

# Shopping Centers Today May 2011



## STRIP MALL

A MALL ON THE STRIP IS USING LOCAL TENANTS TO REVERSE ITS FORTUNES

By Beth Karlin

**W**HEN THE ALADDIN HOTEL'S DESERT Passage changed hands in 2003, the new owners inherited a high vacancy rate at a ho-hum shopping center. Their challenge was twofold: Fill space quickly while creating a shopping experience on the crowded Las Vegas Strip that would stand out. This was no easy call. Leading chains had already saturated the tourist mecca, so they were not looking for more outlets. Besides, they were skeptical about the mall's future.

"The nationals were fickle about what we had to offer," said

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Russ Joyner, executive vice president and general manager of the now reborn Desert Passage — renamed Miracle Mile. “So we looked for incubator-type businesses to help tell our story.” They did not look far. They invited local retailers to set up shop in the 475,000-square-foot mall. They were especially interested in edgy retailers that would excite young shoppers. This was a gamble, both for the largely un-

tested homegrown retailers that took space there and for the owners — now David and Aby Rosen, in partnership with Robert K. Futterman & Associates. But the gamble paid off for all. The local retailers got a prominent perch, and the mall got increased foot traffic and younger tourists.

The numbers tell it all. Last year, with local businesses accounting for about one-third of the 170 tenants, sales

across the mall jumped 15 percent from the year before, while traffic rose 13 percent, to 25 million shoppers — or 68,000 per day. The mall’s vacancy rate, meanwhile, has dropped to about 5 percent.

“They repositioned the mall well by differentiating it from other destinations, like The Forum Shops,” said retail consultant Jeff Green, who had no involvement with this project. Green praised the transition from the

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old-school Arabian Nights theme to the new “urban funky” vibe that brings in younger shoppers. The transformation dovetailed nicely, too, with the corresponding hotel changeover from the Aladdin to Planet Hollywood Resort & Casino. The local businesses include Blondie’s Sports Bar & Grill, Memorabilia International, Sin City Brewing Co. and two entertainment centers owned by Las Vegas entrepreneur David Saxe.

Management’s approach to finding retailers was certainly unconventional. Tenant Scott Stern, for instance, was

selling T-shirts from an outdoor kiosk at an outlet mall when Amanda Cole, Miracle Mile’s specialty retail director, stopped by and changed his life forever. “She saw us and asked if we wanted a store in Miracle Mile — it was amazing,” said Stern. Soon Stern was at Miracle Mile as the proprietor of a 150-square-foot “hole in the wall” called The Squared Circle Fight Shop. When sales of his mixed-martial-arts shirts, hats and other novelties took off, he moved into a 300-square-foot space. In March Stern upgraded to a 5,000-square-foot store, and now his

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renamed Las Vegas Fight Shop is packed to the rafters with gloves, pads, clothing and other items related to mixed martial arts. European fight fanatics come in and load up on items they cannot get at home, Stern says.

Locals tend to start small and take temporary leases. The large new space has a short-term lease of one year. "We take it one day at a time," said Stern.

His Miracle Mile experience led him to take space at Fashion Show Mall, which appeals to a different and more mature demographic, but he still draws customers for his fight paraphernalia. "The cool thing is that we're next to Neiman Marcus," Stern said. The juxtaposition of such strange bedfellows is a manifestation of the need to draw diverse shoppers, published accounts have said.

Another local triumph is Sin City Brewing, which started with a 400-square-foot space and was management's first choice when it identified a need for a bar near one of the theaters. "We worked together to tweak the space and create Halo," said

"Local businesses understand the ebb and flow of the area. They are familiar with tourists, but also bring in residents."

Bill Doak, Sin City's owner and the proprietor of the Halo Bar. Next for Doak: The Las Vegas Chocolate Shop, in Miracle Mile.

The biggest draws to the Miracle Mile are the V Theater and the Saxe Theater, both owned by David Saxe, a Las Vegas insider whose mother was a dancer in the famous Folies Bergère and whose father was a bandleader for the Rat Pack.

When Saxe could not get space for his shows in a hotel — the traditional venue for musical reviews — he took a risk on Desert Passage. V Theater was so successful that last year he opened the Saxe Theater.

For all the success of Miracle Mile, it is unclear if such a high percentage of local retailers would work in other markets. "Local businesses understand the ebb and flow of the area," said Joyner. "They are familiar with tourists, but also bring in residents."

That was the goal, and it worked, the owners say. "We had to be very creative in the beginning," said Joyner. "Now we can be creative and selective." **scf**

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