

ECONOMIC DEVELOPMENT MEMORANDUM
#03-2024

DATE: July 15, 2024

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager *Hmg*

FROM: Allison Moeding, Economic Development Director *AMM*

SUBJECT: Northglenn Marketplace Update from Hutensky Capital Partners

PURPOSE

To provide Council with updates regarding leasing activity and capital improvements at Northglenn Marketplace. This agenda item is designed to encourage dialogue between City Council and Hutensky Capital Partners (HCP) about the City Council's goals and vision for the Marketplace. This session will also provide an opportunity for City Council to learn more about the role of the Northglenn Urban Renewal Authority (NURA) and Economic Development staff in the redevelopment of the center. NURA members will be in attendance at this meeting.

BACKGROUND

Brad Hutensky, CEO of HCP, will present an update to City Council on recent activity at Northglenn Marketplace. He will also provide background on the investments that HCP has made and plans to make at the Marketplace.

Since HCP's acquisition of Northglenn Marketplace in 2017 and NURA's approval of an \$8 million redevelopment agreement incentive, HCP has invested more than \$22 million to stabilize and improve the property. Mr. Hutensky will share information about the work HCP is doing to attract tenants as well as physical improvements being made to the property.

City Council members are encouraged to ask questions during this presentation. Staff will be available to answer questions regarding the City's role in economic development efforts and how the City's/NURA's partnership with HCP works.

City Council initiated several ideas for events at the Marketplace during the 2025-2029 Strategic Planning Session on June 17. These ideas included: an Oktoberfest, a Farmer's Market, a Christmas Market, and an Art Festival. Staff is continuing work on the 119 strategic plan ideas and will bring forward a draft framework on July 22. HCP can speak to the opportunity that exists to partner with the City and businesses on events along with the process that is involved in getting support/approval from existing tenants to allow for events.

BUDGET/TIME IMPLICATIONS

There are no financial or time implications.

STAFF RECOMMENDATION

This item is for informational purposes only.

STAFF REFERENCE

If Council Members have questions, please contact Allison Moeding, Economic Development Director, at amoeding@northglenn.org or 303.450.8743.

ATTACHMENT

1. Presentation



Hutensky
Capital Partners

CREATIVE CAPITAL. RETAIL SMART.



NORTHGLENN MARKETPLACE DISCUSSION

NORTHGLENN CITY COUNCIL AND NURA

JULY 15, 2024

Northglenn Marketplace Owner

- **Hutensky Capital Partners/The Hutensky Group**
 - Retail real estate owner nationwide
 - Founded 1979; based in Hartford, CT
 - History: 170 shopping centers, 29 million sf in 29 states

- **Brad Hutensky**
 - CEO and President
 - 40 years of shopping center experience
 - Former ICSC and ULI Trustee; ICSC worldwide chairman 2012-13

Discussion Context

- City great partner/NURA is special
- Recognize how important our property is to the Northglenn community
- Public: No trade secrets/prospective tenants/lease terms
- Northglenn community a key constituent, but must also answer to:
 - Investors
 - Lender
 - Tenants

Northglenn Marketplace @Purchase

- Purchased for \$49.7MM Sept. 2017; in foreclosure
- Almost 40% vacant
- Many tenants threatening to leave;
- Highly restrictive OEA 100+ pages from 1998
 - Fitness, theater and entertainment: only 1 area
 - No new construction
 - No facade, parking lot or signage changes
- Hostile owner of former Mervyns building
- Deferred maintenance: roofs, parking lots, outdated signage left over from mall

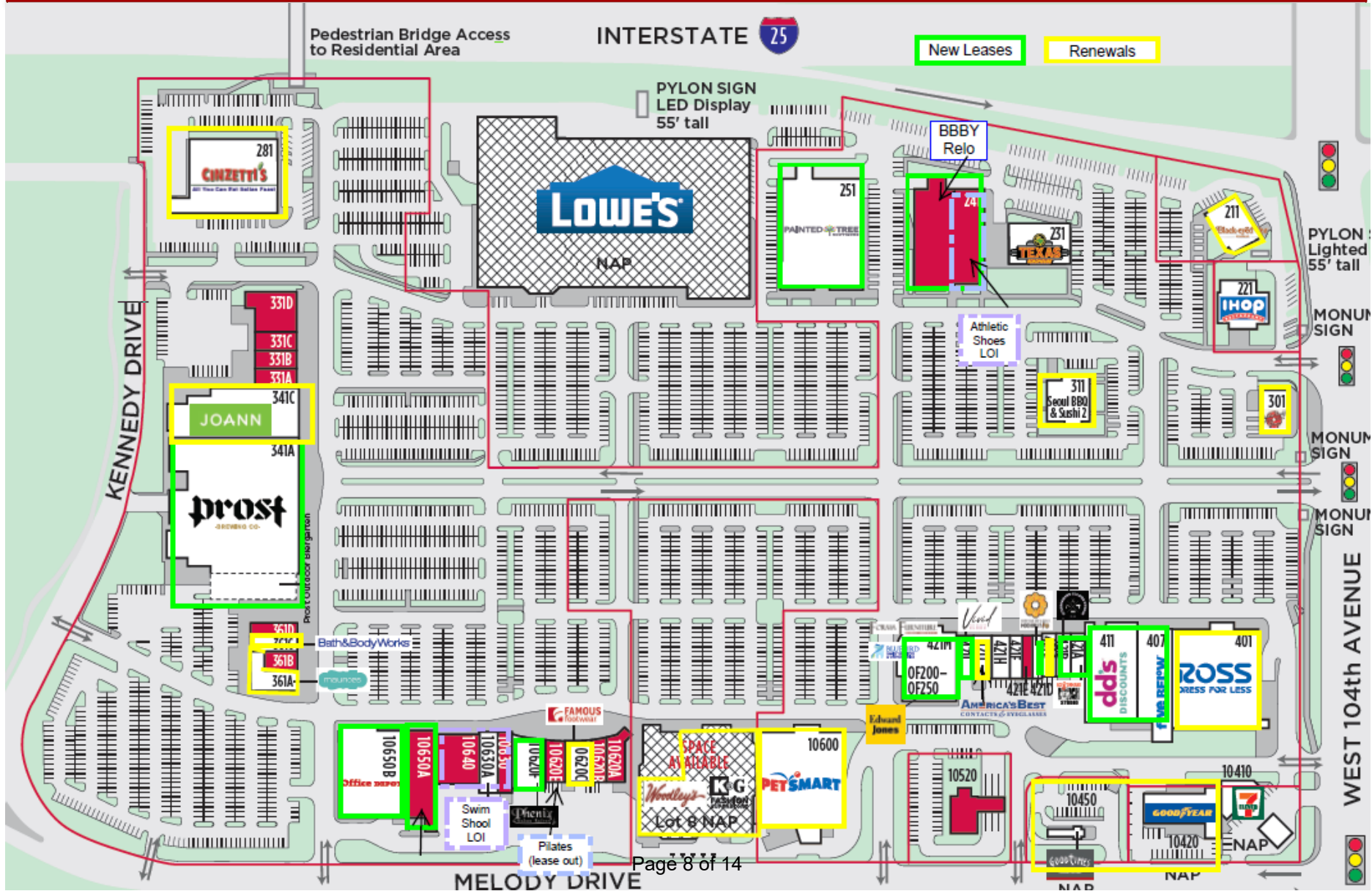
Ownership Highlights

- Bought former Mervyn's Building for control
- Invested more than \$25MM
 - Upgraded lighting
 - Parking lot and roof replacement and repair
 - \$1MM signage program now underway
- Vacancy drops from 40% to 14% via massive leasing program (14 new leases and 30 renewals)
- Survived COVID: \$400K relief to 12 tenants
- Prost opens (instead of theater)

New Project Signage Map



Leasing Activity



PROST CATALYST





Retail Leasing Basics

- HCP Tenant Relationships/local broker
- Tenants pick locations based on demographics
- We pick tenants based on credit, economics and contribution to mix
- Expensive: we have spent \$15MM+ in leasing costs
- Time Consuming: Prost 3 years!
- Lots of complications
 - What is the cost to meet tenant requirements?
 - Do we have right location available?
 - Will zoning, building code and parking allow the use?
 - Will other leases allow the use?
 - Will OEA allow the use?

Leasing Accomplishment

- HCP's responsibility; HCP's Goal
- 14 New leases including: Prost, dd's, Five Below, Painted Tree (240,000 sf)
- 30 Leases renewed (282,000 sf)
- 522,000 sf = 101% of 518,00 we total
- BUT: 9 tenants filed bankruptcy (120,000 sf) > 20%

Where Northglenn Marketplace is Headed

- Pushing to lease-up balance of space
- Finish signage/way-finding work by YE
- Create a more exciting/experiential area near Prost
- Working with architect to develop long-term plan
 - Best way to utilize vacant space/3.5 acres
 - Simplify/eliminate OEA to allow more uses without restrictions
 - Create more walkability especially at Prost end
 - Will seek to engage city and community for input

Questions and Discussion

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