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COMMERCIAL REAL ESTATE

## THE BIG PUSH

Already an industrial powerhouse, Goodyear leaders are working to attract a different kind of workforce

The city of Goodyear has partnered with Globe Corporation to build speculative office space in the city as well as a city hall.

CITY OF GOODYEAR





By Corina Vanek  
Reporter, Phoenix Business Journal  
a day ago

A heavy slant towards industrial employment may have insulated the city of Goodyear from some of the economic effects of the coronavirus pandemic, but West Valley advocates still hope to attract more office buildings that will allow residents to work closer to home.

Goodyear isn't equipped to accommodate companies looking for office space right now because there is a dearth of high-quality office development in the city, [Lori Gary](#), economic development director for the city, said.

“Looking to the future, I believe that we are going to see a lot more office come in,” said Gary, one of four panelists in a virtual real estate event hosted Oct. 27 by the Phoenix Business Journal. “We have a lot of professional workers already in Goodyear, as well as in the West Valley. We'd love for them to be able to work closer to home if they choose to do that.”

She said 85% of the companies looking for office space want existing class A buildings, but they can't find that in Goodyear, so the city misses out. Notably, Goodyear currently has less than



Lori Gary is the economic development director for the city of Goodyear.

LESLEY MILLER

5,000 square feet of contiguous office space vacant, Gary said.

“And so Goodyear, Peoria, Glendale, are all looking to attract more class A office,” Gary said. “We’re all in this together, and it’s going to be a win-win for the entire West Valley.”

Historically, class A office construction has concentrated heavily in the East Valley, especially in Tempe and Chandler. While the West Valley – or pretty much anything west of Interstate 17 – battles misperceptions that it is an area dominated by retirement communities, inferior schools and a lack of suitable employees. Thus, the area is regaled with industrial space instead.

Goodyear and other West Valley cities are trying to change that.



The city of Goodyear has partnered with Globe Corporation to build a city hall and a 100,000-square-foot class A speculative office building.

CITY OF GOODYEAR

In early 2019, the city of Goodyear and Globe Corp. formed a public-private partnership to develop 47 acres owned by Globe near 150th Drive and McDowell Road. The project’s first phase will include a 120,000-square-foot building housing Goodyear City Hall and city departments, a 2-acre public park and 100,000 square feet of speculative class A office space.

Sintra Hoffman, CEO of Westmarc, the West Valley’s economic development advocacy organization, said “all eyes are on” the Globe project once it begins construction and is delivered to market. She said she expects Globe

Corp. will be leaders in pioneering high-quality office space in underserved West Valley markets.

She said the coronavirus pandemic has led to suburbs such as Goodyear seeing an increase in sales tax generation because residents who would normally be commuting out of their city for work are instead working from home and buying their necessities locally.



Sintra Hoffman

JIM POULIN | PHOENIX BUSINESS  
JOURNAL

### **Industrial boom**

While office space is scarce in Goodyear, it has an abundance of industrial properties.

According to CoStar Group Inc. research, Goodyear is second only to Glendale for industrial construction volume in the Valley, with 3.2 million square feet under construction in the third quarter of this year.

John Orsak, vice president of real estate development at Lincoln Property Co., said there continues to be high demand for speculative industrial space that continues to come online in the West Valley.

“There's demand for it, there's labor to fill those boxes, there's the economic opportunities for the cities to kind of foster those relationships and to bring these companies here,” he said during the virtual event.



John Orsak, Lincoln Property Co.

JENNIFER BUSH

Lincoln developed Lincoln Logistics 40, a speculative development in Goodyear, that was sold to Nike. Nike later abandoned plans for a Goodyear plant, citing Covid-related revenue loss, but the company has not sold the building or announced plans for it.

### **Oversaturation?**

Despite the influx of industrial development, there are no concerns about oversaturation in the market, according to Jason Morris, partner at Withey Morris PLC.



## BY THE NUMBERS:

### Southwest Valley Industrial Statistics

**11.2%**

Vacancy rate

**47 cents per square foot**

Average asking rent

**4.85 million square feet**

Under construction

Source: Lee & Associates research



“When you get to any level in any product of just one type of product that is dominating our caseload, we start to recognize there may be a problem,” Morris said during the panel discussion. “I can tell you that hasn't occurred with what we're seeing in the West Valley and the industrial market. In fact, if there isn't a user, there are two or three users for everything that we're talking about entitlement.”

Morris said the success of the area has only increased the popularity of Goodyear and the rest of the West Valley for industrial users.



Jason Morris, partner at Withey Morris PLC law firm in Phoenix.

PROVIDED BY WITHEY MORRIS

“You're having success in an area that's breeding up with success, and users want to be near other users,” he said.

“There is a lot of efficiency in locating near other users near major freeway systems near the infrastructure. So we're not seeing it get to a point where it's ridiculous. Some are going to be better than other deals, but our total volume is such that we have users chasing all of the cases that we've been involved in.”

Orsak said the industrial hiring market has become competitive, and developers are adding amenities similar to what would be found in offices to attract businesses and employees to their projects.

“Even with our spec industrial buildings, we're building outdoor break areas covered with grass, lawns, turf, and built-in barbecue pits and a huge tech suite with a break room, because these things are now employment centers, and (human resources) is going to drive the decision just as much or maybe more than the real estate or the operations folks, these days,” he said.

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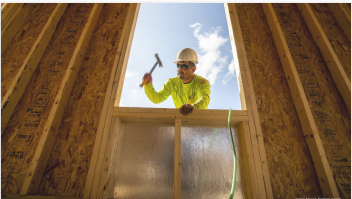
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