

PITTSBURGH Tribune-Review

No run-of-the-mill mall

By Michael Yeomans
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ANNE ARUNDEL COUNTY, Md. -- A Virginia developer promises to bring the Pittsburgh region a combined shopping and entertainment venue that twists a dagger in the back of the tried-and-true regional mall concept.

"These regional malls just haven't changed in 50 years. There's nothing to differentiate them," said David Douglass, vice president of communications for The Mills Corp., the Arlington, Va.-based developer that has begun clearing land along Route 28 in Frazer Township for a 1.1 million square foot development called Pittsburgh Mills.

Mills officials and politicians, including possibly Gov. Ed Rendell, will celebrate the start of the Pittsburgh Mills project with a ceremony Friday morning.

Mills is one of the hottest players in shopping center development, opening centers from Colorado to Madrid in recent months.

Mills developments follow a similar playbook, but borrow heavily from local influences to fit them to their market -- such as a NASCAR-sponsored go-cart track in the Mills development in stock car-crazed North Carolina, an ESPN-sponsored skateboarding park inside the Franklin Mills mall in Philadelphia and a Gibson Guitars store and factory inside its Opry Mills mall next to the Grand Ole Opry in Nashville.

Mills' grandest adventure to date is set to play out in the Meadowlands in New Jersey, where it has been selected by the New Jersey Sports and Exhibition Authority to develop a project that will include a "Snow Dome" for indoor skiing, an indoor water surfing park, a spa, farmer's market and a minor league baseball stadium -- all in conjunction with the New York Giants of the NFL.

The aim of the development, which also will include office buildings and hotels, is to lure the Super Bowl in 2008.

Nothing quite so ambitious is in store for Pittsburgh, but a trip to Arundel Mills in suburban Baltimore reveals strong hints of what could be springing up over the next 18 months in the Allegheny Valley northeast of Pittsburgh in Frazer Township.

Arundel Mills, opened in 2000, features six full-service restaurants and a 24-screen Muvico movie theater that during many weeks is the top-grossing theater in the country.

The single-story enclosed structure is laid out in an oval, with the tenants arranged on the inside and outside of the corridor. At the center of the oval is a bypass that allows visitors to cut from one side to the other.

Its corridors are divided into six corporately sponsored "neighborhoods" that follow different themes, with each having different music piped in and colorful interior designs.

The shops are a mixture of the retailers that can be found in any regional mall -- like GNC, Payless Shoes and Old Navy. But many of the stores are larger than their typical mall counterparts.

Photo Gallery

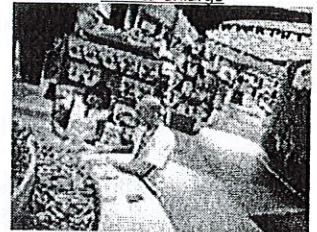
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Giant pinball machine

Steven Adams/Tribune-Review

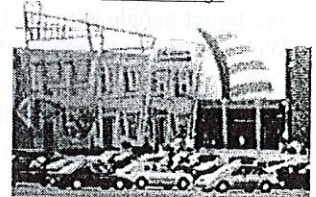
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The Crayola Works store

Steven Adams/Tribune-Review

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Every entrance to the Arundel mall has a unique artistic flair

Steven Adams/Tribune-Review

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The entertainment at Jillians

Steven Adams/Tribune-Review

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Mills developments also have numerous factory outlet stores for companies like Saks Fifth Avenue, which developed the Off 5th concept originally for Mills.

What really sets a Mills development apart, however, is its entertainment offerings.

Under construction at Arundel Mills is a Medieval Times dinner show that features armor-clad knights jousting on real horses. Mills also collaborated with Easton, Pa.-based Binney & Smith, parent company of Crayola, to develop the company's first retail outlet, Crayola Works -- that combines a store with a children's art studio.

Inside the Bass Pro, a hunting, fishing and camping store, visitors can watch a live demonstration of the latest lures at the store's aquarium or jump onto its climbing wall or try out their aim at its archery range.

The Jillian's restaurant and entertainment center sports an arcade, bowling alley, billiard room and night club to complement its three dining rooms.

"We want people to spend more time at one of our developments than they do at a regional mall," Douglass said.

Mills' competitors are sizing up the upcoming development.

Michele Czerwinski, marketing manager at the Prime Outlets in Grove City, a manufacturer's outlet center about 60 miles north of Pittsburgh, said the Mills shopping experience is different from that of an outlet center.

She said the Mills anchors, such as Bed, Bath & Beyond and Target and J.C. Penney, are more typical to regional malls than they are to outlet centers.

"We target people who really enjoy shopping," she said, adding that Prime Outlets targets a slightly older, female customer. "We're not focused on entertainment."

But while emphasizing the difference, she said that any large, new retail development that enters a region is going to cut into the sales of the existing players.

"The pie is only so big," she said.

"We didn't feel too much from the Waterfront development (in Munhall/Homestead), but with all of this new retail, at least for the first year, we might see people going (to the Mills) to check out the new kid on the block," Czerwinski said.

Meanwhile, the Grove City shops are bustling at 100 percent capacity, after just adding a Border's Books outlet, Heritage Wine Cellar, The Fudgery and an American Eagle Outfitters outlet -- the first of its kind.

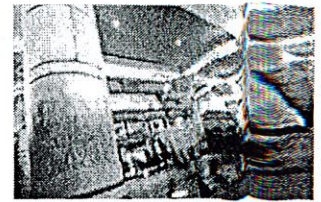
Mills Corp.'s Douglass said other development, such as strip centers, hotels and restaurants, and housing typically follow a Mills development.

"These developments are such economic engines," he said.

Mills is not slowing its growth in the current tough environment for retail. Last year, it assembled a \$2 billion debt and equity war chest for expansion. A typical Mills development costs \$250 million to \$300 million to build.


The Mills local partner in the Pittsburgh development is Zamias Properties, which has been endeavoring for two decades to build a mall in Frazer.

For a time, it seemed like another development on Route 28 in Harmar Township, Deer Creek Crossing, would surpass the Frazer development, before battles with environmentalists snagged the project.




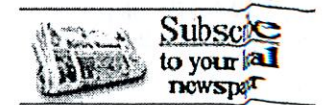
The Mills Corp.
Steven Adams/Tribune-Review

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Steven Coslik, president of Dallas-based Woodmont Co. -- Deer Creek's developer -- said the success of the two developments hangs with the retailers.

Coslik is confident that the retailers he is working with -- such as Home Depot, Giant Eagle, Dick's and Target -- would prefer to be in the Deer Creek development because of its strategic location at the intersection of Route 28, Route 910 and the Turnpike.

"It's not who starts first, but who has the best real estate," Coslik said.

Aaron Savin, vice president of Pittsburgh-based Echo Real Estate Services Inc., said he is taking a wait-and-see approach with the companies he represents, which include Best Buy, Michaels, Office Max and Pier 1 Imports.

He said if Coslik is right and stores like Target and Giant Eagle stick with Deer Creek, he will take his clients there as well.

"Bottom line, it doesn't have to be the first project coming out of the ground, but the best project," he said.

Savin said there could be enough retailers to go around for both developments to be successful.

Coslik estimates the Deer Creek project will begin within 90 days, although environmentalists led by PennFuture are still dogging the project with appeals of permits awarded to disturb wetlands, as well as an appeal of a decision upholding Woodmont's tax break for providing new road infrastructure.

Douglass said Mills Corp. doesn't view the Deer Creek development as competition, but said rather that a rising tide will carry all boats in the Allegheny Valley.

