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EXCLUSIVE REPORTS

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Identity Crisis

It's a mall! It's a 'new urban' center! It's a bunch of confusion for Levee

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At a recent real estate luncheon, a local developer committed a retailing faux pas when he referred to Newport on the Levee, with its aquarium, trendy restaurants and entertainment spots, as a "lifestyle center."

No, someone said of the Levee's developer, Steiner + Associates, they're "new urbanists."

Well, maybe. Or, depending on who's talking, the Levee is a tourist attraction, open-air center, destination center, urban entertainment center -- or even a plain old mall.

Columbus-based Steiner, which also manages the Levee, said it always envisioned the center as a "leisure-time center" that's meant for people to visit when they have free time.

Whatever it's called, there's a lot riding on the \$210 million Levee, which was counted on to simultaneously revitalize both Newport and the entire riverfront.

But as the Levee nears its second birthday, it is still searching for an identity.

"(The Levee) is going through those trials and tribulations of how to expand the perception of the center," said Stan Eichelbaum, president of downtown-based Marketing Developments Inc., a retail think tank.

Since its soft opening in October 2001 -- 10 retail stores opened before the holiday season -- the Levee has taken some hard hits, including an economic meltdown in the wake of the terrorist attacks and complaints from frustrated tenants who say a better retail mix is needed to bring in business during weekdays.

Weekend attraction

A walk through the sparsely populated Levee during the week contrasts starkly with the crowds that flood the center on the weekend.

Steiner President Barry Rosenberg said the Levee was never intended to serve as a shopping magnet -- he said that niche has already been filled by places like Rookwood Commons, which has been characterized as a classic "lifestyle center" because of its design and a tenant roster that mixes high-end retailers with restaurants and "big boxes."

Unlike other local venues, the Levee includes tourist destinations, such as the Newport Aquarium, US Bank IMAX theater, a nightclub and a cabaret. Retail would happen as a "casual occurrence," said Phil Ciafardini, Newport city manager.

Some tenants say it's the focus on teen-agers and tourism that's kept their cash registers from ringing.

"This is definitely a weekend mall," said Bryan Hubert, general manager at PacSun, a surf and skateboard shop, which has 787 stores across the country. "It is a ghost town down here during the week."

Eichelbaum said this is a problem entertainment-anchored centers must overcome.

"When an appeal turns out to be too narrow, you must try to widen the breadth of it," he said.

And that comes down to attracting the right mix of retailers, according to the International Council of Shopping Centers.

"If you don't have the right tenants ... the center is not going to work," said Michael Baker, director of research with the ICSC.

Baker said it seemed as though entertainment alone didn't appear to be driving the traffic that a department store would.

Steiner has said more upscale, apparel-based tenants will be announced soon.

But Steiner is competing for these high-end tenants with other projects: Deerfield Towne Center, the proposed Rookwood Exchange, the Streets of West Chester and the renovation and expansion of the Kenwood Towne Centre.

Still, Steiner's struggle to fill the existing space has ignited animosity from some vocal tenants.

"Other developers in the same regional area can fully lease out projects," said one tenant citing shops recently announced for Deerfield Towne Center. "What's the holdup?"

The Levee's marketing director said it's about 82 percent leased. Plans call for another 16,000 square feet of retail space to be added.

Gregory Engelman, Newport's chief financial officer, said the AMC movie theater, Mitchell's Fish Market, Barnes & Noble and Claddagh Irish Pub are all exceeding their expectations based on reports he's seen.

"They are in the upper echelon of their chain," he said. "They are all cooking."

Yet others say the entertainment-focused Levee is not what they signed on for.

"This Levee down here is a great concept. The idea is great. But it's just getting that vision to come to fruition that seems to be Steiner's weakness," said one Levee tenant, who spoke on condition of anonymity.

Steiner 'does his homework'

Only 10 years old, Steiner + Associates has crafted similar visions in other parts of the country.

The company's namesake is Yaromir Steiner, a native of Turkey. His developments in other parts of the country command respect, even from competitors.

"Yaromir is a smart man, and my understanding is that he does his homework. So he must see the need, or I doubt he would build it," said Scott Rehorn of Red Development, a company competing for tenants with Steiner on projects near Kansas City, Mo.

Steiner began crafting his entertainment-anchored centers with CocoWalk near Miami, a project he developed prior to forming his own company.

In 2000, he opened Centro Ybor in Ybor City, Fla., a historic area east of downtown Tampa which had become "fairly rundown," according to Kelly Earnest, spokeswoman with the Tampa Bay Convention and Visitors Bureau.

Today it's a major tourist destination.

"Not only is Ybor City a nighttime destination where people go to nightclubs and restaurants, but it has also become more of a place for families," she said.

Rosenberg predicted the Levee will see similar results in Newport. Ciafardini said the city's already reaped some financial benefits from the Levee including a \$4.5 million renovation of Newport's eight-block business corridor.

"We would not have been able to do that without that project," he said.

'I wish I had the guts'

Still, Mitch Kutash, who runs Funny Bone Comedy Club & Cafés and is a franchisee of the Improv Comedy Club, said using these centers as engines to rejuvenate struggling urban areas is a big burden for a developer to bear.

"From Steiner's perspective, I wish I had the guts to do what he's done," Kutash said.

The company began carving its centers into the Ohio landscape when it developed the 1.5 million-square-foot Easton Town Center in Columbus. Unlike Centro Ybor and Newport on the Levee, Easton is located near an affluent suburb and is anchored by Nordstrom and Lazarus department stores, as well as restaurants and some entertainment outfits.

Easton is lauded by Kutash, who currently has comedy clubs in Centro Ybor and Easton, as "one of the nicest developments in the United States." He called it the "Disneyland of shopping and entertainment."

Kutash also signed on to bring the Improv to Newport, which he compares to Centro Ybor because of its entertainment focus. Like Newport, the Ybor center also could be doing better in retail, Kutash said.

"Would I like to see Ybor doing better in the retail segment? Sure. Would it help me? I am sure it would, but I do well," Kutash said.

As with Newport, Ybor restaurateurs say their businesses are doing well. Brian Cornacchia, co-owner of Big City Tavern in Centro Ybor, gave Steiner a glowing review and said he doesn't blame Steiner when business is slow.

"There are a number of things that are out of their control," Cornacchia said. "You can't control the economy... or geopolitical issues."

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