

After Hill Center, CEO looks at what's next

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Executive Q&A: Jimmy Granbery



Jimmy Granbery has worked for H.G. Hill Realty since 1981. The company owns more than 2 million square feet of retail, office and apartment space in the Nashville area.
(DIPTI VAIDYA / THE TENNESSEAN)

A Nashville native, Jimmy Granbery graduated from Hillwood High School in 1975 and earned a BBA degree in marketing from the University of Mississippi in 1979.

He joined H.G. Hill Stores, which his great-grandfather founded, as a management trainee before transferring in 1981 to H.G. Hill Realty, where he has spent the better part of his career. He was named CEO in 2002.

For most of its more than 100-year history, the family-owned business was a grocery store company, but H.G. Hill Sr. and Jr. believed in owning the stores' property, not renting. Gradually, the family acquired more property and now it owns more than 2 million square feet of retail shopping centers, office buildings and apartments in the Nashville area. It doesn't operate grocery stores anymore.

The company has added about 800,000 square feet in the past 17 years. Its biggest recent project was the \$70 million Hill Center at Green Hills, an open-air shopping center with 220,000 square feet of shops and restaurants anchored by Whole Foods Market, and 60,000 square feet of office.

Granbery sat down with real estate reporter Naomi Snyder to talk about future projects, the economy and Nashville's floods.

You're actually related to the original H.G. Hill Sr.?

H.G. Hill Sr. was my great-grandfather. H.G. Hill Jr. is the one that everyone remembers and he was my great-uncle. H.G. Hill Sr.'s daughter was my grandmother.

Have you slowed down development because of the economy?

Relatively speaking, we have slowed down because Hill Center at Green Hills and Hill Center Belle Meade were so enormous for our company. The Publix in the new Hill Center at Nashville West just opened two weeks ago.

That was a \$13 million redevelopment of an existing shopping center. How did you get that done given the financing environment?

If you've got capital and equity in the project and a good tenant, the banks are lending money. It's just on the speculative stuff, banks aren't as eager. We were 85 percent preleased with national tenants like Publix and Bank of America. Banks are more than willing to lend on those terms.

How is the economy affecting the Hill Center at Green Hills?

We had one bankruptcy, Swoozie's, that was a national company. They grew too fast. We have since filled it. We're at 100 percent occupancy.

Do you have any projects on hold?

We don't have any on hold. There's nothing we were about to get started on and we just stopped. Our entire strategic plan is based on lease expiration. Twelve months ahead of that lease expiring, we look at what is happening with the market and decide whether we're going to go to the tenant and see if they will renew.

What drives us is demand from tenants. Some tenants are looking and growing. In the world of office, you might say demand is not what it was. But Publix is still very active and looking at sites. Other sites that could be redeveloped in the future include the property on 29th and West End in Nashville, where the Apple Market is. I have no idea what would go there yet.

Which are the next shopping centers you want to develop?

This might be two to five years off, depending on leases. We've assembled a nice piece of property in Franklin on Columbia Avenue that will be redeveloped in the not-too-distant future. It has an H.G. Hill and we've bought the whole block. We would tear the buildings down (and redevelop). We've assembled a piece of property on Charlotte on the west side of Nashville near the old car wash (40th and Charlotte), maybe 8 acres. It would probably be commercial with maybe some residential behind it, maybe single-family, maybe some condos or apartments. We're working on a couple of projects in East Nashville. This stuff takes a lot of time. We broke ground on Hill Center at Green Hills in 2005, but we

started planning in 1995.

What about your East Nashville project?

We haven't gone public with it yet because we're dealing with tenants. You have to confidentially deal with it because you're dealing with people's livelihoods. We have about seven pieces of property on Gallatin Road. Our closest is the Turnip Truck — we own the building. We own the Aldi on the corner of Eastland. We own The Athlete's Foot at Greenwood corner, and on Howard Avenue, the old Blockbuster. We own the H.G. Hill in Madison and the H.G. Hill in Hendersonville, which are all on Gallatin Road, and we own the Checkers on Trinity Lane.

What project of yours got the worst reaction from the neighborhood?

Hillsboro Village's Harris Teeter. It was very contentious. I think at the end of the day we did what we said we were going to do, and I think it turned out great. We had to grow the parking there and get a zoning change. I think most people would now hate to see it go away.

What has led you to build environmentally friendly shopping centers, like Hill Center at Green Hills or the one in Belle Meade?

A lot of this is just smart design. Why not put in a roof with a white membrane that reflects the sun? Tenant expenses for energy aren't as great. Why not capture rainwater for landscaping? All the things we're doing just make perfect sense. The bottom line in the real estate business is if you don't have tenants, none of it matters.

Shopping centers are usually the worst, in terms of the giant parking lots with tiny little trees after all the big ones were cut down.

You do have to plant them to meet the codes now. Why not plant nice trees that will outlive us all, like oaks and magnolias and maples? Where our corporate offices are on Armory Drive, we have sidewalks all through the 45 acres we own. We've got big, beautiful trees.

The H.G. Hill at Belle Meade has a creek running behind it and we had one of the biggest floods we've ever had in May. How did the shopping center fare?

It did exactly what we designed it to do. We had no water in any of the buildings. We lost power and lost power to our sump pump and we got water in the parking garage. We were very lucky. Had we not developed it to modern standards and techniques, it would have been a lot worse. During the floods, we harvested groundwater — it's crystal-clear cold water. We gave millions of gallons to Metro during the floods. They used it to wash the streets. We gave it to the fire department and they filled their trucks. Ensworth School used the water to clean the parking lot off and get the school reopened.