

BUSINESS REAL ESTATE

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Post Office Box 15216
Scottsdale, Arizona 85267
(480) 905-0500
web site: brewaz.com

RESOURCE REAL ESTATE MAKES MULTI-FAMILY PURCHASE . . . DROPS \$55.2 MILLION FOR 408 UNITS

Glendale – After making its first multi-family purchase in the Valley two years ago, **Resource Real Estate Inc.** in Philadelphia, Pa. (**Alan Feldman**, CEO) has returned to the market by acquiring the 408-unit **Indigo Creek** apartments at 14221 N. 51st Avenue in Glendale. **RRE Indigo Creek Holdings LLC** (Resource Real Estate company) paid \$55.2 million (\$135,294 per unit) to purchase the multi-family project. The seller was **Indigo Creek Investors LLC**, a joint venture formed by **Bascom Arizona Ventures LLC**. That entity is comprised of **Derek Chen**, **Jerome Fink** and **David Kim** – all principals with **Bascom Group** in Irvine, Calif. – and **Glenn Daiutolo**, who operates from Scottsdale. The cash transaction was negotiated through **Steve Gebing** and **Cliff David** of **Marcus & Millichap Real Estate Investment Services** in Phoenix. In March 2015, *BREW* reported RRE entering the Valley market by paying \$36 million (\$78,431 per unit) to buy the 459-unit **Heritage Pointe** apartments (then called **Springs at Gilbert Meadows**) at 275 W. Juniper Avenue in Gilbert. Resource Real Estate, an investment advisor with \$4.2 billion in assets across the U.S., is a wholly-owned subsidiary of **C-III Capital Partners LLC** in Irving, Tex. (**Andrew Farkas**, CEO). Resource Real Estate and its affiliates own 17,000+ apartments in 20 states. **The company wants to acquire more multi-family properties in the Phoenix area.** In November 2014, *BREW* reported Bascom Arizona Partners and **Oaktree Capital Management L.P.** in Los Angeles, Calif. (NYSE:OAK) forming a venture and paying \$40.5 million (\$99,265 per unit) to buy Indigo Creek. The complex was developed in 1998. From August 2012 to November 2014, Bascom Group invested \$382.5+ million to acquire 4,074 apartments in 12 projects in Arizona. Since then, the company has sold 2,948 units in eight Phoenix area properties. In a \$48.5 million (\$178,309 per unit) deal completed last month, Bascom Group sold **The Highlands**, a 272-unit apartment project at 15255 N. Frank Lloyd Wright Boulevard in Scottsdale. Bascom Group, which also owns multi-family projects in Tucson and Prescott Valley, **is looking to purchase more apartments in Arizona.** Find out more from **Susan Pohl**, v.p. of acquisitions at Resource Real Estate, at (215) 546-5005, ext. 4435. Talk to Gebing and David at (602) 687-6700. Reach Fink at (949) 955-0888. Daiutolo is at (480) 315-1200.

JP MORGAN CHASE SPENDS \$108 MILLION FOR DISCOVERY BUSINESS CAMPUS PROPERTY

Tempe – A search of Maricopa County records show **JP Morgan Chase Bank** (NYSE:JPM) paid \$108 million (\$140.20 per foot) to buy multiple back-office buildings on 67 acres within the **Discovery Business Campus** in Tempe. That 136-acre business park is on the north side of Elliot Road and west of the 101 Loop (Price Freeway). The seller was **Tempe Campus SPV LLC**, formed by **Wentworth Property Co.** in Phoenix (**James Wentworth, Sr.**, **James Wentworth, Jr.**, principals) and **Northwood Investors** in New York City, N.Y. (**John Kukral**, pres.). The buyer in the cash transaction was represented by **Kevin Calihan** of **CBRE** in Phoenix. The purchase included 770,348 sq. ft. of back-office and R&D space in four structures located inside the loop road of the Discovery Business Campus: 171,163 sq. ft. at 2100 E. Elliot Road on a long term lease to **Ditech Financial LLC**; 133,058 sq. ft. at 2104 E. Elliot Road and 166,127 sq. ft. at 2118 E. Elliot Road that is leased to **State Farm Insurance** for another few months and 300,000 sq. ft. of office and R&D space at 2018 E. Elliot Road on a short term lease to **NXP Semiconductors NV** (as successor to **Freescale Semiconductor Inc.**). The four buildings, which were built in phases in the 1970's, 1980's and 1990's, were all previously part of the Freescale campus. In July 2011, *BREW* reported the Wentworth/Northwood entity paying \$53.7 million (\$61.30 per foot) to acquire the 876,000-square-foot industrial complex from Freescale Semiconductor. That deal included a fifth structure that has been razed and about 50 acres of land targeted for 850,000+ sq. ft. of new commercial buildings. After buying the Tempe business park, the venture spent tens of millions of dollars to install a loop road around the existing buildings and completed other infrastructure work and improvements. WPC/Northwood used 16.54 acres to develop a 237,000-square-foot office/production facility in a build-to-suit for **Shutterfly** and the venture has a 17-acre parcel set aside for a 462,471-square-foot office complex it is developing in a build-to-suit deal for **Northern Trust Bank**. WPC/Northwood completed a three-story, 154,157-square-foot building in the initial phase of the planned, three-phased project for Northern Trust Bank. Additionally, WPC/Northwood has a 12.4-acre site for a three-story, 158,000-square-foot office structure that **it is looking to develop in a build-to-suit.** Representatives of the buyer and seller have declined comment on the terms of the deal. Sources say the four buildings at Discovery Business Campus were not actively being marketed for sale. Chase Bank's offer may simply have been too good for the Wentworths and the Northwood principals to pass up. The price Chase Bank paid to purchase the offices on the 67 acres is more than double what WPC/Northwood paid to buy the entire 136-acre

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project. The additional equity needed to complete the improvements appears to be money well spent as Discovery Business Campus continues to attract businesses looking for expansion and/or relocation options. In addition to the value it has received from leasing and selling the existing buildings, the venture is also prospering from the build-to-suit deals and parcel sales from the undeveloped portion of the business park. In December 2015, an entity formed by WPC/Northwood sold the Shutterfly facility for \$43.1 million (\$181.86 per foot). The venture completed construction of that build-to-suit in June 2015. Another WPC/Northwood company developed and owns the first of the three offices that are being built for Northern Trust Bank. That fully occupied structure and the land for the two other offices is at the northwest corner of Elliot Road and the 101 Loop. In a \$2.84 million sale recorded in May 2015, the venture sold a 5.911-acre parcel along the frontage road of the 101 Loop within Discovery Business Campus. That site is being developed as a dual-branded **Hilton Garden Inn** and **Home2 Suites by Hilton** with a combined 228 rooms. That five-story project is set to open this summer. In September 2014, WPC/Northwood completed the \$725,000 sale of 1.22 acres at 2030 E. Elliot Road that has been developed as a **Kneaders Bakery & Café**. The venture partners have also developed 13,500 sq. ft. of commercial space in two freestanding structures on 2.52 acres at the northeast corner of Shutterfly Way and Elliot Road. Tenants in those buildings include **Chipotle**, **Jimmy Johns** and **Smash Burger**. Look for WPC/Northwood to sell that fully-leased income-producing asset at some point. With its prime location in the Price Road Corridor, Discovery Business Campus is able to draw from a large labor pool. The roughly \$140 + per foot that Chase Bank paid for the back offices is well below replacement cost. The buildings within the former Freescale campus were built starting in 1975 by **Motorola Inc.**, which spun off the semiconductor division it operated for 50 years. The one-and two-story structures, which have been renovated over the years, will gradually be occupied by Chase Bank. Eventually, the bank could have as many as 4,000 employees at Discovery Business Campus. Chase Bank is consolidating multiple offices in the Valley and is expected to begin moving into the Tempe offices during the first half of 2018. The Price Road Corridor, which is anchored by **Intel Corp.** and the \$7 billion plant it is developing, is also home to **Orbital ATK**, **PayPal**, **Amazon**, **General Motors**, **Wells Fargo Bank**, **Bank of America**, **GoDaddy** and **Avnet**. Some of the larger developments within the Price Road Corridor include **ASU Research Park**, **Continuum**, **Allred Park Place** and **Innovation Square**. Get more from the Wentworths at (602) 875-5000. **Brady Thurman** of Northwood Investors is at (212) 573-0800. Reach Calihan at (602) 735-5555.

WENTWORTH RAMPS UP SELF-STORAGE BUSINESS . . . DEVELOPING 885 UNITS AT DC RANCH

Scottsdale – As part of a strategy to grow its self-storage business, **Wentworth Property Co.** in Phoenix (**James Wentworth, Sr.**, **James Wentworth, Jr.**, principals) has acquired land within the **DC Ranch** community in Scottsdale to develop 885 storage units in a 120,000-square-foot building. The 11.08-acre parcel, located just east of the Loop 101 Freeway and north of Bell Road, is being developed by **Wentworth Storage Co. LLC** and **Crow Holdings Capital Partners** in Dallas, Tex. (**Harlan Crow**, et al., directors).

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Maricopa County records show **CH Realty VII-WPC Phoenix Pima 101 Self Storage LLC** paid \$4.35 million (\$9 per foot) to buy the land, which is east of Pima Road and south of Palo Brea Drive at 17492 N. 91st Street. The seller was **SWVP DR Ranch LLC**, formed by **Southwest Value Partners** in San Diego, Calif. (**Robert Sarver, Mark Schlossberg**, principals). The deal was brokered by **Bob Kling** of **Lee & Associates Arizona Inc.** in Phoenix. The DC Ranch project is the eighth self-storage facility that WSC has planned or opened in the Phoenix area and it is among 17 locations that the company now has in four western states. Since launching Wentworth Storage Co. in 2015, the privately-held firm has committed \$180 million to develop and/or acquire 1.4 million sq. ft. of rentable space with 13,000+ self-storage units. Most of the Valley locations are operated as **US Storage Centers** through a third-party management agreement. **Dave King**, who heads up WSC, says the newly-acquired site in North Scottsdale will serve residents in the master-planned communities of DC Ranch, **McDowell Mountain Ranch, Grayhawk, Ironwood Village** and **Pinnacle Peak**. Construction slated to start this quarter with opening scheduled for first quarter 2018. **Contractor still to be selected**. The two-story, climate-controlled structure is being designed by **Andrews Design Group Inc.** in Tempe. Development cost (land and building) estimated at \$15 million. Public records show an affiliate of Crow Holdings is providing \$9.034 + million in financing, with part of that going towards the land acquisition and a portion for construction. The odd-shaped parcel is part of a 38-acre commerce park called **DC Ranch Corporate Center**. Southwest Value Partners took control of 28 acres of the project in 2010 after buying a note that was secured by the real estate and then taking title to the industrially-zoned property later that year through a deed-in-lieu of foreclosure. The SWVP company has sold six parcels at DC Ranch Corporate Center, with at least half of those planned for sports and recreational uses. Kling has the marketing assignment and has 3 lots left to sell ranging from .91-acre to 3 + acres. Of the roughly 700,000 sq. ft. and 7,000 units acquired or planned in the eight Valley projects, four of the self-storage facilities accounting for 455,000 sq. ft. and 3,224 units are held in ventures with Crow Holdings. The DC Ranch site is the only ground-up development and the other three self-storage locations are conversions of existing projects. At the south end of Scottsdale, the WSC/Crow Holdings venture is developing 900 + storage units in a 130,000-square-foot facility just west of the Loop 101 at 8700 E. Thomas Road. That location, scheduled to open in the Fall, was last used as a semi-conductor manufacturing plant. In May 2015, **BREW** reported WPC and Crow Holdings paying \$6.75 million (\$52.41 per foot) to buy the 10.78-acre property, which included a 128,795-square-foot building that is being converted for use as self-storage. This month, the venture partners are opening 863 units on 5 acres located just east of the Loop 101 at 2805 W. Frye Road in Chandler. That 115,000-square-foot project is a conversion and expansion of 68,733 sq. ft. of industrial space in two buildings that the venture partners acquired in April of 2016. The Wentworth/Crow Holdings company paid \$5.6 million (\$81.47 per foot blended average) to buy that property. WSC/Crow Holdings operates a 606-unit US Storage Center in a 90,000-square-foot project at 7310 S. Priest Drive in Tempe. That 2.8-acre property, located east of Interstate 10 and north of Elliot Road, was formerly occupied by a 45,216-square-foot **Levitz Furniture**. In January 2016, a WSC/Crow Holdings entity paid \$3.15 million

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 2415 EAST CAMELBACK ROAD PHOENIX, ARIZONA 85016	 <p>JOSEPH R. COMPAGNO First Vice President National Retail Investment Properties CBRE Capital Markets +1 602 735 1733</p>	<p>joe.compagno@cbre.com www.cbre.com/nlpgphoenix @JoeCompagnoCRE</p>		
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Jerry Roberts
Executive Vice President
+1 602 735 5528
jerry.roberts@cbre.com

Pat Boyle
Associate
+1 602 735 5275
pat.boyle@cbre.com



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(\$69.67 per foot) to purchase that property. Wentworth Property Co. and Crow Holdings have also teamed up to acquire an office project in Scottsdale and to develop industrial structures in Phoenix. Over the years, *BREW* has reported Wentworth Property and Crow Holdings involved in numerous real estate deals in the Valley, both together and apart (see previous story on P. 1). In addition to buying existing office and industrial buildings in the Phoenix area, Wentworth Property has been an active developer of industrial and office space in the Valley. Crow Holdings is a privately-held firm that invests on behalf of the **Trammell Crow** family and its investment partners. In the past 20 + years, Crow Holdings has invested hundreds of millions of dollars on industrial, office and apartment projects in the Phoenix area. Find out more from the Wentworths by calling (602) 875-5000. Talk to **Justin Merritt** of Southwest Value Partners at (480) 766-6763. Reach Kling at (602) 956-7777.

COMMERCIAL TRANSACTIONS

Mesa – **Summit Hotel Properties Inc.** in Austin, Tex. (NYSE:INN, **Dan Hansen**, CEO) paid \$22.2 million (\$146,053 per room) to purchase the 152-room **Hyatt Place Phoenix/Mesa** hotel at 1422 W. Bass Pro Drive in Mesa. The seller was **Mesa Hotel LLC** in Los Angeles, Calif. (**Lewis Wolff**, principal). The sale was negotiated through **Bill Murney** of **HREC Investment Advisors** in Phoenix. Maricopa County records show **Summit Hospitality 133 LLC** (Summit Hotel Properties entity) acquired the asset in a cash transaction. **Interstate Hotels & Resorts** is managing the property, which is targeted for renovations expected to exceed \$1 million. Summit Hotels Properties Inc. is a publicly-traded real estate investment trust (REIT) focused on acquiring and owning premium-branded select-service hotels in the upscale and upper midscale segments. The company's hotel portfolio consists of 82 properties with 11,095 guest rooms in 23 states. In its last Valley acquisition reported by *BREW* in November 2012, Summit Hotel Properties paid \$20.69 million (\$81,457 per room) to acquire 254 hotel rooms in two Hyatt Place hotel properties in Scottsdale and Phoenix.

Glendale – A company formed by **AKDHC LLC** in Phoenix (**Susan Price**, CEO) paid \$4 million (\$102.69 per foot) to acquire a 38,954-square-foot, shell office building located within **Westgate City Center** at 6622 N. 91st Avenue in Glendale. The seller was **Pacifica Westgate Office L.P.**, formed by **Pacifica Real Estate Group LLC** in Santa Barbara, Calif. (**Robert Gibbs**, manager). The seller was represented by **Eric Wichterman** and **Mike Coover** of **Cushman & Wakefield** in Phoenix. The buyer was represented by **Fletcher Perry**, formerly of **Colliers International** and now with **Kidder Matthews** in Phoenix. The two-story building, with bathrooms and lobbies in place, will be occupied by the **Arizona Kidney Disease and Hypertension Center**. Maricopa County records show **AKDHC Westgate Real Estate Holdings LLC** acquired the property with a \$5.018 million acquisition and construction loan from **Bank of America**. In April 2012, *BREW* reported Pacifica Real Estate Group paying \$2.975 million (\$76.37 per foot) to buy the Glendale property, which was developed in 2009.

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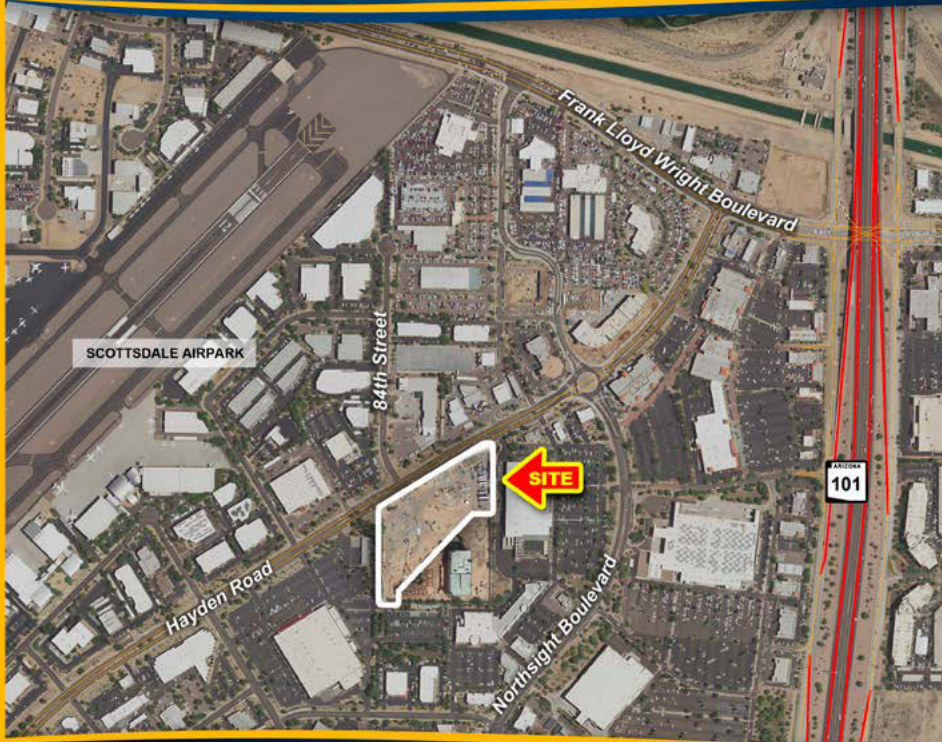
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JOSEPH R. COMPAGNO
First Vice President
National Retail Investment Properties
CBRE | Capital Markets
+1 602 735 1733
joe.compagno@cbre.com
www.cbre.com/nlpgphoenix
@JoeCompagnoCRE



ANDREW K. FOSBERG
First Vice President
Investment Properties | Retail
CBRE | Capital Markets
+1 602 735 1723
andrew.fosberg@cbre.com
www.cbre.com/invphxretail
@AndrewFosberg

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MULTI-FAMILY TRANSACTIONS

Glendale – **Desert Gardens Apartments-Glendale LLC** in Green Valley (**Marco Lizardi, Amy Lizardi**, managing members) paid \$19.5 million (\$63,518 per unit) to buy the 307-unit **Desert Gardens** apartments at 13517 W. Glendale Avenue in Glendale. The seller was **Desert Gardens V LLC** in Glendale (**Cathy Olivia**, manager). The sale was negotiated through **Bill Hahn, Jeff Sherman** and **Trevor Koskovich** of **Colliers International** in Phoenix. Maricopa County records show the buyer acquired the multi-family asset with a \$14 million **Freddie Mac** loan issued by **Walker & Dunlop LLC** in Bethesda, Md. **Brandon Harrington** and **Matt Steffen** of Walker & Dunlop in Phoenix arranged the financing. In September 1993, Olivia’s company paid \$3.264 million (\$10,632 per unit) to acquire Desert Gardens and then expanded the community 10 years later by developing a second phase. Desert Gardens, which was developed in 1984, occupies 11.16 acres of land. That site is directly east of a 13.3-acre parcel that Olivia acquired in 2000 and developed in 2003 as the 225-unit **Desert Gardens II**. Sources say the Colliers agents have a sale pending on that project, which has an address of 13621 W. Glendale Avenue. The investment is the first in the Valley for the Lizardis, who completed a 1031 Exchange after selling a property in Tucson.

Phoenix – **Phoenix 68 LLC** in La Jolla, Calif. (**Walter Novick**, manager) paid \$10.525 million (\$154,779 per unit) to purchase the 68-unit **Via 21** apartments located at 4111 N. 21st Street in Phoenix. The seller was **Verandas-Phoenix LLC**, a company formed by **Curtis Capital Group LLC** in Bellevue, Wash. (**Jared Curtis**, manager). **Allen Chitayat** of **Berkadia** in La Jolla represented the buyer. **Mark Forrester, Ric Holway, Dan Cheyne** and **Tom Wolff** of **Berkadia** in Phoenix represented the seller. Maricopa County records show the buyer acquired the asset with a \$5.62 million **Freddie Mac** loan issued by **Berkadia Commercial Mortgage LLC**. In February 2014, **BREW** reported Curtis Capital Group paying \$7.05 million (\$103,676 per unit) to buy Via 21 (at that time called **Verandas** apartments). The complex was built in 1987. The investment is believed to be the first in the Phoenix area for Novick.

Tempe – **Devistar II Properties LLC** in Campbell, Calif. (**Steve Brozovich, Yun Hwa “Vicky” Chou**, managers) paid \$9.08 million (\$91,717 per unit) to acquire the 99-unit **Parkside** apartment community located at 1801 S. Cutler Drive in Tempe. The seller was **Clear Sky Capital Parkside LP**, a limited partnership formed by **Clear Sky Capital Inc.** in Phoenix (**Marcus Kurschat**, principal). The sale was brokered by **Dave Fogler** and **Steve Nicoluzakis** of **Cushman & Wakefield** in Phoenix. Maricopa County records show the buyer acquired the asset with a \$6.81 million loan from **Banner Bank** in Santa Monica, Calif. In June 2014, Clear Sky Capital paid \$5.95 million (\$60,101 per unit) to purchase Parkside apartments. The complex was built in 1972. **BREW** previously reported Brozovich and Chou buying the 20-unit **Tamarack** apartments at 345 W. Pasadena Avenue in Phoenix and the 22-unit **Tropicana** apartments at 321 W. Medlock Drive in Phoenix. Clear Sky Capital has been an active buyer and seller of multi-family properties in the Phoenix area. **The company is looking for additional apartment investment opportunities in the Valley.**



Terry McDonnell
Publisher

Jennifer Rogers
Director of Operations