



CASE STUDY

Development

CityScape Transforms Downtown Phoenix

Overview

RED stepped up to a company-defining challenge starting in 2005, when it entered discussions with the City of Phoenix regarding the empty, distressed core of the city's emerging, new downtown. Framed by two, high-profile professional sports venues – the Arizona Diamondbacks' home at Chase Field and Talking Stick Resort Arena, home of the Phoenix Suns – as well as the convention center, ASU's 10,000-student downtown campus and more, were two surface lots and an uninviting, seldom-used public park.

In 2006, RED purchased the central land parcel and also won the bid to redevelop Patriots Square Park – the first moves in formulating a highly complex, \$90 million public-private partnership with the City of Phoenix that ultimately resulted in CityScape, RED's 1.2 million square foot, mixed-use office, hotel, retail and residential property that opened its first phase in 2010. The sleek and inviting CityScape delivers on its promise of new energy for Phoenix's commercial heart. In fact, *localrevibe Phoenix* magazine gives the development credit for revitalizing downtown: "Downtown Phoenix is finally catching up with some of the better downtown districts America has to offer, and the new CityScape Phoenix district is to thank for the much-needed revamp."



"CityScape is the most important private sector project in downtown Phoenix and represents the best of what can be achieved by a visionary development team committed to quality. It could not have happened without the creativity and tenacity of RED Development. The RED team stepped up and during the toughest economic times we have seen in decades, they got the job done. It's not only a great project, it is a great gathering place for the entire community – they made their project, our project."

- Former Mayor of City of Phoenix, Phil Gordon

RED's Approach

RED drew on its own history of creating successful developments, along with its in-depth understanding of the Phoenix market, to pave the way for CityScape – by far the largest mixed-use development in the company's history. RED's focus on strong municipal relationships and transparent dealings helped the company to forge a set of mutually beneficial agreements with the City of Phoenix to provide key public support for the project.

These elements included a Government Property Lease Excise Tax (GPLET) framework and a \$57 million Municipal Reimbursement Agreement for public improvements. For the private portion of the financing, RED was able to rely on its reputation with long-standing financial partners and ultimately closed on eight loans involving more than two dozen banks. This included a large loan finalized in January 2009, in the midst in one of the worst lending environments in decades.



In a hallmark of RED's inclusive approach, the company reached out to more than 2,000 stakeholders over eight months to build consensus for the new project. Comprehensive research, including a study from noted retail research analyst Jeff Green Partners, was all part of RED's thoughtful, focused approach to deftly managing disparate interests and creating a cohesive vision for the new CityScape.

Today's CityScape

With four buildings, 50,000 square feet of park/open space and 3,000 below-grade parking spaces – all with easy access and strong connectivity to Arizona's top sports attractions – today's CityScape dazzles in scope. Adding energy to the project is exciting retail and entertainment, including Urban Outfitters, Charming Charlie, Lucky Strike, Stand Up Live Comedy Theater and much more; a menu of great restaurants including Fox Restaurant Concepts – The Arrogant Butcher and contemporary Asian fusion Squid Ink Sushi Bar that open onto the street as well as into the heart of the project; a 250-room, 4-star Kimpton property, the Hotel Palomar; an upscale market/café the The Corner, EOS Fitness; and of course an impressive roster of tenants in the 600,000 square foot office tower. CityScape's newest addition, a 14-story tower featuring 224 residential apartments that sit atop the Hotel Palomar, opened in early 2014 and round out CityScape as a true live, work and play destination.



"RED had a vision for downtown Phoenix and CityScape when many thought the proposition was far too challenging. But we saw the opportunity and created a "big city" concept that we thought could work. The result was well beyond our expectations."

-Sam Fox, CEO, Fox Restaurant Concepts