

Sun Cities shopping centers survive despite competition

Editor's note: This is the first of a three-part series on area businesses and shopping centers.
By MIKE GARRETT
News-Sun staff

SUN CITY — The Sun Cities may have lost some of their better-known restaurants last summer. But shopping centers apparently have survived with only the normal number of casualties.

That's not to say all is well in the Sun City retail business community.

The Sun City market can still be characterized as a "tough sell." And there is a threat of oversaturation from the two newer area centers — Sun Shadow Square at 99th Avenue and Bell Road and Crossroads Towne Center, under construction at Bell and R.H. Johnson Boulevard.

Merchants who move here still have to cater to the special needs of the retirement community. The competition can be fierce, and if they're underfinanced or

inexperienced, they're not likely to make it through the summer doldrums, when many Sun Cityans vacate the community and business can slow down to a crawl.

While Sun City area shopping center vacancy and turnover rates are probably as good or better than anywhere else in the Valley, some merchants here are concerned. They believe their rental rates are too high to get through the summer, their landlords are unresponsive to their needs or they see an oversaturation of shopping centers.

How much of a problem exists in the local centers depends on who talks to you.

Del E. Webb Realty & Management Co. leasing manager Dennis Kemp, who is in charge of the seven Del Webb-managed Sun City centers, and Phil Brant, Del Webb Communities manager of commercial sales and leasing in Sun City West, don't see any major problems with the Sun Cities business community.

They do see a slight overbuild that they say eventually will catch up to the market.

Greenway Terrace advertising coordinator Clark McAllister reports merchants there have had a better-than-average summer and business is now great.

The Promenade Merchants Association President Bob Dierken says things are looking up as the center prepares for its second anniversary this month. After high turnover rates this past year, several new merchants are moving in to replace some of the vacant spots.

Ron Rainier, new Royal Oak Mall leasing manager for Tessier & Associates (Royal Oak's landlord), is trying to get stable, viable tenants for a mall that has experienced probably the highest turnover rate of any Sun City center the past couple years.

One of the most outspoken of the merchants is Gene Fazio, who owned Royal Oak Barber Salon for a couple years before

recently moving his shop to Sun City West's Beardsley Square.

He says Sun City will continue to lose merchants unless shopping center landlords become more responsive to the unique problems of maintaining a business in Sun City.

Here is what they're saying in detail:

"We haven't experienced any abnormal turnover of tenants in our centers," said Kemp.

"We've had people who have closed their stores. Some have retired and some merchants have sold their stores to other people. But our centers overall are 96 percent occupied.

"The only exception to that is the new one, Sun Shadow Square, which is in the 60s (percent) as far as occupancy and within a couple of weeks will be in the 70s, which puts us ahead of our schedule.

"You have to remember some of these merchants have been here 20 some years. They came here maybe when they were in



While the seven older Del Webb managed Sun City shopping centers are 96 percent occupied, the new Sun Shadow Square at 99th Avenue and Bell Road has nearly 40 percent of its space for lease. (News-Sun photo by Mike Garrett)

their 40s or 50s and many of them are now retiring."

Kemp believes much of Sun City's business turnover rate can be traced to mismanagement and/or an operating philosophy

that doesn't meet the special needs of the retirement community.

He mentioned the Country Cupboard restaurant, which took

*** Shopping, A9**

(OVER)

Monday OCT. 13, 1986 News Run

*Shopping

—From A1

over for the failed Duff's operation at Greenway Terrace, as the type of operation that has been successful because it's a locally owned "mom-and-pop" kind of operation that takes a personal interest in its Sun City customers.

• "The ones who don't make it are where there is a professional manager who knows all the textbook answers but doesn't know how to relate to the population.

• "They've got a corporate office in Chicago or New York writing rules and regulations on a broad spectrum for cities like New York, Chicago, Los Angeles or Philadelphia that don't fit here in Sun City."

• "This is a unique community and you have to cater to what's here."

Kemp feels Webb has an advantage managing most of the Sun Cities centers because it can exert some control over the types of businesses locating here. Any competition will be well spaced out. Their centers are also not as subjected to sale to absentee owners or investors.

"We also watch the other (non-Webb) centers to see what they're doing. We don't want to make the same mistakes — and we have made our own mistakes I'm sure.

"The result (of outside ownership) is we have some tenants that really should not have been allowed into the center — based on either the competitive conditions within Sun City, the experience level of the retailer or the capitalization of the retailer. We look very closely at that."

Webb surveys have shown that Sun Citizens do support their own centers and generally don't drive more than 1½ miles to do their shopping, except for big ticket or seasonal-type shopping, according to Kemp.

"It goes back to how the community perceives the retailers. If the retailer is somebody servicing them as an individual and not just as somebody who sells something to them, they will remain loyal to that retailer," said Kemp.

As for rental rates, they vary from center to center. Webb has taken over management and leasing of Sun Shadow Square and The Village at Surprise, two of the Sun City area's more exclusive and expensive centers.

Kemp said their rentals vary from \$14 to \$18.50 a square foot.

The older Sun City centers like Sun Bowl Plaza, LaRonde Centre and Grand Center pay around \$10.50 per square foot.

Kemp feels location isn't as important as quality service to

Sun City shoppers, who have a little more time to shop around.

As for the oversaturation potential, Kemp said commercial developers are typically ahead of the residential market, so they can get in the prime locations ahead of their competition.

With the Sun City market, developers are closely watching all the building activity surrounding the Sun Cities.

"I think now we do have a lot of competitive space on the market. But right behind it is a residential development that is going to absorb the housing units and therefore require the goods and services of the retailers that will come in," Kemp said.

In the overall scheme of things, one new center with perhaps 30 retailers won't make that much difference to the 225-250 retailers already serving the

Sun City area, Kemp noted.

What types of businesses does Kemp feel would now do well in Sun City?

He listed what he called first-class restaurants such as LoPerchio's that have a real commitment to the community. "We also need a good Mexican restaurant, a good fabrics store, a pet shop with a good breeder supplying it and a bicycle shop."

Kemp would also like to see a good discount hobby and sporting goods shop, "a Nevada Bob's type operation" that would carry golf and tennis equipment and athletic-type clothes.

Kemp doesn't see Sun City merchants having much concern over increased competition from the newer Peoria neighborhood centers sprouting up.

Next: Phil Brant's assessment of Sun City West's business community.

MONDAY, OCTOBER 13, 1986 NEWS-SUN

VF - SHOPPING CENTERS - SUN SHADOW SQUARE

Shopping center to open in April

Work continues to progress on the as yet unnamed shopping center on 99th Avenue north of Bell Road. Several stores are expected to be open by April 1, according to Gerald Williams, general partner of the owning partnership, Williams Properties.

The main anchor tenants to the 116,000 square-foot center, a Boston department store and SuperX food and drug store, will be joined by the new Sun City Bank, a McDonald's, Firestone Tire and Arby's Roast Beef, (which opened last month). Most of the former stores are expected to open in April, several months after their original target date due to construction delays.

Williams said an Italian ice cream store, a travel agency, a men's hair salon and women's beauty salon are also planned for the center.

The name of the new center will be selected by a contest, with details to be announced shortly.

The center will have a unique

brick front with areas for park benches. The 1st Interstate Bank and Valley National Bank will have joint driveways to allow easy access from the center to the existing banks.

TUESDAY, FEBRUARY 25, 1986 NEWS-SUN A9