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ASU Scottsdale Innovation Center to revitalize area

The Business Journal of Phoenix - by [Mike Padgett](#) The Business Journal

Scottsdale and **Arizona State University** officials are on the trail of a formula for turning lead into gold.

Their quest is turning 37 acres of dirt in South Scottsdale into long-term economic and technological fortunes.

The former Los Arcos Mall property at the southeast corner of McDowell and Scottsdale roads is proposed for the **ASU Scottsdale Innovation Center**, a high-tech research park.

The project's final design was approved Dec. 13 by the Scottsdale City Council. The co-developers are **The Plaza Cos.** in Peoria and **Higgins Development Partners** in Chicago. The architects are **Pei Cobb Freed** in New York and **DMJM** in Phoenix. The contractor is **Sundt Construction**.

"We expect to start construction in the first quarter of '06, and buildings will open for our tenants to move in in the first quarter of '07," said Plaza Cos. President Sharon Harper.

The project has been in the news in recent weeks because of the unique design of its towering central shade sculpture, called SkySong.

But backers say the real news is the long-term potential of the \$300 million development. They say its economic impact, once the first tenants move into the research facility, will reach across the state.

The buildings planned for the property have 1.2 million square feet to be built over 10 years. The first phase will have more than 300,000 square feet, of which ASU is taking 80,000. ASU's first presence in the new buildings will include **ASU Technopolis** and **Arizona Technology Enterprises**, both of which currently are in The Brickyard in downtown Tempe.

Foreign centers visited

Ideas for the development were gleaned from more than 100 research parks, knowledge parks and discovery centers around the world, either from personal visits or from research, said Rob Melnick, director of Arizona State University's Morrison Institute and ASU's associate vice president for economic affairs.

Harper, Melnick and others visited about 10 high-tech centers in Ireland, Great Britain, Germany and The Netherlands. Melnick also visited China. They met with elected officials, corporate leaders and workers to talk about their research sites and the nations' commitments to the work.

Melnick and Harper can describe what they saw and researched, but ask them for a description of the ASU Scottsdale proposal, and their answers are cautionary because the Scottsdale development's goals fall in uncharted territory.

"There aren't any magic beans here," Melnick said. "Our job is to cream the best of each one of those (foreign centers) and put them all together on our palette. Everyone wants to say, 'Point to the one that it's going to be like,' but I just can't. There's nothing anywhere like what we're trying to do."

That's because the physical appearance and the business model of the Scottsdale project will be unique, depending on the unpredictable forces of economic and technological markets.

"It'll start to take form and kind of start to create itself, in certain ways," Melnick said. "This project embodies so much of what ASU is transforming into, which is an innovation factory for training people who will be equipped to compete in a global, innovative environment."

Major companies interested

Melnick said companies interested in the project range from "the muscular, high-tech multinational companies that are already in the Valley, to the small boutique companies that want to be in this very interactive environment we want to create."

Nondisclosure agreements forbid him from naming the companies, he said.

"But I can tell you that we've had discussions with no less than five very, very significant major corporations that have expressed serious interest in locating there," he said. "These are big, robust companies that have multiple locations. The potential is off the chart."

Melnick added that since guarantees are nonexistent, there is going to be a tremendous amount of sweat equity.

"We have to make sure that we move from concept to reality," he said. "We're going to have to work very hard and make sure we get the right tenants in there. I don't doubt its success, but I also don't doubt that we're going to have to work our buns off to make it happen."

One key to the architecture is designing it with flexibility, because only the needs of the development's first users will be known. Buildings with specific uses could be difficult and expensive to refit for future tenants, especially since technology is changing at a faster rate, Harper said.

The project will have 135,000 square feet of first-floor retail at build out, with the rest of the project devoted to office and research space.

The design includes a site for a hotel and conference center, four open space areas, with

buildings set back from the roads. The overall design will integrate the property with the area, not isolate itself from the neighborhoods, and parking will be internal.

"It will be very eclectic," Harper said. "It won't be a suburban office park where parking and buildings are the same."

Property improvements

Work hasn't yet started on the development, but it already is having an economic impact in South Scottsdale.

Property values are inching up, homeowners are sprucing up their properties, and developers are researching sites and crunching numbers to see which ones are candidates for renewal.

Much of the new attention can be credited to the project as well as the healthy economy, said Dave Roderique, director of the city's Department of Economic Vitality.

"For years, we've said that corner (McDowell and Scottsdale roads) is considered a linchpin by a lot of people who said they weren't going to do anything until they knew what was going to happen there," Roderique said.

He said it wasn't long after the property was bought in August 2004 by the **ASU Foundation** that owners or developers of other properties nearby started contacting city officials about updating or redeveloping their properties.

Bill Heard Chevrolet, 7224 E. McDowell Road, is expanding to a new site at the southwest corner of McDowell and Pima roads, but its current property will be kept in use.

Roderique said another dealer, whose name he declined to release, is about to announce a major renovation and expansion program at its existing location on McDowell.

"We see this as an extremely high-profile corridor connecting downtown Tempe to downtown Scottsdale, which are two key anchors going through a lot of success right now," Roderique said.

The collective impact of the cutting-edge design of the ASU Scottsdale Innovation Center, the architects, developers and contractor, the city's goals and increasing property values hold the promise of new economic fortunes for South Scottsdale -- all centered on this 37 acres of dirt.

"There's a little alchemy here, for sure," Melnick said. "We're creating something that will give the entire Valley, and certainly Scottsdale, a distinct advantage.

"You transform this economy one step at a time," he added. "You don't just flip a switch. You have to have the wherewithal and the patience, and you've got to take some risks. Otherwise, you're playing catch-up forever."

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Scottsdale Department of Economic Vitality: 480-312-7601.

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