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# OWNING THE PENINSULA

## BY BATTINTO BATTS THE VIRGINIAN-PILOT

"They took the metal doors off and built fires," said Frank, now the mayor of Newport News. "I don't know what else you could do inside. I want to hasten to say, I was never there." Frank spends more time in Oyster Point these days, now that those storage units have been replaced by office buildings, restaurants and shops. The 700-acre area at the intersection of Interstate 64 and J. Clyde Morris Boulevard is ground zero for the city's hopes to remake itself as a business and entertainment center on the Peninsula.

In doing so, the city might cut its vulnerability to the ebb and flow of its traditional economic driver, shipbuilding.

At the heart of this plan is the \$350-million City Center at Oyster Point, a 52-acre mixed-use development. Some of its features:

- About 300,000 square feet of office space, with another 700,000 to come.
- Six hundred residences, with nearly 480 scheduled to be occupied by late 2006.
- A dining, entertainment and speciality shopping district.
- An eight-acre city park surrounding a large pond with a fountain.
- A 256-room Marriott hotel that will be adjoined to a 70,000-square-foot conference center.

With the nearby Jefferson Boulevard commercial corridor booming with big box retailers, the area has become the northern point in the triangle of Hampton Roads' growing urban environments.

The other points are the Virginia Beach Town Center development and the area's granddaddy of urbanism, downtown Norfolk.

"The Peninsula has long needed a first-class center for business, and Newport News, for years, has lacked a downtown center," Frank said. "The community has been in a transformation for a couple of decades, and this became the focal point for what is possible." Economic diversity is the focus of that transformation, he said.

"As important as the shipyard is and the military continues to be, it is pretty clear that we need to become less dependent on those institutions," Frank said. "We have worked hard at doing that." The shipbuilding industry has been the backbone of the economy in Newport News since the late 1800s. Staffing at Newport News shipyard, now known as Northrop Grumman Newport News, reached its peak during the 1980s with more than 30,000 people.

The company occupies much of the city's traditional downtown, along the James River west of Interstate 664.

As the shipbuilding employment waned over the years, the local economy has suffered.

In its drive to diversify its tax base, Newport News held an advantage over some of the region's other aging cities – the vast acreage of undeveloped land in its northern region around the Oyster Point area and Jefferson Avenue.

The city obtained the land from the federal government and the regional economic development authority in 1973 for about \$1.8 million. The land was then deeded to the Oyster Point Development Corp. Frank was appointed to the corporation by the City Council in the 1970s and charged with helping to bring in development.

It began as an industrial park, but has evolved to take on more of a commercial-center mix as banks, law firms and medical practices moved in. The idea of building additional office space and surrounding it with other developments had been discussed for some time. That plan began to come together in 1999 when HL Development Services Group, a division of NAI Harvey Lindsay Commercial Real Estate, became involved.

The Norfolk development firm partnered with Riverside Health Care, developer Joseph Ritchie, lawyer Donald Patten and accountant Alan S. Witt to form the concept of City Center. Riverside needed space for its headquarters, and Patten and Witt were interested in office space for their firms.

Ritchie was planning to construct an office building, speculating that there would be no shortage of potential tenants. HL Development group saw the overall potential for the site.

The consortium operates as Newport News Town Center LLC and has partnered with the city's economic development authority.

"I suggested to the individuals that we do something more comprehensive and planned," said William A. Hudgins, HL Development's president. "It's really strategically located in the middle of the Peninsula.

Oyster Point's location had distinguished itself before we came in. We just wanted to take it to the next level."

Riverside Healthcare became an anchor office tenant at City Center, and Witt's firm, Witt Mares, also located there. The office space in City Center is 99 percent occupied, according to information provided by NAI Harvey Lindsay.

Location and traffic patterns were responsible for Oyster Point's growth as an office development, Hudgins said.

Some of the office tenants in City Center have a presence on both sides of water, such as the Williams Mullen law firm.

"There was a need to be here because we tap the entire Peninsula market from Oyster Point," said James McNider III, a partner in the firm.

It was efficient for the firm to open an office on the Peninsula to alleviate the travel time from South Hampton Roads and to better cater to clients, McNider said.

"The Peninsula is a really high-tech, governmentcontract oriented area," he said. "And that plays to our strength in high technology, intellectual property and government contract law." Though city leaders share the region's concern about traffic congestion, they also see it as an opportunity for growth. Oyster Point is bounded by Jefferson Avenue, Interstate 64, U.S.

17 and Oyster Point Road.

A total of about 240,000 vehicles pass along those thoroughfares daily.

That means that Oyster Point and City Center benefit from traffic from Gloucester, Williamsburg, Richmond, Suffolk and Isle of Wight.

And while the Hampton Roads Bridge Tunnel is a link to South Hampton Roads, it also can be a barrier that would keep potential customers on the Peninsula rather than driving Norfolk or Virginia Beach. Those traffic patterns will make it easier to market the area to retailers and other businesses, officials said.

The additional commercial development is expected to enhance residential interest. As people become less enamored with the prospect of enduring long drives to work, have dinner or shop, they will want more developments like City Center close to where they live. This is a main principle supporting "new urbanism," the name of a international development movement aimed at improving quality of life with planned developments.

There are more than 500 “new urbanism” projects planned or under construction in the United States, according to the Web site [newurbanism.org](http://newurbanism.org).

With the success of the Newport News project, national entities have begun to take notice. In March, Northwest Mutual, a Milwaukee-based insurance company, became an equity partner in the development with a \$42 million investment.

Northwestern is one of the nation’s largest institutional real estate investors.

That investment came less than two weeks after the ground breaking for the Marriott, which is being developed through a partnership between Armada Hoffer, Crestline Hotels and Resorts Inc. and Hampton University. The university is providing the financing, Armada Hoffer is the developer and Crestline, based in McLean, Va., will operate the hotel.

Less than three weeks ago, City Center’s developers announced that some nationally known retailers, including Ann Taylor Loft, Coldwater Creek, Jos. A. Bank Clothiers and Talbots, had signed leases to open there.

“Oyster Point was never considered a gathering place, but that is the vision that we had,” Hudgins said. “Our aim is to give it an urban sense of place.” Some critics have accused Newport News of turning its back on downtown by developing Oyster Point and City Center, which are about eight miles north.

It’s a charge city officials have worked to counter by keeping the bulk of the city offices based downtown, while opening satellite offices at City Center. City officials acknowledge, however, that it is a challenge to keep offices in both areas. But the city remains committed to downtown, said Florence Kingston, the director of economic development.

The city has built a seven-story office building at 29th Street and Huntington Avenue in downtown. The building is owned by the Newport News Economic Development Authority, and most of the space is leased to Northrop Grumman. The authority also leases space to retailers on the ground floor of the building.

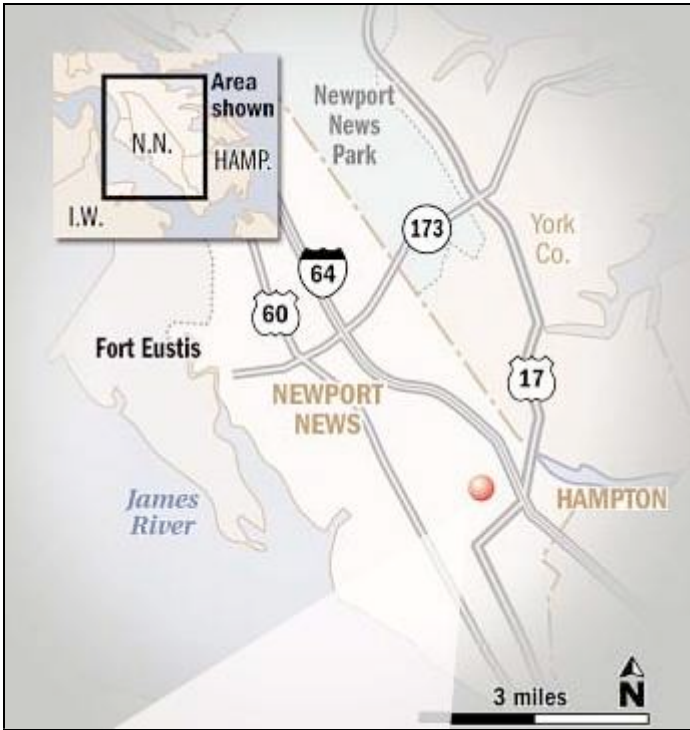
Frank believes that the growth of City Center and Oyster Point will help expand the impact Newport News has on the area’s economy.

He pointed out that of the 19,000 or so people who work at Northrop Grumman, only 4,000 live in Newport News. The rest are scattered throughout the region.

“People work where they find good paying jobs and they shop, dine and recreate where they can find good places,” he said. “The more choices we give people, the more diverse our offerings are. I think that the success of any community is enriching to all communities.”



JOSEPH FRANK



**STEVE EARLEY/THE VIRGINIAN-PILOT** Fountain Plaza One at City Center is the headquarters of Riverside Hospital and the architectural centerpiece of the project.



**STEVE EARLEY/THE VIRGINIAN-PILOT** The City Center project includes a dining, entertainment and specialty shopping district, including this shop along Merchant Walk.



**STEVE EARLEY/THE VIRGINIAN-PILOT** The area includes 600 residences, 480 of which are scheduled to be occupied in 2006. The Park Place Apartments at City Center is shown.