

Retail demand pushes development

BY CANDACE CARLISLE | STAFF WRITER

It took Jerry Lasco some time to find the perfect location to set up his first restaurant in Dallas-Fort Worth.

But when Lasco found the former Borders Books store at Lemmon and McKinney avenues, he felt there couldn't be a better site for MAX's Wine Dive, said Lasco, owner of Houston-based Lasco Enterprises, which oversees the restaurant concept that boasts serving both fried chicken and champagne. The restaurant is scheduled to open later this year.

"We've been cautious and waiting for the best opportunity to come forward," Lasco said. "We were considering several neighborhoods when this became available."

There's been a limited amount of new retail development in Dallas-Fort Worth, even as demand for space has remained steady, leading to the anticipation of new development and redevelopment of urban locations in the next year, real estate sources say.

Venture Commercial has its five-story building in Preston Center under construction. The street-level floor is devoted to retail, and the firm has it nearly leased out, said Michael Geisler, partner at the Dallas-based retail real estate firm.

"We really do see more evidence of retail development coming back," Geisler said. "I think we'll see more new retail come out

of the ground next year."

The majority of new development will follow larger anchors, such as grocers or discount stores like Walmart or Target, he said.

Occupancy rates in Dallas-Fort Worth have increased by a tenth of a percentage point year-over-year to 87.5 percent by mid-year 2012, according to a recent market study by The Weitzman Group and Cencor Realty Services. That occupancy rate is being driven by lack of new construction, according to the study.

With occupancy rates flirting with 88 percent, retailers are finding it difficult to find the right space, Geisler said.

And it's all about finding the right space, said Lasco, who plans to open a second MAX's Wine Dive in Fort Worth and a larger wine cafe called The Tasting Room. Lasco said he is looking for sites in Dallas' urban setting and some of the outlying suburbs.

However, Lasco could have some competition for premium restaurant locations.

"Dallas is one of the strongest dining markets in the country per capita, and restaurants do very well," said Michael Ablon, principal of PegasusAblon Development, which develops retail sites and owns some retail properties in Dallas, including Hillcrest Crossing. "We're seeing a number of home-grown concepts expanding into Dallas, such as Torchy's Tacos out of Austin."

Other Texas-based chains expanding in Dallas include Houston-based Becks Prime and Austin-based Alamo Draffhouse.

"Most of the great spaces are gone because of the lack of supply of new construction in the past few years," said Frank Bullock, executive vice president and market leader of SRS Real Estate Services. "There's some retail developments already under way inside the President George Bush Turnpike."

With retail projects taking an estimated 12 months to complete, developers have begun gearing up for the anticipated demand, especially in urban areas, Bullock said.

Dallas-based developer Lincoln Property Co. has numerous retail projects, such as the redevelopment of Village on the Parkway, Lakewood Village Shopping Center and Two Turtle Creek, in various stages of development because of ramped up demand, said Robert Dozier, executive vice president of firm's retail group.

The first phase of the developer's 600,000-square-foot retail development at the Gates of Prosper is scheduled for construction next year, he said.

Even though there will be building in the suburbs, the bulk of the new construction and redevelopment will be contained within Dallas' core, such as the redevelopment of Valley View Center, said Mickey Ashmore, CEO of UCR.



RETAIL ON THE RISE: Steel workers finish out the frame of the new Dave & Busters Restaurant on Walnut Hill and North Central Expressway.

"Everyone is getting ready for the next development cycle," Ashmore said. "It's not going to be a fast cycle, but driven by need and where there is population growth."