

New Center Sets The Bar In Southeastern Louisiana

Hybrid style of Hammond Square and area's post-Katrina population increase makes retailers look twice.

Randall Shearin

It was 10 years ago when Stirling Properties began to acquire land around a 30-year-old, tired regional mall, Hammond Square, in Hammond, Louisiana. The center was originally conceived as a 430,000-square-foot middle-market mall. During the 1990s, it fell into a class of center in which the anchor stores did well, but the mall tenants did poorly due to the center's small size. The owners of the mall were threatened by the possibility of a competing center and were successful in stalling development of Stirling's proposed project for more than 5 years. Stirling finally prevailed in the battle and the mall's ownership approached Stirling with an offer. The company wanted to sell the mall rather than compete. Stirling closed on the center through an affiliate, acquiring it for \$14 million in May 2006.

"Hammond Square had been around for a long time, and like most centers from that era, it was a mismatch for the Hammond market, one of the fastest growing suburban markets in Louisiana over that 30 years," says Jimmy Maurin, chairman of Covington, Louisiana-based Stirling Properties. "We immediately saw the need for major surgery even before we acquired it."

After gaining ownership of the center, Stirling began to rethink its plans for the previous center it had been planning to build. Another event had dramatically changed the Hammond market — Hurricane Katrina struck south Louisiana on August 29, 2005, and the Hammond area, only 55 miles north of New Orleans, had more than 15,000 permanent new residents overnight. To determine the impact of this sudden demographic change, Stirling engaged Southeastern Louisiana University to perform a market study.



An overview of Hammond Square, showing the layout of the anchor tenants.

The company also began to rethink its initial idea of just building a peripheral center next to the mall. By the end of 2006, Stirling had made the decision to tear the mall down.

"We needed to develop something that would be a more significant retail offering for the market," says Maurin. "Hammond Square was a middle-market mall that was only about 430,000 square feet. It had the same problems that many middle-market malls have. It just didn't have the critical mass to continue efficient operation. The mall itself was two levels, while the anchors were one level, so there were some design deficiencies."

Stirling razed the central part of the mall, leaving the single-story Dillard's and Sears' locations intact. The company's idea was to turn Hammond Square into

a "hybrid center," incorporating on the same site a power center and a lifestyle center integrated together. The center is planned in two stages, with full build-out estimated at 850,000 square feet. On October 1, the majority of the center — 600,000 square feet — will open.

The center is anchored by JC Penney, Dillard's, Sears, Target, Books-A-Million, T.J. Maxx, Best Buy, Rite-Aid and AMC Theatres. Other tenants include Foot Locker, Rue 21, Merle Norman, GNC, Hibbett Sports and Zales.

Hammond is a market of about 135,000 residents that sits at the interchange of Interstates 55 and 12. Hammond Square enjoys a dominant location at Interstate 12 and Route 51, near Southeastern Louisiana University and North Oaks Medical Center, the area's largest hospital.



JC Penney is one of the three department store anchors at Hammond Square.

The trade area has an average household income of approximately \$55,000. The market has received the project incredibly well as stores opened throughout the summer.

“It has been amazing,” says Maurin. “I was born in Hammond and have lived here all of my life. Two of the largest anchors — JC Penney and Target — had clusters of openings across the country on the same day. JC Penney opened 14 new stores the same day the Hammond Square store opened; after the first 3 months, it was the second in sales in that group. Target opened in July with 22 other Target stores; we hear it consistently ranks first or second in its peer group weekly since it opened.”

Benefiting Hammond Square is the fact that unemployment in Louisiana, and particularly near the rebuilding New Orleans market is well below the national average. The economy in the state has not suffered as much as the rest of the nation. Because the market was lacking in so many categories, Stirling made a push to get an electronics retailer, Best Buy, plenty of women’s and teen apparel and new restaurants. There will be seven restaurants at Hammond Square with six open by the end of fall.

“With the results of the openings that we’ve had, the phone is starting to ring,” says Maurin. “Retailers talk to each other. We are now in discussions with a number of other tenants who are looking at the Hammond market for the first time. It has been encouraging in what is arguably a difficult time for retailers, particularly in adding new stores in new markets. We’ve signed 25 tenants this year. In all, we are about 90 percent leased at grand opening.”

For Stirling Properties, the center is the crown to its retail holdings in Southeastern Louisiana.

“We’ve built over 2.5 million square feet of shopping centers in the last 7 years, and this one is unique,” says Maurin. “Hammond Square, in my opinion, is the center of the future. The beauty of owning the center, for us, is that we really own the market with that location.” **SCB**