

Poag & McEwen investing \$450 million in construction of five lifestyle centers

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Lifestyle center developer Poag & McEwen is pouring more than \$450 million into building five shopping centers, which will bring its portfolio to 11.

The five centers currently in the pre-construction and construction stages total 1.7 million square feet. The six operational centers total 2.3 million square feet.

The Memphis firm, which is credited by the industry for developing the now trendy open-air mall, or lifestyle center, developed the Shops of Saddle Creek in Germantown 20 years ago.

Most recently, Poag & McEwen started construction on a \$170 million, 700,000-square-foot lifestyle center in Manteca, Calif., located 75 miles east of San Francisco, says executive vice president and CFO Josh Poag. Called the Promenade Shops at Orchard Valley, the center is anchored by [Bass Pro Shops](#), [JCPenney](#) and [Best Buy](#). It's slated to open in October 2008.

Similar to most other projects, \$45 million of the total investment came through public financing by the state of California and the city of Manteca, one of the highest amounts for any retail project in the state, Poag says. Poag & McEwen will upgrade roads in the area and make other improvements. He hopes retailers will produce \$500 in sales a year per square foot there, 25% more than what is considered good performance, Poag says.

Despite detailed traffic analysis and environmental impact studies required in California, the developer will not hesitate to build more in the state. It already has one completed center in Corona, Calif.

"If they perform we'll keep doing them," Poag says.

In 2008, Poag & McEwen will start construction on the Shops at the Polo Club, in Plainfield, Ill., a suburb of Chicago. The 620,000-square-foot center will be among the most expensive projects the company has ever developed, estimated at \$180 million.

Another development, which is pending public funding, sits on 120 acres, the largest parcel Poag & McEwen has ever developed. Located just outside Houston, the Promenade Shops at the Spectrum is a mixed-use development that will potentially include office, residential, retail and hospitality, says president Terry McEwen.

Poag says the company has partnered with other experts on this project, including Indianapolis-based [Kosene & Kosene](#) on the residential front.

"We quickly realized we knew nothing about residential," he says.

Architect Frank Ricks, principal of Looney Ricks Kiss, is working with Poag & McEwen on a couple of developments. He says mixed-use projects are gaining popularity in the U.S. Traditionally, Americans have lived, shopped and worked in distinct, separate areas.

"It's taken a few decades, but users now are attracted to mixed-use environments," Ricks says.

Construction will also start this fall on a \$55 million, 110,000-square-foot center in Clifton, N.J., 18 miles northwest of Manhattan. CEO Dan Poag says it is difficult to find land for development in the area, one of the densest in the country. This small center may have additional phases and is being developed in partnership with land owner [The Briad Group](#).

In 2008, Poag & McEwen will start construction on a \$50 million, 200,000-square-foot center near Boise, Idaho, the first lifestyle center in the state, according to the company.

McEwen says the firm's new generation of lifestyle centers features additional amenities, such as amphitheaters, children's play areas and ice rinks.

The company's highly anticipated Highland Row development is planned for Highland and Central within walking distance from the University of Memphis. The mixed-use development would be part of the revitalization of neighborhoods surrounding the campus. Poag & McEwen declined to say when construction might start on Highland Row.

"There are a lot of hurdles to overcome before construction can start," Josh Poag says.

According to the Web site of partner [Kosene & Kosene](#), the center is expected to open in summer 2008 and will feature 270 apartments and 35 townhouses. 81,000 square feet of retail opportunities will be available, according to Poag & McEwen's Web site.

ep@bizjournals.com | 259-1764