereas Mayfair Mall in Wauwatosa, a suburb west of Milwaukee, was fetching \$500 per square foot (\$5,382 per sq m). At this point, the city indicated it would step in and assist with assembling the blighted sites to the south.

## **APPROVALS, FINANCING, ACQUISITION, AND REMEDIATION**

Several obstacles—including city approvals, financing, acquisition of additional sites, and cleanup of polluted and unstable soils—faced the developers. The city played a key role in every aspect, beginning with rezoning the site to be a planned development district, which allowed for the mix of uses proposed, including retail open space, restaurants, entertainment, and office and housing development.

The city also acquired 11 properties for the project and conveyed them to the developer at cost. One of the sites was acquired through eminent domain. In addition, a portion of the existing Bayshore Mall required condemnation in order for a public street to be routed through. One parcel, containing a U.S. Post Office (USPS) facility, could not be acquired. Overall, property acquisition amounted to \$1.5 million per acre (\$3.7 million per ha)—a significant cost that demanded a dense, high-end development to ensure the project's financial viability.

Although the site was entitled for a mixed-use town center with department store anchors but no "big-box" development, several major retailers expressed interest in the site, including Costco, Target, K-Mart, and Wal-Mart. One offered twice the amount paid by the city to acquire the site for development. The city was interested in the offer, as it would have provided immediate payback, rather than all the uncertainty that the town center brought. However, they ultimately stuck with the vision and the town center plan.

To help finance the project, the city created a tax increment financing (TIF) district that provided \$45 million toward the total \$400 million project total—the largest TIF ever agreed to in the state of Wisconsin. In addition, the city created an \$18 million special assessment district, bringing the total public financing to \$63 million.

The interchange at Interstate 43 and Silver Spring Drive was rebuilt and updated to coincide with the project, including an off-ramp from northbound Interstate 43 that provides direct access to a parking garage at Bayshore Town Center. The city and developers leveraged a \$4.4 million federal transportation grant to rebuild the interchange.

The project required extensive cleanup and remediation of pollutants, including oil, gas, polychlorinated biphenyls (PCBs), and methane. The original Bayshore Mall had several tenants with their own underground oil tanks to provide heat, which were removed. The auto repair shop also required soil remediation due to oil infiltration. A dry cleaner had occupied one of the tenant spaces, and perchloroethylene (PERC) needed to be mitigated. The electrical substation contained PCBs, which had to be removed. Furthermore, Schlitz's use of the site as a dump included grain mash, which had decomposed, giving off methane.

The developer made 113 soil borings to check for contamination, and converted 57 of them to groundwater monitoring. Forty-seven methane monitoring ports were also put in, and passive venting was ultimately installed under 300,000 square feet (27,870 sq m) of buildings. In all, 89 tons (90,428 kg) of soil was removed from the site, and much of the existing development acts as a cap for that which did not get removed. The Wisconsin Department of Natural Resources (DNR), which has fairly stringent cleanup standards, ultimately signed off on the remediation.

The original Bayshore Mall frequently suffered from soil settling due to the variety of refuse that was dumped over the years prior to 1954. Thus, not only did the soil need remediation, it also required reinforcing and compacting to provide adequate building foundations. Total remediation, including cleanup and stabilization, for the site cost \$3 million, \$500,000 of which was covered by a grant from the Wisconsin Department of Commerce.

A \$235 million construction loan, provided by HSBC, was required to move the project forward. It was a very large loan for the mid-sized Milwaukee market, where even the largest office developments receive only \$100 million loans. To receive the financing, 50 percent of the project had to be preleased. However, because the three department stores—Sears, Boston Store, and Kohl’s—remained in place, 33 percent of the requirement was already covered. A few other tenants from Bayshore Mall remained as well, although most of those moved into new spaces. Thus, the developer needed only to lease or receive letters of intent for an additional 10 percent of the space before the loan was given.

## **DESIGN AND DEVELOPMENT**

The current 52-acre (21-ha) Bayshore Town Center site is shaped somewhat like the bottom half of an hourglass—much narrower at its northern end compared to the southern end. Port Washington Road and Interstate 43 form the western edge, curving to form the northwest side as well. The site has a very narrow northern edge. Lydell Avenue borders the site along a straight line on the east, and also forms the border with Whitefish Bay, the village located east of Glendale. Silver Spring Drive—a major east–west arterial corridor stretching from Lake Michigan—forms the southern border of the site. Interstate 43 provides the primary traffic access to and from the city of Milwaukee to the south and the newer suburbs to the north.

The master plan for Bayshore Town Center involved retaining the original Sears, Boston Store, and Kohl’s stores while incorporating new retail, entertainment, office, and residential uses around them in a pedestrian-friendly setting. The primary focus of streets, shops, and public space is at the center of the site, with parking located around the edges. However, several of the streets at Bayshore Town Center connect directly into surrounding neighborhoods or major roadways.

The original Bayshore Mall featured 600,000 square feet (55,740 sq m) of retail space. Including the Kohl’s store, which was not part of the original mall but remains, the total square footage was 680,000 (63,172 sq m). Essentially, the redevelopment preserved a little over half of that area, removed or renovated the remainder, and added several hundred square feet of retail space, bringing the total retail square footage to approximately 1 million (92,903 sq m). As well, over 200,000 square feet (18,580 sq m) of office and more than 125,000 square feet (11,613 sq m) of residential space was added, for a total leasable area of approximately 1.3 million square feet (120,770 sq m).

The original Bayshore Mall was L-shaped, with Sears and Boston Store anchoring either end of the long edge of the L. The short wing was removed entirely. The middle of the long side of the L included the indoor portion of Bayshore Mall. This area was extensively renovated, with tenants on the west side being given entrances off the street. This portion of the mall, however, retains its indoor mall character, albeit with a facelift and mostly new tenants, and is aligned along two perpendicular corridors that cross at a food court.

The southern edge of the interior mall, near Boston Store, added a major entrance and rotunda off Bayshore Drive, the primary north–south street at the town center. A multiscreen theater was added to the complex on the second level adjacent to the rotunda. The Kohl’s store remains, although it too was extensively renovated and reconfigured to adapt to the town center concept. Its western edge has been lined with a row of stores that face Bayshore Drive.

The remainder of the site is new construction, with a heavy emphasis on shops and restaurants with pedestrian entrances accessed from wide and well-appointed sidewalks and public spaces. Nearly all the street frontage along interior streets at Bayshore Town Center is lined with retail storefronts.

Two core focal points anchor the project's design. One is the aforementioned rotunda, which is the primary entrance to the indoor portion of the development. The other, more notable focal point is the town square, located between Bayshore Drive and Centerpark Way. The town square is flanked by restaurants on its northern and southern edges, the terminus of Fountainview Drive on its eastern edge, and the residential building that overlooks it from the west. It is the most accessible point in the project, and hosts a variety of formal and informal events and activities year-round.

Retailers and restaurants are arranged in key locations or clusters. Larger, semianchor tenants like Barnes & Noble, Gap, and Brooks Brothers, as well as several restaurants, are located on high-profile corners or facing the town square. Several retailers targeted to women are clustered along Centerpark Way, and those targeted to teens are along the northern section of Bayshore Drive.

Whereas the department stores, ranging in size from 83,000 to 167,000 square feet (7,711 to 15,514 sq m), are considered to be anchors, some other tenants are as well. The total area devoted to restaurants—40,000 square feet (3,716 sq m) and expected to grow to around 80,000 square feet (7,432 sq m)—is also collectively thought to be an anchor and generates significant revenue. Many of them are also the first or second of their kind in the Milwaukee area and thus draw from across the metropolitan area. The multiplex movie theater and LA Fitness, both measuring more than 40,000 square feet (3,716 sq m), are also regarded as anchors by the developer.

The site is designed to be very pedestrian friendly. Building exteriors feature a variety of materials, and stores, while using their own marketing and signage, have extensive windows and consistent awnings according to design guidelines. Sidewalks are typically 11 feet (3.4 m) wide and lined with decorative lampposts, bollards, benches, kiosks, trees, and other landscaping. Streetlamps contain hidden speakers, which provide low-level ambient music. Street crosswalks and parking structure pedestrian entrances are well marked.

The six-story mixed-use building along the west side of Centerpark Way features retail stores on the ground level, parking on the second and third levels, and 113 apartments on levels four through six. The two mixed-use structures in the southwest portion of the site include retail space on the ground floors and offices above: the northern of the two buildings is four stories tall, with retail on the ground floor, an LA Fitness facility occupying the second and third, and a Guaranty Bank call center on the fourth; the southern building has ground-floor retail stores facing Silver Spring Drive, with two stories of offices above.

One major challenge that arose during the planning process was how to build around the existing Kohl's store. Kohl's was not previously part of Bayshore Mall, but was integrated as part of the town center project. Keeping the store required not only allowing Kohl's to maintain ownership of the store, but also negotiating with the retailer to renovate the interior and move their entrance to the southwest side of the building to create an attractive pedestrian access from an interior street.

The original plan for Bayshore included purchasing the USPS distribution site, located immediately east of the Kohl's store, in order to provide surface parking for Kohl's. The plan also included retail uses lining Bayshore Drive south of Kohl's. When the city and developers were unable to come to terms with the USPS, they needed to provide additional parking for Kohl's. This required converting retail space planned for immediately south of the store to surface parking. To offset the loss of leasable space, they were forced to add additional office space and reconfigure some of the retail buildings in the project.

A total of 4,442 parking spaces are provided at Bayshore Town Center. This includes over 3,000 located in three parking structures, another 1,000 in perimeter surface lots, and nearly 200 on-street spaces along the interior street network. The retail, residential, and office tenants share a significant number of these spaces, and the overall parking ratio for the entire 1,241,500-square-foot (115,335-sq-m) project is 3.6 spaces per 1,000 square feet (38 per 1,000 sq m).

## **MARKETING AND MANAGEMENT**



Bayshore Town Center held a grand opening in November 2006, and was completed in May 2007. As of September 2009, it had an occupancy rate of 85 percent for retail space, 75 percent for office, and over 97 percent for the apartments—healthy figures considering the current economic conditions. Moreover, it generates rent premiums over competitive product in every category.

Several additional factors indicate success at Bayshore Town Center. One is that the market penetration of Bayshore among retail space in major shopping centers in Milwaukee jumped from 8 percent to 20 percent when the redevelopment was complete. Also, sales increased from \$300 per square foot (\$3,229 per sq m) prior to redevelopment to \$400 (\$4,306) currently. The only Trader Joe's grocery store in the Milwaukee area is located at Bayshore Town Center, and does over \$1,000 per square foot (\$10,764 per sq m) in sales. The Alterra coffee shop does more than \$1 million in annual sales, compared to an average Starbucks, which does between \$600,000 and \$700,000. The IPIC movie theater and bowling alley are expected to generate up to \$8 million eventually. The Cheesecake Factory, the second in the Milwaukee area, splits the \$16 million generated between the two.

Steiner town center projects typically perform 20 percent better than their competition in terms of achievable rents/sale prices. Bayshore Town Center is producing similar results. Retail rents vary widely from \$20 to \$60 per square foot (\$215 to \$646 per sq m) annually. Office rents in new space average more than \$20 per square foot, and the apartments average \$1.32 per square foot (\$14.21 per sq m) monthly. All of these figures are in line with the average 20 percent premium over the competition. The city and developers cite good design and a mix of uses on one site with good synergy as the driving force behind this.

Although the final plan for Bayshore Town Center includes more office space than anticipated, two major tenants have boosted occupancy considerably. Guaranty Bank occupies a 42,000-square-foot (3,902-sq-m) space, and Bryant & Stratton College is opening a 37,500-square-foot (3,484-sq-m) space in 2009. As well, Regus, the executive office providers, occupies 9,000 square feet (836 sq m). Guaranty Bank reports a much higher employee retention rate at its Bayshore call center than at its previous location, and also that employees at its corporate headquarters, located several miles to the north, would strongly prefer to be located at Bayshore.

The developer also plans to erect at least 25 townhouses lining the parking structure facing Lydell Avenue on the project's eastern edge. There will possibly be additional retail, office, and residential development on the northern end of the site when Sears's lease expires in three or eight years (depending on whether Sears signs a five-year extension).

Bayshore Town Center is highly programmed, as it serves not only a mix of uses but also as the "downtown" for Glendale and several of the surrounding communities. In warmer months, the town square is used for concerts, movies, and other events, and a large Christmas tree is located there during the month of December. The developers also created the Bayshore Community Foundation, which raises money for community outreach and job training. On-street parking meters at Bayshore Town Center are one of the many sources of revenue for the foundation.

Prior to redevelopment, Bayshore Mall had a base value of \$78 million and generated \$2.4 million in taxes for the city. The redeveloped Bayshore Town Center, however, is valued at \$350 million and generates \$8 million in taxes. Sales also grew by 180 percent to \$310 million per year, generating \$17.3 million in sales tax revenue. Bayshore has also created spin-off value: In late 2007, prior to the current recession, typical commercial property was increasing at around 5 to 6 percent annually; but around Bayshore, properties were increasing at rates of 30 to 40 percent.

## **EXPERIENCE GAINED**

The Bayshore Town Center project can be considered a success in a number of ways. By redeveloping an aging retail center, it is a financial success for the developer and city. Its design and mix of retail and entertainment

options are popular in the marketplace. In addition, its mix of uses, pedestrian friendliness, and connections to surrounding neighborhoods are examples of new urbanism.

The developers emphasize that the project would not have been possible without leadership and financial assistance from the city. The substantial TIF assistance helped offset acquisition and remediation costs, making the project feasible. Leadership and vision from the city also helped the project be politically possible. Also, financing the project was difficult; in future projects, the developer would consider separating the financing among the different uses, which would reduce overall loan amounts and potentially streamline the process.

PROJECT DATA			
LAND USE INFORMATION			
Site area (acres/hectares): 52/21			
Percentage complete (as of September 2009): 99			
Number of off-street parking spaces: 4,442			
LEASABLE AREA			
Use	Area (Square Feet/Square Meters)		
Office (net)	187,000/17,373		
Retail (gross)	938,000/87,143		
Residential	126,500/11,752		
RESIDENTIAL INFORMATION			
Unit Type	Floor Area (Square Feet/Square Meters)	Number Leased	Range of Initial Rental Prices
One-bedroom	604–1,150/56–107	44	\$775–\$1,525
Two-bedroom	1,150–1,379/107–128	53	\$1,000–\$1,190
Three-bedroom	1,493–1,675/139–157	11	\$2,000–\$2,140
Number of residential units: 113			
OFFICE INFORMATION			
Percentage of NRA occupied (as of September 2009): 61			
Number of tenants (as of September 2009): 39			
Average tenant size (square feet/square meters): 3,000/279			
Annual rents (per square foot/square meter): \$10–\$20/\$108–\$215			
Average length of lease: 3–7 years			
Office Tenant Size		Number of Tenants	
Under 5,000 square feet/464 square meters		36	
Between 5,000 and 10,000 square feet/464 and 929 square meters		0	
More than 10,000 square feet/929 square meters		3	
Total		39	
RETAIL INFORMATION			
Tenant Classification	Number of Stores	Total GLA (Square Feet/Square Meters)	
Department stores	2	285,000/26,476	
Food service	15	65,000/6,039	



Clothing and accessories	41	193,000/17,930
Shoes	7	15,000/1,394
Home furnishings	5	14,000/1,301
Gift/specialty	13	54,000/5,017
Jewelry	4	7,000/650
Personal services	8	19,000/1,765
Fitness center	1	42,000/3,902
Financial	4	15,000/1,394
Cinema	2	40,000/3,716
Grocery	2	13,000/1,208
Total	102	762,000/70,792
Percentage of GLA occupied (as of September 2009): 81		
Annual rents (per square foot/square meter): \$20-\$60/\$108-\$646		
Average annual sales (per square foot/square meter): \$297/\$3,196		
Average length of lease: 5-10 years		
<b>DEVELOPMENT COST INFORMATION</b>		
<b>Site Acquisition Cost:</b>	\$102,398,127	
<b>Site Improvement Costs:</b>	\$27,942,339	
<b>Construction Costs:</b>	\$149,428,675	
Office:	\$17,632,219	
Retail:	\$84,306,295	
Residential:	\$47,490,161	
<b>Soft Costs:</b>	\$120,068,767	
Professional fees:	\$15,875,739	
Leasing:	\$9,493,588	
Marketing/operations:	\$3,657,548	
Legal:	\$2,902,584	
Taxes/insurance (OCIP):	\$2,333,031	
Construction administration:	\$3,331,221	
Finance costs:	\$24,712,453	
Tenant allowance:	\$48,754,886	
Other development costs:	\$9,007,717	
<b>Total Development Cost:</b>	\$399,837,908	

## DEVELOPMENT SCHEDULE

Planning started: February 2003  
Sales/leasing started: May 2003  
Site purchased: December 2004  
Construction started: December 2004  
Project opening: November 2006  
Project completed: May 2007

## DRIVING DIRECTIONS

*From General Mitchell International Airport:* Take I-94 West for 7.3 miles (11.7 km). Interstate 94 turns into I-43 North (follow signs for Green Bay/I-43); continue on I-43 North for 5.7 miles (9.2 km). Take exit 78 for Silver Spring Drive and follow signs for North Port Washington Road. Turn left at North Port Washington Road after 0.2 mile (0.3 km).

*Driving time:* 23 minutes in nonpeak traffic.

Sam Newberg, report author  
Theodore Thoerig, editor, *Development Case Studies*  
David James Rose, copy editor  
Colleen DiPietro, online production

This Development Case Study is intended to serve as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI—the Urban Land Institute.

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1025 Thomas Jefferson Street, N.W., Suite 500 West, Washington, D.C. 20007-5201



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Located in the northern Milwaukee suburb of Glendale, Wisconsin, Bayshore Town Center was developed by Columbus, Ohio-based Steiner + Associates in partnership with the city of Glendale.



The primary design elements of Bayshore Town Center—traditional street patterns, ground-floor shops, and public space—are focused at the center of the site, with parking located around the edges.



One of the focal points of the project, the new town square is surrounded by restaurants and loft-style residences and hosts a variety of events and activities year-round.



Bayshore Town Center has significantly improved retail market share—per-square-foot sales have increased \$100 since the redevelopment—and new office and residential space commands premium rents in the marketplace.



Site plan.