

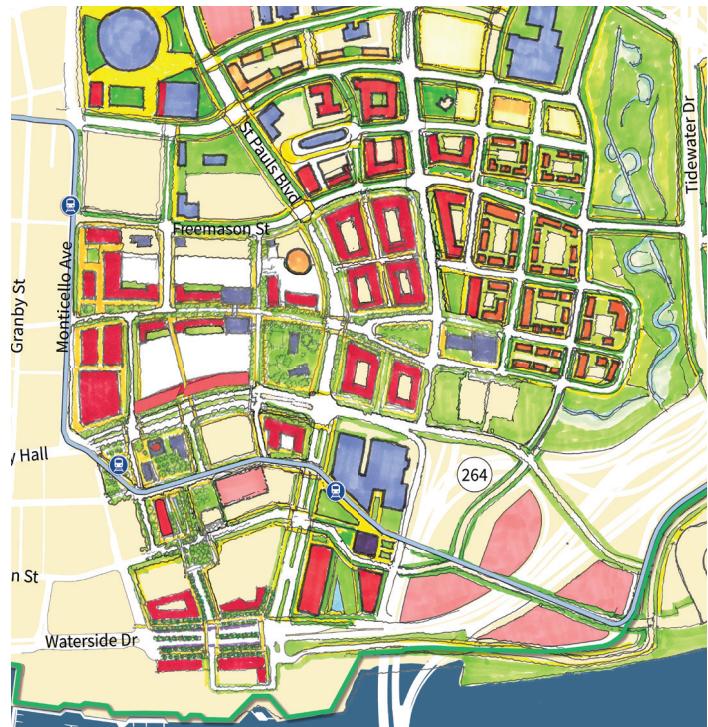
MacArthur Center

DOWNTOWN PLAN 2030

Since 1999 MacArthur Center has been a catalyst for development in Downtown Norfolk and a driver of visitation. It is credited with Downtown's rapid growth to develop light rail, hotels, condominiums, apartment communities and office towers. It sparked the renaissance along Granby Street and Monticello Avenue with independently owned restaurants, businesses and retail. MacArthur Center demonstrated beyond a doubt that retailing could succeed in Downtown Norfolk along with arts, culture, dining, entertainment, employment, and other activity generators. MacArthur Center reinforced Downtown Norfolk as the heart of Hampton Roads by drawing consumers from all communities in the region. Over its initial 20 years of operation, MacArthur Center generated over \$4 Billion in retail sales and \$157MM in tax revenue for the City (retail/F&B, real estate, utility taxes).

In the course of the first two decades of the 21st century, retail changed so dramatically that MacArthur Center needs to be re-conceived. Three options are being explored:

- 1 Open up the ends, light up the exterior and provide ground floor retail with offices above.
- 2 Leverage MacArthur Center's valuable assets: a 23-acre central site, 4,000 structured parking spaces, 400,000 square feet of anchor buildings, and a third anchor parcel ripe for redevelopment. "De-mall" the center to reopen Market Street as a landscaped, pedestrian-friendly promenade lined with mixed-use buildings, including residential uses. Line City Hall Avenue with micro retail, craft manufacturing and small services and businesses.
- 3 Demolish MacArthur Center and build a new urban district with a street pattern that re-opens Bank and Court Streets to connect Scope and Chrysler Hall with Main Street and the Waterfront.



Downtown Plan 2030 with a reimaged MacArthur Center center left.



Three options for the future of MacArthur Center

- The nature of retail has changed globally, and a 1,100,000 square foot indoor shopping mall is no longer viable in Downtown Norfolk.** The mall industry was fueled by the vitality of department stores after World War II. MacArthur Center was envisioned and developed just as the department store industry was consolidating and immediately before specialty retailers moved away from the real estate saturation strategy that had served them well for years. Since MacArthur Center opened 20 years ago, the number of competing department store chains has drastically diminished. Local/regional chains have virtually disappeared, and national chains have contracted the number of stores they operate. During the heyday of malls, developers sought to maximize the amount of small tenant space because these tenants generated the highest levels of rent. The specialty store sector subsequently over-expanded such that we are now seeing the death of individual retail concepts and entire chains. In the United States we have 23.5 sq. ft. of retail per person compared to 3.8 sq. ft. per person in Europe. To survive, specialty retailers are reducing their store counts and focusing on locations with the highest performance. The explosion of online retailing has added significant pressure to brick-and-mortar stores and will continue to capture a greater share of spending in all categories—including the fashion/clothing sector that has been the key merchandise element of regional shopping centers. Nationwide malls have scrambled to adapt to these new realities by adding a mix of non-retail uses including entertainment, dining, and services. The COVID-19 pandemic hastened changes already underway in the retail world.
- The City of Norfolk anticipated this shift in global trends and the Downtown Plan 2030 capitalizes on MacArthur Center's valuable assets: a central 23-acre site in the**

heart of Downtown, 4,000 structured parking spaces, and 400,000 square feet of anchor buildings ripe for redevelopment. MacArthur Center's most fundamental value is its large land assembly in the heart of a vibrant Downtown. The existing parking decks are elements of infrastructure that a developer will recognize as valuable assets that do not add expense to a development pro forma. The decks are an asset the City can offer in developer solicitation.

Initial Steps:

- Develop an aggressive strategy for determining market potential, identifying development partners, and managing public relations.
- Complete an independent study of market potential to determine the market parameters of a mixed-use development along a re-opened Market Street and the cost to develop the site.
- Publicize this plan and market study in order to attract developers.

Phased Redevelopment:

- First, focus on redevelopment of the Third Anchor site and Monticello Avenue to achieve positive street-level change at the core of Downtown.
- Then, work on de-malling the interior and reconnecting the historic street grid.

Development Capacity:

- The plan yields over 200,000 SF of ground floor space and over 800,000 SF on floors 2-5.
- The plan effectively adds 6-8 city blocks of development capacity to Downtown.



The new urban address created by a reimaged MacArthur Center will link Granby Street and the TCC Campus to the revitalized St. Paul's Area and will provide a visual connection to St. Mary's Basilica. This dramatic vision for reestablishing east-west connections links business, education, neighborhoods, and opportunities for all.