

Neighborhood Partners

For three decades, Peoria, Illinois-based Cullinan Properties has grown by building essential, market-changing properties, even during the leanest of years. And there's plenty more to come.

Lynn Peisner

Cullinan Properties Founding Partner and Chairman Diane Cullinan Oberhelman says making a difference is the most important part of her team's work, and it's what motivates them to grow into many communities. The Peoria, Illinois-based, full-service commercial real estate and development company, with additional offices in Chicago and St. Louis, has been making a difference since the early 1980s by building a spectrum of projects, primarily mixed-use centers that are community-focused, successful places that benefit cities, patrons and investors.

A 2003 development in Peoria, the Shoppes at Grand Prairie, for example, brought in \$40 million in sales taxes from retail sales in the center's first decade, according to a study by Bradley University cited in *The Peorian* magazine.

Cullinan Properties was early to the mixed-use property scene. In 1994, the company developed EastPort Commercial that included 100,000 square feet of GLA for office and retail; townhomes; condominiums; and even a 580-boat slip marina.

Today, mixed-use is still steering the ship, and almost all retail the company develops going forward is likely to be part of a mixed-use, lifestyle property. That pipeline includes Rock Run Crossings in Joliet, Illinois, Waller Town Center in Waller, Texas, and the near-complete Streets of St. Charles in Metro St. Louis.

Incorporated in 1988, Cullinan Properties has grown into a full-service commercial real estate and development company, offering asset management, development, tenant coordination and leasing and marketing services.

To date, the company has developed more than \$1 billion in retail, office, governmental, medical and multifamily projects, with retail comprising a majority of the total portfolio.



Rock Run Crossings is a proposed super regional site with approximately 2 million square feet of retail, entertainment, hotels, medical, office and multifamily. It is located at Interstates 55 and 80 in Joliet, Illinois, the gateway to Chicago.

Cullinan has approximately 3 million square feet of various asset classes currently under construction. It's this diversification of investments that has kept the company on firm footing, even through some lean years.

"Our company has humble origins in Peoria, Illinois, where we couldn't just focus on one asset class and one market to grow the company," Cullinan Oberhelman says. "So we started in Peoria and the Midwest with residential development and soon grew into other areas of commercial development, such as retail and medical, in order to capitalize on opportunities in Peoria. Ultimately, this has really helped diversify the company and was one of the reasons Cullinan Properties was one of the few developers, particu-

larly in the Midwest, to grow during the recession."

The company inevitably grew beyond Peoria, seizing opportunities to develop in other markets in Illinois, Texas, Missouri and the Southeast. Cullinan has a staff of 150 with offices in Peoria as well as Chicago and St. Louis. The company typically targets greenfield or brownfield development or will purchase existing properties with large value-add components. The overall investment goal is to have a diverse, recession-resistant company that has enough flexibility to make changes if market fundamentals shift.

Cullinan's portfolio is defined by its spectrum of real estate, which continues to widen. The Lofts @ Euclid in St. Louis was a redevelopment of a seven-story



Cullinan's The Streets of St. Charles, near St. Louis, will ultimately be a 1 million-square-foot project combining retail, entertainment, restaurants, hotels, office space and luxury multifamily space.



Cullinan Properties developed the Specialty and Outpatient VA Clinic in 2012 in Austin, Texas, then sold it in 2016. At 275,000 square feet, it was the largest of its kind in the country when it was built.

circa 1910 warehouse converted into 87 Loft apartments with ground-floor retail. It opened in 2016 and was partially financed with historic tax credits, Cullinan's first foray into historic redevelopment. Cullinan Oberhelman says the company will pursue more historic tax credit projects as a result of that property's success. And in Austin, Texas, Cullinan developed and owned the Austin VA Outpatient Clinic in 2012, then sold it in 2016. At 275,000 square feet, it was the largest of its kind

in the country when it was built.

Rock Run Crossings in Joliet, Illinois, is a project that Cullinan Oberhelman is particularly excited about because of its location at the gateway to the Chicago area with significant interstate exposure. Rock Run Crossings is Cullinan Properties' newest super-regional mixed-use development — the type of center where most retail in the portfolio will be located.

The Rock Run Crossings site was purchased in 2015, and the development is

set on 265 acres that will incorporate entertainment, retail, hotel, office/medical and multifamily. The initial phase of the development is expected to be complete in spring 2019.

"This development will not only cater to those who live in the immediate area, but from the region for those traveling to the Chicago area from points south, west and east," says Cullinan Oberhelman. "There is fantastic exposure and visibility from Interstate 55 as it sits at the crossroads of I-55 and I-80 in southwest suburban Chicago. Well over 1 million vehicles pass the site every week."

In St. Louis, Cullinan Properties is developing the Streets of St. Charles, a mixed-use project in metro St. Louis. When fully complete, it will total approximately 1 million square feet combining entertainment, retail, restaurants, hotels, office space and luxury multifamily residential. According to Cullinan Oberhelman, this project's success was linked to collaboration with local government and elected officials.

Cullinan Oberhelman refers to this project as 'a city within a city' due to its location and features right on site. Although only situated on 26 acres, Streets of St. Charles is Cullinan Properties' largest mixed-use vertical development due to its density and massing.

It includes a three-story, 100,000 square foot mixed-use office/retail/restaurant building; a five-story mixed-use residential/retail/restaurant building with 309 upscale apartments; a 40,000 square foot AMC Theatres; two Hotels totaling in excess of 260 rooms, two parking decks providing more than 1,500 spaces and multiple restaurants including P.F. Chang's, Prasino, Tucano's Brazilian Grill and Bar Louie.

"This property speaks to our strategy of creating a diverse and energetic mixed-use environment where people can live, work, shop, dine and play," says Cullinan Oberhelman. "We seek to create open-air, lifestyle centers with mixed-use components, walkable design and detailed landscaping that attract visitors from large trade areas in secondary markets. Streets of St. Charles does just that."

Supercuts, MOD Boutique, Sole & Blues Designer Boutique, Think Pink Nail & Spa, Firebirds Woodfired Grill, Oran-



The Rock Run Crossings site is 265 acres and is in close proximity to existing retailers including Ikea, Bass Pro Shops, Dick's Sporting Goods, Target, Best Buy, Macy's, H&M, DSW, Sears and Carson Pirie Scott.

getheory Fitness and Olivino Tasting Bar opened most recently in 2016.

Openings planned for 2017 include Mission Taco Joint, Drury Plaza Hotel, First Watch a Daytime Café and RCS Bank. Tru by Hilton Hotel will open in early 2018. Once the two hotels are open, approximately 80 percent of the acreage at Streets of St. Charles will have been developed.

The Levee District at East Peoria Downtown, which opened in 2013, is another signature, place-making mixed-use development that combines a civic component with retail and hospitality. The Levee District is anchored by Target and Costco, and is also home to the City of East Peoria offices and Fondulac Library. The

site was a former manufacturing plant that has been cleaned up and revitalized into a thriving destination. The Levee District includes the only Costco and Bass Pro between Chicago and St. Louis.

Cullinan tends to develop more than acquire and structures each deal differently. They use a variety of capital to finance projects, leaning on decades-long relationships with lenders who've come to believe in Cullinan's investments, due in part to the fact the company has never given a property back to the bank or done a deed-in-lieu of foreclosure. In terms of equity investors, some projects are self-financed while others bring in capital partners.

The formula for activating the mixed-

use assets includes diversifying tenant mixes to include national retailers alongside locally and regionally owned shops. Likewise for the palette of restaurant offerings. Those run the gamut from fast casual to elegant farm-to-table. It's important to have multiple access points in each development, Cullinan Oberhelman explains. Creating an experience for shoppers is also important, such as wellness activities, healthy cooking demonstrations, outdoor yoga classes in partnership with local hospitals, outdoor concert series, holiday events and partnerships with local nonprofits to fundraise onsite at the property.

The future holds promise for more mixed-use developments as well as pursuing medical facilities and governmental work in General Services Administration development. Cullinan Properties successfully developed and owned Social Security, as well as IRS, FBI and many other offices in Illinois.

"We work closely with our clients and communities to develop properties that benefit all," Cullinan Oberhelman says. "The ripple effect of these projects is exponential. They create jobs, fuel local economies and contribute to quality of place. We're energized by the changing market and excited to continue developing properties that draw consumers. Creating what consumers want and also benefitting the communities in which these developments are located is critical to long-term success." **SCB**