

Penn Central moving forward

Mixed-use plans include hotel, shops, restaurants, theater, apartments and offices

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Plans for Penn Central include courtyards and public space that will be programmed with special events and activities throughout the year.

[RENDERINGS BY WAKEFIELD BEASLEY & ASSOCIATES]



Tentative agreements are in place for a 140-room boutique hotel to anchor Penn Central at Northwest Expressway and Pennsylvania Avenue.



McNeill



A mix of Class A and small loft-size office space built atop retail and restaurants is part of the conceptual plan for Penn Central. [RENDERING BY WAKEFIELD BEASLEY & ASSOCIATES]



This illustrated aerial photo shows how Penn Central will be built to interact with Penn Square Mall and 50 Penn Place. [PROVIDED]

A 17-acre mixed-use development including a hotel, theater, shops, offices and apartments is set to begin its way through city zoning and planning with hopes of creating a new regional draw tentatively dubbed “Penn Central.”

The development is being led by Ryan McNeill, an Oklahoma City area native with family business

interests in oil and gas, banking and real estate; and Everett Dobson, representing

Dobson family interests that include ownership in the Oklahoma City Thunder, Oak Tree National and Dobson Technologies.

Conceptual plans and renderings to be heard by the city’s planning commission in about a month show a development designed by architects Wakefield Beasley & Associates and inspired by their Avalon district in Alpharetta, Georgia.

Decade in the works

McNeill has worked a decade to assemble the land, which is located across from Penn Square Mall and 50 Penn Place and just south of affluent Nichols Hills. McNeill is not naming tenants yet, but he said he has letters of intent with a major Dallas hotel developer, a theater operator and long-sought-after national retailers who to date have yet to enter the local market.

Other components of the development will include up to 400 apartments and large Class A and smaller loft office space. Plans call for the apartments and offices to be built atop the storefronts with ample public space.

“Mixed use is not new to Oklahoma City,” McNeill said. “But in the sense where every component thrives, where is that being done well in this market? It’s a challenge. With the parts we have downtown, the density and the patterns don’t lend themselves well to retail we have at this corner. We have retail at this corner that offers a vitality that doesn’t exist elsewhere.”

Project’s beginnings

The story of how Penn Central became a possibility is as intriguing as the project itself. The acquisition effort began a decade ago, but for McNeill, the story starts in 2003 when he was in his mid-20s, straight out of college, and looking at where to start his first business venture.

His choice was to become a Sonic franchisee, and in those early days he looked at markets throughout the country, learned about choosing the “right corners” from the real estate director of the fast food operator and undertook all the steps required to get a franchise agreement.

“We settled on Sacramento for our first site after three years of trying and qualifying for the restaurant franchise agreement,” McNeill said. “It was a phenomenal site for purchase. It was rare it wasn’t for a ground lease. That was a bonus.”

McNeill was then schooled on zoning and land use when neighbors successfully opposed the drive-through part of the restaurant. McNeill, married with a year-old son, was rejected and facing starting all over again.

Different direction

It was then that Chuck Shaw, a real estate director for the largest Jack in the Box franchisee and who had become a fresh Sonic franchisee, met McNeill at a franchise conference and advised him to switch his focus to building a strip shopping center. Without the drive-through, McNeill could bypass the community planning council and still land good, solid tenants to make the deal worthwhile.

McNeill said he then worked on proformas with Shaw and took on a mentee role with the experienced real estate investor. Shaw introduced McNeill to restaurant and retail operators and mixed-use developers.

“In 2005 it was all going gangbusters,” McNeill said. “But it seemed like it was going too well.”

McNeill was well aware of boom and bust cycles, having grown up in Oklahoma. He asked Shaw how to protect himself during the bad times.

“Look for projects that work at the best real estate in the market,” Shaw told McNeill. “If you are willing to pay for a premium for that site, that is your best insurance policy.”

McNeill said his gut was telling him the boom in California wasn’t going to last much longer. He moved his family back to Oklahoma and began buying properties in Oklahoma City and Tulsa. He escaped California just before the national great recession devastated real estate there.

New opportunity

He was looking to follow Shaw’s advice when the Salvation Army complex at the corner of Northwest Expressway and Pennsylvania Avenue was put up for sale.

“In times of dislocation, properties you might never get in a lifetime become available,” McNeill said. “And in 2009, this particular corner became available, whether it was based on economics or not. His (Shaw’s) advice was influencing my interest.”

The property was just one acre, but McNeill observed just west of the corner was a dead-end street with nine homes.

“It doesn’t look like it is part of the neighborhood,” McNeill said. “I realized this was really a three-acre opportunity.”

New competition

McNeill made an offer in 2009 and lost to Aubrey McClendon, then CEO of Chesapeake Energy.

“I couldn’t compete with that biography,” McNeill said. “I went next door to the homeowners to start assemblage anyway. I started calling them, saying this was what I was wanting to do. And I told them I wanted to do commercial development with their lots and I had the ability to pay north of what they might get for residential.”

More than a year later, McNeill had contracts with all but one of the homeowners. Chesapeake Energy had not yet closed on buying the Salvation Army corner because of complications with moving cell phone towers on top of the building.

“They closed, and they didn’t know what I was up to,” McNeill said. “I then went to Chesapeake and told them I’d like to buy the corner and explained I had these properties. And they said, ‘No, we’ll buy from you.’”

McNeill agreed, but the deal stalled when they discovered the homes had covenants prohibiting commercial use that could only be overturned if agreed to by at least 60 percent of the neighborhood. McNeill recalled how public meetings in Sacramento killed his plans for a Sonic.

Working together

A mailing from attorneys seeking to sign up people for a class action lawsuit inspired McNeill to approach Chesapeake with a way to avoid a public conversation and to discuss the covenant individually with residents.

“When I got the card to join a class action lawsuit, it directed me to a website that made it easy to join,” McNeill said. “I thought back to Sacramento and how we wanted to avoid everyone being at one meeting where one naysayer could start a snowball effect. Individually, we might have a shot.”

Chesapeake Energy agreed to McNeill’s suggestion that they create a website, and offer to pay an “inconvenience fee” in exchange for agreeing to lift the covenant. They successfully won approval from 60 percent of the 136 property owners in the neighborhood.

At the direction of McClendon, Chesapeake had spent \$50,000. It was 2011, and McNeill admits, “it was all risk money.”

“Aubrey McClendon was a gambler,” McNeill said. “And he did it. We got it done. Things then got real dicey at Chesapeake. He got booted, and a new board came in.”

Three years passed as Chesapeake began seeking buyers for its “non-core assets” that included the corner at Northwest Expressway and Pennsylvania, Nichols Hills Plaza and Classen Curve.

Available again

McNeill said Chesapeake officials approached him in 2014 and suggested he respond to a bid to buy their properties. It was then that McNeill faced a rival even bigger than McClendon.

Stan Kroenke is best known as the billionaire owner of the NFL Rams. Married to Walmart heiress Ann Walton, he developed commercial properties across the county often anchored by Walmart stores.

Kroenke owned the Penn Park office building to the south of the Chesapeake holdings and effectively had control of the one entrance to the area with a traffic light intersection at NW 52 and Pennsylvania.

McNeill said Kroenke's group felt they had the upper hand thanks to owning Penn Park. But instead, McNeill, now teamed up with family friend Everett Dobson, won the bid.

'Dream bigger'

At the time McNeill was looking at building a far less ambitious retail development, but wanted to meet first with the area's planning commissioner, Janis Powers.

Powers, McNeill said, was "unimpressed" and saw a plain retail development where she felt McNeill could "dream bigger."

During their first rezoning for their original properties, McNeill sought approval for a new entrance from Northwest Expressway. Kroenke was the only protester, and McNeill prevailed.

A week later, McNeill said, the Kroenke group approached him with an offer to buy their properties. The deal was done, and then McNeill succeeded at buying the adjoining Registry office building and several more homes.

"Now we're getting into serious land acquisition," McNeill said. "And the vision is starting to materialize. We travel around the country to see some mixed-use projects, and what is being done is changing rapidly. Retail is changing. It's not altogether dying, it's morphing. We wanted to see where it is going."

The Kroenke plan was to develop the area into big box stores, ranging from 25,000 to 40,000 square feet. It's a plan McNeill believes would have been doomed with a shift in shopping trends.

"It's a good change we're seeing," McNeill said. "That temple of consumerism is not good in what it says about people coming together in front of storefronts."

Neighborhood planning

Over the past several months, McNeill's planners and architects have quietly hosted design charrettes, visits with community leaders, retailers and nearby residents. The plan is to create a place that has ample landscaped public space with outdoor furnishings and intensive programming for events and community use of the development's plazas and sidewalks.

"It's taking a public space, putting it in the center, turning your back on potential income you might get and asking 'what makes this project work?'" McNeill said. "And it's the public space, a square at the heart of the project, and the developer activates it with programming."

As plans progress, McNeill said he is trying to avoid creating a destination that could hurt Penn Square Mall, which he notes is fully occupied.

"There is a type of tenant that will not do an enclosed mall," McNeill said. "But they will still do Oklahoma City if this property is available to them. There is not this availability elsewhere because of the constraints of capacity."

McNeill estimates construction will last two years, but he is not ready to announce a start date. He was recently pleasantly surprised to learn the city is agreeable to realigning NW 52 to fit with the development.

“There are a lot of variables that must be cleared,” McNeill said. “A major step is to start a conversation with the city on how this fits with the direction the city wants to go. And it depends on their feedback as to when we start.”