

Peninsula Town Center

Building D Upgrade

Project Goal:

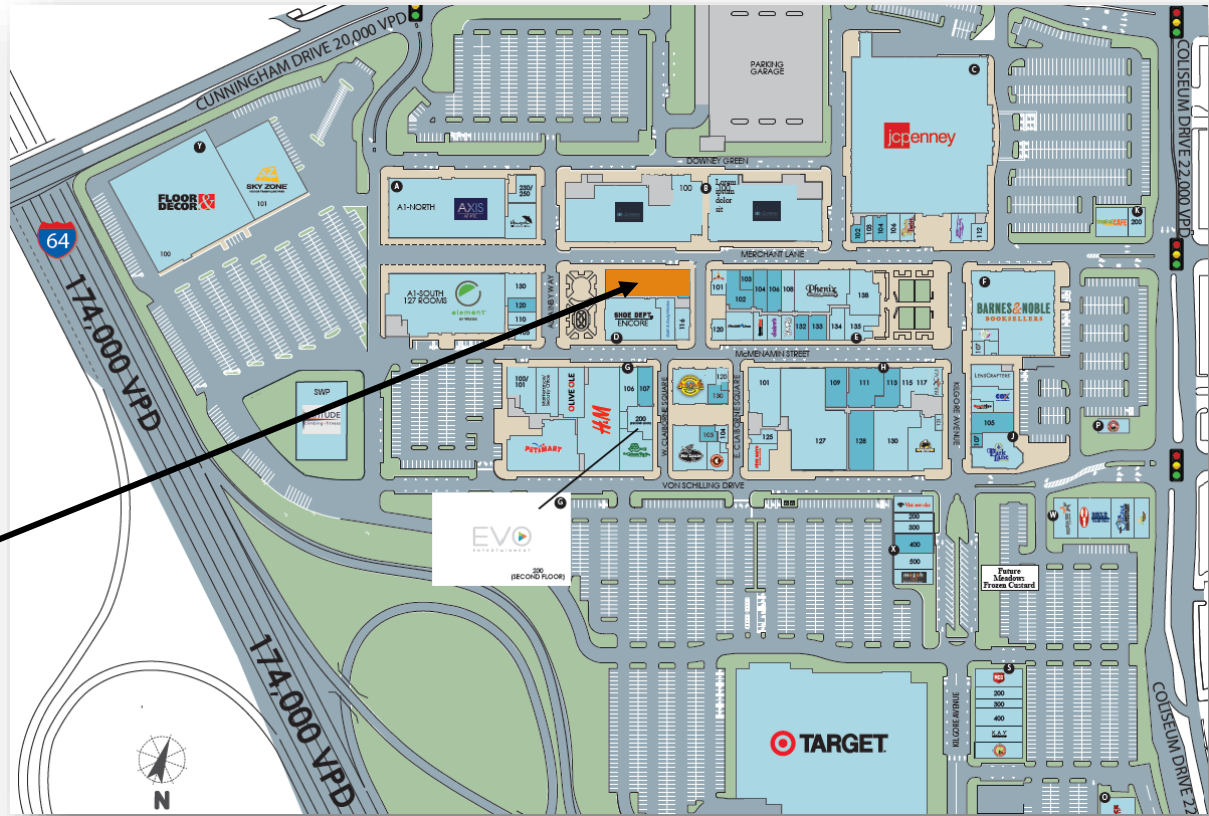
Replace 9,500 SF of vacant retail (1% of total PTC retail) with 9 modern and upscale apartment units

Community Impact:

- \$29,000 of incremental annual property taxes
- 9 new quality homes for Hampton residents
- Removal of “dead” look from a portion of PTC

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Building D
Upgrade Area

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Existing Bldg D Vacant Retail Space (Unoccupied for 5 Years*)

**Kay Jewelers occupied one lone suite until Jan-2023, but had requested to relocate as early as Dec-2020. The last other tenant in this building vacated Jan-2019.*

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The Proposed 9 Upscale Apartments Will Be Modeled After
The Existing Ground Floor Multifamily Across Merchant Lane, Shown Above

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Myth vs. Fact

- ✗ **Myth:** PTC has seen 42% of its retail space converted to multifamily since 2022.
- ✓ **Fact:** PTC has seen only 9%, or 73,000 SF of its total 777,865 SF of retail space, converted to multifamily since 2015.
- ✓ **Bonus Fact:** *PTC has added over 173,000 SF of retail space since 2015 and another new retail building is in permitting.*

- ✗ **Myth:** The proposed change of use is inconsistent with existing City and District Plans for PTC.
- ✓ **Fact:** Multifamily use at PTC is called out as favorable in each of the Community, CC Master and Conservation Plans.

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Myth vs. Fact

- ✗ **Myth:** Retail at PTC is dying and there are many vacant spaces.
- ✓ **Fact:** Excl. Bldg D, PTC's Retail is 97% occupied, with only 11 unleased ground floor spaces out of 118 total spaces. Bldg D adds just 1% additional vacancy.

- ✗ **Myth:** PTC is perceived as unsafe or not a good place for a retailer to operate a successful store.
- ✓ **Fact:** Retailers most often do not to open at PTC because 1) they have a store too close by or (2) the location or configuration of space at PTC is not acceptable. Certain retailers require different demographics than PTC offers.
- ✓ **Bonus Fact:** *7 new multi-state retailers have opened at PTC in the last 2 years alone.*

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Further Considerations

1. If left as vacant retail (this space has not been leased for nearly 5 years), Bldg D's assessed value as non-incoming producing retail vs. stabilized multifamily would generate \$29,000 less per year in property taxes.
2. The 405 current multifamily units at PTC have remained 97-99% occupied, indicating current demand for more similar product. More demand is expected from Langley, which Hampton can capture (vs. Newport News).
3. Despite its qualified leasing agents' best efforts, Bldg D has been unable to attract the attention of retailers, while other PTC buildings near anchor/draw tenants such as Target have been leased.

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Further Considerations

4. Successful retailers of the size that would occupy Bldg D space require the following, which this building cannot offer:
 - A) Steady and heavy customer foot traffic
 - B) Immediately available parking
 - C) Good visibility from high-traffic areas

5. Building D's demise began when the design of PTC placed it in an area that did not have any of these key ingredients. It came to fruition when the south/east end of PTC ceased to have an anchor draw for customers (as Macy's closed).

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Further Considerations

6. Sales for the 7 national retailers (incl. Loft, Talbots, Chicos, Lane Bryant, and J Jill) at the similar and adjacent PTC Bldg B declined 18% from 2016 to 2019 (pre-pandemic). 2016 sales were already at below-chain averages. This building could not meet the critical retailer needs noted in item 4) and was successfully upgraded to Class A multifamily in 2022.

7. The proposed reuse of Bldg. D reflects national retail trends combined with the more difficult location, foot traffic and immediate parking issues for this particular building. Converting Bldg. D to desirable residential should be viewed as a tremendous improvement over continuing to have chronic, vacant and dark retail spaces on the ground floor of PTC.

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The Applicant's interests are aligned with the City's:

Identify and implement the highest and best use of property to meet local needs while creating a larger tax base through development and redevelopment opportunities within Peninsula Town Center.