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FALL 2023

GLEN GARRISON

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GROUNDBREAKING FOR SCHEELS SPORTS PARK

Construction to start for a $67 million sports complex opening in 2025

By Dean Olsen

Ceremonial shovels turning over dirt Sept. 20 signaled the start of construction for a $67 million sports complex that city officials said will make Springfield a popular destination for young people competing on traveling athletic teams from throughout the Midwest and beyond.

"This puts Springfield on the map for sports tourism," Springfield Mayor Misty Buscher said at a groundbreaking ceremony on the city's south side at the future site of the Scheels Sports Park at Legacy Pointe.

About 300 people from the area's business community and units of local government, as well as a handful of young soccer players and high school athletes, turned out for the groundbreaking ceremony, capping a multi-year effort to create a 95-acre indoor and outdoor site expected to open by the end of 2025.

Initial site work was scheduled to begin Sept. 25.

Buscher, whose administration continued the work begun by former mayor Jim Langfelder's administration on the unique public-private partnership, said the sports park is expected to bring $25 million a year in new spending to Springfield.

About 250,000 people from across the country are expected to visit Springfield each year to use the sports complex, increasing visitors overall by 10% to 15% after the first year of operation.

"You will have people coming to the community who have never been here and may never have come here," Buscher said.

Buscher, who took office in May after defeating Langfelder in his bid for a third consecutive term, asked residents to welcome athletes and their families and encourage them to eat at local restaurants, stay at Springfield hotels, visit historic sites and patronize local shops.

Ryan McCrady, president and chief executive officer of the nonprofit Springfield Sangamon Growth Alliance, helped to spearhead the project and said, "Sports tourism is a great way to separate people from their money, and we want to do it in Springfield to benefit our local businesses."

McCrady, who has acted as a spokesperson for landowners Steve Luker and Dirk McCormick of Legacy Pointe Development, thanked Springfield-area elected officials who voted to take part in economic incentives to move the project forward.

He also thanked business people such as Luker and McCormick "who are not afraid to dream big, take risks and gather a lot of parties together to help bring things to reality.

"This project will change how Springfield sees Springfield," McCrady said. "It'll change how other people see Springfield. It's a sign that we can achieve big things in our community when we work together between the public sector, the private sector, all the large governmental bodies (and) the financial institutions."

Sales taxes and hotel-motel taxes paid in the city over a 23-year period are expected to pay for half of the complex's construction costs, totaling about $33.5 million.

The rest will be financed by the developers, which McCrady said have received financing commitments from about a dozen area banks, including Bank of Springfield.

The Springfield City Council recently dissolved the former South Central Business District to create a new one with a maximum 23-year lifespan that coincides with other economic incentives in the city's agreement with Legacy Pointe Development.

The business district, about double the size of the previous district, includes the sports complex and imposes an additional 1% sales tax on purchases at Scheels and other businesses in the district for use by the city for infrastructure improvements in the district.

The development agreement also calls for more than 70% of the city's portion of sales taxes in the business district, above a base of $1.48 million annually, to be reimbursed to the sports complex, which will be owned and operated by Legacy Pointe Development.

Springfield city government, as well as Sangamon County Government, District 186, the Springfield Park District, Lincoln Land Community College, Capital Township, Springfield Airport Authority and other governmental units agreed to not collect additional property taxes associated with the construction for the life of the 23-year agreement.

All of the entities working together to get the project moving "really shows Springfield's strength – how we can pull together if everybody keeps their mind on the goal, and that should be what's in the best interest of the city and our residents moving forward," Langfelder told *Illinois Times* before the groundbreaking.

Left: About 300 people from the area's business community and units of local government turned out for the Sept. 20 groundbreaking ceremony, capping a multi-year effort to create a 95-acre indoor and outdoor site expected to open by the end of 2025. **PHOTO BY DEAN OLSEN**
Right: An architectural rendering shows an aerial view of a section of Scheels Sports Park at Legacy Pointe, which includes an air-supported, domed structure that will provide various options for indoor sports competitions and practice sessions. The dome will be branded with the name and logo of Springfield Clinic. **COURTESY SPRINGFIELD CLINIC**

The 95-acre site will include an air-supported, inflated and domed structure for year-round indoor use. It will cover 190,000 square feet and provide enough space for eight basketball courts, 16 volleyball courts, performance areas and turf training areas. The outdoor areas will include lighted turf fields for soccer, softball, rugby, lacrosse, football, baseball and other sports.

"This is a decades-long project that Springfield always yearned for … and we appreciate all the partners that brought it to fruition," Langfelder said.

McCrady said the sports complex "will be the best youth sports destination in Illinois because of the outdoor and indoor facilities, its proximity to interstates and central location in Illinois to attract athletes from across the region."

The outdoor areas will include lighted turf fields for soccer, softball, rugby, lacrosse, football, baseball and other sports.

The site will include an air-supported, inflated and domed structure for year-round indoor use. It will cover 190,000 square feet and provide enough space for eight basketball courts, 16 volleyball courts, performance areas and turf training areas, McCrady said.

Compared with the nearby Scheels store, the domed structure will be at least as tall and twice as long, he said.

Some city officials have said the groundbreaking and banks' approval of financing for the sports park's developers was delayed somewhat by the fact that the city, under Langfelder's administration, didn't pursue creation of a new business district.

But Langfelder, in response to questions from Illinois Times, said there were several factors that contributed to the delay, including the opinion of Jim Zerkle, the city attorney appointed by Langfelder, that the City Council could take action to extend the life of the former business district so it coincided with bond-related borrowing to pay project costs.

Buscher said the legal advice she received after taking office pointed to the need for dissolving the old district and creating a new district. The council didn't have the power to extend the life of the former district, she said.

Langfelder said: "Few have fought harder for the sports complex than my administration – having to work through competing sports complex projects' interests, changing dynamics, creating a tax-incentive package and successfully getting it approved through City Council."

Dean Olsen is a senior staff writer at Illinois Times. *He can be reached at dolsen@illinoistimes.com, 217-679-7810 or twitter.com/DeanOlsenIT.*

The new Illinois EPA headquarters under construction in the old Sears space at the north end of White Oaks Mall. **PHOTO BY DAVID BLANCHETTE**

White Oaks Mall remaining relevant

By David Blanchette

Springfield's White Oaks Mall is changing, both visually and conceptually, in an apparent effort to remain relevant as consumers migrate to buying more items online.

The local shopping center retains many retail stores but is devoting more of its footprint to non-traditional mall uses in order to keep as much square footage rented as possible. Anyone who walks around or through the southwest side commercial anchor will see new mall tenants that include an indoor theme park, a school and government offices.

The latter is evidenced by the large, ongoing construction project on the north side of White Oaks Mall, where the Illinois Environmental Protection Agency is scheduled to move into the space once occupied by the Sears store.

The Illinois EPA headquarters, currently located at 1021 North Grand Avenue East, has been planning this move for a couple of years when it became evident that the Springfield Rail Improvements Project would need to demolish a large portion of the agency's building to continue its progress at North Grand Avenue.

"The new, redesigned and updated office space at the White Oaks Mall property will provide a great location for our agency's long-term operations," said Illinois EPA Director John J. Kim. "This new building will allow us to keep our headquarters' staff in one modern location with the bonus of the project having a goal of LEED-Silver certification."

The Sears-to-EPA construction project, now in its second phase, is converting 86,000 square feet of former retail space into office space that will accommodate approximately 700 state employees in the new Illinois EPA headquarters. The work involves the full renovation of the interior and exterior of the building, including electrical, HVAC, plumping, fire protection, conveyance and security according to the agency. Construction also includes the repair and replacement of the existing sewer.

The EPA project at the mall is now 40% finished and should be complete by the spring of 2024, with move-in scheduled in the summer of 2024. The construction project is being administered by the Illinois Capital Development Board and will include permanent art installations as part of the state's Art-in-Architecture Program.

Just around the corner on the east side of the mall a new, non-traditional tenant has already moved in and is conducting high school credit courses in its renovated space. The Lawrence Education Center, which had been located on East Laurel Street, is pleased with its new mall address, according to the school's principal.

"It has worked very well so far," said Lawrence Principal Reiko Hurd. "We looked at our numbers from last year to this year and we are plus-70 right now with enrollment in Lawrence adult education. I think the location has increased enrollment and made the students more excited about attending."

Hurd said transportation options were a major factor in the decision by Springfield School District 186 to move the Lawrence Education Center to White Oaks Mall.

"At our former location they had cut off some of the bus routes so our students had a problem getting to Lawrence," Hurd said. "But with the buses coming every 30 minutes to this location at the mall it helped with that transportation a lot."

Top left: Signs hide the ongoing construction on the new Malibu Jack's indoor theme park on the west side of White Oaks Mall.

Top right: Lawrence Education Center Principal Reiko Hurd in the school's new White Oaks Mall location.

Bottom left: The White Oaks Mall train, one of the many ways the mall is seeking to make a visit to the shopping facility into an experience. **PHOTOS BY DAVID BLANCHETTE**

Hurd said the mall location offers more opportunities to partner with many area businesses that are close by, and "it has given our students something to do and somewhere to go after school," he said. "So I think it will give our community and our students more opportunities to do things."

District 186 is leasing the space for $144,000 for the 2023-24 school year, with the lease scheduled to increase by 3% annually thereafter.

And then there's Malibu Jack's, an indoor theme park that's under construction in the west wing at White Oaks Mall in the former Bergner's store location. Attempts to get comments from the parent company, Jester Entertainment Centers, were unsuccessful, but the Springfield Malibu Jack's Facebook page indicates the facility has held hiring events, has been testing rides and could open in 2023.

If Malibu Jack's current locations in Kentucky and Indiana are an indication, the Springfield operation will feature activities such as go karts, bumper cars, amusement rides, laser tag, miniature golf, bowling, an arcade and a restaurant complete with a bar.

Representatives from Simon Property Group, which owns and operates White Oaks Mall, declined to comment for this story. But analyses of recent industry trends show that traditional shopping malls such as White Oaks are learning to diversify if they hope to survive.

A white paper prepared by Placer.ai, which provides market intelligence for the real estate industry, shows that a significant post-pandemic trend is emerging where retail-oriented centers are embracing new types of tenants. These new tenants help to bolster existing retail operations by generating off-peak traffic and allowing visitors to have a more holistic, immersive experience. The white paper indicated that this strategy helps to extend the length of time visitors spend at the mall.

Shopify, an e-commerce platform for businesses, explained in a recent online post that successful malls are turning into lifestyle centers that provide shopping and entertainment for post-pandemic consumers who want to shop and play. Some malls are also being transformed into destination shopping centers, according to Shopify, to create a more holistic customer experience.

White Oaks Mall seems to be pivoting with the times to keep space rented and maintain a steady flow of people through its doors. In addition to its new, non-traditional renters, the two-story indoor shopping center at Veterans Parkway and Wabash Avenue touts its anchor retail establishments as Dick's Sporting Goods, Esporta Health Club, Michaels and Macy's. The mall lists more than 80 specialty stores, the food court and two sit-down restaurants among its offerings.

The $122 million first phase of the Armory renovation should be completed in the spring of 2024. **PHOTO BY DAVID BLANCHETTE**

Phase One Armory renovation underway

Phase Two will create office space to replace Stratton

By David Blanchette

With usable office space being reduced by the ongoing North Wing project at the Capitol, and the Stratton Office Building slated for demolition in approximately 12 years, a new location must be found for hundreds of state employees in several agencies who work in those two buildings. The solution is the Illinois State Armory building, a quarter-million-square-foot structure at Monroe and Second Streets directly north of the Capitol. The Armory is currently undergoing a massive, $122 million state-funded renovation project.

According to the Illinois Capital Development Board, the 1937-vintage building has suffered from deferred maintenance since the Illinois State Police moved out of the Armory nearly 15 years ago. Phase One of the renovation project is addressing the deterioration with widespread stabilization and health hazard mitigation. The roof structure is being replaced with a roof that has a higher elevation, to maximize the amount of usable space inside. Windows are being replaced with more efficient windows that maintain the historic character of the building.

Williams Brothers Construction, Inc., is the project's general contractor. Phase One should be completed in the spring of 2024.

Phase Two of the project will create nearly 194,000 square feet of usable office and public space on six floors, including all work required on the interior and exterior to bring the building into compliance with current building and accessibility codes. The historic facade will be restored but the interior will become a modern, open office plan with natural daylight flowing in. Approximately 700 employees are expected to work in the completed Armory.

Bids have yet to be let on Phase Two, but the overall project is scheduled for completion in the spring of 2027.

The Illinois Capital Development Board (CDB), which manages non-road, state-funded construction projects, is closely coordinating with the State Historic Preservation Office throughout the renovation to make sure the historic nature of the Armory is preserved. The renovation is being designed to obtain LEED Silver certification for its environmentally friendly and energy-efficient features.

Tilton, Kelly and Bell is the lead architect and design firm for the Armory project, and CDB project managers Craig Butler and Patrick Randle are overseeing the design and construction. Butler, Randle and the rest of CDB will have new offices in the Armory, as will numerous other state agencies.

And what about the Stratton Building? Once it is torn down, plans call for its current footprint to be transformed into the Capitol's West Lawn, where large gatherings and rallies can be held. This new open area will do away with the traffic and safety issues that occur during large events on the Capitol's east side, where large crowds often spill onto busy Second Street.

Glen Garrison, designated managing broker of Garrison Group, said that despite rising interest rates, the commercial market has been active for both sales and leasing, with money coming to the Midwest from investors on both the East and West coasts. **PHOTOS BY LEE MILNER**

Optimistic outlook for local commercial real estate

By Holly A. Whisler

The commercial real estate market continued to slow over the summer as interest rates rose at the fastest pace of the last decade, inflation decreased and banks tightened lending standards. The Economists' Outlook published on the National Association of REALTORS' website provides a summary of all facets of the nation's commercial real estate.

Overall, commercial real estate data suggest more space is available for lease. Vacancy rates have increased in the office, multifamily and industrial sectors as compared to this time last year. However, the retail vacancy rate remains lower than the previous year and pre-pandemic levels. Multifamily rental costs rose slowly, industrial and retail sectors remained strong; however, industrial rental costs have increased 7% as compared to a year ago.

For the Springfield area, Blake Pryor, senior adviser with Coldwell Banker Commercial Devonshire Realty, said, "Commercial leasing activity has been way up this year. I attribute that mostly to natural lease expirations where tenants who decided not to renew at their current facility chose to relocate. Since the cost of money is not 3% anymore, those tenants will remain tenants, whereas two years ago several of them would have chosen to buy.

"Also, some landlords are seeing rent growth, which I attribute mostly to low supply and new building costs remaining high. Perhaps that will change if rents for second- or third-generation properties swell to new construction asking rates," he said.

While interest rates have increased from a couple of years ago, Glen Garrison, founder and designated managing broker of Garrison Group, has seen many ups and downs in the commercial real estate business during the more than 50 years he's been involved. Garrison said he can recall when the interest rate was above 20% in the 1980s, so the current rates are still attractive in comparison.

According to Garrison, it's not so much the interest rate as it is the terms and conditions of the loans that makes lending more challenging. Lenders may require more money down so that there is less to loan, which is a built-in protection for the financial institutions.

"Like always, you just look at it as a speed bump, and you get creative and find ways to make it work such as seller carry-back financing or gap loans," said Garrison. "You do these types of things to make it work when the transaction makes sense."

Reflecting some of the same sentiment, Bill Marriott Jr., residential and commercial real estate broker and property manager with The Real Estate Group, described the commercial market as a "little mixed. There's some movement in both office and retail. Office space is coming back. Strip centers are starting to see the fulfillment of vacant space, which could be due to malls losing businesses that are moving to smaller properties."

Marriott agreed that rental costs are increasing. "Lease prices are inching up, which is basically due to higher interest rates and the cost of labor. Landlords are seeing increases in remodeling expenses, and that has caused an uptick in rates."

While much has been made of the invento-

Bill Marriott Jr., a residential and commercial real estate broker and property manager with The Real Estate Group, said he's seen lease prices increasing due to higher interest rates and the cost of labor for remodeling expenses.

ry shortage for residential properties, Marriott said that is not the case for commercial space. "There is consistency of our inventory. We're not seeing any significant issues. It's a little tighter in regard to quality spaces, but there's still plenty of subpar – Class B and Class C – office space available," he said.

Garrison said, "Business in the current market has been surprisingly good. The commercial market is active, and from the standpoint of sales and leasing, things are extremely good, and we are thankful for that."

While the general public may not see many for sale signs on commercial properties around town, Garrison noted that some of that activity is less obvious. "There's lots of leasing going on, which you don't always see. Warehouses are a real good investment right now for a buyer or investor. There seems to be a lot of distribution storage and when those projects go up for sale, they are not on the market long."

Garrison is also seeing a fair amount of sale-leaseback opportunities. He explained that the owner of a commercial property may sell the property with the understanding that they will lease it from the new owner. This transaction gives the previous owner cash to expand the business or modernize equipment without having to move locations.

A recent phenomenon that Garrison describes as "a hair unusual," is money coming to the Midwest from both the East and West coasts. "We're the last sane venue for those investors. We're more conservative, and investors like that. I've had several investors from New York and California, and it's not always office buildings that they're interested in buying."

Garrison said, "I am seeing a lot of 1031 exchanges, which is a swap of one real estate investment property for another like-kind property. It's a way to defer capital gains taxes and keep money available to reinvest."

However, the cost of materials and labor have had an impact on the commercial real estate market. "It used to be that speculators bought raw land, and that has slowed due to the cost of building post-pandemic," Garrison said, although he said the costs have come down slightly as compared to a year ago.

While Pryor and Marriott both highlighted some positive movement in the office sector, Garrison noted that the two toughest areas of commercial real estate at this time are office buildings and raw land.

Although people might assume that the post-pandemic workforce, with its increase in remote workers, is hurting the office sector, Garrison believes it goes all the way back to when then-Governor Rod Blagojevich moved many state agency offices to Chicago.

Garrison said, "Those offices never returned to Springfield, and that's unfortunate. You can go downtown and see it. We're dealing with big chunks of space, 15,000-20,000 square feet and up, so it's different now from that standpoint."

He noted that while some companies are expanding, older buildings that can't accommodate modern IT requirements are more likely to sit vacant.

However, Marriott said the Springfield Rail Project should give a boost to the downtown area in the near future. "When high speed rail moves to 11th Street, that should help downtown businesses, he said. "If the old track route (along Third Street) is made into a walking trail, that could help add vitality to downtown-area businesses."

Looking ahead, area commercial brokers believe there are good things in store for Springfield. "Locally, everybody is excited about the Scheels Sports Park at Legacy Pointe," Marriott said. "It is something Springfield has needed for a long time, and it will put us on the map in the Midwest. It will bring in tourism and businesses that we have not seen at this point. It's my opinion that it will be the best development since the mall was built in the 1970s."