COMMERCIAL REAL ESTATE

Merit Partners buys land for $1.5 billion Glendale industrial park

A deal has closed for a massive $1.5 billion industrial project in the West Valley.
CHAIYAPORN BAOKAEW

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A Phoenix-based developer instrumental in the Red Bull and White Claw facilities being built in the West Valley has closed on a 614-acre parcel of land in Glendale that will be the site of a $1.5 billion logistics park development.

The parcel at the southwest corner of Bethany Home Road and Loop 303 is part of the 864-acre Allen Ranches property and sold for $70.5 million. The industrial portion of the development will be called Camelback 303.

“We are extremely excited to be building at this location and at a point in the cycle where demand for Class A industrial is exponential – and expected to continue to rise in the years ahead,” Merit Partners President Kevin Czerwinski said in a statement. “Camelback 303 is the natural extension of the market success we’ve already experienced at our adjacent industrial park, PV 303. Camelback 303 allows us to continue that momentum.”

The project will be developed as a joint venture by Merit Partners, First Industrial Realty Trust Inc. and Diamond Realty Investments.

“The Loop 303 corridor continues to grow in strength and prominence as a preferred logistics home for a range of businesses in the Phoenix region,” Johannson Yap, chief investment officer for First Industrial Realty Trust said in a statement. “We are excited to expand our investment in the region and serve the needs of customers through this multi-year development opportunity with our valued partners.”

The project includes a large swath of land that had previously been void of any infrastructure, so those involved with the deal said it will be a major change for the city.

“The Allen family has held that for over 70 years,” Jason Morris, partner at Withey Morris, who handled the rezoning and annexation case for both the industrial and residential portions of Allen Ranches, said.

"The e-commerce industry alone has grown by 35 percent this year, compared to just 14 and 15% in recent years," Lydon said in a statement. "Sustaining this kind of consumer demand requires a massive uptick in logistical support from projects just like Camelback 303. The delivery of shovel-ready corporates sites is timely."

More land annexed

The seller of the property was Allen Ranches LLC, which was represented by Nate Nathan and Courtney Buck of Scottsdale-based Nathan & Associates Inc., who declined to comment on the deal.

The seller also is escrow to sell 250 acres of Allen Ranches to a homebuilder.

Over the past six months, Glendale has annexed about 2,000 acres of land into the city, Lori German, a city spokeswoman said, which represents about 5% growth in the city's footprint. The city council provided direction to allow such large annexations about two years ago, and the city is hoping to build on the momentum the city of Goodyear created on the other side of Loop 303.

German said the city has seen increased interest from companies looking to develop in the West Valley, and said it has attracted all kinds of sectors, including manufacturing facilities for Red Bull, White Claw and others, as well as luxury car dealerships and different industries.

"Glendale's 'New Frontier,' located on the Loop 303 corridor, is quickly becoming the backbone in Arizona's industrial market and we are thrilled to welcome Camelback 303 into this area," Glendale Mayor Jerry P. Weiers said in a statement. "The addition of this development is another example of Glendale's commitment to growth. Merit Partners has successfully completed several projects in Glendale and this new deal is a true testament to the importance of relationships in bringing more jobs and state-of-the-art facilities to the West Valley."

According to JLL research, the Loop 303 corridor is projected to grow from a 15 million-square-foot industrial submarket to more than 50 million square feet of industrial space within the next five to six years.

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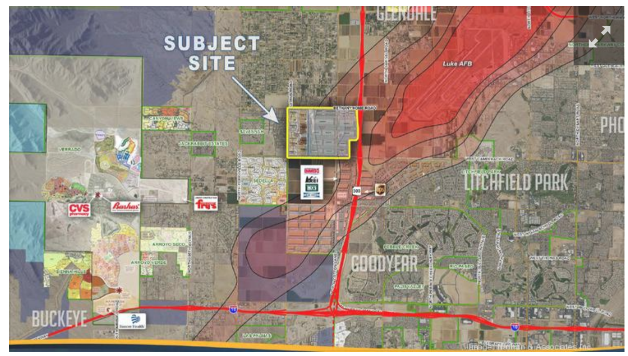
“Allen Ranches, with its unmatched land area, strategic location, and unique mix of uses, is positioned to become a major economic engine for the city of Glendale,” Morris wrote in his zoning and annexation case to the city.



A huge parcel of land in the West Valley, outline in this photo, has been sold for $70.5 million.

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Morris said the overall case, which includes another 250 acres for residential development, was “challenging because of the industrial portion” due to neighborhood concerns about truck traffic and noise.

The large annexation and development case is indicative of the growth happening in the West Valley, he said.

“This is a very large piece of the puzzle for Glendale’s efforts along the 303,” Morris said, adding that the city is working to protect uses around Luke Air Force Base and add employment to the corridor. “The single most important driver of that area has been the maturation of the Loop 303. Industrial users are really thriving, even before the pandemic.”

Morris said there has already been a lot of interest in the property from different potential users and said the project will accommodate large-scale build-to-suit and speculative developments. Development projects could be expected in the next year or so, Morris said.

The parcel has been in the planning stages since 2016, Morris, who has been working on the project for the past year and a half, said, and was originally entitled as unincorporated Maricopa County land.

There was some concern about the city annexing the large parcel, said Morris, who also said cities looking at annexations need to look at the economics of the deal if they assume the burden of incorporating the property.

“It has to pencil out,” he said.

Anthony Lydon, Marc Hertzberg and Riley Gilbert, of JLL brokered the 611-acre land purchase on behalf of the development team.

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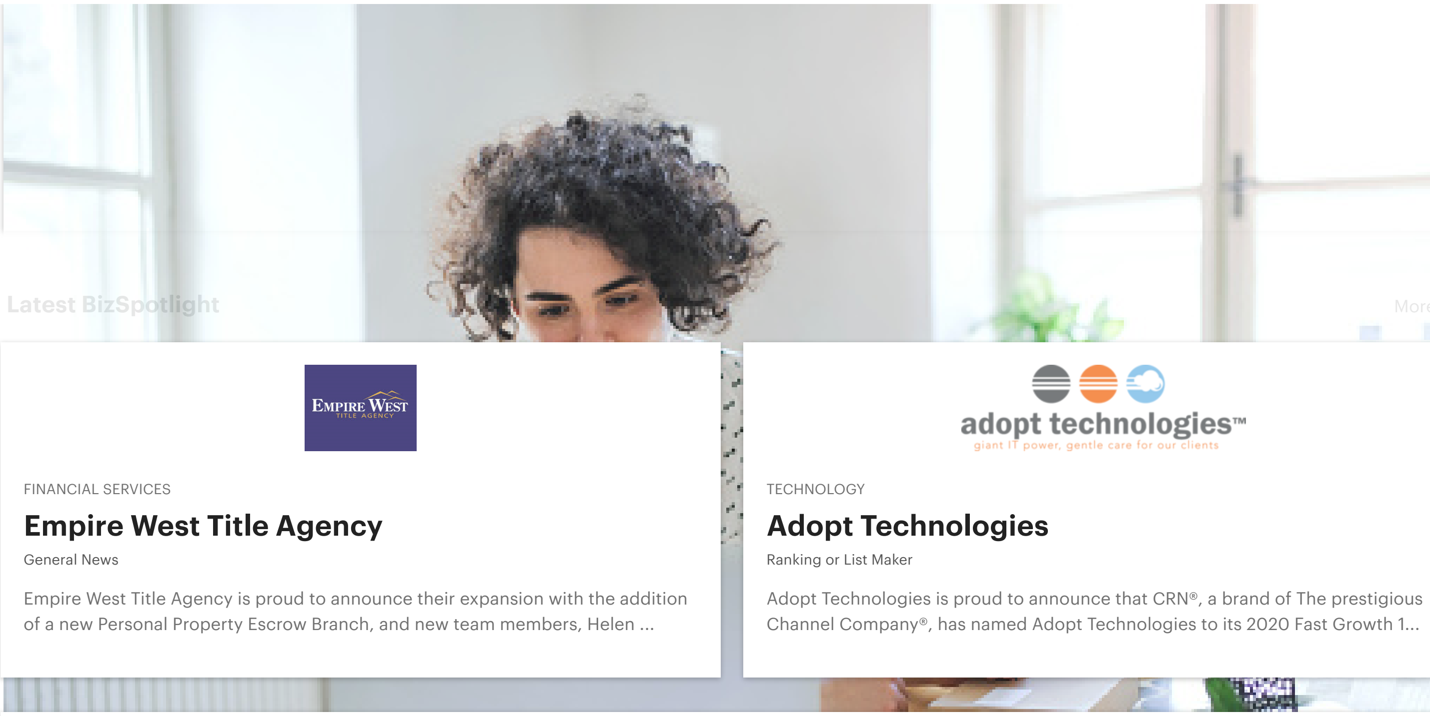

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