

COMMERCIAL REAL ESTATE

Street Corner opens new door

Retail center builder now betting its success on extended-stay hotels

By James Harper
Star correspondent

The Street Corner Group was founded in 2001 as a developer of neighborhood retail complexes on street corners across Central Indiana.

Now the Far-Northside developer is chasing new challenges as it morphs into a national lodging and leisure firm with the aim of doubling its business portfolio over the next five years.

Since 2001, Street Corner has developed 16 retail and highway service projects across Central Indiana with an estimated value of more than \$100 million.

Recently completed retail properties include Franklin Point and Avon Corner, which feature strip shopping centers that combine retail with service outlets, such as a drugstore and restaurants.

A third development, Brookville Crossing, is more of a highway-services facility at the intersection of I-465 and Brookville Road. It has a small strip center as well as a Baymont Inn, Gas America, Huddle House and McDonald's restaurants.

Jack Moran, 56, president of Street Corner Group, said controlled growth of 25 percent a year is the goal as they try to adapt the company to what he called "ever-changing market demands."

"We've tried to be visionary in our approach to the business," Moran said. "Going forward, we see the majority of our work falling into select-service and extended-stay hotel development, which will represent probably up to 80 or 90 percent of our business."

Brookville Crossing and the just-completed Hampton Inn and Suites at Greensburg Station, adjacent to the new Honda plant in Greensburg, signal the future direction of Street Corner Group.

In April, the company formed National Lodging and Leisure LLC to handle hotel development and NLL Management to oversee hotel management in Indiana and other markets. Longtime hotel executive George Pappas was hired in April to run the hotel management subsidiary.

Why the sudden shift in focus?

Moran said he has had to come to grips with the higher cost of construction, including steel prices that have risen nearly 150 percent over the past six months.

"Not many retailers will be able to absorb the resulting increase in leasing costs, so in many areas, retail development will decline," he said.

As for hotel development, some experts do see growth in demand for more select-service and extended-stay properties, which appeal to highway travelers as well as supervisory and construction workers brought into an area to build new plants.

Michael Hool, president of Strategic Hospitality Consultants of Milwaukee, said certain parts of the country, especially western states, need hotels to accommodate workers who are building new energy plants.

"In some parts of the country, demand for new lodging is fairly strong," he said. "The new plants create a spike in lodging needs for midpriced limited-service hotels, such as Hampton Inn, Holiday Inn Express, Baymont and others."

Hool, who consulted on the Hampton Inn at Greensburg, notes that these properties also can create an ongoing need for lodging and hotel services.

"While the Hampton Inn is not quite open yet, it is already being looked upon as



SARAH DUDIK / The Star

FUTURE IS NOW: Jack Moran (right), president of Street Corner Group, and George Pappas, head of the hotel management arm, show off their new Hampton Inn in Greensburg.

STREET CORNER GROUP

» **WHAT:** Ground-up developers of retail sites and highway service centers. The company is turning its focus to developing and managing limited-service hotels.

» **WHEN:** Founded in 2001.

» **WORK FORCE:** 10 full-time employees.

» **ADDRESS:** 250 E. 96th St., Suite 550, Indianapolis.

» **MANAGEMENT:** Jack Moran, 56, president; George Pappas, 59, executive vice president, NLL Management LLC; William Raguse, 61, vice president, construction and development services; David Hassler, 58, director of property services.

» **ONGOING PROJECTS:** Regal Valley Commons in Lafayette and Boone's Crossing near the Anson project in Boone County, each of which includes entertainment options as well as retail and service facilities. Regal Valley will feature a theater, amusement centers, evening entertainment facilities and restaurants. Boone Crossing will include a 250-room hotel with a 55,000-square-foot indoor water park called Wildwater Cove.

» **CONTACT:** Call (317) 805-1445 or visit www.street-corner.net.

Source: Street Corner Group

a landmark for Greensburg," said Melanie Maxwell of the Decatur County Tourism Office. "One immediate advantage is that the hotel includes a 2,500-square-foot meeting facility that will open up new opportunities for small conventions and business meetings."

Moran, a graduate of the Indiana University Kelley School of Business with 30 years in property development, is convinced Street Corner Group — which already has hotel properties in five states — is on track to be a \$200 million company within five years.

"We like the (hotel development) platform, the scalability of it," he said. "It's a vehicle that allows us to expand into a number of growth markets here and in other parts of the country."

As for the impact of fuel prices on travel plans, Moran said the company's focus on limited-service hotels that cater to business clientele and "limited leisure travelers" shouldn't be affected too much.

"When we get into these fuel crises every 10 years or so, what usually falls out of the economy is tourism and leisure as opposed to business travel," he said.