

January 8, 2009

RETAIL CENTER GROWS: Louisiana Avenue complex luring consumers

Activity bolsters local tax coffers

Jeff Moore
jeffmoore@theadvertiser.com

Easy access and a growing lineup of national merchants are luring more Acadiana shoppers to Lafayette's newest retail center.

The Stirling Shopping Center on Louisiana Avenue is succeeding in attracting investment to north Lafayette.

Anchored by Target and JC Penney, the 20-tenant shopping center is expected to eventually support 600 jobs and generate sales tax revenues of \$8 million a year.

But it is not without challenges. The shopping center is little more than half occupied and has felt the effects of the recent economic downturn.

The infrastructure for the Stirling Shopping Center was funded in 2006 using \$8 million in bonds issued by the Lafayette Parish Industrial Development Board.

Lafayette's first Tax Increment Financing district was set up to pay for the public improvements that aided the shopping center's development.

The TIF system allows local governments to capture future tax benefits to pay for roads, sewer and power within the TIF district.

An extra 1-cent sales tax is charged by businesses within the TIF district to repay the bonds, and another 1 cent normally taken away by the state is given back to Lafayette.

The shopping center generated \$209,249 from the 1-cent sales tax in its first year.

Recent economic troubles caused sales to slump in 2008, but the openings of stores like Ross and Office Depot in 2009 should help renew interest, said Donna Taylor, vice president of asset management for Stirling Properties.

"We are expecting that as more retailers open ... and the economy begins to turn around, we will in turn see an increase in the taxes generated by the center," Taylor said.

Target opened its doors in March. Store team leader Paul DeJean said business was steady during the holidays, and continues to improve as new merchants move into the shopping center.



Acadiana consumers have made Target's Stirling Shopping Center location on Louisiana Avenue one of the area's most popular retail complexes, a 20-tenant center projected to eventually generate more than \$8 million in sales tax revenues. (Photos by P.C. Piazza/ppiazza@theadvertiser.com)

"Every time a new store opens, we see more guest traffic," he said. "The shopping center is certainly becoming a destination of choice as the stores build up and the growth continues."

DeJean said Target draws most of its customers from north Lafayette and the outlying towns along Interstate 10, such as Crowley and Breaux Bridge.

He said the store's location offers much convenience to those shoppers.

"I'm sure a lot of people don't like going through the Christmas gridlock," of south Lafayette, he said. "It's much more convenient for those who live in the surrounding areas to come off the interstate than to go through the Ambassador, Johnston and the Kaliste Saloom traffic."

JC Penney opened in July. Despite millions spent on marketing, many customers were unaware of the store's new location until the holiday shopping season, store manager Curtis Perry said.

"The week prior to Christmas is when it picked up quite a bit," he said. "Given the current economic conditions, I think we did as well as expected given how tight things are."

Perry estimates the store draws about half its customers from Lafayette and half from surrounding communities.

Based on customer surveys, the store's proximity to Interstate 10 is a major draw, he said.

"There's no easy way to get to the mall," he said. "That has been a great advantage for us."

Dyann Russell said she is "ecstatic" to have the retail center on her side of town. A longtime north Lafayette resident, she grew weary of making a cross-town trek to do her shopping.

"Ever since the day it opened, I'm here almost every day," she said. "I love having the JC Penney, and I love the Chick-fil-A."

Susie Perry said she would like to see more restaurants serving the area.

But the shopping center's proximity to her home on Alexander Street is a major draw, she said.

"It's been long overdue," she said. "We needed this on this end."

Shoppers like Perry are key to the center's success.

Last year's sales were ahead of previous projections, and should continue to improve in the future, said Gregg Gothreaux, president and CEO of the Lafayette Economic Development Authority.

Although sales tax collections fell short of debt service obligations in the shopping center's first year of operation, that was to be expected as the center continued to grow, Gothreaux said.

November collections totaled nearly \$36,000, putting the taxing district on pace to exceed its debt obligation for 2009.

The debt service increases to about \$800,000 in 2010, when the center is expected to be fully occupied. The bonds mature in 2018.