NW Valley leads in retail space absorption

by **Erin Zlomek** - May. 27, 2008 12:51 PM
The Arizona Republic

The Northwest Valley led Maricopa County in retail space absorption during the first quarter of 2008, according to commercial real estate brokerage CB Richard Ellis.

However, retail absorption rates were down Valleywide from the same period last year, reflecting how a slumping economy and housing market have stalled retail growth.

New retailers in Surprise, Peoria, Sun City and parts of Glendale took over more than 660,000 square feet of commercial space between January and March. The region was one of the only greater Phoenix markets to experience retail growth, up from about 265,000 square feet of absorbed space in the first quarter of 2007.

Of 12 Phoenix submarkets, the Northwest Valley, Apache Junction, East Phoenix and Maricopa were the only areas to land more retailers in early 2008 than they did in early 2007, according to reports from CB Richard Ellis.

Valleywide, the amount of absorbed retail space dropped from 2.7 to 1.7 million square feet.

Despite that waning figure, the West Valley was expected to sustain its lead in retail growth over the next few years, said Rick Murphy, senior vice president at CB Richard Ellis.

Within 18 months, Murphy said, he expects Westcor to break ground on two regional malls: Estrella Falls in Goodyear, and Prasada in Surprise.

Regional malls often are catalysts in attracting acres of adjacent power centers anchored by big-box retailers like Wal-Mart and Target.

"You could really have a high absorption rate by just having four Wal-Marts open up," Murphy said.

Several retail projects came online in the Northwest Valley early this year, propelling the region to its leading status.

Murphy said some those new projects included the Parke West commercial center at Loop 101 and Northern Avenue in Peoria, a Wal-Mart shopping center near Deer Valley Road and the Lake Pleasant Parkway in Peoria, and the Bashas' shopping center at Waddell and Reems roads in Surprise.