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Revitalizing a 'ghost town:' Downtown Mesa now has \$500M in development projects in the works

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For years, staff at Mesa City Hall hated to hear the word “potential” in reference to the city’s downtown.

Whether it was the vacant lots or empty commercial buildings, the strip along Main Street between Country Club and Mesa drives, was in many ways a blank canvas. But getting a developer — any developer — to be first in line proved difficult.

“We used to joke that we suffered from 'potential,’” said Jeff McVay, the city of Mesa’s manager of downtown transformation. “When there was a square mile and we didn’t know where to start or who would take off first — that was scary.”



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The new look of Main Street in downtown Mesa.

Just five years ago, downtown Mesa wasn't much to talk about. But in the past few years a number of restaurateurs and entrepreneurs successfully established businesses in downtown Mesa while organizations such as Arizona State University and the Church of Jesus Christ of Latter-day Saints made major commitments and investments in the area, which has set up the city's downtown to start actually realizing that long-awaited potential, McVay said.

In fact, there are more than \$500 million worth of projects in the works right now in downtown Mesa. City officials are hoping this will just be the start.

Why Mesa needs a downtown

Downtown Mesa wasn't always a ghost town. The historic buildings that sat empty for so many years were once filled with shops, restaurants and all sorts of businesses. U.S. 60 ran down Main Street, making the area highly trafficked.

But when the highway was moved to the south and large malls started opening up in the '70s, people lost the urge to visit downtown.

"In the '60s and '70s downtown Mesa was one of the places to be for shopping, entertainment and restaurants. After the U.S. 60 was built and the Fiesta Mall and shopping malls became all the rage, this area started falling apart and it didn't have any life to it," Mesa Vice Mayor Jenn Duff said. "I moved back into the downtown area in 2009 and it was a ghost town. It was depressed."

Mesa leaders were determined, realizing that having a vibrant downtown could be financially beneficial to the city.

"A city is judged by its downtown," McVay said. "Mesa has been overlooked for years by the development community, by restaurateurs, because of those old perceptions [of its downtown]."

A city with an active downtown that has cultural amenities, high-quality restaurants and bars, and entertainment options, ends up being more attractive in the economic development world, according to McVay.

“Those are the things that are going to attract new residents and new investments,” McVay said. “We want this to be successful because it is going to improve our economic development opportunities, it is going to raise our tax base and it is going to make us have a more sustainable future.”

Seeing the need for a transformed downtown, Mesa created McVay’s position about half a decade ago and he now has a team that works closely with the Mesa Downtown Association, to support existing businesses in downtown Mesa and attract others.

While Mesa isn’t aiming for a downtown similar to Phoenix’s, Tempe’s or Gilbert’s, McVay said Mesa can learn a few things from the successes in those neighboring cities.

For Tempe or Gilbert to have the downtown experiences they currently have, McVay said those took decades-long efforts to become a reality.

“We are no different, McVay said. “These are heavy lifts, and they take a lot of partners and a lot of people investing money in addition to the city.”

Start of the transformation

A lot of people credit businesses like Cider Corps and some of the other breweries in downtown Mesa for beginning the downtown metamorphosis.

But these businesses didn’t seem to choose Mesa for any particular reason outside of rent being cheap.

“Honestly the reason we came down here was because there were buildings that were affordable,” said Jason Duren, who co-owns Cider Corps with brother Josh.

Dave Valencia, owner of Oro Brewing Company, had a similar situation and said he couldn’t beat the rent for a cool-looking building.

Once these places started to open, these business owners started to realize the potential of downtown Mesa and got involved and

started working with each other. Valencia, the Duren brothers and Jim Bob and Kelsey Strothers, who own Worth Takeaway, are all very active in the downtown Mesa community, serving on boards and committees.

“The hope and desire for downtown Mesa is not the same as downtown Gilbert – that a bunch of big guys come in and just put these huge concepts in that don’t fit the vibe,” Duren said. “Josh and I have been very proactive in reaching out to people we believe are in the same boat as us, [business owners] who believe in building a legacy for downtown Mesa – one that doesn’t fail every 20 years.”

In the past few years, the Durens have talked Mesa up to several people and some of them have taken their word for it and moved in. Armando Hernandez and Nadia Holguin from Tacos Chiwas expanded their restaurant to downtown Mesa in 2020 based on the recommendation from the Cider Corp guys. The Durens also have allowed other entrepreneurs to open in their space like Myke Olsen who runs the pizzeria Myke's Pizza.

“It hasn’t been the brokers pounding down people’s doors, it has been the successful businesses telling other businesses how great it is,” said Nancy Hormann, the president and executive director of the Downtown Mesa Association. “No one made this happen. It wasn’t pushed. It wasn’t contrived. That is why it feels so authentic.”

It feels authentic to Valencia because not only is he there running his business every day, but he knows who owns the neighboring businesses and so do the customers.

“If you go to downtown Mesa right now, the chances of running into the owner or operator or somebody who has a real stake in the business, are really good,” Valencia said. “Word has gotten out that the business owners in downtown Mesa like each other and work together to make everyone successful.”

Faith in housing demand

The Church of Jesus Christ of Latter-Day Saints, widely known as the Mormon church, has had a major presence in downtown Mesa dating back to the 1920s with its temple built on Main Street and about a block east of Mesa Drive.

For the past 10 to 15 years, Mesa's city manager, mayors and other elected officials have been putting political pressure on the church to make a significant investment in downtown Mesa, McVay said.

The church has a real estate arm, City Creek Reserve Inc., which has done major development projects in recent years, including a massive redevelopment of a large portion of downtown Salt Lake City, where the church is headquartered.

"They've been getting a little pressure from us, but I think they always wanted to do something, it just had to be the right time," according to McVay.

In 2018, the Church of Jesus Christ of Latter-day Saints announced it would be making major renovations to its Temple in Mesa and it would start construction on a luxury residential complex with underground parking and retail spaces called the Grove on Main.

The church declined to be interviewed for this article, but in its own publication, the church wrote that the decision to build the Grove was to "protect and enhance the environment around the temple grounds. The church considers temples to be the most sacred places on earth. A secondary but essential purpose of the project was to attract businesses and homebuyers to infuse more economic life into the community."

McVay acknowledges that City Creek isn't a normal developer and that the return the church is looking for isn't necessarily financial, but it seems like they are getting those returns as well.

The Grove has more than 280 units and they were completely leased up in six months, the fastest leasing multifamily project in City Creek's portfolio. The owner even raised the rents three times during the six-month lease up period, McVay said.

The successful leasing of that project has shown the market something that McVay and others in Mesa City Hall have believed

for a longtime but didn't have the evidence to show, people want to live in downtown Mesa and will pay market rate for it.

"We never had the supply to prove there was a demand even though we always knew the demand was there," McVay said. "It took somebody like the Grove to prove the market exists."

After the church's investment in the area and the news of its leasing success, other developers rushed to downtown. There are about 1,500 residential units under construction in downtown Mesa across half a dozen projects, nearly doubling downtown's density.

"What changes the face of downtown is residential," Hormann said "The more rooftops we get, more and better retail and restaurants will follow."

Some of those projects include the \$75 million The Grid project, the Residences on Main complex, worth \$59 million, and the \$30 million ECO Mesa development will all feature some amount of new retail space as well.

The future for downtown Mesa

The next big project set to come online in downtown Mesa will be the \$73.5 million ASU at Mesa City Center project, which is being called an "innovation hub."

Arizona State University will house its Sidney Poitier New American Film School at the Mesa City Center, as well as several programs from the Herberger Institute for Design and the Arts and the Ira A. Fulton Schools of Engineering. The center is expected to open in the spring of 2022.

Hundreds of students will be coming to the center and learning how to use its state-of-the-art digital content creation technology.

ASU has high expectations for what its students will be able to take from these facilities and implement into the economy and Mesa is hoping the city will be apart of that.

"The new economy will have new digital media tools," Michael Crow, ASU's president, said in a statement. "New digital

visualization tools, new digital creativity tools, new digital creativity expressions, new digital creativity films, new digital creativity documentaries, etc. ASU at Mesa City Center lays down the underpinning that allows researchers, developers, creators, students, faculty, community members — everyone — to be involved in all things digital.”

Mesa is hoping the ASU project will be the anchor of its Innovation District, which will also include The Studios, a place ASU and Mesa are building together at which students, entrepreneurs and industry leaders can collaborate on new digital media. CO+HOOTS is also building a \$2.15 million co-working and academic entrepreneurship space with Benedictine University, also on Main Street.

The mix of retail, restaurants and housing are suppose to support this innovation district, which Mesa officials hope will bring a whole new segment to the downtown economy.

“All of these things coming together is creating quite an opportunity for this downtown area that has been depressed for almost 40 years,” said Vice Mayor Duff. “Now it can have its second golden age.”

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