

Despite credit crunch, retail project expected to break ground

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Walker Enterprises LLLP, a Boulder, Colo.-based developer, expects to move forward with a planned retail center on the South Side.

The project will span 39,000 square feet on 10 acres of land and cost some \$7 million to develop.

Jack Walker, principal in the firm, is in the process of lining up construction financing for the project. Despite the tough economic climate for such financing, the planned retail center does have some wind at its back due to the benefits of location, local industry observers say.

All told, Walker owns roughly 120 acres of land at the northwest corner of Southeast Loop 410 and Roosevelt Avenue — near the Toyota Tundra assembly plant and the future home of the new Texas A&M campus that is planned for San Antonio.

Walker's land also is within a larger tax increment reinvestment zone (TIRZ) — a city-designated area in which development is encouraged through tax incentives.

Known as "Mission Drive-in," this TIRZ encompasses roughly 1,365 acres of land extending from just north of Southcross and Presa all the way down to Southeast Loop 410 on the city's South Side.

The TIRZ, says Walker, will make a "huge difference to what (many) consider the gateway to South San Antonio," Walker says.

Better to be lucky

The TIRZ will be in existence for 20 years. According to information compiled by the city of San Antonio, the land within the TIRZ is presently valued at \$84 million. Over the life of the TIRZ, however, the area is slated to see its value increase to \$384 million.

The TIRZ designation will enable developers like Walker to recover infrastructure costs for new development projects through tax breaks. The city then recovers the cost of providing the tax breaks through the higher property values fostered once the new development is in place.

Speaking about this first phase of retail on Walker's tract, local broker Tom Rohde says that in-line (attached) space will account for about 14,000 square feet in the planned retail center. The remaining 25,000 square feet will be spread out over seven free-standing (pad) sites fronting Loop 410.

Rohde, vice president of San Antonio-based Rohde Ottmers Siegel Commercial & Investment Realtors, whose firm is marketing Walker's retail project, says the center has already netted one tenant: a Subway submarine sandwich outlet. The project is also garnering "significant interest from (other) fast-food players and banks," Walker says.

Construction work on the center is scheduled to begin in February 2009, Walker adds.

Spaces could be ready to turn over for tenant finish-out by early fall 2009, Rohde says.

Walker projects that build-out on all 120 acres owned by Walker's firm could take anywhere from eight to 10 years.

Rohde says that Walker is already eyeing another 30 acres in his tract for some more retail and an office/medical park. Future phases call for several multifamily communities and what Rohde calls a "hotel cluster."

Texas A&M, whose new campus in the area could ultimately bring tens of thousands of students to the South Side, would be key to prompting demand for future phases of the project, Walker says.

Of course, when Walker first started acquiring the land in the area six years ago, a Texas A&M campus wasn't even a blip on the local radar screen.

"Obviously, we got lucky with A&M," says Walker, who financed his land plays through **Stillwater National Bank**. "But sometimes it's better to be lucky than clever."

Hot pocket

But will that luck continue?

Between the slowdown in consumer spending and the clamp-down on financing, the national picture for the retail market has been anything but rosy.

These days, announcements of new development anywhere are often met with skepticism.

To the naysayers on the prospects for Walker's project, Rohde says: "It's happening."

And while much retail development has come to a screeching halt, not all of it has, notes Kimberly S. Gately, senior vice president and director of research for locally based **NAI REOC Partners**.

"There are still some pockets that will do very well to see some new development," she says. "You can't count out all new development."

And in an area that has been slow to see development, Walker's tract in South San Antonio has potential.

Says Gately: "I can see where this would be a very attractive development site."

"The time is right," says Walker, adding that over the next several years, this pocket of the city will "become more and more attractive."