

# FINANCE & COMMERCE

## Developer divulges details for Shingle Creek Crossing

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*Backhoes are at work in the “Camel Lot” at the former Brookdale Center, which is being razed to make way for Shingle Creek Crossing in Brooklyn Center. (Staff photo: Bill Klotz)*

Developer Frank Gatlin is razing the bulk of Brookdale Center to save the long-troubled retail site.

Gatlin, a Southern developer tackling his first project in Minnesota, is undertaking an ambitious overhaul of the site in Brooklyn Center. The new project, to be anchored by a Walmart superstore, will be called Shingle Creek Crossing. Gatlin told a shopping center group Wednesday that the total budget for the redevelopment is “well over \$100 million.”

Many local analysts have viewed Brookdale as a site that is too complicated for redevelopment. Even as Gatlin acknowledged a long list of challenges, he believes in the fundamental appeal of the location.

“Do not underestimate the power of that site,” said Gatlin, who discussed the Shingle Creek Crossing project along with other panelists at the monthly meeting of the Minnesota Shopping Center Association.

The groundbreaking is slated for Sept. 13. The 185,000-square-foot Walmart is to be open by Thanksgiving of 2012. Mike Sims, principal with Mid-America Real Estate-Minnesota, said his group has letters of intent for approximately 200,000 square feet of additional retail space at Shingle Creek Crossing, a sign that retailers will return to the area.

“The tenant interest has been extremely strong — I can’t name any names. I can tell you that they’re all nationals,” Sims said, referring to national retail chains. The project will include about 500,000 square feet of retail space beyond the Walmart.

Gatlin said that when he began working on the project, he could not find any retailers who were interested because of a long history of potential overhauls that never materialized.

“No one had the belief that it would happen,” Gatlin said. “This property had so many obstacles.”

But Walmart now owns its site and will develop its store.

Property records show simultaneous closings at the end of June with Shingle Creek LLC paying \$7.5 million for the total site and Walmart paying \$6.29 million for part of the site.

Gatlin said the project cannot be financed conventionally.

“This one here had to close on a cash basis,” Gatlin said of the purchase. As leases are secured, Gatlin said, financing for the development will be put in place. “It will be a kind of phasing of financing,” he said.

Brookdale Center, a regional mall, originally opened in 1962. Gatlin showed an aerial photo of the mall in 1962 and its full parking lot, a sight he said resonated with him. The site is bounded by Highway 100, Xerxes Avenue North and County Road 10.

“This was one powerful site back then,” Gatlin said.

The shopping center recently fell into foreclosure and then its lender Capmark Financial went bankrupt, adding another layer of complexity. Macy’s closed its Brookdale store in 2009, while Sears continued to own its buildings and real estate and operate its stores. The city-approved plan for a Walmart didn’t sit well initially with Sears, which objected to a city-approved plan for a competitor on the site.

“Historically, it’s no secret: Sears and Walmart aren’t the best of friends,” Gatlin said.



*Demolition work has begun on the former Brookdale Center in Brooklyn Center. The various transactions closed June 28 for the 65-acre site. (File photo: Bill Klotz)*

Gatlin tackled both issues. His company bought the Macy's store directly from the retailer. Property records show that Gatlin's company paid \$1.75 million in December to Cincinnati-based Macy's Inc. for its site. He negotiated a redevelopment concept that both Sears and Walmart approved.

Plans for the project also call for opening up Shingle Creek, which runs under the pavement of the existing shopping center. The concept would make the creek an amenity of the redevelopment.

Gatlin's company, founded in 1976, has offices in Dickson, Tenn., and Fort Lauderdale, Fla. In 1984 he shifted his business to shopping centers and today is a prolific developer of Walmart-anchored developments.

"This is my life. I live and breathe it," Gatlin said. His company is concurrently developing 17 other Walmart-anchored retail centers around the nation.

Gatlin said he was first drawn to the site when he was "looking for distressed assets across the country." He knew of Walmart's previous interest in the area.

"The biggest challenge of a development like this is the unknown," Gatlin said.

Gatlin said he hoped to have the redevelopment complete in two years.

“When I met Frank two years ago, he looked like Peter Frampton,” Mid-America’s Sims joked, referring to a long-haired rock musician popular in the 1970s. (Gatlin is bald.)

The redevelopment includes \$4.7 million in financial incentives from the city of Brooklyn Center.

“We continue to rebuild and restore Brooklyn Center,” said Brooklyn Center Mayor Tim Wilson at Wednesday’s program.

Dick Grones, a veteran retail broker and principal with Edina-based Cambridge Commercial Realty, said the project could be a shot in the arm for the Brooklyn Center retail market.

“I think Walmart’s hitting the bull’s-eye as far as their market goes. I believe the Walmart customer is there,” Grones said.

As for other potential retailers who may be drawn to the area, Grones said he is not expecting to see any “high fashion” stores.

“It’s going to be more durable goods and bread-and-butter [retailers],” Grones said.

Minneapolis-based retailer Target Corp., a rival of Bentonville, Ark.-based Wal-Mart Stores Inc., already operates a store at 6100 Shingle Creek Parkway, near the Brookdale site. Wal-Mart is expanding in the Twin Cities with plans for new stores in Blaine, Plymouth, Lakeville and other cities.

“There’s about 60-plus Targets in the Twin Cities metro market. They’re still very dominant here. There still seems to be a loyalty to Target,” Grones said. “Target is cheap and chic, and Walmart is cheap.”

Retail broker Tom Martin, a vice president with Bloomington-based NorthMarq, said he thinks the redevelopment plan will succeed.

“I think it’s going to work. I think that they’re going to get leased up. We haven’t had any new development in our market for at least two years. This is a terribly dense and ridiculously visible, iconic piece of real estate,” Martin said, referring to the demographics and location of the site.

Martin said the new Walmart superstore will drive traffic to the area for other retailers.

“The Walmart for that trade area will do substantial volume and will drive substantial traffic back into that shopping center,” Martin said.