

Recession cripples Southbridge retailers

Only handful of shops open in development

By Peter Corbett
ARIZONA BUSINESS GAZETTE

They are the survivors, a handful of resilient retailers who endured a crippling economic collapse that took shape in late 2007 as the Mix shops at SouthBridge opened in downtown Scottsdale.

Merchants such as Amy Yount of Amy inc and others have outlasted Mix development partners Jennifer Croll and Peter Kleis, who lost ownership of the Mix buildings to foreclosure earlier this year.

Yount, who owns a women's fashion boutique, said she is looking forward with optimism rather than focusing on the initial failure of the Mix concept. Her store and seven others are still open — out of an initial lineup of about 25 merchants.

"At this point, it's about being along Stetson (Drive) in that Old Town location," Yount said of her boutique and its potential.

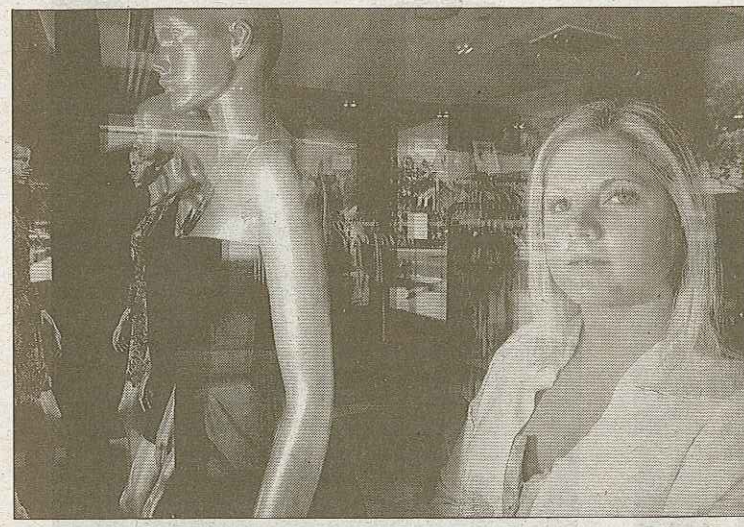
... then there were 8

Remaining tenants at the Mix shops at SouthBridge include:

- Amy inc.
- Art Space.
- Joy Li Studio.
- Elan.
- Garage Body Shop.
- Keisen Institute.
- Karve Studio.
- Beach Bunny.

Meanwhile, SouthBridge, a mixed-use development of retail, offices and restaurants along the Arizona Canal, has fallen short of its promise. The latest casualty is the Canal restaurant that closed this past weekend after about 20 months in business.

The Mix shops, SouthBridge's retail component, were touted as the anti-mall, a collection of small independent retailers that would be brimming with shoppers from the nearby Scottsdale Waterfront



PAT SHANNAHAN/ARIZONA BUSINESS GAZETTE

Sales associate Bethany Gasman works at Amy inc, which has outlasted other Mix shops at SouthBridge in Scottsdale.

and Scottsdale Fashion Square. But tenants complained that Croll and Kleis failed to market and operate the Mix shops as promised.

That led to a flurry of lawsuits in Maricopa County Superior Court involving tenants, investors, lenders and the Mix development partners. Some

merchants fled to other locations or simply closed.

In separate lawsuits, Moody Blues, a clothing store, and Te Boutique LLC alleged that the Mix shops never provided valet parking or adequate security as promised. They also asserted that a security-camera system did not work properly, leading

to thefts of merchandise.

Tenants also complained that the Mix failed to deliver on creating a Players Club, a VIP lounge that was supposed to attract professional athletes and other wealthy customers.

Croll, who put together the Mix fashion retailers, filed for Chapter 7 bankruptcy protection for Croll Corp. in October. Karla Calahan, a Phoenix attorney representing Croll, did not return a call seeking comment.

Kleis, Croll's Mix partner, said Croll closed her women's fashion stores and is concentrating on designing a line of clothing.

Kleis blames the Mix collapse on the economy.

"We opened in the worst retail recession in history," he said. He declined to comment further on the foreclosure.

Resolute Commercial Services was appointed as the receiver for the Mix shops, said Jeremiah Foster, a principal with Resolute.

"We've been making a lot of progress in stabilizing the asset," he said.

ENTREPRENEUR

Family eatery boasts menu filled with Cuban flavor

By Georgann Yara
ARIZONA BUSINESS GAZETTE

When Mayra Gonzalez left Cuba at the age of 9, it was uncertain whether she would see her homeland again.

But Babaloos Cuban Cafe, the restaurant she owns with her son Robert, gives the Ahwatukee Foothills restaurateur a little taste of the island she left behind when her family escaped Fidel Casto's takeover.

"I want to go back and visit. (Babaloo's) is a little piece of Cuba that we're keeping alive," Mayra, 56, said.

Mayra and Robert, 31, opened Babaloos last year at a busy intersection tucked away in the Foothills, not far from their homes. At the time, there were not many independent

Babaloo's Cuban Cafe

Where: 1241 E. Chandler Blvd., Phoenix.

Employees: 11.

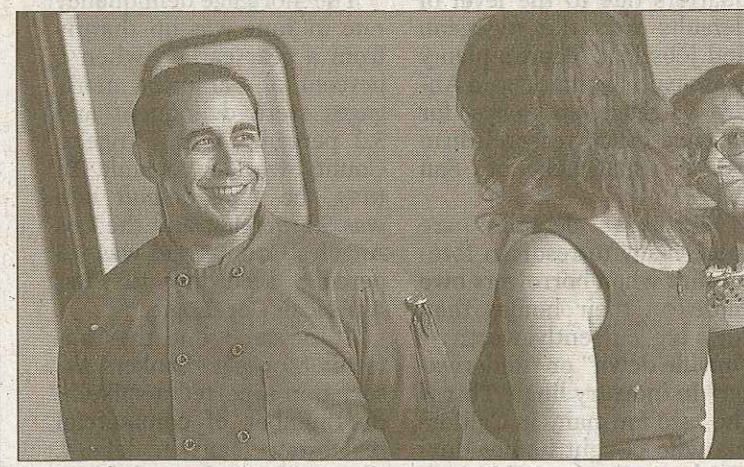
Details: 480-460-1528 or www.babaloo'scubancafe.com.

Statistic: An estimated 215,000 Cubans immigrated to the United States during 1959-1962, shortly after Fidel Castro came into power.

restaurants in the area.

After some demographic research, the mother-and-son team was convinced their eatery could be a reality.

Robert, who earned his culinary degree from the Art Institute of Phoenix, is the chef,



DAVID KADLUBOWSKI/AZR

Robert Gonzalez and mother Mayra (far right) chat with a customer at Babaloo's Cuban Cafe in Ahwatukee.

while Mayra is affectionately referred to as the "Cuban Quality Control Officer."

Robert's father, George, and

wife Lisa also provide behind-the-scenes support.

"I was always interested in having my own restaurant. If

you're going to spend all that time, why spend the hours working for someone else?" Mayra said.

New Jersey native Robert recalled a childhood spent in the kitchen observing and cooking with his parents and grandparents. His passion for food was ignited by a festive attitude that embraced cooking as a joyous occasion and not a tedious obligation, he said.

Dishes are a fusion of family recipes and traditional Cuban fare with a few twists.

Robert said they wanted to serve slow-cooked comfort food indicative of classic Cuban cuisine but also make it friendly for American palates because the neighborhood is not as culturally diverse as others in the Valley.