

GERMANTOWN VILLAGE SQUARE Germantown (Memphis MSA), TN



THE PROPERTY

A mixed-use community center strategically located in Germantown, Tennessee, the most affluent suburb in Memphis. Consisting of 199,629 total square feet, the center represents a unique mix of retail and office space. The affluent City of Germantown continues to draw strong retailers such as Whole Foods Market that opened in 2015, and Trader Joe's who has announced it will be opening its first Memphis area location in Germantown in 2017.

Currently 91.7% leased, Germantown Village Square features a strong tenant base including national and regional credit tenants such as TJ Maxx, DSW, Old Navy and Petco and administrative offices of West Cancer Center which is part of the Methodist Healthcare System.

THE STRATEGY FOR REPOSITIONING

- **Upgrade credit and increased rate upon re-capturing 34,000 SF box** - Dark and paying Office Max box with lease thru July '18. PEBB exercised leased termination which created cash flow to bring on Old Navy for 15K SF and create more opportunity with remaining dark space.
- **Capitalize on strong tenant sales to re-negotiate** – Tenant line-up is very strong with historical performances well above national averages. PEBB re-negotiated deal with TJ Maxx that increased rent by 25% and released rights to build an outparcel adjacent to their store.
- **Build on box credit strengths to create more value** – there is an opportunity to create more value through under performing local tenant spaces which will drive up rents.

THE EXECUTION

Within the first six months of ownership, PEBB negotiated a new lease with Old Navy, re-negotiated lease terms with TJ Maxx, created an outparcel opportunity and began cosmetic upgrades. Value creation continues at Germantown Village Square.



RIVER CITY MARKETPLACE (formerly O'Fallon Walk)



THE PROPERTY

Then-named O'Fallon Walk, a 158,000-square-foot shopping center, had a prime location on heavily traveled retail corridor Highway K in the affluent and rapidly growing St. Louis submarket of O'Fallon, Missouri. But the property had fallen into distress – partly because visibility was impeded by outparcels and access was limited, but also due to major changes in the retail landscape: the bankruptcy of center anchor Linens 'N Things... the purchase of tenant Factory Card Outlet by Party City, which already had a location nearby... relocation of the center's Old Navy store... and other factors. By the time the property was placed on the market, it was only 55% leased.

THE STRATEGY

- **Enhance visibility and access to capitalize on the location.** PEBB exercised an option to purchase and demolish an outparcel to create a new access point on Highway K, as well as increased visibility and signage.
- **Reposition the center to grocery-anchored** – and up the ante by bringing in Fresh Thyme, the area's first specialty grocer, meeting pent-up demand.
- **Create a center that would better reflect the surrounding community.** PEBB invested in a more than \$6-million facelift, and rebranded and renamed the center: **River City Marketplace.**
- **Attract category-leading retailers.** The upgrades drew new-to-market retailers like Fresh Thyme and Ross Dress for Less, and enticed many current tenants to renew leases – resulting in a complementary tenant mix in demand in the area.

THE TURNAROUND

In just 11 months, the property was fully renovated and stabilized, with Fresh Thyme already open. In a 15-month period, occupancy rates soared from 55% to better than 98%.

BEFORE & AFTER



32 East (formerly Eastgate Station)



THE PROPERTY

In the Cincinnati, OH, regional trade area of Eastgate, Highway 32 near I-275 is home to a mall and numerous power centers.

It's also home to Jungle Jim's: More theme park than grocery store, the over 200,000-SF mega store has a cult following that draws visitors from hours away. "Walk out of the Jungle Jim's and look across the street, and we were staring right at a 155,000-SF shopping center that was nearly 50% vacant," said PEBB Director of Investments Rob Truett. "We couldn't believe the location."

"Of the 53% occupancy, nearly 45,000-SF of the leases were distressed but we knew that location could support a power center with the right tenant mix," said PEBB President Ian Wiener. "So when the opportunity arose to purchase Eastgate Station for only \$4.7million, we jumped at it."

THE STRATEGY

- "We knew that location could support a power center," said Wiener. So when the opportunity arose to purchase Eastgate Station for only \$4.7 million, PEBB jumped at it. The strategy:
- Redevelop, with best-in-class finishes. PEBB demolished about 60% of the existing structure and redeveloped from the ground up, without skimping on the details.
- Attract new-to-market retailers. A number of national retailers were already eyeing the area for expansion – and PEBB provided an irresistible location. First HomeGoods, then Ulta, Kirkland's, and more, signed on. "These weren't relocations looking for lower rents – they were stores never before seen in this market," said Truett.
- Work with local municipalities to maximize the value-add. Clairmont County supported the complete turnaround of the blighted property, and approved a 50% Real Estate Tax Abatement on it for 25 years.
- Rebrand, to 32 East – a more modern, streamlined reflection of the new center.

THE TURNAROUND

In November 2013, then-named Eastgate Station was a 155,000-sq.ft. neighborhood center characterized by distressed leases and small shops. By spring of 2016, the rebranded 32 East was open to the public – as a nearly 190,000-sq.ft., best-in-class regional power center.

BEFORE & AFTER

