

Strong and Stylish

Hermansen Land Development, Inc. develops centers packed with uncommon architectural details, as well as solid tenants in business for the long haul.

— *Randall Shearin*

Hermansen Land Development is an active developer creating a number of projects throughout Texas and other states. The company has its roots with single-tenant projects, starting by developing build-to-suit projects for 7-Eleven and several restaurant chains in the early 2000s. As the company grew, it became involved with more complicated projects that had multiple tenants, says Founder and CEO Kirk Hermansen.

“We’ve always been retail driven,” he says. “We have done some office in conjunction with our retail projects, but we have always kept retail as our core focus.”

While Hermansen is most active in Texas, the company was originally based in Atlanta before moving to Dallas in 2000. Hermansen had worked his way up through the ranks of real estate departments for major restaurant chains like TGI Friday’s and Longhorn/Rare Hospitality in his early career. While at Rare Hospitality, Hermansen helped grow the company from 10 units to more than 100. With that under his belt, he decided to launch his own development firm focusing on single-tenant projects; he moved the company to Dallas — his hometown — when he started a family.

Coming from a restaurant background, Hermansen realized that experience was what drives repeat business. This, he figured, could be applied to shopping centers if ease of access, convenience and amenities were what shoppers were looking for, whether he was building a center of 10,000 square feet or 200,000 square feet.

“Regardless of the size of the center, tenants want to be in a project that pro-



Academy Sports + Outdoors is a recent addition to The Shops at Highland Village in Flower Mound, Texas.

vides their customer with some level of experience,” says Hermansen. “We don’t build the cheapest building and we want to create an environment where shoppers like spending time.”

Hermansen began developing Frisco Market Center in 2007. Built on 88 acres at the corner of Main Street, Legacy Drive and the Dallas North Tollway in Frisco, the center includes tenants like Main Event, IHOP, Pei Wei Asian Diner, Freebirds, Pie Five and Ideal Dental. The company recently completed two new buildings for more retail, and recently began construction on three new buildings which will include Panera Bread, FedEx Office and others. In addition, a partner is developing a 412-unit multifamily project that is under construction on the site.

“We are not entirely yield driven developers,” says Hermansen. “We do always keep the exit in mind, but we build

everything as if we were going to hold it forever. We have more architectural enhancement than the average development, and we usually add water features and public amenity areas, even for a strip center that is 10,000 square feet.”

In Flower Mound, Texas, at the corner of FM407 and Chinn Chapel Road, Hermansen Land bought a parcel in 2007 with the intent to create an addition to The Shops at Highland Village, which the company had developed with Regency Centers. Originally, Hermansen intended to develop a lifestyle center on the property. Plans were put on hold during the recession, with development resuming in 2012. In October, Academy Sports + Outdoors opened at the new project, and Hermansen is preparing to break ground on a small strip center with convenience retail.

“Architecturally, that will be one of the



Hermansen Land is developing a small center in the Preston Hollow area of Dallas.

nicest buildings in the market,” says Hermansen. “Because of our reputation for building quality centers in that market, we are 100 percent pre-leased and we haven’t begun construction yet.”

In Richardson, Texas, Hermansen is building a restaurant park to alleviate the area’s demand for more food-based retail. Working with the city of Richardson, the company has identified a site that had a run-down hotel to locate the restaurant park. Utilizing his restaurant real estate background, Hermansen has since increased the number of prospective tenants that fit the area’s demographics and pent-up demand for restaurant space. The company has letters of intent from several national restaurants for the park.

“Richardson is a market that was overlooked in the last five to seven years by restaurants,” says Hermansen. “Restaurants tended to skip from North Dallas to Plano; there is a seven-mile stretch along the Central Expressway, which has over 100 million cars per year that pass the site. With Richardson’s help, we were able to

acquire the site.”

Hermansen is also developing a small strip center in the Preston Hollow area of Dallas at the corner of Inwood and Forest. The project is 100 percent pre-leased with convenience tenants.

Unlike a merchant builder, Hermansen’s centers help brand their name with projects that are unique architecturally. This includes building in pedestrian pathways, a heavy emphasis on trees, landscaping and accent lighting, and mixing textures on building materials.

Coppell Manors Retail is one such example of a development with these features. The approximately 11,000-square foot strip center in Coppell, Texas, is 100 percent leased and includes tenants Einstein Bros. Bagels, Smashburger and Jersey Mike’s along with Floss Dental and Deluxe Nails. It features multicolored brickwork, streetlamps and unique roofing.

Hermansen operates among smaller tenants and looks for those who cannot be replaced by the Internet, including

restaurants or a service, such as dentistry practices. Hermansen has noticed that both landlords and tenants are serious and detailed about the way they do business with each other.

“We look at a tenant’s financial strength,” he says. “I want to see their P&L to know they’re going to be able to pay the rent and prove their business model works so that we know they are a long-term prospect. I used to not do that. Back in 2008, we would just sign them up. Now, we won’t just go for the highest rent in the center, we look for longevity and experience. Leases are tougher to negotiate these days, but it makes for a better project for all parties.”

Hermansen adds that tenants are looking for more character in their buildings, such as details that will give their brand more identity in the market, the same way the company tries to use architectural details to set its own look and image apart.

The company sticks close to Dallas, with a few development ventures in San Antonio, Houston and a handful outside the state. Being within close proximity to a project is important to maintaining a hands-on approach in site selection, pre-development and working with consultants, Hermansen says.

“One of the reasons I love my work is being able to use creative license on the buildings themselves. Making them cool and interesting in a way that sets us apart is one of the things that keeps me going,” he says. “And when the building is done and all the tenants open, it’s an extremely fulfilling accomplishment.” **SCB**

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