

## **Geneva Commons Fills a Growing Need; \$80 million development opens in booming far west suburbs**

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Targeting the growing number of high-income residents in the far western suburbs, an upscale shopping center opened this week in Geneva, a locale better known for its historic downtown along the Fox River.

The 420,000-square-foot development, called Geneva Commons, is nearly fully leased with national retailers such as bookstore Barnes & Noble Inc. and sporting goods store Galyan's Trading Co.; boutiques such as White House/Black Market; and restaurants, including Red Star Tavern.

The \$80 million center, at Randall and Bricher Roads, was developed by Cincinnati developer Jeffrey R. Anderson, who specializes in so-called "lifestyle" centers--small-scale shopping centers that aren't anchored by major department stores.

More than 36 miles from downtown Chicago, Geneva Commons is closer to cornfields than skyscrapers, making the project another sign of the continued expansion of suburbia.

Geneva and the surrounding area are particularly attractive to retailers because it has an increasing number of upper-income households. Anderson is predicting that sales at Geneva Commons will exceed \$500 per square foot, surpassing sales at malls anchored by department stores.

The population living within five miles of Geneva Commons grew nearly 30 percent during the 1990s, to 84,300, according to a 2001 study commissioned by Anderson and conducted by Claritas Inc. Whether the center can reach Anderson's ambitious sales target depends on whether the population has grown fast enough.

"There is nothing like Geneva Commons in the area, and there is tremendous pent-up demand for this kind of sophisticated shopping," said retail specialist Craig Lillibridge, a senior associate in the Oak Brook office of real estate firm CB Richard Ellis Inc.

Yet, notes Lillibridge, the population around Geneva Commons is less than half the population living within five miles of Deer Park Town Center, a 2-year-old shopping complex developed by Memphis-based Poag & McEwen Lifestyle Centers near northwest suburban Palatine.

But strong demand by tenants for space in Geneva Commons, which is 95 percent leased, is a sign of the emerging strength of the market.

However, experts expect only a few such lifestyle centers to be built in the Chicago area in coming years, in part because there are a limited number of suitable locations. Because they cater to well-heeled shoppers, the centers must be located in more

affluent communities. Yet they cannot be too close to large regional malls, which offer many of the same stores.

To develop Geneva Commons, Anderson beat out separate proposals for rival centers by Poag & McEwen and by a joint venture of Northbrook developer Jaffe Cos. and Oakbrook Terrace-based Mid-America Real Estate Corp.

Jaffe and Mid-America dropped out to become investors in Geneva Commons. Anderson then won a race against Poag & McEwen to sign up tenants.

"We were all looking for the same thing, but we were able to pull it off," said Anderson, president and chief executive of Jeffrey R. Anderson Real Estate Inc.

He acquired the 41.5-acre site in August 2001 from Indianapolis-based Duke Realty Corp. for \$13.5 million, according to property records. The parcel was part of a 60.6-acre site that Duke bought earlier that year from a local investor for \$14.5 million.

After the sale, Duke's construction subsidiary won the job to build Geneva Commons.

This year, Duke sold off another parcel for \$2.5 million, retaining 12.6 acres for future retail development.

Geneva Commons was financed with a \$72 million construction loan issued by a group of banks led by Minneapolis-based U.S. Bank, said Thomas Hoffman, vice president and chief financial officer with Anderson Real Estate.

But before Anderson could draw on the loan, the developer had to lease about 58 percent of the project, a target that was met late last year.

Galyan's has 84,000 square feet, or nearly 20 percent of the project. Barnes & Noble is the second-largest tenant, with 25,000 square feet of space.

Several Geneva Commons tenants also operate in Wheaton Town Square, which opened in 1992 and was one of the first high-end retail developments without a major anchor tenant.

Geneva Commons, whose tenants also include Gap, Banana Republic and Ann Taylor, is expected to appeal to shoppers who don't want to make the sometimes traffic-congested drive to a larger mall, such as Oakbrook Center.

The strong interest by retailers shows that Randall Road is becoming a well-established shopping corridor, despite the seeming need for more population growth, said Richard Tucker, president of Highland Park-based Tucker Development Corp.

"The fact that somebody like Galyan's has gone out there tells you they see not only incomes but decent population densities," he said.