

PHOENIX

Sign of the times: Part of shopping center on Phoenix-Scottsdale border being converted to luxury apartments, restaurants

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A big-box shopping center near the Phoenix-Scottsdale border could be converted to 350 luxury apartment units and smaller-scale retail, according to plans from the center's owner.

The conversion of a portion of Scottsdale Towne Square is a sign of the times, project leaders said, as owners of big-box retail buildings grapple with how to keep properties relevant as shopping habits and neighborhood desires change.

“We are taking a project that may have been perfect two decades ago or three decades ago, in terms of shape, size and content, and making it something that works today,” said Jason Morris, partner at Withey Morris and zoning attorney for the case.

Morris' client, Woodbury Corp., has owned Scottsdale Towne Square since 2017, according to real estate database Vizzda. The property, on the northwest corner of Scottsdale and Thunderbird roads, was built in 1986 as a grocery-anchored shopping center.

Rethinking retail shopping

The redevelopment plan only includes the northwestern portion of the property, totaling about 9 of 16 acres. The existing retail building on the southern portion, which includes a Natural Grocers and other retailers, is not planned to be redeveloped, and the retail pads along Scottsdale Road also aren't included.

“This is an owner that has owned it for years,” Morris said of Woodbury’s plans to redevelop the center. “They are very deliberate in what they do, and they recognize that this is a good asset. It’s a wonderful location, great demographics and this will bring it to its highest and best use.”

Phoenix has more retail space per capita than the national average, which has led to other projects converting underutilized retail to other uses, especially apartments. However, Morris said, in this case, the area has strong demand for retail space. Big-box retail has fallen out of favor for customers, as evidenced by much of the existing retail space at the center being now occupied by a church, Morris said.

Instead of large-footprint stores, the new project will include 26,000 square feet of retail space, but with an emphasis on restaurants and unique, neighborhood-focused services.

“This is indicative of what we are seeing everywhere in the Valley where this makes sense,” Morris said.

Changes at SkySong: Scottsdale offices are for sale as biggest building still in the works

What's planned

The plan is to add 350 luxury apartment units, to be built above some of the retail space, with the remainder of the apartments to be built on the western portion of the site, away from Scottsdale Road.

The retailers and church that have locations in the portion of Scottsdale Towne Square that is planned to be redeveloped have leases in place, but Morris said the process to get city approval and begin construction will last through the next year and a half, at least, so many of the tenants will have vacated the site by then.

Initial plans for the redevelopment were submitted to the city in May, and Morris said for the rest of the summer he and the development team will be working with Phoenix officials and neighbors to address concerns and gather input. The rezoning process will last through most of next year, he said.

Nelsen Partners, the architects for Scottsdale Towne Square, is the same firm that worked on Kierland Commons and Scottsdale Quarter. The plan also includes incorporating work from local sculptor Peter Deise, whose work is displayed in public art installations around the Valley, including several in downtown Phoenix.

Morris also worked as zoning attorney for the Greenbelt 88 project in Scottsdale, which also plans to convert a shopping center into a mixed-use project that includes ground-floor retail and apartments.

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