

## New tenants planned for Walnut Hill Plaza

By RUSS OLIVO Jul 25, 2018 Updated 11 hrs ago

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WOONSOCKET – A movie theater, a sit-down restaurant and medical offices are high on the tenant wish list for a Miami company that just paid \$5.7 million for Walnut Hill Plaza, one of the city's largest shopping centers.

Ashley Thornburg, director of retail operations for Lionheart Capital, said the company is not in discussions with any possible tenants, but it feels more opportunities for entertainment, including child-oriented recreation, would be a good fit for the 1500 Diamond Hill Road shopping center.

"We'd love to have more entertainment," said Thornburg. "Additional food uses, including a full-service, sit-down restaurant, is a use we're targeting. We feel that's missing in the center."

With about half its roughly 303,000 square feet of retail space currently vacant, Walnut Hill Plaza has struggled to bounce back from the Great Recession of 2008. Out of the Box Ventures, a division of Lionheart Capital, purchased the shopping center on June 29 for less than half the price the previous owners had paid for it just four years earlier, according to the city's property records.

Calling it a "distressed" shopping center, Thornburg said Out of the Box Ventures sees great value in the property because it has a high upside potential for rejuvenation. She said most of the vacant retail space is in key anchor slots where Sears and Ocean State Job Lot used to be located.

Filling those anchor slots will provide the momentum, Thornburg said, to draw in smaller tenants and bring back some retail vitality to the plaza, she said.

"It's underutilized," Thornburg said of the plaza. "With the placement of the two anchor spaces, there's a very strong likelihood of getting the center stabilized again."

She says entertainment is among a few general categories of businesses that Out of the Box Ventures is seeking to bring to the plaza.

When asked what types of entertainment Lionheart might try to attract as tenants, Thornburg mentioned a movie theater as a possibility, as well as some type of venue for children.

A movie theater operated in one of the plazas on Diamond Hill Road more than a decade ago, but residents have to travel to Lincoln Mall or beyond to see big screen cinema nowadays.

In addition, Thornburg said medical offices and educational uses are among those the company sees as likely prospects for filling plaza space. As brick and mortar stores face increasing competition from online merchants, Thornburg said it is growing increasingly common to see shopping centers that used to be dominated by retail enterprise to fill spots with medical, educational and "community type" uses.

Thornburg pointed out that Gov. Gina Raimondo and Mayor Lisa Baldelli-Hunt just announced last week that the proposed Northern Rhode Island Higher Education Center, a \$4 million vocational training center that will be designed for, and run by, various private sector partners, including Amica Insurance, CVS Health, Fidelity, AAA Northeast and Bryant University. She stopped short of saying the plaza wants to build out space for the NRI Higher Education Center but Thornburg suggested the proposed facility could drive demand for supportive services that might need space in the plaza.

"We see a lot of demand for educational type space and community type space," she said. "We very much want to be a part of that."

Less than a month after Lionheart acquired the shopping center, Thornburg said the new owners are "still in the process of defining what changes we'd like to see."

But Thornburg said another retail sector that Lionheart believes would be a good fit for Walnut Hill is a supermarket – a use that Mayor Lisa Baldelli-Hunt has been personally advocating for the plaza. There is only one other chain supermarket within the city limits – Price Rite – which is located in Diamond Hill Plaza, next door to Walnut Hill.

"I'm excited to be working with them," the mayor said after the sale was announced on July 13. "They generally buy underperforming assets. Their goal is to fill vacancies. Their goal isn't to sit on an underperforming asset and leave retail spaces vacant."

Also, Thornburg said Lionheart would like to build at least one new "outparcel" – a freestanding building – in the front parking lot of Walnut Hill Plaza. A new building could be used for a "quick service restaurant" or a multi-tenant retail use, she said.

Despite recent setbacks, Walnut Hill Plaza remains home to a number of national chain merchandisers, including Olympia Sports, Weight Watchers, Payless Shoe Sources, GameStop and T-Mobile. The largest tenants in the plaza are now dedicated to recreation and health – Aero Trampoline and Planet Fitness – occupying a space that used to house a Shaw's supermarket.

The plaza is subdivided into more than two dozen separate retail "pads," but about half of them, accounting for about 150,000 square feet of the plaza's combined retail space, are not occupied, according to the seller's most recent marketing flyer.

The biggest blows of late for the shopping center were the demise of Sears – part of a corporate downsizing move that saw dozens of underperforming locations for one of the nation's legacy brands shut down. Sears was one of the original stores in Walnut Hill Plaza, operating there since the mid-1960s after relocating from the traditional downtown – but it went black in February 2017.

The closure of Sears instantly gave Walnut Hill Plaza an additional 60,000 square feet of vacant space. More recently, another longtime presence at Walnut Hill – Ocean State Job Lot – pulled up stakes to move across the street, purchasing the former Walmart building at 1919 Diamond Hill Road, emptying an additional 27,000 square feet of space in the strip mall.

According to city records, Out of the Box Ventures purchased the plaza from Walnut Hills LLC, a real estate trust that bought it in 2014 for \$14 million. KeyPoint Partners, a Massachusetts property management firm, had been in charge of leasing and day-to-day operations.

According to its website, Lionheart is a diversified real estate and development company that controls some \$4 billion worth of hotels, residences, malls and shopping centers around the globe, including Brazil, China and the Caribbean.

Thornburg said Out of the Box Ventures is Lionheart's retail division, in charge of shopping centers in Bangor, Me.; Battle Creek and Midland, both in Michigan; Lakeland, Fla; Syracuse, N.Y.; Pittsburgh, Pa.; and Williamsburg, Va.