

ARIZONA ECONOMY

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New retail projects favoring mixed use

By Erica Sagon

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Across the Valley, there is no shortage of corner shopping centers anchored by grocery stores.

But those neighborhood shopping centers are in jeopardy as mixed-use developments become more popular, according to one real estate developer speaking in Phoenix in mid-February at an International Council of Shopping Centers conference on open-air shopping centers.

"It's the end of single-use retail," said Yaromir Steiner, chief executive officer of Steiner + Associates Inc., based in Columbus, Ohio.

Mixed-use developments, which combine retail, residences, hotels, offices and entertainment venues, have already started to replace traditional regional shopping malls, but now, the idea of a grocery-store-anchored center is losing steam, too.

In the Valley, some existing grocery store sites are slated for mixed-use redevelopment.

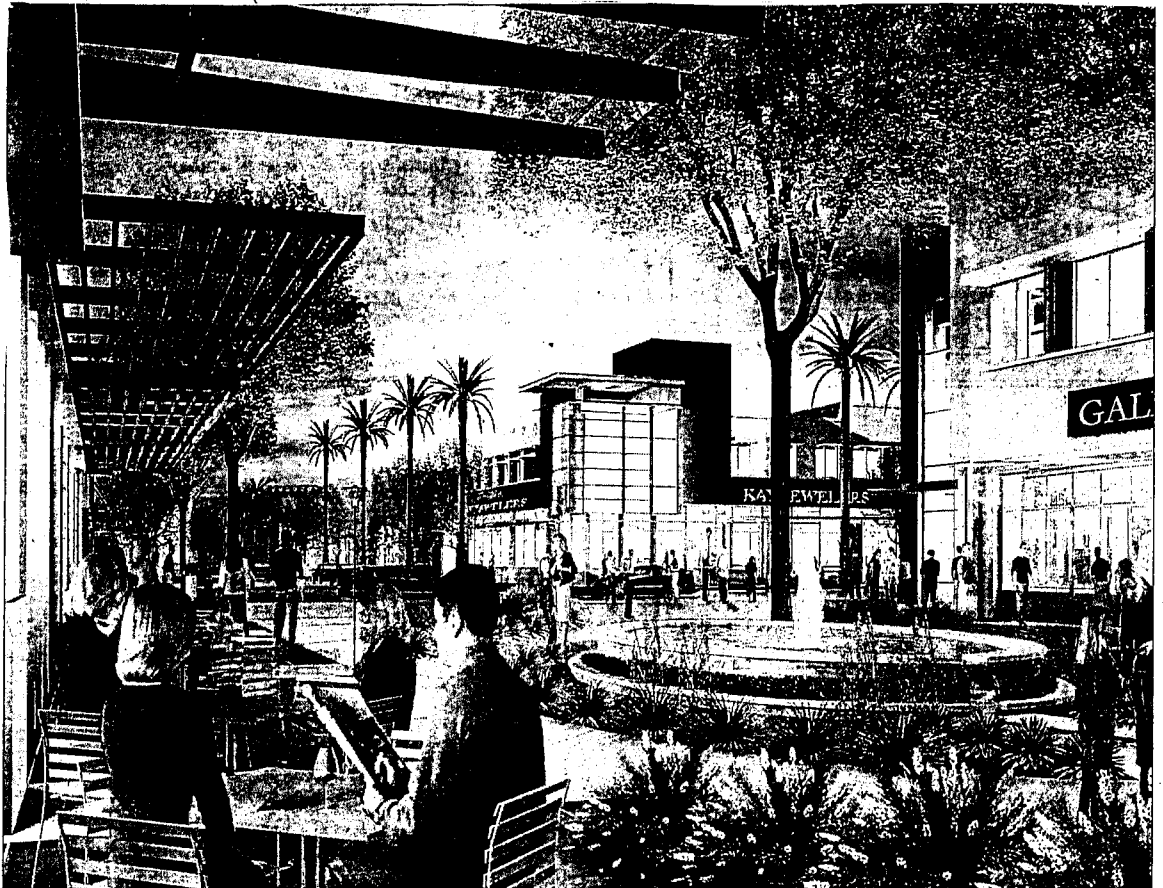
For example, developers have proposed a plan to raze a Bashas' supermarket in south Scottsdale and replace it with apartments, shops and restaurants.

The 23-acre site southeast of McDowell Road and 74th Street would also have a remodeled Bashas'.

Don't expect all supermarkets to be torn down. Future developments that include grocery stores, however, are being rethought.

"Today, it's really hard to find a new project ... that doesn't incorporate mixed-use," said Lee Wagman, a real estate developer who sat on the panel with Steiner. "It's really an overwhelming reality now."

Mixed-use retail developments replacing traditional shopping



SanTan Village, a regional mall under construction in Gilbert, represents a new generation of retail in the Valley, with offices, residences and, possibly, a hotel. It opens this fall. Complexes anchored by grocery stores are fading away.

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Wagman is CEO of the Martin Group, a real estate developer in Santa Monica, Calif.

Nearly every major shopping center being constructed in or planned for the Valley is looking less like a traditional mall and more like a town center.

Developers are looking to maximize their projects on increasingly pricey pieces of land, so they're adding offices, apartments and condominiums above

shops and building hotels nearby.

SanTan Village, a regional mall under construction near Williams Field Road and Loop 202 in Gilbert, represents the new generation of retail in the Valley.

It will open this fall with 1.2 million square feet of retail, plus offices above the shops.

Residences and maybe even a hotel will be part of the mall in the future, its developer says.

Even in suburban areas like Gilbert, mixed-use developments are perceived as urban, young and hip, Wagman said, helping to increase their popularity, while communities that segregate living, working, shopping and playing are seen as sterile.

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