

LEADING THE WAY THROUGH THE 21ST CENTURY

SHOPPING CENTER BUSINESS[®]

MAY 2019

CREATIVE INSPIRATION

How Schussler Creative brings
one-of-a-kind restaurants to life.



SHOPPING CENTER BUSINESS



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Cover designed by Nick Topolski.

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Creative Inspiration

Schussler Creative and its enthusiastic founder, Steve Schussler — the force behind Rainforest Café, T-Rex and The Boathouse — inspire the retail industry to break out of the box and think big.

Randall Shearin



The Boathouse, a nautical themed high-end restaurant located at Disney Springs in Orlando, offers top of the line steak, chops and seafood in a waterfront setting. The restaurant was developed by Schussler Creative.

Imagine if you wanted to build a restaurant environment so imaginative that the conceptual drawings alone could not tell the whole story. Taking his imagination to bricks-and-mortar literally, Steve Schussler transformed his house into the first prototype for Rainforest Café. Schussler is best known for creating the themed, experiential restaurant Rainforest Café and has gone on to create — through an incredibly intensive and expensive process — a number of other restaurant concepts. His concepts have been noted as the most revenue-generating restaurants in the United States, and, as he explained to *Shopping Center Business*, the results do not come without a lot of creativity, merchandising, execution and planning menus with high quality ingredients.

Because food and beverage has become such an integral part of retail environments, *SCB* reached out to Schussler for our cover story this month, to find out about the investment and creativity needed to take a chance on an idea that is different, yet proven before it enters the market. Make no mistake, Schussler's ideas are big — and they will not work in every location, something he freely admits — but the bigger picture can apply to the shopping center industry in its everyday work of transforming retail.

SCB traveled to Minneapolis to meet with the team at Schussler Creative, visit its laboratory and warehouses, and interview Steve Schussler. As a pioneer of successful, unique and immersive dining concepts, Schussler insists guest experi-

ence always comes first.

“We call our restaurants attractions,” he says. “Attractions that house world class restaurants and retail stores because of the large lines and long wait times for the tables.”

LAUNCHING A DREAM

Steve Schussler was in the restaurant business at an early age. As a boy in New York City, he sold hot chocolate in the stands at Shea Stadium. He later moved into restaurants in various positions. In his twenties, he transitioned into radio and television advertising sales, first in Miami, then later in Chicago. He fell in love with Minneapolis after visiting for work and relocated there when working on one of his first entertainment-oriented enterprises, a



With lush landscaping, live birds, animatronic crocodiles, simulated thunderstorms and giant mushroom forests, Rainforest Café allows families to be entertained as they dine.

nightclub, restaurant and banquet facility called Jukebox Saturday Night.

Jukebox Saturday Night had four locations in Chicago; one in Des Moines, Iowa; one in San Francisco; one in Springfield, Massachusetts; and a location in Minneapolis. The concept grew in the late



The interior of Rainforest Café.

1970s as nostalgia for music of the 1950s and '60s grew. It was the first themed venue that Schussler launched, and it propelled him into the national spotlight as a creative restaurateur.

What really put Schussler on the map was Rainforest Café. Created in 1994 and opened at the Mall of America, the restaurant went well beyond previous theme restaurants. With lush landscaping, live birds, animatronic crocodiles, simulated thunderstorms and giant mushroom forests, Rainforest Café allowed families to be entertained as they dined. The company was taken public with only one restaurant open – and, with the ensuing investment by the public markets, expanded to 45 restaurants before it was taken private in 2000 when Landry's Restaurants purchased the company. Landry's currently operates 24 locations.

Schussler Creative has gone on to create a number of top grossing restaurants, including T-Rex, a dinosaur-themed concept; Yak & Yeti, a Himalayan-themed Asian restaurant at Walt Disney World; and The Boathouse, a nautical themed

high-end restaurant. The company has also developed concepts for clients, like Hot Dog Hall of Fame, which it developed for Universal City Walk in Orlando. The company has many other concepts under development. The key is ensuring visitors connect emotionally with the environments. The concepts may touch on a hobby, fantasy or a fascination, as long as they relate to the lives of visitors, says Schussler.

"We go out of our way to be different and relevant to people's lives," says Schussler. "You don't want to be a concept that costs tens of millions of dollars to build and it is not relevant in two or three years."

Because of the performance of its restaurants, restaurant operators have tried to get Schussler to create concepts around ideas. Schussler prefers not to approach business that way.

"Many people come to us and want us to take on their concepts," he says. "We aren't snobs, but we have so many of our own ideas that we are working on – so much money and time invested in them – that we do not have time to take on someone else's passion. We want to finish with our passions."

CREATING A CONCEPT

For Schussler Creative, launching a restaurant concept begins years before the doors open. Schussler often finds items that center on a theme and stores them in warehouses, amassing a collection over time. Some collections – like



Steve Schussler

COVER STORY



Schussler Creative has gone on to create a number of top grossing restaurants, including T-Rex, a dinosaur-themed concept.



Guests visiting T-Rex are greeted with life-sized animatronic dinosaurs, bubbling geysers, a fossil dig site and much more, taking them back to a time before humans walked the earth.

the one Schussler has built for the Boat-house — took years to build. Others may rest a while in a warehouse, waiting for the idea to strike.

When Schussler Creative comes up with a new concept, it goes beyond putting it on paper. While a conceptual book is created for the concept, explaining its philosophy, design, DNA, food and intended audience, the company begins assembling a physical presence in its headquarters, which doubles as a soundstage for concepts. The books themselves can cost tens of thousands of dollars to create and produce. Bringing the physical concept to life costs much more. Being so labor- and time-intensive, the charrettes

in the company's office — which range from 500 square feet and up — change from time to time.

"We are constantly looking for things that other people don't have," says Schussler. "We change all the time. Our latest concept has changed at least five times already, and we're not done with it yet."

When *SCB* visited, there were four restaurant mock-ups at the company's headquarters in Golden Valley, Minnesota. A concept called Winter Wonderland inspires a holiday feel, replete with blowing snow. There was also a concept called Water, Fire & Ice that included an ice bar housed inside a freezer, meant to simulate an icy environment guests would

experience in a real, physical restaurant. The most intricate concept was a Chinese themed restaurant with a riff on the color purple, called Zi, which houses sculptures inspired by the Qing Dynasty. Testimonial to the company's habit of collecting, Schussler bought the sculptures, which were in pieces and had been stored in a warehouse in Chicago for over 25 years. The pieces were reassembled and restored over many years by Schussler Creative employee Kim Anderson. Another concept at the headquarters is Aerobleu, themed after a fictitious Paris jazz club from the 1940s. There is yet another concept themed around railroads and trains that's in its early stages. At a separate workspace, a converted gas station garage, Schussler Creative is working on finalizing the concept for one of its next theme restaurants, Gizmos, Gadgets & Gears.

Schussler's headquarters is meant as a showcase for investors and landlords (who ultimately become investors, given the build-out such a concept costs). He wants potential partners to feel immersed and relate to the concept, and be able to experience it — and the quality of the materials and builds that go into them — so they know what they are getting with a Schussler restaurant. The detail that the company goes into is incredibly rich. Schussler has gone as far as creating products for his designs, such as the faux ice walls that are backlit for the Water, Fire & Ice concept. For Gizmos Gadgets & Gears, the company has cultivated works from artists that will be showcased in the restaurant and sold in the eventual retail component of the store.

"We try to create things we like," says Schussler. "We create things that give us pleasure; environments that we want to bring for our guests in our restaurants. We want them to enjoy their experience and their food."

The concepts are showcased, changed, massaged, and cultivated until they become a reality. Some remain for years. Schussler has had Zi, the Chinese restaurant concept, in the works for 25 years, but says he has not found the right place to locate it. Because of the museum quality sculptures it contains, he would like to see it in New York, Las Vegas or California.

"Everything we build, we build to at-

COVER STORY



For many, Disney equates to family. Opening a high-end steak, chops and seafood restaurant at Disney Springs — a family environment — was risky. The answer, says Schussler, was a hook to get families interested in the restaurant, then plan a visit. That hook ended up being the Amphicar, a hybrid boat-automobile that was manufactured in the mid-1960s that goes from land to sea and back.

tract the five senses,” he says. “Every single element will interact with one of the senses.”

That interaction is why the materials that go into the buildouts are so important — and generally costly. Schussler Creative wants to have music in its restaurants, but it wants customers to be able to talk over the music. It has to have sound absorbent flooring and ceilings to accommodate that.

Simultaneously to creating the concept, Schussler is also creating the menu, another big difference in how the company creates a restaurant concept.

“A lot of restaurants will create the menu first, then worry about what the

restaurant should look like,” says Schussler. “We want the food to complement what we create. All foodies think, ‘how could you have a themed restaurant with great food?’ The Boathouse, for example, is one of the top restaurants in the world for restaurant performance. People wouldn’t come without great food and service.”

The company constantly is exploring new technologies that help it create its fantastical environments. The biggest ad that Schussler touts? LED lighting.

“LED lighting has created a whole new industry,” he says. “In addition to being incredibly flexible, it saves us on HVAC because it runs cooler, it is low voltage

so it saves energy costs, not to mention all the possibilities it has as a lighting element. We are always learning. Every day, we are going back to school.”

Schussler Creative’s concepts are meant to touch people emotionally, appealing to senses, whether through nostalgia, humor or fascination. Every Schussler restaurant has a tagline that spells out those connections. As examples:

- The Boathouse — “Great food, waterfront dining and dream boats.”
- Rainforest Café — “A wild place to shop and eat.”
- Water, Fire & Ice — “The hottest place on ice.”
- Zi — “Asian antiquities and culinary art.”
- T-Rex — “A prehistoric family adventure.”
- Gizmos, Gadgets & Gears — “Great comfort foods that America celebrates.”

“We work very hard to boil the taglines down to a few words,” says Schussler. “It explains the ‘why’ our visitors will want to come, how they will interact and what they will remember about our restaurant.”

In addition to the company’s operating restaurants, it has a number of concepts under development. Along with Aerobleu, Zi Imperial Kitchen, Winter Wonderland, Fire Water & Ice and Gizmos, Gadgets & Gears, the company has five other concepts under development. Those include everything from a pizza concept (Pizza Market) to a dragon-themed restaurant centered on “Puff the Magic Dragon,” to which Schussler has licensed the rights.



Inside Schussler Creative’s mock-up of its newest concept, Gadgets Gizmos & Gears, where SCB held its interview with Steve and Sunhi Schussler.



‘The Boathouse is not just a steak, chops and seafood restaurant,’ says Schussler. ‘The Boathouse has an art deco meets nautical theme. When you say you are opening a ‘nautical’ restaurant, most people think of old fishnets, lobster traps and portholes. The Boathouse is the opposite of that. We handpicked everything, down to the music.’

OPERATING PARTNERS AND LOCATIONS

Schussler Creative’s concepts are dependent on the relationships the company creates with operators. Schussler creates the concept and finds an operator to co-invest and run the concept when it is built. The company has had a longstanding relationship with Landry’s Restaurants, one of its original operators. It also operates with Chicago-based Gibsons Restaurant Group.

Tilman Fertitta, chairman of Landry’s Restaurants, has been one of Schussler’s biggest investors. He has financed concepts like T-Rex, Yak & Yeti and Rainforest Café. Fertitta has invested \$80 million in Schussler’s concepts. Landry’s bought Rainforest Café from Schussler in 2000

and later partnered with Schussler Creative on T-Rex and Yak & Yeti. Gibsons is a partner in The Boathouse.

“There is not one thing we create where we don’t have strategic relationships with other companies,” says Schussler.

When Schussler Creative was inventing The Boathouse for Disney Springs in Orlando, it knew it needed an operator that could help develop a strong high-end menu and carry out its execution in a live environment. The company partnered with Gibsons Restaurant Group, which has turned out to be an extremely successful combination. Boathouse was recently ranked the number 6 independent restaurant in the world by *Restaurant Business*, performing at \$33 million per



The mock-up for Zi Imperial Kitchen, a Chinese restaurant concept, at Schussler Creative’s headquarters contains a treasure trove of sculptures inspired by the Qing Dynasty.

year. The restaurant serves more than 790,000 meals per year.

Because of the expense of the buildout and operation, Schussler Creative’s concepts cannot go in just any location. They require locations that have high tourism and high volume.

“The volume, the intensity and the density of tourism and traffic is what our concepts need,” says Schussler. “While we attract visitors from ages 3 to 103, the location has to attract a family. The family bond is what makes what we do so successful.”

As such, the landlord usually becomes part of the investment equation. Schussler’s concepts have had great success at Disney’s properties — it has launched four concepts with Disney — and with large project developers like RED Development’s super regional Legends attraction in Kansas City. With Rainforest Café, it was the first time that Disney allowed two new theme restaurants to be developed and featured in two of its properties just five miles apart.

The Boathouse was a bit of a gamble, for Schussler and for Disney. For many, Disney equates to family. Opening a high-end steak, chops and seafood restaurant at Disney Springs — a family environment — was risky. The answer, says Schussler, was a hook to get families interested in the restaurant, then plan a visit. That hook ended up being the Amphicar, a hybrid boat-automobile that was manufactured in the mid-1960s that goes from land to sea and back. When it opened in 2015, The Boathouse offered Amphicar rides at \$125 for groups of three. Just watching others ride in the Amphicars became an incredible attraction.

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Chicago-based Gibsons Restaurant Group, the operator for The Boathouse, is in charge of cuisine and day-to-day operations. Gibsons is known for its high level of service, something that helps differentiate The Boathouse from other restau-

rants. The kitchen at The Boathouse is 6,000 square feet; large for a restaurant of its size, but one that can accommodate the volume the restaurant generates — 3,000 to 4,000 guests per day.

“We could cut the quality of our food at any time, or the quality of our service, but it wouldn’t be the same place,” says Schussler. “Because of our high costs in food and service, the percentage we make as restaurateurs is less than others, but the service is off the chart; we make the difference up in volume and repeat visits from loyal customers.”

EXIT THROUGH THE GIFT SHOP

Part of what makes the Boathouse so successful is its retail component. The retail store is as high-end as the restaurant, with design modeled similar to a Ralph Lauren boutique. Crystal chandeliers light the space, while wooden cases showcase products, ranging from rubber ducks to high-end watches. Retail amounts to 15 to 20 percent of sales at The Boathouse, an incredible figure for a restaurant.

“The shopping experience is huge,” says Schussler. “We do not have any merchandise that stores, malls or even Walt Disney World has. Our SKUs are different; we find unusual items that complement the themes we have.”

The rubber ducks sold at The Boathouse are the most popular item in the retail store. The restaurant has been open



Steven Schussler in his company's headquarters. On the wall are his artist's credo, as well as Schussler Creative's mission statement. Creativity is in play everywhere at the company's offices.

PHILANTHROPY IN FOCUS

Philanthropy has become a huge part of Steve Schussler's life. Along with his wife, Sunhi, he has created a charity called Superheroes With Super Kids. The charity visits children with inoperable cancer to, as Schussler puts it, “make them laugh and take their minds off their medicines.” The charity will have a super hero visit a child in the hospital or hospice.

Schussler is also a founding member of Smile Network International, which assists with operations for children born with cleft palates and lips in third world countries.



A member of the team poses alongside superheroes in Schussler's warehouse.

for more than three years and it has sold more than 70,000 rubber ducks at \$18 each.

The Boathouse isn't Schussler's first foray into retail. All of its restaurants have a merchandised retail component. Like many of its operations, Schussler has partnered with operators for some of the retail. Most notably, at T-Rex, it partnered with Build-A-Bear Workshop to create Build-A-Dino. T-Rex does \$37

million in sales each year. The retail portion performs around \$7 million per year; about 50 percent of that is Build-A-Dino.

LESSONS FROM THE LEADER

Throughout SCB's visit with Steve Schussler, we heard many words of wisdom. His book, “It's a Jungle in There,” details many of his thoughts about business and life, as well as his unmistakable passion for being creative. That passion is evident in walking through the company's offices. Throughout the time we spent with him, he imparted many words of wisdom on business:

- *Humor.* “You have to be able to laugh about yourself,” says Schussler. “I laugh about my mistakes. I laugh about my passions. Laughing is a really important ingredient. Plus, it is the most contagious behavior in the world.”

- *Working relationships.* Schussler Creative has cultivated close — and very successful — relationships with companies like Disney, Universal, Landry's Restaurants, and Gibsons Restaurant Group. As a result, it has adopted a lot of the ways that these companies conduct business.

- *Creativity.* “Something every day gives me an inspiration for something else,”

says Schussler. “My surroundings are a very important part of the creative thinking. Having a creative office is a catalyst for creative people. I don’t want to be on the periphery of creativity; I want to be smack in the middle every day.”

• *Opportunity.* Schussler believes in seizing opportunities when they come along. When he purchased an old barn in Eden Prairie, Minnesota, for a warehouse, the community asked him not to tear it down. Instead, Schussler renovated the barn into an events center called Green Acres, which has become a top place to hold weddings in the Minneapolis area.

• *Quality.* “I’ve never been afraid to overspend,” says Schussler. “I’m not very proud that I am usually not on budget. I’m willing to take the extra step to make it right for the guests no matter what the budget is. It is my belief that you will get it back. It’s hard to say that to an investor, but the fact is that it works not to skimp.”

• *Making mistakes.* “Every day I am making mistakes,” says Schussler. “I admit them freely; I embrace them. Some of the mistakes we make are inexpensive mistakes. Some of them are costly, both financially and in manhours. I’m learning from all of them.”

• *Patience.* As a creator of restaurant concepts, he has often had to wait until just the right investor came along to believe in his concept. Even at this point, he has concepts created with nowhere to go. “These are ideas waiting for the right location,” he says, when walking through his offices. Waiting for the right location has taught Schussler to be patient.

SCB

WITH NEW COUNTY EXECUTIVE, PRINCE GEORGE’S COUNTY PLANS IMPROVEMENTS THROUGH RETAIL, DINING, DEVELOPMENT

After serving Prince George’s County, Maryland, as state’s attorney and education liaison, lifelong county resident — and newly elected County Executive — Angela Alsobrooks is now poised to promote economic growth through



Angela Alsobrooks,
County Executive,
Prince George’s County,
Maryland

several retail-focused initiatives. Alsobrooks was elected to the county’s highest position in November 2018. She and her administration have identified four key areas for improvement.

ACCESS TO QUALITY RETAIL

County Executive Alsobrooks believes strongly that all the residents of Prince George’s County should have access to quality retail, restaurant, and shopping options. The county will focus on working with developers and retailers to bring the latest retail brands and concepts to the county. Critical to this effort is ensuring that all communities have access to fresh and nutritional food options. In several of the county’s inner-beltway communities, the county executive wants grocers to move into areas where residents are more than one mile away from fresh meat, produce and other healthy food options as defined by the USDA. “We are actively pursuing grocers to bring to these areas,” says Alsobrooks. “We recently announced that Good Food Markets is coming to one of our inner-beltway communities, and we are also actively working with large grocers to backfill the 12 Shoppers Food Warehouse stores that we anticipate losing as their parent company nationally gets out of the grocery business.”

REVITALIZING EXISTING CENTERS

Prince George’s County surveyed every shopping center in the county and identified

42 centers in need of repair or upgrades. Of those, 27 centers are within inner-beltway communities that seek quality shopping and dining. Alsobrooks says the county is working with developers to revitalize those properties to help improve facades and bring in the goods and services those communities need and deserve.

OPPORTUNITY ZONES

The federal government identifies opportunity zones to receive additional financing and tax options. Prince George’s County, with 25 Opportunity Zones, has the second largest total out of the 149 statewide. “We plan to use this tool to help attract investors and revitalize the identified areas. Office and multifamily projects that can support high-quality retail and dining are being targeted,” says the county executive.

TODS

With 15 Metro stations in the county, the area is rife with opportunity for an increased number of transit-oriented developments that will spur retail growth. Alsobrooks has identified five priority stations. One of them, Branch Avenue, will soon be home to a new federal facility for U.S. Citizen and Immigration Services, which will integrate several branch offices into one headquarters. The 574,767-square-foot facility will be home to 3,700 employees when it opens in 2020. “These projects will provide residents with plenty of retail, shopping, dining and housing opportunities, while also being located right next to mass transit,” says Alsobrooks. “We also anticipate strong retail opportunities with the new \$6 billion light rail Purple Line stations coming over the next few years.” The Purple Line is a 16-mile light rail line that will extend from Bethesda, Maryland, in Montgomery County to New Carrollton in Prince George’s County. It will provide a direct connection to the Metrorail Red, Green and Orange Lines; at Bethesda, Silver Spring, College Park, and New Carrollton. The Purple Line will also connect to MARC, Amtrak, and local bus services. It will begin operation in 2022.

— Lynn Peisner