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THE KANSAS CITY STAR.

Thursday, Feb 3, 2011 Posted on Mon, Jan. 17, 2011

Change likely at Corbin Park

By KEVIN COLLISON

Corbin Park, the bankrupt retail project in the middle of the metropolitan area's most desirable demographics at 135th Street and Metcalf Avenue, is likely to undergo a major redesign before it's completed.

That was the consensus among several of the most knowledgeable retail developers in Kansas City at last week's annual real estate conference sponsored by Integra Realty Resources.

"Whoever comes in needs to come in with a good plan to change the dynamics of the overall project and figure out a way to bring in some midsize boxes and some small shops," said Bob Johnson of R.H. Johnson Co.

The Omaha, Neb., developer of the 1.1 million-square-foot development declared bankruptcy a year ago, and the project is expected to be sold sometime in the first quarter, according to Integra.

Bids are due later this week, and there are rumors of offers in the vicinity of \$30 million.

But regardless of who or what buys it, the original plan that called for almost 200,000 square feet of open-air shops isn't likely to work.

"It will be a real challenge to fill those shops, and the layout needs to be changed," said Owen Buckley of Lane4 Property Group.

Dan Lowe of RED Development said his firm was contemplating a bid on the project, which stopped construction in late 2009 shortly after the completion of major anchors Von Maur, Lifetime Fitness and J.C. Penney.

Lowe said Overland Park city officials should be prepared to reopen discussions about the project and be open to a new development plan.

Despite those hurdles, the Corbin Park project is probably in the best position of any new retail development to move forward in 2011.

The Kansas City marketplace still has a glut of retail, and vacancies remain high at existing shopping centers. The overall vacancy rate in the metro area was 14 percent compared with the national average of 8.8 percent, according to Integra.

That meant there were 6.1 million square feet of empty retail space in the area, the equivalent of four Oak Park Malls.

Speaking of which, panelist Keith Copaken said the new American Girl store at Oak Park Mall had an impressive Black Friday, the traditional post-Thanksgiving shopping orgy. It sold more dolls than any franchise except New York and Chicago.

And it's going to take more distinctive retailers like American Girl to breathe some life back into the retail development world.

"For a project to be sustainable for the long term in Kansas City, you need to see merchandising that's 65 to 70 percent new to the market," Lowe said. "That's a challenge, because there's a lot of retail in Kansas City."

Buckley was surprised about the shortage of new store concepts.

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“Retail is in such flux now,” he said. “With all the challenges, we’re not seeing a lot of new retail concepts.”

But Johnson reminded the group that some new retailers to the market have been announced recently. Trader Joe’s is opening two stores, and Nordstrom Rack is coming as well. In addition, Buybuy Baby and Ross Stores are expected soon.

“This last year, Kansas City has had more positive retail announcements than any other city we’re familiar with,” Johnson said.

The panel also said last year didn’t prove the bargain-hunting bonanza they were expecting for distressed retail properties.

“The opportunities were either trophies or train wrecks,” Copaken said. “We didn’t see the opportunities in the middle ground.”

Still, with more retail projects expected to be returned to their lenders this year, Johnson said buyers may yet have an opportunity for some good deals.

Finally, Buckley said his firm plans to move forward with its 39 Rainbow infill development across from the University of Kansas Medical Center. That \$35 million project calls for a hotel, restaurants and apartments.

It’s been in the works for about a year, but it’s taken a long time to get over the hurdles, he confessed.

“We made a concerted effort several years ago to focus on infill development when we saw fringe properties and cornfield properties lose their luster with retailers,” Buckley said.

“Now that we’re deeper into it, we can see why it was passed over, because it’s really difficult.”

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