

## **DMB, Westcor forge One Scottsdale deal**

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Rival developers who were slugging it out to land luxury retailers have joined together to build One Scottsdale, northeast of Loop 101 and Scottsdale Road.

Scottsdale-based DMB Associates Inc. and Westcor are announcing today that Westcor will develop, lease and operate 500,000 square feet of retail within DMB's One Scottsdale community, which will include office, residential and hotel components on 120 acres.

Westcor later will build its Palisene mixed-use project just across the street, northwest of Loop 101 and Scottsdale Road.

"This is an exciting project to create a vision of luxury retail on both sides of Scottsdale Road and do it right and at the right time," said Bob Williams, Westcor senior vice president of development and leasing.

The alliance ends the competition between DMB and Westcor to attract the most desirable luxury retailers to their respective developments.

It also aligns the two entities as they compete for retailers, restaurants and other tenants with CityNorth, yet another major mixed-use project on 144 acres northwest of Loop 101 and 56th Street.

CityNorth is a 3.6 million-square-foot project of retail, residential, hotels and offices that is being developed by the Thomas J. Klutznick Co. and Related Urban Development. It already has signed Phoenix's first Nordstrom and Arizona's first Bloomingdale's as anchor department stores.

"CityNorth is under construction, and its first phase will open in October," said John Klutznick, vice president of the Klutznick firm. "Regardless of competition or other developments, CityNorth is delivering on its promise to be the dynamic urban core for the entire northeast Valley."

At the One Scottsdale site, Dial Corp. already is building its U.S. headquarters, and it should be finished this year.

Tracey Gotsis, a Westcor senior vice president of marketing, said retailers want to open at One Scottsdale sometime from 2010 to 2012.

Meanwhile, DMB will focus on developing office buildings adjacent to Dial, along with condominiums and other housing. Including retail, office and commercial, One Scottsdale is planned for 1.8 million square feet.

Scott Nelson, Westcor vice president of development, said the alliance allows Westcor and DMB to develop the right project for Scottsdale, which will "complement CityNorth rather than compete with it."

Robert Mayhew, DMB Commercial general manager, added that the luxury retail at One Scottsdale would not duplicate what CityNorth is doing. DMB expects to announce a hotel for One Scottsdale soon, but no retail tenants were disclosed.

The DMB-Westcor joint venture could thwart a state land auction for the 112 acres that Westcor wants for its Palisene project.

The Arizona State Land Department intends to auction that site on April 30. The winning bidder must pay at least \$32 million to lease the land, plus \$67 million to develop utilities and roads for the site.

Westcor, a division of Santa Monica, Calif.-based Macerich Partnership LP, still intends to acquire the 112 acres and develop the site, said Nelson, the Westcor official.

Westcor will talk with the State Land Department about the auction's timing, he said.

Land Commissioner Mark Winkleman said Westcor's involvement in developing One Scottsdale raises questions about its interest in bidding on the Palisene land.

"We don't know if they will show up and bid," Winkleman said. "We'll find out on April 30."

There are valid questions about how much retail the northeast Valley can support, Winkleman added.

**Reporter Michael Clancy contributed to this article.**