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RETAIL

THE WESTCHESTER

WHITE PLAINS, NEW YORK

PROJECT TYPE

A 2.5 million-square-foot (GBA) regional mall in downtown White Plains, New York. Targeted to an affluent, sophisticated market, the 829,000-square-foot (GLA) project is anchored by a Nordstrom and a renovated Neiman Marcus and features nearly 150 upscale tenants, a specialty retail/food court pod, valet parking and concierge services, opulent finishes, an abundance of skylights, and 3,200 parking spaces.



Located on an infill site at the edge of downtown White Plains, New York, the project benefits from excellent access and a larger-than-normal trade area.

SPECIAL FEATURES

- Downtown regional mall
- Difficult infill site
- L-shaped configuration
- Valet parking and concierge services
- Food court

DEVELOPER

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GENERAL DESCRIPTION

The Westchester is a 2.5 million-square-foot (GBA) regional mall on a tight infill site in downtown White Plains, New York. Anchored by a 200,000-square-foot Nordstrom and a renovated 143,000-square-foot Neiman Marcus, the \$250 million multilevel center is targeted to an affluent, well-educated market. The project includes nearly 150 upscale tenants (including Abercrombie & Fitch, Tiffany, Ann Taylor, F.A.O. Schwarz, Crate & Barrel, and Williams-Sonoma); a 500-seat food court; and 3,200 parking spaces (within a ten-level parking deck and three levels of underground parking).

In planning the project, extensive market research was undertaken to assure that the center would satisfy the needs of the affluent, sophisticated shoppers in its trade area. The Westchester's design, finishes, tenant mix, and services were carefully orchestrated to provide customers with a comfortable, memorable shopping experience. The mall features upscale amenities such as two valet parking stations, a concierge, carpeted upper mall walkways, an extensive sculpture collection, historic exhibits, 14-foot-high Doric columns, marble flooring and wall facing, brass railings, and an abundance of skylights. The center has been very successful since its opening in March 1995, averaging sales of \$400 per square foot.

The Westchester also is playing a key role in the revitalization of downtown White Plains as a retail center for Westchester County. While the city was the location for the first suburban department store in the United States (when B. Altman & Company opened there in 1930) and became home over the years to Macy's, a new Altman's, Saks Fifth Avenue, Bloomingdale's, and several other department stores, by the 1990s competition from other suburban centers and changes in the retail industry were contributing to an overall decline in White Plains' status as a retail center. With the opening of The Westchester, the city, county, and state are benefiting from increases in tax revenue, and White Plains has once again becoming a shopping destination for the area.

THE SITE AND TRADE AREA

Located at the intersection of Bloomingdale Road and Westchester Avenue at the edge of downtown White Plains, the site benefits from excellent access. It is adjacent to an Interstate 287 interchange (the Cross-Westchester Expressway) and is within three miles of many other highways, including I-684, I-95, and the New York thruway. I-287 is the major east/west highway crossing Westchester County, and virtually all major roads feed into it.

The site's proximity to this extensive network of highways and its unique character and tenant mix have allowed it to draw from an unusually large trade area. It is attracting shoppers not only from southern Westchester County and southwestern Fairfield County in Connecticut, but also from northern Westchester and Putnam Counties (to the north), Rockland and Bergen Counties (to the west), and New York City to the south. Within its primary trade area resides a population of approximately 600,000 with an average household income of nearly \$100,000. In addition to its high household income, the trade area contains an unusually high percentage of single-income households (nearly 30 percent) and an unusually low amount of GLA per person (roughly 2.7). With its excellent demographics and accessibility, the site is considered to be one of the premier retail locations in the northeast.

The site is located across the street from a freestanding Saks Fifth Avenue and several blocks from a freestanding Bloomingdale's. Other nearby retail uses include the Westchester Pavilion (a 173,000-square-foot power center); the Galleria (an 880,000-square-foot regional mall anchored by J.C. Penney and Sterns); and a freestanding Macy's and Sears. Other nearby land uses include a Holiday Inn Crowne Plaza, office buildings (which house more than 250,000 office workers in downtown White Plains), multifamily residential to the north, and a New York Hospital Cornell Medical Center facility to the east.

The site's natural features and configuration presented several design and construction challenges. The northwest corner of the site is solid bedrock and has a 55-foot drop in grade, while the eastern portion of the site is only four feet above the water table. In addition, the 12.1-acre L-shaped site was unusually small for the development of a mall the size of the

Westchester.

DEVELOPMENT PROCESS AND FINANCING

The project was initiated in 1989 during the real estate recession, making it unusually challenging to get the project started and to maintain momentum. As a result of the unprecedented credit crisis, it took 14 months to move from marketing the project to finally closing the construction loan (in 1992). Financing from U.S. banks was unavailable. Four foreign banks (Bank of Montreal, Hypo Bank, Credit Lyonnaise, and Sumitomo Bank) provided the \$160 million construction loan. One hundred million dollars in owner equity was required. In addition, the lenders required that all 40 trade unions that would be involved in the project accept a job agreement stipulating that there would be no strikes or work stoppages. Finally, the lenders required that at least 125,000 square feet be preleased. Permanent financing was provided by CIGNA.

The project involved a complex land assemblage. Six parcels and air rights were acquired; two of the parcels had existing freestanding department stores (Neiman Marcus and B. Altman) each with structured parking. A plan was prepared that was predicated on bringing in Nordstrom as an anchor for the mall, while also using the two freestanding department stores as anchors. In 1989, Nordstrom signed a letter of intent for a 200,000-square-foot store, and site planning and predevelopment activities were started. During the project's predevelopment phase, however, the B. Altman chain went bankrupt, leaving the project with only two anchors.

A second plan was drawn up which extended the mall to include an additional parcel of land that would connect it to downtown White Plains. This elongated L-shaped plan involved purchasing a city parking lot and a small piece of land that was included in an estate, as well as vacating a portion of a city street. The absence of a third anchor tenant required a creative solution—the addition of a specialty retail pod at the top end of the L (consisting of specialty retail tenants requiring unusually large stores and a food court which would in effect serve as a third anchor), with Nordstrom at the head of the L, and Neiman Marcus at the bottom.

The site required rezoning (it had been zoned for freestanding retail), which was complicated by an election that changed the composition of the city's common council. The new council required approval of an environmental impact statement in addition to rezoning and site plan approval. The O'Connor Group gambled, deciding to pursue all approvals at the same time instead of sequentially. The strategy worked.

With approvals from the city in hand, The O'Connor Group decided to begin preliminary site work (spending approximately \$2 million) even though they were still waiting to secure project financing. An elaborate phasing scheme was required to allow the existing Neiman Marcus to remain open for business and to make certain that the site work could be reversed if the financing was not approved. Structural modifications were made to the B. Altman garage to allow part of it to be used by Neiman Marcus customers. Once this was done, the Neiman Marcus garage was demolished so that excavation could begin.

Early in 1993, as soon as construction financing had been secured, the first element of the mall was constructed—the ten-level precast concrete parking garage. Excavation for the garage required a number of well points and a pumping station to keep the site dry. On this portion of the site, the water table was only four feet below the surface. Upon completion of the new parking structure, the B. Altman garage was demolished, and construction on the rest of the mall began during the Christmas season of 1993 (as soon as the certificate of occupancy for the new garage was issued).

PLANNING AND DESIGN

Planning and design challenges included placing a large amount of retail space on a compact, steep, L-shaped site; integrating the mall with the adjacent downtown; providing excellent vehicular and pedestrian access to the mall; providing 3,200 parking spaces on site in a visually unobtrusive manner; and creating an upscale ambience for shoppers.

The mall's L-shaped design features three retail levels on one leg of the L and two levels on the other leg. The food court/specialty retail pod was placed on top of the end of the two-level leg, which abuts White Plains' central business district and is convenient to downtown office workers.

The project involved major improvements to existing roads, which were undertaken by the city and the county. Bloomingdale Road (to the east of the site) was realigned to improve access to and from I-287, to soften the mall's exterior design by allowing an attractive landscaped area to be created, and to allow for greater capacity at one of the key entrances to the parking garage. Other road improvements included the widening and realignment of the I-287 entrance/exit ramps so that they would feed directly into the main parking garage; the widening of Westchester Avenue (to the north of the site); the relocation and widening of Paulding Street (which runs through the center of the site); and improvements to the intersection at the southeast corner of the site (near the existing Neiman Marcus). The mall had to be built over the widened Paulding Street. Since the city would not allow columns in the median, a bridge configuration was designed with trusses hanging from the roof.

Parking was provided in the ten-level tower and a three-level underground garage. The tower has a precast concrete exterior and provides two levels of parking at each retail level; a double-helix design was used. Conveniently located elevators, escalators, and stairs provide easy shopper access to and from the mall. Mall finishes were carried through to elevators, escalators, stairs, and parking garage lobbies. The garage is painted white, well lighted, and has excellent signage to direct shoppers. The mall's two valet parking areas are well used by shoppers and convey the ambience of a first-class hotel.

The mall's exterior is red brick with extensive precast concrete neoclassical detailing, including arched pedestrian and vehicular entrances. A key goal in the exterior design was to minimize the project's massiveness by using a stepped configuration. The building's eastern wall along Bloomingdale Road has been set back and curved; its appearance is also softened by extensive exterior landscaping. At the westernmost end of the mall (near the food court), there is a pedestrian entrance to facilitate access by downtown office workers and nearby residents. Display windows and awnings also help to integrate the project with the surrounding streetscape.

The mall's interior has a neoclassical motif with 14-foot-high Doric columns. Marble floors were used in the first level and carpeted floors on the upper levels. The carpet helps to convey a hotel ambience and features earth tones, burgundy, and green. A terrazzo floor was used in the food court. Other interior design elements include brass railings, marble fountains, attractive landscaping, and an extensive sculpture collection. The mall features an abundance of skylights, including three domes, which flood the interior with natural light. The liberal use of vaulted ceilings further enhances the mall's open, airy feeling. Providing outstanding vertical access was a top priority in the mall's design. The Westchester has ten sets of escalators, three staircases, and eight elevators. Several elements of local historical interest also were incorporated in the mall, including a permanent exhibit about the old New York, Westchester & Boston Railroad terminal (which occupied the B. Altman site until 1937) and a marble fountain, hand carved in 1905, that once graced the B. Altman store in Manhattan.

TENANT MIX

The project includes an unusually wide, rather distinctive tenant mix that reflects the affluent demographics of the trade area. In addition to such popular names as The Gap and Gap Kids, Warner Brothers, Abercrombie & Fitch, Brooks Brothers, and The Sharper Image, The Westchester contains many tenants not typically found in malls. Among them are Tiffany's, Armani Exchange, Hanna Andersson, Oilily, The Franklin Mint, Timberland, and Eileen Fisher. Many stores are larger than normal, particularly in the specialty retail/food court pod. For example, there is a 15,000-square-foot F.A.O. Schwarz (which contains a complete "Barbie" shop) and a 33,000-square-foot, two-story Crate & Barrel. The mall also contains unusually high percentages of tenants offering women's apparel, men's apparel, family/children's apparel, and shoes.

MARKETING AND MANAGEMENT

The Westchester benefited considerably from an aggressive public relations program during the project's development. The project received extensive media coverage before and during its grand opening, including coverage by the major television networks, local newspapers, and The New York Times. The O'Connor Group and the Historic Hudson Valley Foundation cohosted an elaborate grand-opening party. All proceeds from the charge of \$75 per person went to the foundation. The advertising strategy has been sophisticated. The project's newspaper advertisements feature simple, elegant designs. Some direct-mail promotion has been used. Special events have included evening jazz concerts and a back-to-school week with daily learning demonstrations. The mall's marketing fund has a budget of just under \$1 million, with mall tenants contributing approximately \$2 per square foot.

A mission statement prepared for The Westchester before it opened serves as the cornerstone of the center's management. Outside firms are used for the project's security, garage operations, and housekeeping. The outside contractors and their staffs must understand and work toward the center's mission. The O'Connor Group runs a one-week training seminar for contractors' employees to make certain that the quality of their work will be consistent with and will reinforce the mission statement. The O'Connor Group has a nine-person in-house management staff to manage the outside contractors and to work with tenants. Quarterly meetings are held with all store managers, as well as with tenants in smaller groups by tenant category.

EXPERIENCE GAINED

- Although the New York City area is notorious for its difficult trade unions, the developer encountered no problems with union members. This can be attributed to a great extent to the unique, upscale character of the project and to a concerted effort by the developer to get the union members excited about the quality and uniqueness of the project. By taking pride of ownership in the project, union members were motivated to do quality work and to complete the job on schedule.
- A specialty retail/food court pod can be used successfully as a third anchor in a regional mall. When The Westchester's third anchor tenant was lost (due to the bankruptcy of B. Altman), there was concern that the specialty retail/food court concept with several large users might not be viable. In actuality, the concept has been very successful and proved to be the easiest section of the mall to lease.
- It can be difficult to attract sit-down, white-tablecloth restaurants to a mall location, even if the mall has a reputation as a unique, upscale center.
- The decision to use carpet on the mall's upper levels has worked well. Designed by the architect, the carpeting has helped to convey the desired ambience for the project and offers the advantages of being quieter than marble floors, safer for children, and easy to replace (so that the mall can be given a fresh look in a few years). The one disadvantage is that additional lighting may be needed; carpet will absorb light instead of reflecting it.
- A project of this complexity will entail crises, problem solving, and hands-on management in the final 90 days prior to opening.
- In a jurisdiction that has very detailed, rigidly enforced codes, it is advisable to bring in a tenant coordinator to work with the local jurisdiction and with tenants' architects and contractors to minimize problems with code compliance.
- In order to expedite the review and approval of tenants' plans by the city, the developer offered to pay for any overtime that the city's plan review staff had to work. This offer was accepted by the city and helped to complete the project on schedule.
- By continuing to emphasize the financial benefits of the project to the city, the developer

eventually was able to convince the city to accept responsibility for needed road improvements.

- The successful use of outside contractors for mall management requires enlightened leadership on a daily basis from the in-house mall management team. Whenever possible, it is best to hire contractors who have a presence in the local market.

PROJECT DATA

LAND USE INFORMATION

Site Area: 12.1 acres

Gross Building Area (GBA): 2,460,000 square feet (including 1.4 million square feet of structured parking)

Gross Leasable Area (GLA): 829,000 square feet

Floor/Area Ratio (FAR): 1.9

Number of Levels: 3 levels with a fourth-level food court, a 10-level parking deck, and 3 levels of underground parking

Total Parking Spaces: 3,200 structured spaces

LAND USE PLAN

| | <i>Acres</i> | <i>Percent of Site</i> |
|-------------------------------------|--------------|------------------------|
| Buildings | 10.0 | 82% |
| Parking structures | 1.4 | 12 |
| Paved areas (surface parking/roads) | 0 | 0 |
| Landscaped areas | <u>0.7</u> | <u>6</u> |
| Total | 12.1 | 100% |

RETAIL TENANT INFORMATION

| <i>Classification</i> | <i>Number of Stores</i> | <i>Percent of Total</i> | <i>Total GLA (Square Feet)</i> | <i>Percent of GLA</i> |
|-------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------|
| Women's apparel | 28 | 20.0 | 101,630 | 23.1 |
| Men's apparel | 8 | 5.7 | 35,716 | 8.1 |
| Family/children's apparel | 18 | 12.8 | 69,337 | 15.8 |
| Shoes | 13 | 9.2 | 22,336 | 5.1 |
| Home furnishings | 8 | 5.7 | 60,845 | 13.9 |
| Home entertainment/electronic | 3 | 2.2 | 15,454 | 3.5 |
| Jewelry | 4 | 2.8 | 9,148 | 2.1 |
| Miscellaneous/specialty | 32 | 22.6 | 97,465 | 22.2 |
| Fast-food restaurants | 17 | 12.0 | 18,581 | 4.2 |
| Services | <u>10</u> | <u>7.0</u> | <u>8,805</u> | <u>2.0</u> |
| Total | 141 | 100.0 | 439,317 | 100.0 |

ANCHOR TENANTS

| | <i>Square Feet</i> |
|---------------|--------------------|
| Neiman Marcus | 143,000 |
| Nordstrom | 200,000 |

Average Length of Lease: 5 to 15 years

Typical Lease Provisions: Base rent plus percentage rent and charges for common area maintenance, real estate taxes, marketing fund, and HVAC

Annual Rents: \$35 to \$100 per square foot

Average Annual Sales: \$400 per square foot

DEVELOPMENT COST INFORMATION

Site Acquisition Cost \$49,100,000

Site Improvement Costs

| | |
|---------------------------------|------------------|
| Demolition and site preparation | \$4,150,000 |
| Excavation and grading | 6,400,000 |
| Sewer, water, and drainage | 5,900,000 |
| Sidewalks, curbs, and paving | 1,450,000 |
| Landscaping and irrigation | 400,000 |
| General conditions and fees | <u>4,300,000</u> |
| Total | \$22,600,000 |

Construction Costs

| | |
|-----------------------------|-------------------|
| Superstructure | \$32,125,000 |
| Parking structure | 32,100,000 |
| HVAC | 5,900,000 |
| Electrical | 10,350,000 |
| Plumbing and sprinklers | 4,675,000 |
| Vertical transportation | 2,975,000 |
| Finishes | 18,300,000 |
| Graphics and specialties | 2,025,000 |
| Tenant improvements | 27,750,000 |
| General conditions and fees | <u>11,650,000</u> |
| Total | \$147,850,000 |

Soft Costs

| | |
|--------------------------------|------------------|
| Architecture/engineering | \$8,900,000 |
| Project management | 2,550,000 |
| Marketing | 400,000 |
| Legal/accounting | 6,650,000 |
| Taxes and insurance | 4,000,000 |
| Title insurance and fees | 750,000 |
| Construction interest and fees | <u>6,650,000</u> |
| Total | \$29,900,000 |

Total Development Cost \$249,450,000

ANNUAL OPERATING EXPENSES

| | |
|----------------------------|------------------|
| Taxes | \$4,300,000 |
| Insurance | 300,000 |
| Services (Garage Expenses) | 840,000 |
| Maintenance | 155,000 |
| Janitorial | 620,000 |
| Utilities | 2,400,000 |
| Legal | 75,000 |
| Management (Fees/Salaries) | 2,100,000 |
| Miscellaneous | 600,000 |
| Marketing | <u>1,000,000</u> |
| Total | \$12,390,000 |

DEVELOPMENT SCHEDULE

Site Purchased: December 30, 1992

Planning Started: April 1, 1989

Approvals Obtained: August 31, 1991

Construction Started: January 4, 1993

Leasing Started: June 30, 1991

Project Opened: March 17, 1995

DIRECTIONS

From La Guardia Airport: Take the Hutchinson River Parkway north to I-287; go west to Exit 8. Follow Westchester Avenue. Turn left at Bloomingdale Road.

Driving time: 45 minutes in non-peak-hour traffic.

The Project Reference File is intended as a resource tool for use by the subscribers in improving the quality of future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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DOCUMENT IMAGES



Located on an infill site at the edge of downtown White Plains, New York, the project benefits from excellent access and a larger-than-normal trade area.



The Westchester's exterior is red brick with extensive precast concrete neo-classical detailing. A stepped configuration softens the project's massiveness.



Pedestrian-only entrances, display windows, and awnings help to integrate the project with the surrounding streetscape.



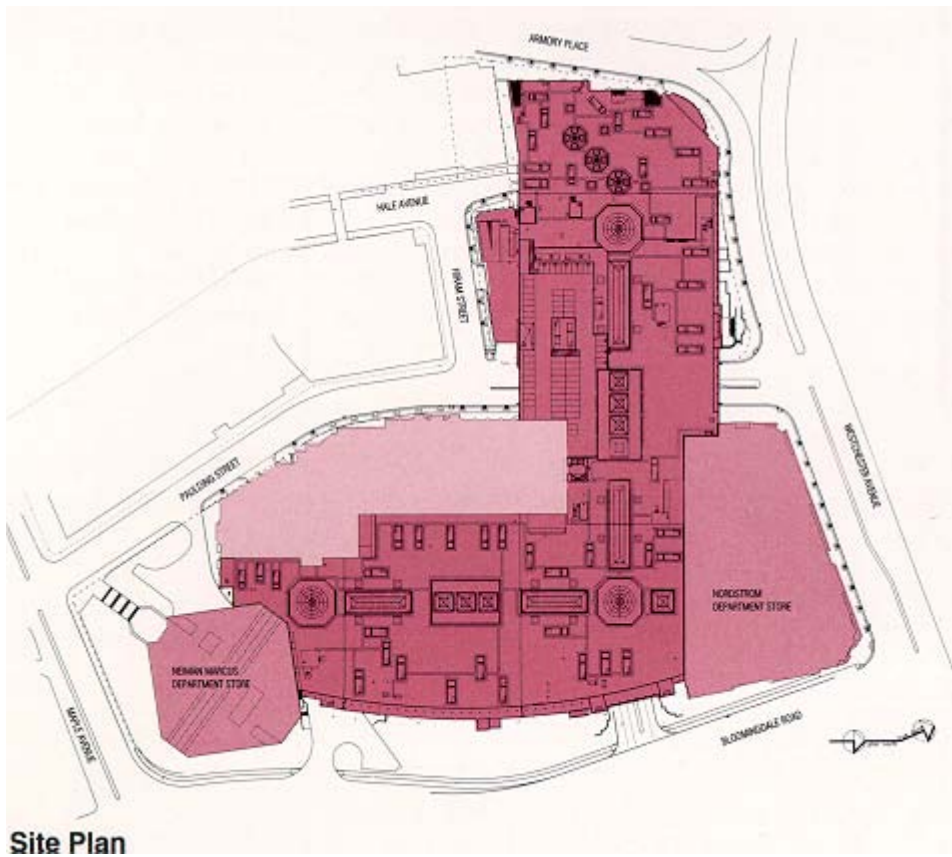
The mall's interior features clerestories, skylights, and vaulted ceilings, as well as carpeted floors on the upper levels.



"Horses at Play"—part of the Westchester's extensive sculpture collection.

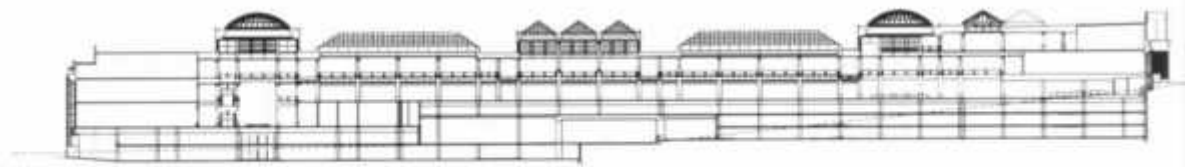


Interior design elements create an attractive, upscale ambience.



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Building Section