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RETAIL

## THE FORUM SHOPS AT CAESARS

LAS VEGAS, NEVADA

PROJECT TYPE

A 250,000-square-foot retail center anchored by the Caesars Palace Hotel and Casino. The Forum Shops is located on Las Vegas's famed "Strip," Las Vegas Boulevard. Comprising 70 shops and boutiques, the center has a tenant mix that creatively combines upscale and family-oriented retail with entertainment amenities. Designed to resemble an ancient Roman streetscape, The Forum Shops includes several unusual design and entertainment features, including Roman piazzas, fountains, and "animatronic" sculptures.

SPECIAL FEATURES

- Tourist-oriented retail
- Retail anchored by casino/hotel
- Streetscape design theme
- Roman "vias," "piazzas," and fountains
- Animatronic displays
- Upscale shops/restaurants

DEVELOPERS

Simon Property Group, Inc.  
115 West Washington Street  
Indianapolis, Indiana 46204  
317-636-1600

Gordon Group Holdings, Ltd.  
1310 Montana Avenue, Suite A  
Santa Monica, California 90403  
310-458-5678

ARCHITECT

Marnell/Corrao Associates  
4495 South Polaris Avenue  
Las Vegas, Nevada 89103  
702-739-9413

INTERIOR DESIGNER

Dougall Design Associates, Inc.



*The entrance corridor to The Forum Shops integrates gaming facilities with a retail environment.*

35 North Arroyo Parkway, Suite 200  
Pasadena, California 91103  
818-432-6464

## GENERAL DESCRIPTION

The "Shopping Wonder of the World," reads The Forum Shops' advertising copy, and with sales exceeding \$1,100 per square foot, the words are no idle boast. Lured by its ancient Roman-themed "streets," its vaulted cloud-painted ceilings that are lit to reflect the changing colors of the sky, and its animatronic sculptures that simulate human movement, some 50,000 visitors flow through the center each day—almost 20 million visitors a year.

And when not looking at the "sky" or listening to Bacchus, a good number of the 20 million shop. For the well-heeled and the lucky roulette players, there are Gucci, Bernini, and Louis Vuitton. For the rest, The Forum Shops includes less patrician retailers, such as Guess, Brookstone, and Victoria's Secret, and, in a bow to the emerging family atmosphere in Las Vegas, a Warner Bros. Store and a Disney Store. Completing the mix are such high profile restaurants as Spago, Planet Hollywood, and the Stage Deli. The center is anchored by Caesars Palace Hotel and Casino.

## THE SITE

The Forum Shops is situated on an 8.4-acre site just north of Caesars Palace on land that was formerly used as a Grand Prix racetrack and employee parking. The center is L-shaped, with the long leg facing Las Vegas Boulevard and the short leg abutting and tied into the Olympic Casino of Caesars Palace. The center's shops are primarily on one level, raised above lower-level vehicle circulation which leads to the valet parking entrance as well as a self-parking area in the rear. A Cyberstation (games arcade) and Cinema Ride (a "motion simulator 3-D ride") also are located on the lower level.

From the street outside, one approaches The Forum Shops via a one-way moving walkway that passes through a series of five triumphal arches. Inside, the visitor proceeds along the Roman "street" as it bends and turns, passing through a series of gathering points—piazzas—and eventually exiting directly into the casino. In reverse, hotel and casino patrons pass through a monumental portal into The Forum Shops. As a result of a grade change as well as the one-way moving walkway at the end of the "street," a journey through The Forum Shops started at the casino must also end back at the casino.

## DEVELOPMENT PROCESS

Back in the late 1980s, as new lavish hotels were booming all around Caesars, it became clear that employee parking was not the highest and best use for eight acres facing Las Vegas Boulevard. The "Street of Dreams," as The Forum Shops was initially conceived, represented to Caesars the opportunity to reestablish its preeminent place in the pantheon of hotel-casinos, by offering the most unusual, most upscale shopping environment in Las Vegas. Not incidentally, the plan was also intended to drive more people through the casino. The Simon Property Group and Gordon Group Holdings, Ltd., as developers of premier shopping centers across the country, were brought on to realize the vision.

The Forum Shops was constructed on land leased to the project by Caesars World. Construction was financed by The Yasuda Trust and Banking Co., Ltd., along with equity contributions from the Simon Property Group. In 1996 the United Bank of Switzerland (UBS) provided permanent financing for the project.

Development of the specialized architectural and entertainment elements of The Forum Shops involved the efforts of a wide ranging cast of designers, artists, and artisans, under the direction of Dougall Design Associates and Marnell/Corrao, the center's design/build architect and contractor. To achieve the complex special effects and authentic-looking faux finishes envisioned for the project, the design and construction process required an extended series of models, mock-ups, and material samples.

Because of this complexity, the Simon Property Group retained Marnell/Corrao under a design/build arrangement. Within this framework, Marnell/Corrao, as executive architect, developed the construction documents from Dougall Design Associate's models; thereafter, as

contractor, Marnell/Corrao was responsible for building the project for a guaranteed maximum price. As a further control, Simon Property Group placed two of its in-house construction personnel on site for the duration of the construction.

The primary difficulty encountered in the otherwise smooth construction process involved unanticipated delays in the completion of storefronts, which resulted from the extensive number of castings and faux finishes required, and the limited number of firms retained to do this specialized work

## DESIGN AND ARCHITECTURE

Both in materials and layout the design of The Forum Shops is intended to evoke the feeling of a Roman City. The common-area floors, for example, are of stamped concrete, patterned to look like the rough stone of a Roman street. The storefronts are two stories high, with display windows below and Roman streetfront facades above, replete with shuttered windows, balconies, lanterns and tile roofs.

Arching over the "street" is a vaulted ceiling painted to look like a cloud-filled sky. Computer-controlled lighting devices behind the facades light up the "sky," changing its appearance from that of an orangy dawn to a clear blue midday, to a purple dusk, all in a 30-minute rotation. The layout of The Forum Shops also contributes to its varying ambience. The narrow street scene alternates with wider piazzas, and the "street" itself bends, producing a series of vistas as one proceeds along the route.

The highlight of the procession—judging by the crowds—is the Festival Fountain, a large rotunda and fountain with figures of Bacchus, Apollo, Venus, and Plutus, who come to life once an hour through the magic of audio animatronics. For seven minutes, the characters are heard chatting, with lips and other body parts moving in sync.

Offering more sedate charms is the larger Fountain of the Gods piazza. In addition to some of the upscale shops, the Fountain of the Gods piazza offers an "outdoor" café (Bertolinis) at which customers can sip coffee and watch the passing parade. Statuary of Roman figures crown the facades along the piazza.

## MARKETING AND MANAGEMENT

Marketing The Forum Shops to financiers as well as to potential tenants prior to development was not the easy sell that hindsight would suggest. In its favor, the developers had a strong location, strong concept, and quotable sales figures from retailers in Las Vegas. On the other side of the ledger, Las Vegas was known to most retailers as a casino market, not a shopping market, and at that time not a family market. By opening day, however, the center was 90 percent leased.

Construction activities were the source of much of the initial publicity for the center. Hard hat tours were organized for the news media to cover events such as the painting of the sky ceiling. In addition to procuring this free coverage, the development team marketed the center to the public through airport displays, billboards, in-flight magazines, tourist publications, and to a lesser extent, through radio and television. To top off the initial marketing, the development team staged a series of preopening events, including separate hosted evenings for the local chamber of commerce, taxi and limousine drivers, and Caesars Palace employees.

Over 15 million people visited the center in its first year—50 percent more than initially projected. Individually, almost all of the center's tenants have exceeded projected sales and several are the leading sales locations for their chains. Only one tenant (a restaurant) has failed, and two have been bought out and replaced with new tenants.

The shops typically are open from 10:00 a.m. to 11:00 p.m., and until midnight on weekends. The common areas remain open 24 hours a day, 365 days a year. Because of the extended hours and the large crowds, maintenance and security are critical. For this reason, The Forum

Shops provides management and security personnel on duty around the clock, as well as a staff of nearly 50 employees, including management office employees, security officers, building engineers, and housekeeping employees. To support these operations, common-area maintenance (CAM) charges are high, but, as a percentage of sales volume, not unlike those in more typical centers, according to Deborah Simon of the Simon Property Group.

A planned expansion of The Forum Shops is expected to break ground in 1996. The 283,000-square-foot expansion, which effectively doubles the size of the center, will add 37 shops and two restaurants.

#### EXPERIENCED GAINED

- Both entertainment and environment attract visitors to The Forum Shops. The center's architectural design theme and its supporting amenities, including the animatronic displays, combine to create a "must see" attraction in the Las Vegas tourism marketplace.
- Design and development required extensive production of custom finishes and complex installation processes, which increased both hard and soft costs while also prolonging construction. These finishes, however, significantly contribute to the innovative design theme that has played an invaluable role in the success of The Forum Shops.
- Through creative design and tenancing and with the integration of entertainment, retail development can serve as a valuable complement to a casino and hotel complex.

## PROJECT DATA

### LAND USE INFORMATION

*Site Area:* 8.4 acres

*Gross Building Area (GBA):* 370,000 square feet

*Gross Leasable Area (GLA):* 250,000 square feet

*Number of Levels:* One retail level, with valet parking and video arcade on a sublevel

*Total Parking Spaces:* 525

### RETAIL TENANT INFORMATION

<i>Classification</i>	<i>Number of Stores</i>	<i>GLA</i>
Food	3	2,967
Food service	6	52,062
Clothing and accessories	22	79,395
Shoes	5	18,877
Hobby/specialty interest	3	10,515
Gifts/specialty	12	36,680
Jewelry	4	3,043
Other retail	10	21,791
Personal services	1	751
Recreation/community	<u>2</u>	<u>13,436</u>
Total	68	239,517

*Average Length of Lease:* 10 to 127 years

*Annual Rents:* \$70 to \$200 per square foot

*Average Annual Sales:* \$1,100 per square foot

### ANNUAL OPERATING EXPENSES FOR 1995

Taxes	\$471,996
Insurance	218,000
Services	65,100
Maintenance	1,074,000
Janitorial	496,900
Utilities	301,000
Management	225,352
Miscellaneous	<u>2,694,419</u>
Total	\$5,545,767

### DEVELOPMENT COST INFORMATION

Site Acquisition Cost \$5,000,000<sup>1</sup>  
 Site Improvement Costs (On- and Off-Site)

Excavation/grading	\$500,000
Sewer/water/drainage	250,000
Paving/curbs/sidewalks	200,000
Landscaping/irrigation	100,000
Fees/general conditions	200,000
Other	<u>750,000</u>
Total	\$2,000,000

*Construction Costs*

Superstructure	\$11,000,000
HVAC	3,000,000
Electrical	4,000,000
Plumbing/sprinklers	2,000,000
Elevators	200,000
Fees/general conditions	6,200,000
Finishes	15,800,000
Graphics/specialties	500,000
Parking structure	5,000,000
Tenant improvements	<u>17,000,000</u>
Total	\$64,700,000

*Soft Costs*

Architecture/engineering	\$2,500,000
Project management	100,000
Marketing	1,500,000
Legal/accounting	1,000,000
Taxes/insurance	500,000
Construction interest and fees	7,600,000
Other	<u>600,000</u>
Total	\$13,800,000

Leasing and Development Fees \$4,500,000  
 Total Development Cost \$90,000,000

Note:

<sup>1</sup>Reimbursement to Caesars Palace for existing site improvements.

## DEVELOPMENT SCHEDULE

*Site Purchased:* Ground lease

*Planning Started:* 1988

*Approvals Obtained:* 1990

*Construction Started:* February 1990

*Leasing Started:* 1988

*Project Opened:* May 1992

## DIRECTIONS

*From Airport:* Take Swenson Street north to Tropicana. Follow Tropicana west to Las Vegas Boulevard, and drive north to Caesars Palace. The center is just north of the "Four Corners"—the intersection of Las Vegas Boulevard and Flamingo Road.

*Driving Time:* 15 minutes on non-peak-hour traffic.

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The Project Reference File is intended as a resource tool for use by the subscribers in improving the quality of future projects. Data contained herein were made available by the Development team and constitute a report on, not an endorsement of, the project by ULI - The Urban Land Institute.

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Eric Figg



*The entrance corridor to The Forum Shops integrates gaming facilities with a retail environment.*



*Throughout the mall are "piazzas" or focal gathering places with outdoor cafés, fountains, and sculpture.*



Eric Figge

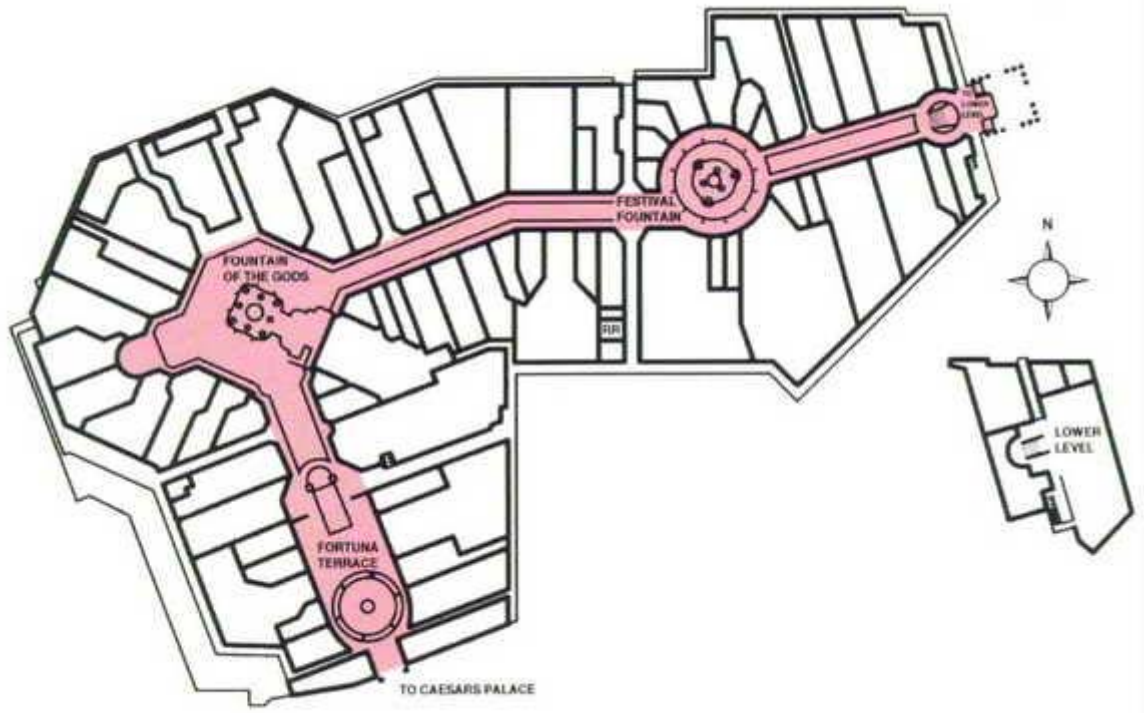
*Storefronts reflect a classic Roman street, with columns, pilasters, balconies, shutters, and statuary. Visitors can stroll along The Forum Shops' "Roman streetscape" while experiencing a computerized changing-sky ceiling that shifts from dawn to dusk every 30 minutes.*



*The Gucci "Temple" with its own portico entry is prominent among the shops that line the "Fountain of the Gods" piazza.*



*The Warner Bros. Studio Store picks up on the Roman theme in a playful manner. Situated near the casino entry, opposite several rows of slot machines, the store coexists with its more adult-oriented neighbors.*



Site Plan