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Scottsdale's \$2 Billion Downtown

By Brian Powell
Tribune

Downtown Scottsdale has seen nearly \$2 billion in completed or planned investment over the past five years, a boom that brought new high-rises and shopping as well as international exposure during Super Bowl XLII week.

Manross to tout downtown in State of the City
[<http://www.eastvalleytribune.com/story/109042>]

The overwhelming majority of investment has come from the private sector, although about two-thirds of the investment is for unfinished projects either still under construction or planned, according to a new report released by Scottsdale that tracks investment activity between January 2003 and January 2008.

About \$620 million of the \$1.9 billion in private investment has been completed during the report's five-year period. Another \$721 million is currently under construction, with \$533 million planned.

"When you consider where we were five or six years ago, we had a downtown that was flat-lining economically, and it's not flat-lining any longer," Scottsdale Area Chamber of Commerce president Rick Kidder said.

The report shows that investment has come from major hotels, both large and small urban condo projects, and businesses.

There's the big numbers — \$250 million each for Scottsdale Waterfront and Optima Camelview — and the small investments to improve building facades or to turn a closed nightclub into a new, fresh scene.

The city, meanwhile, has committed \$89 million in public investment for parking and other amenities.

One of the largest downtown developers is Fred Unger, who has completed his first phase of the SouthBridge project that includes a number of nonchain restaurants and shops.

Unger, who owned the land along the Arizona Canal, said he was approached by the city as it was looking for a unique project.

"I just think Scottsdale has a good name and reputation," Unger said. "It already had wonderful anchors in Fashion Square, the Scottsdale Center for the Performing Arts and SMOCA, and the fact we have about 100 galleries and lots of restaurants."

Unger said he plans to start construction on 12 brownstones to the west by the end of the year. Future phases include more lofts, condos and a hotel, although no timeline has been set on those.

All but 5 percent — or \$89 million — of the total investment has come from the private sector.

A large chunk of the city's investment is to improve Scottsdale Stadium and the San Francisco Giants' spring training facilities. There's also been four parking garages constructed — including one at SouthBridge — and the remodel and construction of public restrooms.

The expected increase in downtown residents was a reason for the relocation of a fire station to the area. The increased demand for water drove the city to spend \$6 million on a new water boost station.

As for amenities, there are plans to remodel the Scottsdale Center for the Performing Arts, and the city has pledged money toward the Museum of the West.

The downtown investment, including the improved canal bank between Waterfront and SouthBridge, was one reason for the influx of Super Bowl-related events and parties that chose downtown Scottsdale, including ESPN's daily broadcasts, city officials have said.

But Scottsdale's downtown development also has been the subject of criticism from a group of residents upset with the increasing height and density in the area. A resident coalition gathered sufficient signatures to place the approved five-story Hanover apartment building on the ballot, but a judge threw out the election because of an error in the naming of the group's political committee.

Kidder said the referendum could have a negative effect on future investment.

"If there isn't some substantive change in the way we treat economic growth in this community, we could lose some of those (planned projects) and that would be a tragedy," Kidder said.

Tom Giller, who lives just outside the downtown area and led the referendum effort against the Hanover, said he's not sure what impact that referendum will have on decisions to invest downtown.

Giller said decisions not to invest would be more tied to the current housing market or whether there's confidence the new condos, hotels and nightclubs will be sustainable.

Kidder said the economic downturn could affect the timing of future projects.

"I do not see the (planned) projects stopping dead, but the projects in all likelihood will slow down," Kidder said.