

# HAMILTON COUNTY sleep number STORY **BUSINESS**

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MAGAZINE

*Premier Edition*

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# Twice as Nice

## Simon bets big on Hamilton County Retail

by Shari Held

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hat's better than having one upscale shopping center located in Hamilton County? Having two. Once again, Indianapolis-based Simon Property Group, Inc., the largest public U.S. real estate company, has obliged.

This May, in partnership with Indianapolis-based Gershman, Brown & Associates, a multi-purpose real estate development company, Simon debuted Hamilton Town Center in Noblesville. The new \$130 million open-air retail center sports an impressive array of anchors—J.C. Penney, Borders, Dick's Sporting Goods, DSW Shoe Warehouse, Bed Bath & Beyond, SteinMart, Ulta and Goodrich Quality Theaters' Hamilton 16 IMAX.

In 2004 Simon partnered with Indianapolis-based Lauth Property Group, Inc., one of the largest real estate companies in the country, to open Clay Terrace in Carmel, Hamilton County's first lifestyle center.

Without a doubt, developments such as these have much to offer to their respective communities.

"For Carmel, the Clay Terrace lifestyle center gives residents a place to shop, dine and visit with friends in a comfortable setting," said Carmel Mayor Jim Brainard. "It is a substantial capital investment in our community, which contributes to the quality of life in Carmel. It is one of the places we take visitors and tour groups to help sell the community." Kevin Kelly, director of economic development for the City of Noblesville, hopes Hamilton Town Center, which is

connected to Clay Terrace by a newly-constructed section of 146th Street, will emulate Clay Terrace's success. "We are thrilled that the mall is open and operational," he said. "The Hamilton Town Center is having a major economic impact on Noblesville, and has helped raise the city's profile throughout the greater Indianapolis area. When a major new lifestyle center opens, it catches people's attention and brings in thousands and thousands of shoppers. What we anticipate is that additional retail development will occur in proximity to the mall. We are also optimistic that the corporate and industrial development that Noblesville is experiencing will accelerate."

When completed, Hamilton Town Center's anticipated 80 businesses will provide nearly 3,000 jobs locally.

### MAJOR SIMON INDIANAPOLIS-AREA SHOPPING CENTERS

Name	Location	Type	Square Footage
Castleton Square	Indianapolis	Regional Mall	1,376,936
Circle Centre	Indianapolis	Regional Mall	782,652
Clay Terrace	Carmel	Community/Lifestyle	498,581
Fashion Mall at Keystone	Indianapolis	Regional Mall	553,862
Greenwood Park Mall	Greenwood	Regional Mall	1,280,087
Hamilton Town Center	Noblesville	Community/Lifestyle	950,000
Washington Square	Indianapolis	Regional Mall	963,143



## Too much of a good thing?

The big question on the minds of some people, however, is whether the market can support two upscale, open-air retail centers within miles of one another—especially with some retailers in residence at both locations.

“When you take a look at ‘all that retail,’ it’s not as much as you might think,” said Bill French, senior vice president and principal for Colliers Turley Martin Tucker, a commercial real estate company headquartered in St. Louis. “I think Simon has developed a reasonable amount of retail space, which is easily digestible by Hamilton County. Hamilton County is the fastest-growing county in the state of Indiana, and it has the highest incomes and the strongest education levels. With the population of Hamilton County approaching 300,000, there’s a lot of dollars available for shopping.”

According to French, the ratio of major shopping venues to people (1/150,000) is now roughly the same for both the Indianapolis area, which has six Simon shopping centers, and Hamilton County.

While there is some overlap in trade areas between Hamilton County’s two new centers, they each attract shoppers from different markets. Clay Terrace, located at U.S. 31 and 146th Street, serves Carmel, Westfield and communities further north. It receives peripheral activity from Zionsville, Indianapolis and Noblesville.

Areas of primary trade for Hamilton Town Center, situated as it is on I-69, include Noblesville, Fishers, Muncie, Anderson, McCordsville, Lapel and Pendleton. According to Simon research, Hamilton Town Center’s trade area population totaled nearly 245,000 in 2007 and is expected to grow to more than 276,000 by 2012, an increase of 12.6%.

“There was a gap when it came to shopping if you were in the Noblesville/Fishers area, especially for what I would call a high-end shopping venue,” French said. “Hamilton Town Center is

extraordinarily attractive, and I think it is going to bring a lot of people there on a regular basis.

## Formula for success

If there’s one thing Simon Property Group knows, and knows well, it’s what it takes to make successful shopping centers. Simon spokesperson Les Morris says the company considers several factors in determining where to locate a shopping center.

“The first thing is you’ve got to have a good piece of real estate,” said Morris. “In the case of Clay Terrace, our partner Lauth Property Group had selected a great piece of real estate in the sweet spot of Hamilton County off [U.S.] 31 and 146th Street. In the case of Hamilton Town Center, that piece of real estate is conveniently located off I-69 and great growth has occurred in Fishers and Noblesville.”

Other factors include an infrastructure capable of supporting the center, coupled with the cooperation of the cities and county involved and the all-important “rooftops.” Nearly 100 existing residential neighborhoods and more than 10,000 new homes

are planned or currently under construction in the area surrounding Hamilton Town Center. Demographics, such as average household income and education, are important not only for developers, but also to attract retailers.

Finally, there’s the competition factor. “If other retailers have stores just down the street, they are not likely to locate with your new center, but if they are five miles away and serve a different trade area, or a trade area that is not growing as fast as the one where you have a new center, then that’s a consideration,” Morris said.

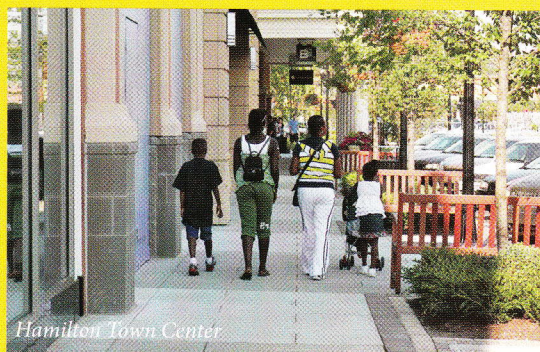
There is some crossover in retailers in Clay Terrace and Hamilton Town Center—New York & Co., Victoria’s Secret, White House | Black Market, Chico’s and others—which Morris attributes to the fact that retailers like to open stores in

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— Bill French,  
Collier Turley Martin Tucker



Clay Terrace



Hamilton Town Center



Clay Terrace





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— Kevin Kelly,  
director of economic development  
for the City of Noblesville

an open-air environment. "Outdoor settings are very popular with consumers," he said. "For the last seven years all new Simon development has been focused on outdoor centers." Will that strategy have a negative impact on sales? Not necessarily. "In today's market, retailers are extraordinarily conscious about cannibalizing sales (opening a store that may impact sales of a sister store)," French said. "They are not going to open a new store in Hamilton Town Center that will affect Clay Terrace or Castleton sales."

### Celebrating differences

Simon's two outdoor centers share some features, such as charming architectural components, but there are distinctions. One of the most obvious is size. At 950,000 square feet, Hamilton Town Center is nearly twice the size of Clay Terrace. Another major difference is that Clay Terrace, which integrates office space with retail space, more fully embodies the essence of a true lifestyle center.

Hamilton Town Center's Food Court Plaza has a two-sided fireplace and a fountain with accompanying seating, and the more than 300 trees planted within the center provide both ambience and shade. The center also features a department store (J. C. Penney), a movie theater with IMAX screen and a 45-foot by 35-foot play area with Kompan equipment—a fire pole, two slides, several tunnels and a climbing web—designed by a sports physiologist. The play area is the first-of-its-kind in the Midwest.

"We wanted Hamilton Town Center to be a place where families spend time, and that includes playing in the play area," Morris said. "We are very focused on family experiences throughout our portfolio, but this is a great growth area for families, and we are certainly cognizant of that."

### Getting the right mix

According to Morris, the right merchandise mix and a variety of good dining options top the list for what makes a property successful. "Dining options are very important because they attract customers to the property and they usually lengthen the average stay in terms of minutes spent at that property."

Hamilton Town Center boasts Mo's Irish Pub, a sister restaurant to Mo's – A Place for Steaks in downtown

Indianapolis. Additional Hamilton Town Center restaurants include or will include Paradise Bakery, Stone Creek Dining Company, Houlihan's, Noodles & Company, Qdoba Mexican Grill, Five Guy's Burgers and Fries, McAlister's Deli and Red Robin.

Borders' new concept store has exceeded its goals and expectations. "It's getting better every week because other vendors and stores are starting to open," said Wanda Fisher, senior marketing manager for Borders. "The reason we looked at this area was the general growth in the area. The new shopping center posed a really great opportunity for us to bring this new concept to the marketplace."

One of a handful nationwide, Borders concept store offers customers the capability of downloading songs to an MP3 player or burning them to a disk and downloading books directly to their electronic book readers. A partnership with ancestry.com allows customers to research their genealogy and put their family tree together, while a partnership with Shutterfly allows customers to upload photographs from their digital cameras to create a photo album and personalize books, such as a Sesame Street children's book, with a child's photo. Customers can even print recipes to take home or plan a trip and book their hotel and flight from kiosks in highlighted areas.

With all the excitement generated by these two shopping centers, is it possible that Simon might have another one in the works for Hamilton County?

"Our philosophy is generally to develop and own and manage the best retail properties in the best markets," Morris said. "That's something we look at everywhere, and certainly in our own backyard." ❖

### SIMON SHOPPING CENTER STATS

(as of March 31, 2008)

#### Occupancy

91.7% for Regional Malls (for mall and freestanding stores)

93.3% for Community/Lifestyle Centers (for all owned gross leasable area)

#### Sales per square foot

\$491 for Regional Malls (for mall and freestanding stores with less than 10,000 square feet)

Simon does not release sales per square foot figures for Community/Lifestyle Centers

#### Average rent per square foot

\$37.73 for Regional Malls (for mall and freestanding stores)

\$12.47 for Community/Lifestyle Centers (for all owned gross leasable area)

(source: Simon Property Group)