



Contact: Stacy Pearson
Rose & Allyn Public Relations
Office: 480.423.1414
Cell: 602.577.6888
Email: spearson@roseandallynpr.com

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Developers creating destination centers

Kerry Duff
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National retailers have identified Arizona as a growth state thanks to its burgeoning population and the fact it lacked a variety of retail malls and lifestyle centers 15 to 20 years ago.

Michelle Ahlmer, executive director of the **Arizona Retailers Association**, says the old adage that retail follows rooftops is true, so as long as population growth is steady in the state and the economy holds. In that case, not only will retail continue to be built, but there also will be updates to existing centers so people have attractive places to shop and spend money.

The shopping center of today isn't merely a strip of storefronts. Developers are upping the ante by introducing hotels, housing, sports and entertainment components to create destination points for consumers.

Here is a look at some of the larger projects being developed in the Valley:

- In Scottsdale on the northeast corner of Loop 101 and Scottsdale Road, DMB Associates Inc. is developing One Scottsdale, a 120-acre lifestyle entertainment district with 1.8 million square feet of commercial space, 1.2 million square feet of office space, 600,000 square feet of high-end retail, three hotels and 1,100 housing units.

DMB plans to break ground on the project in first-quarter 2007. One Scottsdale's retail and commercial space (rendering on Page 15) will open in the fall of 2009, followed a short time later by a corporate office zone next to the freeway and a retail/residential core of approximately 400 brownstones and condominiums. Plans also call for a separate, 55-acre residential area consisting of townhouses, small mansions and loft homes.

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"We are taking a completely different approach at One Scottsdale and doing something that has never been done before," said Robert Mayhew, general manager of commercial properties for DMB. "We've broken the project into blocks, and different architects are working on designing each block so the structural design isn't repetitive or themed. It will be a strong compilation of great architecture.

"At the end of the day, we are not building retail, we are building a community, which is a much different paradigm," he said.

- The northwest corner of Scottsdale Road and Loop 101 is the proposed site for Westcor's Palisene, a 2,200-acre master-planned development that will combine luxury living, shopping and entertainment. When finished, Palisene will feature an open-air center that can house more than 1 million square feet of shopping and restaurant space.

Executive offices and luxury condominiums also are planned, as well as a hotel, championship golf course, tennis courts, spas and salons. Palisene's first phase is set to open in 2009. Westcor and **Landmark Land Co.** have been planning Palisene for more than a decade.

Westcor also is developing several other unique destinations in the Valley:

- Estrella Falls, a 300-acre, mixed-use development off Interstate 10 between Estrella Parkway and Bullard Avenue in Goodyear.
- Prasada is a 4,200-acre master-planned community on both sides of Loop 303 between Waddell and Cactus roads in Surprise. It will include homes, a mall, theaters, restaurants and offices.
- SanTan Village is a 500-acre urban village encompassing nearly 3 million square feet of retail, entertainment, restaurant, office space and residences. It is on the Santan Freeway (Loop 202) at Williams Field road in Gilbert.
- Tempe Marketplace, a \$250 million, 1.3-million-square-foot lifestyle and entertainment center, is under construction on the southwest corner of Loops 101 and 202 -- the third-most-traveled freeway intersection in Arizona.

Approximately one-third of the Valley population residing in Tempe, Phoenix, Scottsdale and Mesa live within 10 miles of the site, so developers predict more than 20 million people will visit the shopping destination during the first year, generating more than \$300 million in sales.

"Tempe Marketplace is Desert Ridge Marketplace on steroids," said David Larcher, **Vestar Development Co.** executive vice president. "Desert Ridge was the first outdoor mall of its kind in this country -- a hybrid power-entertainment center and mall turned inside out -- and we're taking what has worked well from there, tweaking it, and taking it to the next level at Tempe Marketplace. It's going to be an innovative regional mall of the new millennium."

Target, JCPenney, Old Navy, Best Buy, Sam's Club, American Eagle and The Gap are a few of the national and regional chains that will open in Tempe Marketplace in mid-2007. Rounding out the mix will be entertainment venues such as a 20-screen Harkins Theatre and Dave & Buster's, a 50,000-square-foot entertainment-style restaurant.

Tempe Marketplace also will have an eclectic blend of national and regional eateries.

De Rito Partners Development and **Kimco Developers** have several projects in the works:

- Mesa Riverview's 16-screen Cinemark Theatre celebrated its grand opening in May amid ongoing construction of the 249-acre lifestyle, entertainment and shopping center off the Loop 202 freeway in west Mesa.

At build-out, Mesa Riverview will have 1.3 million square feet of retail, approximately 500,000 square feet of two-story offices, an auto mall with three to five dealerships and a hotel.

Developers expect the next round of tenants to open in 2007. Arizona's first Bass Pro Shop broke ground in May and expects to open in spring 2007.

The area between Cinemark Theatre and the Bass Pro Shop is referred to as the "theatre district." It will include 123,097 square feet of retail space that will be ready for first tenant improvements this summer.

Some of the stores and restaurants that have committed to open at Mesa Riverview include Bed Bath and Beyond, Home Depot, Wal-Mart Supercenter, Party City, Cracker Barrel, Logan's Steak House and Claim Jumper.

- Another De Rito/Kimco project is the Gilbert Esplanade, a 135-acre mixed-use project in that East Valley city. Phase I, a 68-acre site on the northeast corner of the Santan Freeway and Gilbert Road, will feature 521,175 square feet of furniture-themed retail anchored by an upscale furniture store and design center.

There also will be 160,000 square feet of office space in two, two-story, 80,000-square-foot buildings.

Phase II is directly to the east and will consist of 67.5 acres that will be developed as office space, a business park and possibly a hotel.

- Thomas J. Klutznick Co., which has offices in Chicago, Phoenix and Denver, and Kenneth A. Himmel, president and chief executive of Related Urban Development of New York, are co-developers of CityNorth.

Perhaps destined to be the focal point of Phoenix's burgeoning northeast Valley, CityNorth is a \$1 billion, 5-million-square-foot urban core and regional center planned for the intersection of Loop 101 and State Route 51.

The 144-acre development will be built in three phases. Phase I, which breaks ground in October, will have 2 million square feet of retail and office space, loft office space and rental residential.

Approximately 400,000 square feet of office and retail will open in Phase I in the fall of 2007, followed by roughly 300 residential units in first-quarter 2008.

Phase II will include 400,000 square feet of retail, 150,000 square feet of office space, 80 residential units and a four-star business traveler hotel. It will open in fourth-quarter 2008.

Meanwhile, Phase III will complete the east portion of the boulevard and plaza areas and include mid-range and luxury retail, eateries and a sculpture garden. The six-building program will have three levels of either offices or residences and above-ground-floor retail space.

"This project is a culmination of experiences and developments my father and his father before him were involved in around the country over the past four decades," said Daniel Klutznick, vice president of Thomas J. Klutznick Co. "CityNorth is bringing to fruition 40 years of dreams, which is extremely exciting