

LOOK BACK

At the Year That Was

The future is bright in Arizona real estate and 2014 promises to be a banner year in the industry. As we revel in the new year's possibilities and look forward to the great times ahead, we would also like to take a look back on 2013 and celebrate the transactions that reinvigorated the industry and set the stage for the next 12 months.

From retail to industrial to multifamily, every industry sector had banner deals take place in 2013 that deserve recognition. From the Valley to Tucson, companies all over the state were doing great business and participating in the resurgence of the market.

Please join Commercial Executive Magazine as we take a look back at the biggest deals of 2013 and the deal makers who made them happen.

Marcus & Millichap THE RETREAT

The largest deal that Marcus & Millichap Real Estate Investment Services in Phoenix negotiated in 2013 was the July sale of The Retreat, a 480-unit Class A apartment community in north Phoenix. Bridge Investment Group Partners LLC in Murray, Utah bought the property from Chicago-based Equity Residential Trust for \$52.75 million (\$109,896 per unit). The property was 95 percent leased at the time of sale. /// "Equity has been transitioning out of Phoenix," explains Cliff David, Vice President of Investments in the Phoenix office of Marcus & Millichap. He says they have been acquiring assets primarily in "higher-barrier coastal markets." /// Bridge Investment Group Partners, manager of the ROC Fund, is an investment advisory firm whose principals have a 24-year history of success in the multifamily, commercial office and seniors housing real estate sectors. The principals who manage Bridge-IGP have managed and optimized approximately \$1.5 billion

of real estate in more than 120 assets since 1991. /// The Retreat is located at 20808 N. 27th Ave. just north of the Loop 101 in Phoenix in the heart of the desirable North I-17/Deer Valley Employment Corridor. This is a submarket with 17.5 million square feet of retail, office, industrial and flex space and 51,000 employees, expected to increase to 20 million square feet and 75,000 employees by 2020. /// "The Retreat's location combines the convenience of a world-class job economy with unparalleled access to premier retail, dining and entertainment venues that create an enviable quality of life," says Steve Gebing, also a Vice President of Investments in the Phoenix office of Marcus & Millichap. /// Deer Valley Towne Center, located less than one-half mile from The Retreat, includes prominent department stores, eateries and a 30-screen movie theater complex. Happy Valley Towne Center and The Shops at San Norterra are both located less than three miles from the apartment community and together offer an additional 11 million square feet of retail amenities. /// Major employers in the area include PetSmart corporate headquarters, Discover Card Financial Services, American Express Services Center and John C. Lincoln Deer Valley Hospital. /// Built in 1997 with 466,840 net rentable square feet in 31 two-story buildings on 25.7 acres, "The Retreat presented the new owner with an attractive opportunity for value enhancement through apartment interior renovations," says Gebing. /// Each one, two or three-bedroom apartment at The Retreat features nine-foot ceilings, a fully equipped gourmet kitchen, full-sized washer and dryer, abundant storage space with large walk-in closets and linen closets, ceiling fans, and a private patio or balcony with additional outside storage. Wood-burning fireplaces are available in select apartment homes. Rents range from \$700 monthly for a one-bedroom unit to just under \$1,000 monthly for a three-bedroom unit. /// Community amenities include controlled-access gated entry, a stand-alone leasing office and clubhouse with kitchenette and fireplace, a state-of-the-art fitness center with cardio and weight training equipment, a fully appointed business center, three resort-style swimming pools and spas, picturesque outdoor spaces featuring picnic areas and barbecue grills, and 100 detached garages with automatic door openers. ●



(L TO R) CLIFF DAVID
AND STEVE GEBING



Marcus & Millichap THE FAIRWAYS

One of the big deals of 2013 out of Marcus & Millichap Real Estate Investment Services in Phoenix is the March sale of The Fairways, a 352-unit apartment community on just under 18 acres located on the San Marcos Golf Resort in Chandler. The \$35.215 million sales price equates to \$100,044 per unit. /// The seller was Houston-based Situs Holdings LLC. The buyer was the Bascom Group LLC of Irvine, Calif. in coordination with its local affiliate, Bascom Arizona Ventures LLC of Scottsdale. /// The property was built in two phases by two distinctly different developers, explains Cliff David, Vice President of Investments in the Phoenix office of Marcus & Millichap. The first 260 units were built in 1986 by Reid & Associates and AIMCO built an additional 92 units in 1996, for a total of 339,720 net rentable square feet. /// "The first phase of the project has nine-foot ceilings and uniquely designed floor plans, making the product extremely competitive for its 1980s vintage," says David. "Plus, Bascom's plans to update the interior finishes and enhance the community aesthetics bode extremely well for the future positioning of the asset within the highly desirable Chandler submarket." /// "Chandler boasts great demographics with exceptional median household incomes," says David. Investment drivers include Chandler's recognition as a high-tech center in the southwestern U.S. and the highly regarded livability within the city that's anchored by an educated workforce, a diversified mix of industries, prominent retail establishments and an expanding infrastructure. /// The Fairways is located at 777 W. Chandler Blvd., less than one mile west of historic downtown Chandler, a part of the city that has benefited significantly from recent and ongoing revitalization efforts. The property is located near boutiques and fine dining, the San Marcos Golf Club, the Conservatory for Recording Arts and Sciences, and the Chandler Center for the Arts. /// "The property was offered for sale in late 2012 when market activity was teeming," says David. He and another Vice President of Investments, Steve Gebing, hosted between 30 and 35 property tours, which translated into approximately 20 offers, he says. /// The property previously sold, before the current sale, in late 2006 for \$37.2 million. With the multifamily recovery in full swing, says Gebing, "the property value has recovered nicely." He considers The Fairways to be a Class A-minus/B-plus asset. "Many Class A properties in this market are now at or above peak pricing, he says, whereas Class B and C continue to trade at levels below peak pricing." /// The Fairways, marketed as a luxury apartment community, features innovatively designed one, two and three-bedroom apartment homes averaging 965 square feet. Apartment interiors include fully equipped electric gourmet kitchens with full breakfast bar, nine-foot ceilings, full-sized washers and dryers, spacious walk-in closets and comfortable private patios or balconies. Select apartment homes also feature a wood-burning fireplace, vaulted ceilings, separate storage space, tuck-under carports, direct-access garages and lightly upgraded interior finishes. Rents range from under approximately \$800 a month for a one-bedroom to under \$1,200 a month for a three-bedroom unit. ●

@ \$78.50 per square foot

Alliance Residential

PURCHASES DOWNTOWN SCOTTSDALE DEVELOPMENT SITE FOR \$18.5 MILLION

Alliance Residential partners (Bruce Ward, Bob Hutt, Jay Jimenez and Ian Swiergol) purchased a 5.4 acre multifamily development site at 75th Street and Stetson Drive in the heart of Scottsdale's Entertainment District. The property, slated for 316 units, was purchased for \$18.5 million, or \$78.50 per square foot and \$58,544 per unit. /// The Cassidy Turley team of David Fogler, Steven Nicoluzakis and Don Arones brokered the transaction on behalf of the seller, Equity Partners Group (Steven Yari, Shawn Yari and Bob Agahi), a division of Triyar Companies of Scottsdale. Alliance is partnering with Cottonwood Residential and FrontRange Capital Partners on the development, which represents the second development venture that Alliance has closed with this group of partners. /// "We were attracted to this site due to the scarcity of available zoned multifamily development opportunities in this part of Old Town Scottsdale," says Swiergol, Managing Director for Alliance Residential. "The land and business owners in this area have invested significant capital in redeveloping the Entertainment District and have done a great job creating a destination location. This community will further these efforts by adding a residential component to the mixed-use setting. It will serve a growing demographic of residents who are choosing the location they want to live in (e.g. Camelback Corridor, Paradise Valley, Scottsdale Waterfront, Old Town Scottsdale) and then finding a residence within that area." /// The high-profile rental community will consist of urban studio, and one- and two-bedroom floor plans. Residences will feature minimum nine-foot ceilings, contemporary smooth-textured walls, sustainable vinyl-plank flooring throughout all living areas, hard-surface counters, undermount sinks, upgraded plumbing fixtures, stainless-steel GE appliances, tile backsplashes, and track and pendant lighting. /// "This is a premier multifamily development site located in the center of the Entertainment District in downtown Scottsdale," says Nicoluzakis, Executive Vice President for Cassidy Turley Arizona's Multifamily Investment Group. "With the entitlements that were in place and the development expertise of Alliance Residential, this will prove to be one of the leading multifamily projects in the market." /// The unique project site is within walking distance of some of the finest destination venues in Scottsdale including the W Hotel and Indigo Hotel, high-end shopping at Scottsdale Fashion Square Mall, entertainment venues such as The Mint and the soon-to-be-completed Scottsdale Beach Club. It's also located close to dining and shopping at Scottsdale Waterfront and South Bank and grocery shopping at Sprouts and