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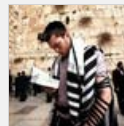
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NY REAL ESTATE COMMERCIAL | JUNE 11, 2011

Don't Say Mall: It's a 'Mini-City'

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By CRAIG KARMIN



O'Neill Properties

A rendering of a portion of the Point, planned for Sayreville, N.J.

(See [Correction & Amplification below](#).)

An ambitious plan to create a mini-city of hotels, stores, office buildings, housing and open space on the New Jersey waterfront is close to taking a step forward with the signing of its first retail lease.

Bass Pro Shops, the Springfield, Mo.-based outdoor retailer, has signed a letter of intent to lease 200,000 square feet of space at the giant mixed-use project in Sayreville, known as the Point. If the lease is finalized, Bass would anchor the Point's first phase, which will include about 625,000 square feet of retail.

The developers, a venture of O'Neill Properties Group and Prudential Real Estate Investors, have much bigger dreams than a simple shopping center.

With a price tag of \$2.9 billion, their 453-acre plan calls for 2,000 residential units, 650,000

square feet of office space, seven hotels and two luxury marinas. The project has three miles of waterfront and will include open spaces for biking and walking trails.

Brian O'Neill, founder and chairman of the development company, says the project will employ advanced technologies to attract shoppers, such as 80-foot-tall by 1,000-foot-long high-resolution video screens that will show clothing and products for sale in the mall and trailers for films playing at the multiplex.

"This is an entirely different experience than the white-brick malls that offer no excitement," says Mr. O'Neill.

The developers hope to break ground on the first phase next spring, and the whole project is slated to take a decade to complete. But they face challenges given the uncertain economy and the difficulty developers have these days finding construction financing.

Job growth in New Jersey has been trailing that of the rest of the country.

Big retail projects have had a poor track record lately in Northern New Jersey.

Thirty miles away from the Point's site is Xanadu, a mega-retail and entertainment development in East Rutherford that has become a national symbol of what can go wrong with grand plans. The state of New Jersey has been working with Triple Five, the operator of the Mall of America Minnesota, to come up with a plan for restarting construction.

The Point developers would be taking a major step forward by signing the proposed lease of more than 15 years with Bass. But it's not clear whether that alone would be enough pre-leasing for construction to move forward.

Real-estate brokers said that most major development projects typically need to sign up a number of tenants to make lenders comfortable enough to providing a construction loan.

Mr. O'Neill declined to discuss the project's financing.

The developers already have spent about \$100 million to acquire the land from a paint manufacturer and decontaminate it. They've owned it since 2008.

The project, which is situated off the Garden State Parkway, has a highly visible location at one of the busiest intersections in the tri-state area.



Mr. O'Neill said the state was paying for the construction of off-ramps and other road infrastructure to make the site accessible from the parkway. He is in discussions with four mall operators to run the retail component, he added.

During the summer months, with people traveling to the Jersey shore, hundreds of thousands of cars pass by the proposed mall site each day, says Jeffrey Otteau, president of Otteau Valuation Group, an East Brunswick, N.J., appraisal and real-estate consulting firm.

John Morris, founder of Bass Pro Shops, which are known for colorful stores that feature aquariums and live alligators, says his company was looking to open a shop in the tri-state area and liked the visible location and highway access. He declined to discuss the terms of his lease but said Bass Pro Shops was providing some of its own capital for the shop.

"We think this has a chance to be one of our top-grossing stores," he says.

Correction & Amplification

During the summer months, hundreds of thousands of cars pass by the proposed mall site each day. An earlier version of this story said hundreds of cars pass the site every day.

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