

Surprise comes up short on retail

By Amy B Wang

THE REPUBLIC | AZCENTRAL.COM

By the numbers alone, Surprise seems an unlikely place for retail development to stall.

It is one of the youngest and fastest-growing municipalities in Arizona. According to the latest community survey from the Census Bureau, the city is the 10th largest in the state, with about 109,000 people with a staggering population increase of nearly 300 percent since 2000. Even with the economic slowdown, the population is expected to steadily climb.

However, retail development in Surprise has not followed suit. Within the city's 309 square miles, there is no "destination retail," such as Glendale's Westgate City Center. There are no full-service hotels, no toy stores, no bowling alleys.

Outside Surprise Stadium, there is little in the immediate area to entice the baseball fan to linger despite the fact that Cactus League spring-training games, one of the city's biggest tourism draws, take place there each year.

By contrast, the spring-training complex in neighboring Peoria is surrounded by vibrant restaurants, bars and shops.

And the city's first regional mall, at the master-planned Prasada community on both sides of Loop 303 between Waddell and Cactus roads, could be at least five years away.

A leakage

The curiously stunted retail scene in Surprise, combined with the city's proximity to cities such as Peoria, Goodyear and Glendale, has meant a loss of untold amounts of sales-tax revenue for Surprise.

"We've got what we call a leakage," Surprise Councilman Skip Hall said. A lack of toy stores in Surprise, he points out, means that parents and grandparents leave town to do their Christmas shopping and take their spending power with



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them. Without its own regional mall, city residents are instead visiting Arrowhead Towne Center in Glendale or Park West Mall in Peoria.

The untapped markets go far beyond Barbie dolls and blue jeans. A 2008 report by Surprise's economic development department identified the top 10 retail needs of the city. Among them were hardware, liquor,

household appliance and computer and software shops.

For each of these categories, Surprise's existing stores filled 2 percent or less of the market need. In all, the report estimated an "opportunity gap" of more than \$244 million.

Bridging the gap

It is this gap that Surprise officials are trying to bridge. The

A group of men gathers at Hurricane Grill & Wings (above), in the new Bell Mar shopping center (left). The colorful center presents an opportunity for smaller retailers in the city.

Surprise consumer wields much potential: The median household income in the city is more than \$60,000, and the median home price is \$271,000.

Ironically, the Prasada project could be one reason major national chains are hesitating to move to other parts of Surprise now, said Hall.

"If you're a retailer, let's say... the Prasada people call you up and say, 'We're going to be doing a retail mall,' " he said. "You look at that and you go, 'Well, maybe we'll wait. We'd rather be out there on the (Loop) 303 because we think that's where retail gravity is going to be, so to speak.' "

Prasada is going to be "a huge benefit to Surprise in the long term," Hall said, "but right now I think sometimes it can be an impediment."

To counter this, officials are focusing on appealing to boutiques, specialty shops and smaller local chains. The new Bell Mar shopping center, a colorful, mixed-use complex at 114th Avenue and Bell Road, has seen increased interest in such Valley-based businesses who may be considering Surprise.

"I think people are open towards the West," said Beatrice Kabab, a leasing agent for Esterra Development, the developer behind Bell Mar. "It's definitely on people's maps."

She too has had more success with smaller or lesser-known chains, such as Picasso's Gourmet Pizza, 5 & Diner and Hurricane Grill & Wings.

And national behemoths may be close behind. The opening of Surprise's first Sam's Club last January meant the city at last had a major discount-warehouse store to compete with the Costco in north Glendale.