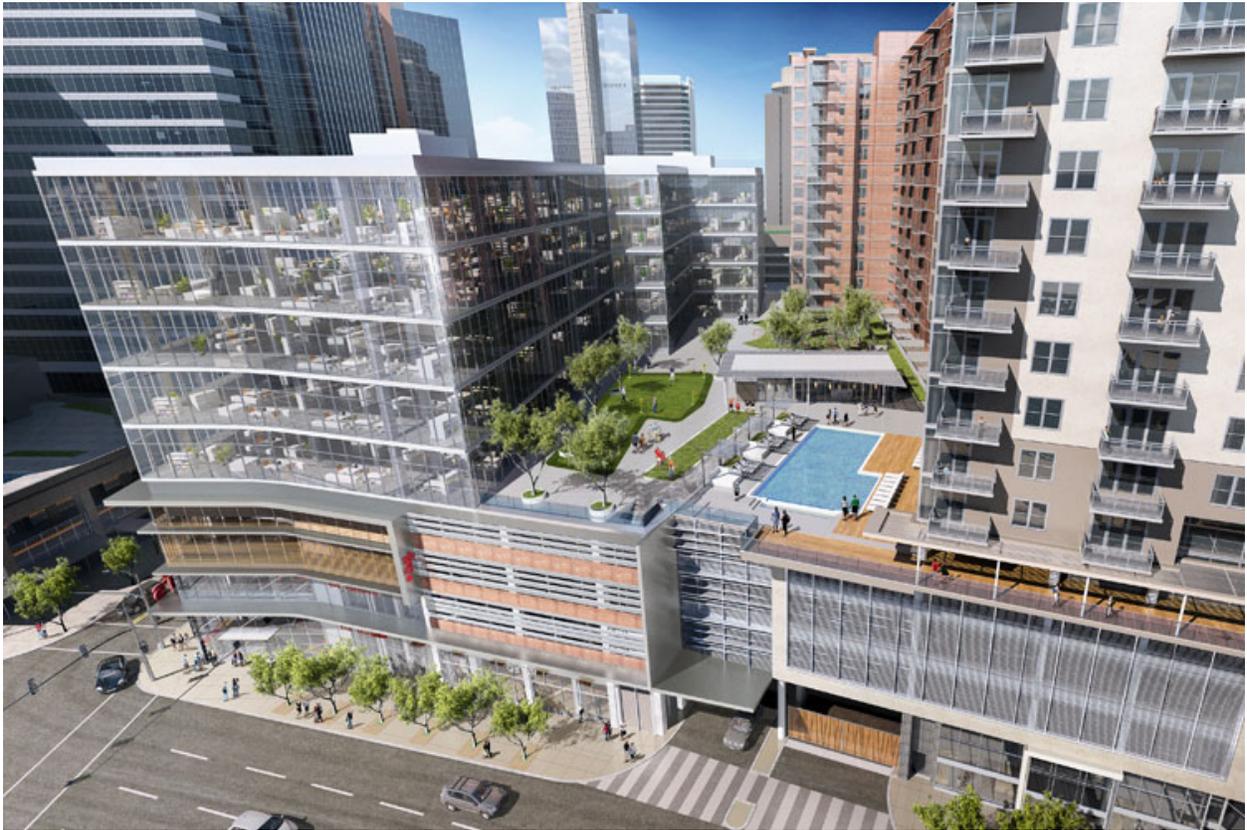


Phoenix sees explosive growth along Central Avenue



[REAL ESTATE](#) | May 20, 2019 | [STEVE BURKS](#)

It has long been an afterthought on where the latest, greatest development is happening in the Valley, but the Downtown Phoenix area is quickly becoming the place to do business or just be. Downtown Phoenix has a distinct air of excitement among real estate developers, with several projects ready to come online in 2019 and plenty more coming in the next few years. There has also been a steady stream of companies opening offices in the downtown corridor, which runs from roughly Central Avenue and Lincoln Street in the South up to Camelback Road. The area spans the Warehouse District, Roosevelt Row Arts District and Midtown.

The reasons for all of this activity in Central Phoenix are varied. The area is perfectly situated in the middle of the metro area and features city and state government offices and courts. Major freeways are close and public transportation can take you conveniently to Tempe and Mesa in the East Valley.

The most consistent answer to the question about what is driving this recent downtown growth is the effect of Arizona State University's Downtown Campus, which brought 15,000 students to an area that was starving for new life.

"The student population growth is awesome and the Phoenix biomedical campus growth is great," said R.J. Price, chief marketing officer for Downtown Phoenix Inc., an organization that advocates for the Downtown Phoenix market and assists people and companies looking to relocate to the area. "All of the people who are coming downtown to work or learn are liking what they're seeing and they are deciding that it'd be nice if I could just walk to class or walk to my job, so they are filling up these apartment units as quick as they go up."

Along with ASU's arrival downtown, the 28-acre Phoenix Biomedical Campus — devoted to biomedical research facilities — and the University of Arizona College of Medicine in Phoenix has grown to 1.6 million square feet. All of this has sparked a big rush in residential units in the area. By 2021, there is expected to be more than 10,000 new residential units built in the southern part of downtown, with 1,000 more units opening in the northern part of the area, along Central Avenue.

"We wanted to make sure our nerds would have access to affordable housing options, which are here, especially in comparison to a number of other downtowns in the Valley," said Danny Estavillo, Nerdery West Region managing director, who is locating in a new office in the Leib Building at Park Central. "The day we signed our lease here we had one of our nerds in town sign a lease for a luxury condo downtown, so it's just the entire urban lifestyle is here, plus there is access to a lot of great talent."

The Nerdery is a digital business consulting firm that helps companies prepare for their digital future. It is just one of the latest companies to see the value of locating in the heart of the Valley. Another company to set up shop in downtown is True North Studio, LLC., a commercial real estate development company that has focused its business on downtown developments. True North Studio has a Phoenix office at 214 E. Roosevelt St., in the Roosevelt Row Arts District, which is a bustling area with apartments, bars, restaurants and gathering spaces.

"We decided to be based downtown, in large part, because of the arts community and the thriving culture throughout the diverse neighborhoods," said Jordan Taylor, partner at True North Studio. "The walkability to housing, parks, galleries, museums, restaurants, and entertainment venues are a few elements that contribute to downtown Phoenix's vibrant energy."

Since 2016, Downtown Phoenix Inc.'s business development manager Sara Scoville-Weaver has tracked over 620,000 square feet of office space being leased by "tech" and co-working companies in downtown. This includes Quicken Loans, Upgrade, Splash, Fin, Scientific Technology Corporation, Double Dutch, Rainbow Studios and Betterup.

According to research provided by John Kirby, regional leader and managing director of the Arizona, Nevada and New Mexico valuation and advisory department for Cushman & Wakefield, the downtown area is much more affordable than other markets. The average rent for a Class A office space in Downtown Phoenix is \$29.88 per square foot, compared with \$32.60 in Salt Lake City, \$37.97 in Portland and \$39.40 in Denver.

"Given the amount of new development in and around downtown, I would think owning downtown would be as appealing as any other location in the (market), if not better," said Kirby. "Historically, the office space has been anchored by proximity to courts, the capitol, and other government services harboring demand from attorneys and financial services. The CBD has since diversified, creating demand for other user profiles, including tech."

"We found a lot of value opportunities downtown," Estavillo said. "Some of them take a creative eye and a bent towards being a little quirky. I saw that in a positive way."

"Downtown is actually one of the most attainable locations for Arizona startups and small businesses due to the variety of office offerings and accessibility to resources," Taylor added. "As an example, many co-working groups are already established here and new ones are opening locations to support the growth of the entrepreneurial community Valley-wide."

Adaptive reuse projects are also popping up throughout the downtown area, from the Warehouse District, where spaces have been converted to event venues and offices, to the midtown area, which has seen old spaces be reinvented for new usage. Arizona Wilderness Brewing transformed a small, brick warehouse space in the Roosevelt Row area into a open, cool craft beer garden. Point B, Inc., an integrated management consulting, venture investment and real estate development firm, is renovating two buildings to create office space.

The biggest projects getting buzz in Phoenix are Block 23, The Link PHX — Phase I and The Stewart. Block 23 will bring the first Fry's Food Store to downtown, along with office and residential space. The 30-story Link PHX adds to the high-rise skyline in Downtown Phoenix and when all three planned phases are completed, it will add a total of 600 rental residences and 21,000 square feet of retail space.

The Stewart is one of the first downtown projects for Aspirant Development, which also recently finished a warehouse-to-office conversion project at 411 S. 1st St. and is closing in on completion of another one at 402 S. 1st St. Aspirant is hitching its wagon to the downtown area and is currently working on finalizing future projects in the market.

“You’ve seen the same things happen in other markets,” said Randy Grudzinski, partner and head of capital markets for Aspirant Development, a member of The Empire Group of Companies. “McDonald’s closed their corporate headquarters in the suburbs of Chicago to build a new one downtown, and they cite proximity to young talent as the No. 1 reason for that move. I’m sure that Quicken Loans moving from Scottsdale to Downtown Phoenix was in large part for the same reason – proximity to a young, vibrant workforce.”

Downtown Phoenix development highlights

The Link PHX — Phase I

702 N. 3rd St.

The first phase of this 3 phase development by CA Ventures features a 30-story tower, with 252 market-rate apartments with ground floor retail and 22,000 square feet of high-end amenities, like a rooftop deck with an outdoor pool.

Lincoln Union

475 E. Lincoln St.

A former Coors Brewing Distribution Center in the heart of the Warehouse District is being transformed into a multi-tenant, creative office complex. Lincoln Union will feature 92,202 square feet spread out among four spaces. It will have outdoor dining spaces, large glass roll-up garage doors and open community spaces.

Block 23

1 E. Washington St.

One of the most anticipated projects in Downtown Phoenix in years, this mixed-use, RED Development project will have more than 1 million square feet of space, including a 55,000 square foot Fry’s Food Store, the first grocery store in the area. A true live, work, play project, there will be 330 apartment units and 150,000 square feet of office space, all right across the street from both Talking Stick Resort Arena and CityScape.

The Battery

This 278-unit mixed-use project is currently under construction. Located adjacent to Chase Field, between 3rd and 4th Streets and Buchanan in the Warehouse District, the development will include apartments and commercial space. Two historic buildings will be preserved and activated as retail.

Portrait at Hance Park

1313 N. 2nd Street

Transwestern's 2-building, 350-unit, multi-family development opened in early 2019. Portrait at Hance Park is directly adjacent to the impressive 32-acre Hance Park, which has undergone a massive \$118M redevelopment.

The Stewart

800 N. Central Ave.

The Stewart, developed by Aspirant Development, is a 312-unit, 19-story luxury high rise apartment community currently at the site of the old Stewart Motor Company (Studebaker). In the heart of Phoenix's historical Roosevelt Row Arts District, The Stewart made smart re-use of the former Circle Records building, building up and around the historic structure, which will get new life as a Snooze, an A.M. Eatery.

Welnick Arcade Marketplace

Van Buren & Third Ave.

The 1927 Spanish Colonial style Welnick Marketplace features 11,000 square feet of newly renovated restaurant and retail space. State 48 Brewery is currently leasing the site and is expecting to open later this year.