

Tanger Outlets opens The Arches in Deer Park

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Beyond the black top and the Stop & Shop, Italian villas and European seaside towns are the inspiration for a reality starkly different from this particular stretch of Commack Road in Deer Park.

Like a Hollywood backlot, the new Tanger Outlets at The Arches is taking shape as a retail village unto itself, with a network of walkways on 83 acres connecting a series of smaller piazzas and buildings, each accented with façades of multicolored pastel patterns, terra-cotta tile roofs, columns and corner stones. The idea behind the project - the first regional mall of its size to be built in three decades - is to merge upscale sensibilities with outlet center discounts in a tourist shopping destination that also works as a local community hub.

With a price tag of about \$440 million, the 800,000-square-foot outdoor mall is an ambitious project of designer outlet stores poised to open its doors on Thursday. Even as the country heads into a worsening economy, the project's developers said that they are opening at an opportune moment.

"The overriding theory or business model is very simple," explained Steven B. Tanger, president and chief operating officer of Tanger Factory Outlet Centers Inc. "In good times people like a bargain and in not so good times they need a bargain. In the outlet centers, they get it either part of the cycle."

Retail experts also expect that The Arches, which has been four years in the making, will do well as the overall economy continues to slide and shoppers become increasingly focused on finding bargains. They also said such a large outdoor mall and lifestyle center is likely to draw customers from the several competing malls located less than 22 miles away as well as its sister outlet center 35 miles east in Riverhead. But some argue that the Island's first Neiman Marcus outlet and a 16-screen digital cinema that has an IMAX theater make the mall a distinct attraction. Others said The Arches could bring other shopping centers and malls more exposure by pulling shoppers from Nassau and New York City's boroughs, and tourists.

"I think those shopping centers will benefit tremendously from the added traffic this project will bring," said Stu Fagen, director of acquisitions at the Alrose Group in Woodmere. "They are going to see customers who would not normally visit them and they may possibly draw in customers who don't want to wait on line at restaurants at The Arches, so they will get overflow, especially the restaurants."

For years, there have been concerns that the increasing number of shopping centers on Long Island could result in the cannibalization of existing retail centers. A 2006 study released by the Suffolk County Department of Planning revealed that the county's per capita of shopping center space then was 25.2 square feet per person, more than double the 1970 figure of 11.3 square feet per person. Though executives in the commercial real estate sector continue to say that Long

Island is under-retailed compared to the rest of the country, the economic downturn - and The Arches' uniqueness as a destination location - may have changed county officials' perspective.

"One of the things our planning department has been saying is that Suffolk County is over-retailed, and I don't dispute that," said Jim Morgo, Suffolk's chief deputy county executive. "However, this particular destination location almost exists on a different level, and there is a reason that now it is a particularly fortuitous happening for Suffolk County."

The county, which saw 7 to 8 percent sales tax revenue increases in the 1990s, lowered its forecast of its 2008 sales tax revenue increase from 2 percent to 1 percent. About half of the county's budget - about \$1.2 billion - comes from sales tax revenues. County officials see Tanger's Deer Park shopping center as a potential infusion of much-needed sales tax money. Morgo also points out that much of that money will be generated from people coming from outside Suffolk County.

"It should be a shot in the arm for our economy because of the generation of sales tax and activity," Morgo said.

At The Arches, much attention has been paid to detail, and none of the 14 buildings is exactly alike, said David Blumenfeld, vice president of the Syosset-based Blumenfeld Development Group Ltd., which partnered with Tanger and Apollo Real Estate Advisors to build The Arches.

Tanger is also pursuing LEED certification - from the national Leadership in Energy and Environmental Design program - and has incorporated a number of environmental features and strategies, such as using automatic toilets and sinks to reduce water usage, and high-efficiency air conditioning and heating to reduce the cost of electricity. The Arches developers also redeveloped a brownfield, which was once the site of Edo Corp.'s defense electronics plant, and recycled more than 50 percent of its construction waste.

The architects used cast stone and Venetian plaster finish to give the center an "upscale" feel, said John Martin, an architect and The Arches' project manager from Adams & Associates Architecture, a North Carolina firm.

Shutters frame windows and street lamps line the pathways. Panes of almost translucent plastic stretch over some walkways, providing natural light while protecting shoppers from the elements.

One of The Arches' main attractions is the large central fountain, which will double as an outdoor ice skating rink come November and will feature a 60-foot Christmas tree. The mall's center court will have Wi-Fi access.

"Our intent is to create a place with a downtown feeling ... " Blumenfeld said. "We really feel that this will become a place people want to spend a Saturday and a Sunday."

The outdoor mall will open more than 70 percent occupied, with additional retailers expected to lease spaces in the coming weeks, said Curt Fickeisen, The Arches' general manager. And the developers are boosting transportation to the center. Long Island Bus has routed stops for three bus lines, and Tanger will provide a free shuttle bus to meet Long Island Rail Road trains arriving at the Deer Park station during mall hours.

The development of The Arches site faced resistance from local residents, some of whom still worry about the traffic such a regional outdoor mall will create. But Babylon Supervisor Steve Bellone noted that it also plays a significant role in the taxes that Town of Babylon residents pay. The Arches developers received a package of tax incentives, which includes a 60 percent cut in property taxes upon the mall's opening, to be gradually phased into full taxation after 10 years. But even with these incentives, the mall should bring more than \$10 million in additional tax revenue, Bellone said.

"Economic development is critical because we need revenue, and we are concerned about the property tax impact on our residents," Bellone said. "In order to remain a vibrant and growing town, we have got to do everything we can to reduce the tax burden on our residents, and projects like this do it in a significant way."

OF INTEREST

Tanger Factory Outlet Centers Inc. owns or manages 33 shopping centers in 22 states totaling 10.2 million square feet of space.

Some of the stores at the 83-acre Tanger Outlets at The Arches in Deer Park:

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| Neiman Marcus Last Call | Calvin Klein | Tommy Hilfiger Co. Stores |
| Saks Fifth Avenue Off Fifth | Guess Factory Store | Van Heusen |
| Wilson's Leather Outlet | Izod | Wolford |
| American Eagle Outfitters | Jones New York | Carter's |
| Anne Klein Outlet Stores | Juicy Couture | Limited Too |
| Kate Spade | Kasper | Strasburg Children |
| Banana Republic Factory Store | Lane Bryant Outlet | Kenneth Cole |
| BCBG Max Azria | Lucky Brand Jeans | Stride Rite |
| Beach2Ocean | Perry Ellis | Bose Factory Store |
| | Timberland Factory Store | Le Gourmet Chef |
| | | Ultra Diamonds |