



# COMMERCIAL MARKET UPDATE

By Paul Kenny, Broker | Paul Kenny & Matt Bogue Commercial Real Estate

There is change in the air! The improvement in the commercial market in the Valley continues to gain momentum. Ketchum's retail activity has been very strong, with low lease-space vacancy, and reports from many retailers indicate that year-to-date sales activity is up. For-lease office space has been swallowed up, and the trend looks good as Ketchum's local-option-tax revenue increased by 13.25 percent in May compared with 2016.

After just a month or so of availability, the newly improved *Galleria* spaces on Leadville Avenue are going fast. Two leases have already been signed and two more are pending. There are only two vacant retail spaces in the pedestrian core of Ketchum with street frontage. Recent commercial property sales include the beautiful red brick *Jones Building* on Main Street, a building that had been in the Jones family for decades. The popular *Java on Fourth* property also sold recently. Fortunately for all the "Bowl-of-Soul" lovers out there, Java continues on as a Ketchum landmark, and the baristas are still steaming away.

The development activity in Ketchum is in full swing on some major projects. The Belmont Hotel, under new ownership, is currently undergoing a full interior and exterior renovation. The property will reopen in the winter of 2017 as *Hotel Ketchum*, with a fresh new design offering an affordable and approachable lodging option. This renovation will also include its Main Street retail spaces as well as the restaurant, which will be offering dining and a full bar for drinks in a fun and lively indoor/outdoor setting. The existing radio station structure will be replaced with a new coffee shop offering grab-and-go food, fresh juices, and Equator Coffees. The extensive renovation will create a new and vibrant experience along the northern section of Main Street in Ketchum.

The *Argyros Performing Arts Center* has begun the demolition of the NexStage Theatre at the corner of Main and First Street. The new facility will be 25,000 square feet, with space for a main theater of up to 450 seats, a 2,000-square-foot café, a 2,000-square-foot plaza, and a studio theater that will contain up to 49 seats. Opening is planned for the fall of 2018.

According to Jack Bariteau, project developer, who has



**HOTEL KETCHUM**



**ARGYROS PERFORMING ARTS CENTER**



## SILVER CREEK HOTEL

previously developed notable downtown properties including The Colonnade, The Christiania Building, and 600 Second Street East, the *Auberge Resort* hotel and residence project slated for construction at the southeast corner of Main and River Street is targeted to open in Spring 2019. The 5-star Auberge property will offer 66 rooms and 13 single-level penthouse-for-sale residences with one-, two-, three- and four-bedroom floor plans offering expansive window lines and views. The extraordinary 2016-2017 winter snowfall we experienced has resulted in a significant rise in the water table under the project site, preventing further excavation and construction until it subsides to meet general construction safety and liability requirements. Jack says that the project is ready to build with all entitlements in place including the project building permit, and also that all city-required fees of over \$1,800,000 have been paid.

A real indication of the commercial health of the Valley is that the action is not only up north in Ketchum, but happening in earnest in Hailey and Bellevue as well. Hailey is seeing several new developments on Main Street, and some of the older properties are being redeveloped.

*D.L. Evans Bank* is building a 4,595-square-foot branch with a drive-through at the corner of Main and Chestnut Streets. This new facility will take the place of the Alturas Plaza space, and D.L. Evans CEO John Evans, Jr. says, “We’re very excited about our expansion up here; the bank is doing very well in the Valley, especially in Hailey.”

*Red Door Home+Design* moved to 406 N. Main Street, and made major improvements to the exterior and the interior of the building, virtually rebuilding the structure. Owner Marina Broschofsky says, “We wanted to bring a fresh new presence to Main Street with our modern exterior. Once inside, you are surrounded by beautiful furnishings and unique treasures for the home.”

Hailey P&Z unanimously approved the design of a three-story, 41,836-square foot, 72-room *Marriott Hotel*, which will be operated as a Fairfield Inn & Suites, and is planned next to the former King’s building at 711 North Main Street. The hotel will take the place of Goode Motors, which is moving south on Main Street to their Silver Creek Ford location.

A new 8,153-square-foot mixed-use building will be built at the corner of Myrtle Street and Main Street where Lost River Sports was located for many years. The old purple building has been removed to make way for the new building. The project will contain four residential units and two commercial spaces, including space for a restaurant on the ground floor. Daniel Hollis, of Hollis Rumpeltes Architects, says they will utilize “Stonewood” and steel, ensuring virtually no upkeep on exterior materials. “This is quite a vote of confidence in the economy, and in the city of Hailey,” P&Z Commissioner Dan Smith says.

Larry Green, at *L.L. Green’s Hardware*, has his Bullion Square space on the market, and is contemplating building a new, larger store at the north end of Hailey’s Main Street.

In Bellevue, the 56-room *Silver Creek Hotel* should be open in July of 2018. Construction began this past fall, and by utilizing the increasingly popular modular component construction systems available today, is already near completion.

So you can see why I remain very optimistic about the commercial health of our beautiful Valley. I’ve been lucky enough to have lived here for over 43 years and my gut tells me that very good things are going to happen over the next few years.

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## RED DOOR HOME+DESIGN