

The McGarey Group: De-malling America and hunting down big-game retail

Are there lessons for Coronado?

By Kris Grant

Over the past decade that The McGarey Group has been working with teams creating dynamic mixed-use urban districts, Denver McGarey estimates that he has signed about 15 million square feet of retail leases. "In all that time we've never produced a paper sign that goes in a window that says 'For Lease,'" says McGarey. "So what does that mean? It means we've hunted 15 million square feet of retail and killed it."

In Coronado, he estimates, there is probably less than 200,000 square feet of retail space, including the big boxes of Vons and Albertsons. *And yet there are so many vacancies...*

When F. Denver McGarey and Chris Jennings McGarey set up shop in Coronado in 2000, they came to the city with a huge portfolio of leasing experience, working with some of the world's largest developers. The pair has been responsible for a variety of landmark developments that have served as catalysts for economic and social revitalization across numerous and diverse communities, including Westgate City Center in Glendale, Ariz.; Worthington in Malvern, Penn; Gallery Place in Washington, DC; and The Town Center at Atlantic Station in Atlanta, Georgia. There are more in Japan, Hawaii and Greenville, South Carolina.

Once, McGarey described his company as being at the intersection of "youth and experience." But more recently he updates the description by saying, "We took a hard left at experience."

Developers have increasingly turned to The McGarey Group when they're not sure how to breathe new life into older developments.

"We're the paramedics," McGarey says. "Developers bring us in to help manage, organize and reposition their assets."



"Had to have it," said Denver McGarey who spied this space craft, now at home in The McGarey Group lobby, outside the former Architectural Salvage shop on Hawthorne. Denver and Chris Jennings McGarey are having a great ride in their mission to de-mall America.

Hurricane winds call for body-sculpting

Such is the case of their latest project, 321 North, a \$1 billion master-planned, mixed-use urban lifestyle destination in Plantation, Florida.

The development will comprise 613,500 square feet of retail, 650,000 of combined new and existing office space; and 590 residential units as part of the redevelopment of the Plantation Fashion Mall. The new retail portion will face outward and open up onto a spectacular Main Street setting with additional open-air retail and a colony of unique and nationally recognized restaurants and entertainment brands. An architectural highlight will be a circular escalator — one of only three in the country.

The existing development includes a 650,000 square-foot enclosed retail mall, a 138,000 square-foot office pavilion, and a separately owned Sheraton Suites

hotel, whose own \$15 million renovation is now complete.

The project is owned by U.S. Capital Holdings, and despite its name, it's a Chinese company, which acquired the development from one of the country's largest mall companies. "The Plantation mall had been hit by a hurricane and was badly damaged," said McGarey. "The Chinese wanted to know how to turn this dinosaur into oil — how to take the form and contemporize it into the wants and needs of the people of Plantation.

"We got the job and here's why: The president asked me: 'What would you do? Bulldoze so you can start over?' And I told him bluntly that I would stand in front of the bulldozer."

Instead of scraping the project The McGarey Group and the team at 321 North came up with a new schematic that "opened up" the former mall. "Our industry calls it de-malling it but it's so much more than that," says McGarey. "We are body sculpting — using everything from a scalpel to liposuction to make it feel and function like an outdoor urban district. We bring the outside in and the inside out."

"And that's why the Chinese are here — to learn how to take an existing structure and make it work for today. The Chinese want to learn from this project and take that example back to their country."

The Movie Theatre of the Future

321 North will feature a MUVICO theatre with an entrance "that is absolutely electric," says McGarey. "Imagine marble and hardwood floors, lobby chandeliers, reserved seating with table service. You can order sushi or filet mignon. There's valet parking and child care."

"We need a new movie theatre experience in San Diego," McGarey says, declaring that San Diegans have not yet experienced how amazing movie theatres can be. But, he said, the concept is coming.

The luxury theatre concept is also marketed through Gold Class Cinema and AMC Theatres has a new higher-end project in the works.

"The whole idea that people will buy DVDs and stay home is wrong," he said. "People want to come into an environment, share the experience, and people watch."

Racking up Frequent Flier Miles and High Cell Phone Bills

How does the company manage its offices in Chicago, Atlanta and soon-to-be-opened New York City?

The McGareys recruit many of their team members from the University of San Diego. "We mentor them to act and think like we do from a business perspective, but encourage them to create their own personal relationships within the industry. USD has a wonderful real estate program; Burnham is behind it. But we want people who understand the different regions of the country. You'd better be a New Yorker dealing with New York," says McGarey.

"Chris is the best boss I've ever had," says Denver of his wife and partner. "She's a super agent and manager and sets the capstone for how high we want to jump, manages cash flow, and seeks out people we want to have on our team. She's the coach and I'm the quarterback."

McGarey travels about two days a week. "We program our client meetings to run like board meetings, with very full agendas. And we try to make the topics global, not situational. We stay till it's done and sometimes it means an extra day."

And he's frequently working the phones in the early morning hours, allowing for the three-hour time difference on the East Coast, checking in with his teams and negotiating with retailers. "When I'm standing in line at Café Madrid [the coffee cart at Bay Books] I might make four decisions that could be worth \$5 million in revenue for our clients and partners."



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The McGarey Group is the national leasing consultant for the 613,500 square feet of retail, restaurant and entertainment venues at 321 North in Plantation, Florida. The project's square footage is roughly three times the total square footage of the retail and restaurant space in Coronado.

Ideas for a city that's "five degrees from perfection"

One of the reasons the McGareys chose to live and headquarter their business in Coronado is that "We're able to do chaotic things in a very calm environment." And while Denver McGarey says he's not about to suggest that Coronado isn't five degrees from perfection, he does have some "insider industry" recommendations for the city:

- Coronado is perceived as being anti-chain and that reputation floats around. Until Panera Bread came in there was the sense that the city didn't want *any* chain activity here. And that I feel is a mistake because you need to give the customer what the customer wants.
- No matter what is happening in real estate, the Pacific Ocean is not in a recession and it is an incredible dynamic for this town. We've given away our greatest asset to the tourists. Shouldn't there be a world-renowned Labor Day clam bake on the ocean? We need a creative

director who puts our residents first; the tourists will follow!

- The city should have done (or still needs to do) something to activate the area around the Village Theatre. People have to take ownership of merchandising the experience of a city on an AM/PM basis. We have a very diverse community here and it's insular in its own way — highly accomplished military, a very affluent Mexican population and part-time residents from Las Vegas and Arizona. I like the people from Las Vegas and Arizona; I like their energy. I like the fact that they are so damned grateful to be here. But by not having the nighttime activity — something even elegant, you are creating evening exodus and losing those dollars and precious tax revenue.
- If you're going to have a party, invite people. I don't think people have been invited to the party. Our new ad in *Shopping Center Business* talks about the difference between wanting to win and being willing to win. Not only

does a developer need to go to bat for a development, so do the city fathers. Coronado has taken a postage-stamp approach to real estate — they've never accurately convened 'From this end to that end, we're one city.' The area in the north end of town has no planning — there are numerous vacant buildings. You can't just say 'build it and they will come.' You need to go out and let the influencers know Coronado is a great place for business.

- Coronado should form a business improvement district. It's not one person, it's not recruiting an economic development director. Instead, organize under one umbrella, one religion and actively pursue it. We need a chairman and board that bleeds the all of it — that are concerned about the living environment and the tourism experience.
- While there is wonderful family activity of kids' baseball and soccer at Tideland Park, there's a disconnect to the nearby Ferry Landing. Nobody wakes up on Saturday morning and says 'I want to buy refrigerator magnets.'
- Potential lessees want to know 'Where's your municipal parking garage? Oh, you don't have one? Well, why not, your city is 122 years old?'
- The city needs a 50-yard line; a central spot. Orange Avenue is a place for

parades, but where is the community living room? Someone may say, 'Well, what about Spreckels Park?' But you don't utilize it as a center for commerce because it doesn't *touch* commerce. It is time to think less about the next guy and more about those who are here.

- The city needs to have a leader — someone who is not afraid to have the courage to make decisions and go forward on that basis. On All Saints Day at Sacred Heart, Father Mike talked about how saints become saints. It's the courage that made them saints. So, to me, someone coming into Coronado has to have the courage to 'disrupt the country club' and create a plan for a great and permanent city that effectively doesn't have a front, middle and back. It is one great place.

"Coronado is a game of chess and most other cities are in a game of checkers trying to fill social holes and commerce gaps: In Coronado you have to think four moves ahead," McGarey cautioned. "It's a huge responsibility. But there's an opportunity here to have a collaboration where we put the give back in 'give and take.' Make the city a place of and for its people and let the tourist enjoy the all of that without taking center stage. They are the audience and we, the people, are the act." ★

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