

Entertainment Anchors Required



West Hollywood Gateway, J.H. Snyder Co.

In Southern California, entertainment is a prerequisite to retail development these days. Here is an overview of some projects recently constructed and currently proposed.

Jill Bensley and Tim Sales

Southern California is undergoing a boom in new retail and entertainment center construction. During the 1990s a few key projects (i.e., Universal CityWalk, Irvine Spectrum, Century City Marketplace, Triangle Square, Promenade at Westlake) established an initial range of how the retail center could be recreated as a retail entertainment center. Although the financial success of these projects has yet to be proven, developers of all sorts of new and renovated retail centers are incorporating an entertainment element.

In the new millennium, entertainment elements are being married to all types of retail centers. Regional malls are finding defunct department store anchors carved up into cinemas and other large floorplate entertain-

ment retail uses. The community shopping/daily needs center is adding cinemas, themed entertainment and other upscale, experiential and lifestyle retailers. Power centers are adding a new big-box use – multi-screen theaters – and are investing more in theming and place-making design and programming. The regionally-oriented urban entertainment center is being joined by community-oriented versions of the same, serving a smaller market area. Finally, full-fledged destination and visitor-oriented entertainment centers continue to expand, and a few new offerings in this category are in the works.

While precise definitions of each type of retail entertainment center are unavailable, the category as a whole is rapidly expanding. Table I presents re-

cently opened and proposed retail entertainment centers in southern California. An amazing 11.3 million square feet of retail entertainment projects have recently opened or been proposed for Los Angeles and Orange Counties. While some of these project proposals may never be developed, the high volume of proposals indicates the market's bullishness on retail entertainment development product types.

The following sections discuss some of the higher profile projects.

LONG BEACH TOWNE CENTER — VESTAR DEVELOPMENT COMPANY

Long Beach Towne Center is a power center style retail development with an entertainment center included. At nearly 1 million square feet, the center is the largest retail development in

Table II
RETAIL ENTERTAINMENT CENTERS PROPOSED OR UNDER CONSTRUCTION IN SOUTHERN CALIFORNIA

| <u>CENTER</u> | <u>SIZE (SQ. FT.)</u> | <u>PROJECTED OPENING</u> | <u>DEVELOPER</u> | <u>KEY TENANTS</u> |
|------------------------------------|-----------------------|--------------------------|------------------------------|--------------------------------------|
| Paradise Park, Pomona | 500,000 | 2000 | Lewis Homes Retail | Resort Theaters |
| The Grove at Farmers Market | 640,000 | late 2000 | Caruso Affiliated Holdings | Nordstrom |
| Cabrillo Way, Los Angeles | N/A | Fall 2000 | Koll Development | new marina |
| Westwood Village Marketplace | 450,000 | Spring 2001 | Ira Smedra/Arba Group | Ralphs, Longs Drugs |
| Westwood Marketplace | 130,000 | 2000-2001 | Regent Properties | unknown |
| Burbank Downtown Village | 300,000 | Spring 2002 | AMC Entertainment | AMC Theatres |
| Burbank Metropolitan Plaza | 200,000 | 2000 | Regent Properties | unknown |
| Queensway Bay, Long Beach | 525,000 | 2000-2001 | DDR Oliver McMillan | Old Navy, Cost Plus Imports |
| Hollywood & Highland | 150,000 | 2001 | TrizecHahn Development | Mann Theatres |
| Hollywood Galaxy | 150,000 | TBD | CIM Group | General Cinemas |
| Hollywood Marketplace | 225,000 | 2000-2001 | Regent Properties | Borders Books & Music, Mann Theatres |
| Cinerama Dome | 177,500 | 2000-2001 | Pacific Theaters | Pacific Theaters |
| Paseo Colorado | 40,000 | 2001 | Champion Development | unknown |
| Plaza Pasadena | 550,000 | late 2000 | TrizecHahn Development | Macy's Outlet, theaters |
| West Hollywood Gateway | 270,000 | 2000-2001 | J.H. Snyder Co. | cinema, restaurants |
| Pointe Anaheim | 800,000 | late 2001 | Anaheim Center Entertainment | live theaters, nightclubs |
| Disneyland Center | 800,000 | late 2001 | Walt Disney Company | DisneyQuest, ESPN Zone, cinemas |
| Irvine Spectrum, Phase III and IV | 470,000 | N/A | The Irvine Company | regional retailers |
| <i>Source: JB Research Company</i> | | | | |

the City of Long Beach. The project is located on a 102-acre parcel that was formerly the Long Beach Naval Hospital, at the intersection of Interstate 605 and Carson Street. Vestar Development Company of Phoenix is developing the project.

Several of the major tenants, including Staples, Ross, Linens 'n Things and Barnes & Noble opened in fall 1998. Stores that opened in early 1999 include Old Navy, PetsMart, Payless Shoes, Simmons Mattress, Winston Tires, Famous Footwear, Party City, KB Toys, Roadhouse Grill, 3-Day Blinds and an AutoNation USA car dealership. The entertainment com-

plex, which includes a 26-screen Edwards theater, an El Torito Restaurant, Sam's Club, Sports Authority, food court and other retail, opened in early 2000. The final phase of Long Beach Towne Center is anchored by a Lowe's Home Improvement Warehouse and Michaels.

THE ENTERTAINMENT CENTER AT IRVINE SPECTRUM — THE IRVINE COMPANY

The Entertainment Center at Irvine Spectrum was one of the first retail entertainment centers built in Southern California and has been one of the most successful. Built at the intersection of Interstates 405 and 5, the proj-

ect availed itself of excellent market area demographics and relatively light competition. The project is very popular and anticipates annual visitation of 7 million this year, up from previous years. The project recently finished its second phase of development, with an additional two phases contemplated. All phases have been developed by the project's owner, The Irvine Company.

Developed at a total cost of approximately \$100 million, or \$207 per square foot (excluding land but including the Edwards Cinema), phases I and II consist of over 480,000 square feet of development.

Over 60 percent of the phase I building area was dedicated to a 21-screen, 6,400-seat Edwards Cinema, including the first with IMAX 3-D on the West Coast. The theater contributed significantly to the success of phase I, drawing large volumes of visitors who also patronized the food and beverage offerings. Phase I reported first-year sales revenues of \$425 per square foot (excluding the

movie theater area), and restaurants operated at 30 percent over initial sales projections.

Major phase I tenants included Edwards Cinema, Barnes & Noble, SEGA City, Wolfgang Puck Café, PF Chang's, Sloppy Joe's Bar, Champp's Americana and a 10,000-square-foot food court. In phase II, the following key tenants were added: Dave & Buster's, The Cheesecake Factory, Rock Bottom

Brewery and Sing Sing Dueling Pianos.

While phases I and II are adjacent to one another, phases III and IV propose to extend the project to the south, across a large parking lot. These later phases will not be connected to phases I and II and are more oriented toward larger floorplate regional retailers. No tenants have been announced. However, phases III and IV are proposed to include 470,000 to 500,000 square feet of additional building area.

HOLLYWOOD & HIGHLAND — TRIZECHAHN DEVELOPMENT

Hollywood & Highland is a 640,000-square-foot, visitor-oriented, destination retail entertainment center currently under development by TrizecHahn Development. The ambitious project is located on Hollywood Boulevard, adjacent to the historic Mann's Chinese Theatre. The project will incorporate major Hollywood icons of the past and present, positioning itself as a must-see attraction for Hollywood's estimated 6 million annual visitors. In addition, the project proposes to offer upscale retail, restaurants and state-of-the-art movie theaters to attract the local resident market to the site.

The project will include some unique features, including a 3,300-seat premiere theater that will be the new permanent home of the Academy Awards. The theater will be designed to facilitate live television broadcasts as well as touring Broadway-style shows and other presentations. The existing Holiday Inn will be renovated as a 525-room, 4-star hotel, including an elaborate tropical environment with white sand beach at poolside. The Governor's Ballroom will be included to support both the hotel and the premiere theater, and on-site catering will be provided by Wolfgang Puck Cafe.

The retail entertainment center will feature a 4-screen, 1,800-seat Mann Theater, which will share circulation with the historic Chinese Theatre. Retail areas will be elaborately districted

based upon classic Hollywood imagery, including a recreation of the exotic sets from D.W. Griffith's "Intolerance at the Babylon Court." A new paseo from the world-famous forecourt of the Chinese Theater will directly connect to the project. In addition, the project's developer is working with major entertainment companies to create, one-of-a-kind stores and presentations, showcasing the magic of movie, television, music and other media production. The project is currently under construction and is scheduled to open in late 2000 or mid-2001.

THE GROVE AT FARMERS MARKET — CARUSO AFFILIATED HOLDINGS

The Grove at Farmers Market is a proposed 640,000-square-foot retail entertainment center combining the historic Farmers Market with new regional and specialty retailing, restaurants and entertainment uses. The project will be developed by Caruso Affiliated Holdings. Headed by Rick Caruso, Caruso Affiliated Holdings is a development firm based in Santa Monica, California, which has recently become well known for recreating the community shopping center, introduc-

ing high-touch design, theming and lifestyle and entertainment tenants into the traditional daily-needs, neighborhood-serving shopping center. Examples of such developments include the Promenade at Westlake and the Commons at Calabasas.

The Grove will be three times larger than the developer's previous projects and will be a different type of project, as it incorporates a world-renowned tourist attraction (the Farmers Market) and will include uses that are more regional in draw. In addition to a renovation of the Market, the \$100 million project proposes to introduce more upscale stores and restaurants, offices, a flower market and movie screens. The Grove will take the form of 15 buildings arranged along miniature, open-air streets. Each building will be designed to resemble a row of storefronts in distinct styles and materials.

Nordstrom is planning to develop a new full-size department store location as part of the project. At 200,000 to 250,000 square feet, Nordstrom will be a major anchor of the project. The location will improve access to Nordstrom in the Los Angeles area, as the chain's presence in the metropolitan area is limited to the Westside Pavilion. No other major anchor tenants have been announced for the project.

UNIVERSAL CITYWALK HOLLYWOOD — UNIVERSAL STUDIOS, INC.

Opened in 1993, Universal CityWalk is currently undergoing its first major expansion in five years. When completed in 2000, the expansion will add approximately 90,000 square feet of new retail, restaurant and entertainment uses to the project's existing base of 264,000 square feet (including cinemas), an increase of 34 percent. An additional 10,000 square feet of building area will be created through the renovation of the second level at center court.

Announced tenants include IMAX 3-D, Buca di Beppo, Café Tu Tu Tango, Daily Grill Short Orders and two new restaurant concepts created by Bob Morris, the operator of Gladstone's. Additional concept retail will

Table I

Square footage (in millions) of retail entertainment projects in Los Angeles and Orange Counties, opened, under development or proposed.

| <u>Centers</u> | <u>RECENTLY OPENED</u> | | <u>PROPOSED</u> | | <u>TOTAL</u> | |
|--------------------|------------------------|----------------|-----------------|----------------|---------------|----------------|
| | <u>Sq.ft.</u> | <u>Centers</u> | <u>Sq.ft.</u> | <u>Centers</u> | <u>Sq.ft.</u> | <u>Centers</u> |
| Los Angeles County | 4 | 1.8 | 17 | 5.3 | 21 | 7.0 |
| Orange County | 3 | 1.3 | 5 | 3.0 | 8 | 4.3 |
| Total | 7 | 3.1 | 22 | 8.3 | 29 | 11.3 |

be included similar to the recently opened Fossil watch store; however, no tenants have been announced.

The second-level areas of center court will be renovated as a club district, including the potential to gate this district. The second level has long been a problem area for CityWalk, as the area has no through circulation. Tenants have included Hollywood Athletic Club, which was later replaced by Backlot Billiards, Lucille's and B.B. King's Blues Club. Only the B.B. King's venue remains in operation today. With the renovation, the second level will have complete 360-degree circulation so that guests may pass from club to club around the rim of the second level's outside walkway. In addition to the new circulation areas and bridges, the renovation will introduce approximately 10,000 square feet of

new building area. Club concepts for the second level may include a beer garden, dueling piano bar, comedy club and interactive theater venue. B.B. King's will remain as well.

ENTERTAINMENT CENTER AT STAPLES CENTER — STAPLES CENTER DEVELOPMENT COMPANY

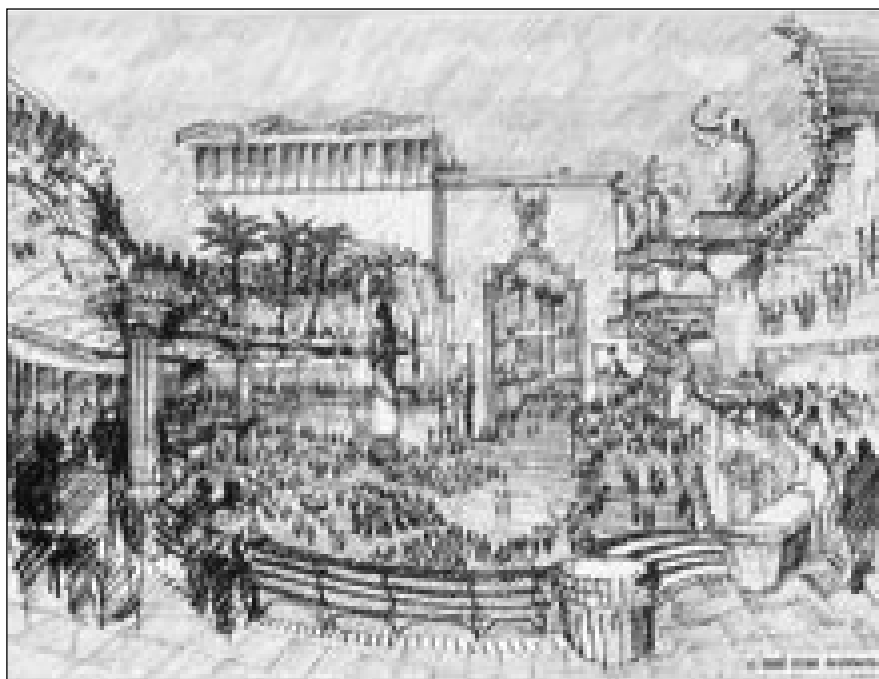
Staples Center is a new multi-purpose sports arena that recently opened in downtown Los Angeles. The \$375 million facility will be the new permanent home of the NBA's Los Angeles Lakers and Clippers and the NHL's Los Angeles Kings. In addition to the development site, the City of Los Angeles is assisting Staples Center with the assembly and clearance of adjacent parcels for ancillary development.

It is expected that a proposal for a 250,000-square-foot retail entertain-

ment center with movie screens will be forthcoming. While the immediate local market is not affluent and would not likely support an entertainment center on its own, the draw of 160 to 200 nights of sports, concerts and other entertainment programming at Staples Center will generate sufficient traffic to support certain types of uses. It will also establish the site as an entertainment destination for other non-event day activities, such as movies. The project is anticipated to be open by 2004.

THE BLOCK AT ORANGE — THE MILLS CORPORATION

The Block at Orange is a new retail entertainment concept from The Mills Corporation that mixes discount retail and entertainment in a visually entertaining open-air mall. Located at the site of The City mall in Orange, which was demolished to make way for this project, The Block is an 811,000-square-foot, \$168 million project. Major tenants include AMC Theatres, Ron Jon Surfwear, GameWorks, Hilo Hattie, Vans Skate Park, Borders Books & Music, Wolfgang Puck Café, Café Tu Tu Tango, Off 5th Saks Fifth Avenue Outlet and Virgin Megastore. **SCB**



TrizecHahn's Hollywood & Highland

Jill Bensley is president and Tim Sales is vice president of Ojai, California-based JB Research Company.