100 North Main and shrinking retail: How URBN on Union came to be

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How did 100 North Main help lead to the development of 1338 Union Ave.?

Shortly after returning to Memphis from Atlanta, Malcolm Wilson was tasked with selling the old First Tennessee building at 300 Court Ave.

During that process, a First Tennessee employee asked Wilson what he thought about another of the bank's properties, 1338 Union Ave., and he was instantly interested in developing it. But first, the
bank wanted him to complete his original task of selling the Court Avenue building.

When Townhouse Management acquired the parcels around 100 North Main, it paid Bob Goldman $1.6 million for the parcels he owned. That cash allowed Goldman — a Californian who has espoused plans for multiple large Memphis developments but hasn't yet completed any — to purchase 300 Court Ave. in March 2018.

"That [sale] pretty much sealed the [Union] deal for me. It was a chain reaction," Wilson said.

Wilson was put in touch with Scott Kern — a real estate veteran who spent most of his adult life in San Diego and twice worked for Memphis-based Poag Shopping Centers. Having worked on a few mixed-use projects and watched retail-only real estate shrink, Kern was launching his own company focused on mixed-use.

Since May 2019, the pair has worked on developing the Union site while trying to stay "under the radar."

On Feb. 4, 2021, a tax break application unveiled their plans to develop a $55.7 million project, which could be a major asset for a Medical District low on walkability and Class A apartments.

"If you walk out here now ... the sidewalks are busted up and there's no trees and you're walking right next to traffic," Kern said. "Our plan is to change that — make it walkable and comfortable."

Kern expects most of the building's retail to be occupied by food and drink spots, meant for nearby employees to walk to. The site
sits catty-corner from Methodist University Hospital and a five-minute walk from the Southern College of Optometry (SCO).

The pair expects the proximity to these institutions to generate significant demand for the project's 270 apartments.

On top of the natural demand, the Memphis Medical District Collaborative (MMDC) offers many Methodist and SCO employees $2,000 to sign a new apartment lease in the neighborhood.

In their application for the 20-year, $14.1 million tax break, the developers wrote they expect an average rental rate of $1.83 per square foot. They told the MBJ this is a conservative estimate, based on current market conditions, but they do expect rents to grow in the coming months and years.

Kern said the Center City Revenue Finance Corp. (CCRFC) tax break will make the project possible. He said the support of the MMDC, First Horizon (formerly First Tennessee), and the City of Memphis have been key as well.

"We wouldn't be here without the [CCRFC], the MMDC, and frankly the City of Memphis and their willingness to see good development get done," he said.

Kern expects to break ground in September or October and for construction to last 24 months.

The CCRFC, an affiliate board of the Downtown Memphis Commission, will hear the application Tuesday, Feb. 9.