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SALES TRENDS

Interest by investors in the Phoenix office market is resulting in the following trends:

- Median price per square foot rose modestly and is likely to end the year near \$119.
- Medical office space is forecasted to rise to \$133.
- Deer Valley employment sector is gaining favor with investors with prices expected to rise above \$122.

Source: Marcus & Millichap

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Urban pioneers

Downtown Scottsdale residents relish lifestyle, business opportunities

BY MIKE PADGETT
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From the third floor of their offices in downtown Scottsdale, Scott and Debbie Jarson have front-row seats for what they and others believe are changing dynamics in the city's future.

Two blocks north of their offices at 3707 N. Marshall Way is the Main St. Plaza development that Arruth Associates Inc. of Houston plans to start in November. Arruth Chairman Alan Ferris said he is preparing invitations for the groundbreaking of a mixed-use development with 253 condos and other residences. He placed the cost of the four-phase, five-year development "in excess of \$150 million."

A few blocks northwest of the Jarsons' office is the redevelopment of the Hotel Valley Ho, and east of the hotel is a brownstone project of about 20 units. The architect is Bing Hu's H&S International team in Scottsdale.

Less than a mile north of the Jarsons' is the site of the future Scottsdale Waterfront, where work started in September on the underground parking garage and the retail and office component. The second phase will consist of two 13-story luxury residential towers.

Not visible from the Jarsons' offices, but clearly a part of downtown redevelopment, is the Third Avenue Lofts project northeast of Scottsdale and Indian School roads.

The planned and projected growth in downtown Scottsdale was a major reason the Jarsons relocated their offices from Shea and Tatum boulevards, where they worked for 12 years. They specialize in the sales of high-end and unique residential properties.

Scott Jarson is aware of two more live-work developments, each with three units, between Fifth Avenue and Osborn Road, which are going through the city's design-review process.

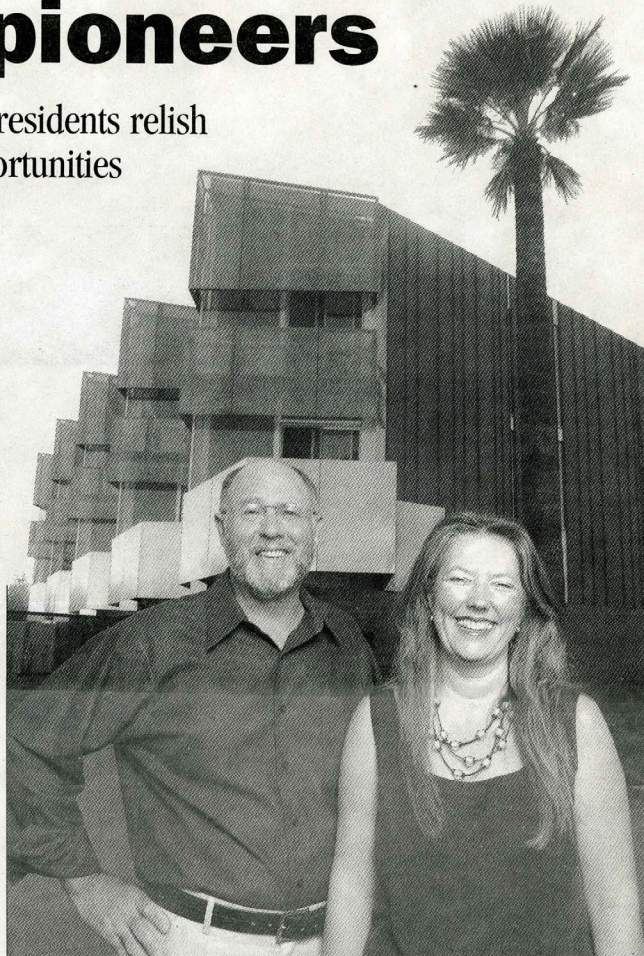
"I've been approached by at least three other developers who are looking at starting downtown Scottsdale projects," Jarson said.

The Jarsons also are sales agents for an 8-unit condo proposed near Earl Drive and 71st Street. Construction is set to start in early 2005. The developer is Context Development.

Whether they look north or south, the Jarsons expect to see more live-work offices like theirs. However, their space is rare. Their office windows on the second and third floors are angled northwest so they frame Camelback Mountain. The Jarsons' offices are in Loloma 5, designed by architect Will Bruder.

"It is so much more alive here," Scott Jarson said. "Downtown Scottsdale has what downtown Phoenix wishes it could create. This is already a very pedestrian area. I can walk to major services here. We're talking about getting an office Vespa (scooter) so anybody in the office could go to the local restaurants without using their cars."

Besides restaurants, other businesses within walking or cycling distance include office supply stores, the post office, the hospital



JIM POULIN/THE BUSINESS JOURNAL

Scott and Debbie Jarson envision more live-work buildings such as the one they moved into last summer at 3707 N. Marshall Way near downtown Scottsdale. The Loloma 5 building, designed by architect Will Bruder, has five owner-occupied units.

and bus stops, Debbie Jarson said.

"I lived in New York City before I moved out here, and for me, this is my little New York," she said. "I get the sense of being in a city with all of the sights and sounds that the city brings us. I love it. I could stay here all day and all night."

From their south-facing patio, Scott Jarson visualizes even more redevelopment along Scottsdale Road all the way to the Tempe border. Jarson said the area south of downtown Scottsdale is key to future redevelopment because many commercial properties are under-utilized.

"We all tend to look north in this city, but this is one time I'm betting on looking south," he said. "I think you'll see a lot of individual entrepreneurs with fun little shops and restaurants and stuff start migrating south of where everybody traditionally thinks is Scottsdale."

In the near future, the Jarsons expect to see

the Scottsdale Waterfront development's 13-story residential towers. They said the towers will offer opportunities for more redevelopment.

"Those towers are a big residential space for the downtown Scottsdale core," Jarson said. "And if those towers fill up like I think they're going to fill up, we're going to see more shops and more restaurants."

That redevelopment and the Main St. Plaza development nearby, he said, will encourage businesses throughout the downtown to update their buildings and their merchandise.

Ferris, of Arruth Associates, is supportive of other developers planning more residential projects in central Scottsdale.

"The more the better, because it makes for a more interesting downtown," Arruth said.

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Jarson & Jarson: 480-425-9300

HOT DEALS

COMMERCIAL

\$24 million

Project: Las Brisas Apartments
Address: 8011 N. Seventh St., Phoenix

Buyer: Robert Sheridan & Partners LLC, Oak Park, Ill.

Seller: Olympic Investors LLC, Seattle

Seller's broker: Bert Kempfert, CB Richard Ellis

\$13.2 million

Project: Arrowhead Commerce Center

Address: 8581, 8615 and 8643 W. Kelton Lane, Peoria

Buyer: MECG-Arizona LLC

Seller: Jackson Shaw Arrowhead I LP

Brokers: Paul Boyle and Rick Danis, Grubb & Ellis/BRE Commercial

\$8 million

Project: The Provincas retail center

Address: Northeast corner of McQueen and Ray roads, Chandler

Buyer: GDA Real Estate Services, Greenwood Village, Colo.

Seller: Regency Centers, Jacksonville, Fla.

Seller's brokers: Bob Young, Steven Brabant, Glenn Smigiel and Rick Abraham, CB Richard Ellis

\$3.2 million

Project: Industrial building

Address: 200 S. 49th Ave., Phoenix

Buyer: Maskil Investment Co.

Seller: RREEF Real Estate Investment Services

Buyer's brokers: Anthony Lydon and Gay Anderson, Grubb & Ellis/BRE Commercial

Seller's brokers: Bo Mills and Mark Detmer, Trammell Crow Co.

\$1.6 million

Project: Sunflower Villa Apartments

Address: 3015 E. Paradise Lane, Phoenix

Buyer: Urban Icon LLC

Sellers: Joe and Christine David, Phoenix

Brokers: Brett Polachek and Todd Braun, Cushman & Wakefield of Arizona

LAND

\$3 million

Address: 10 acres at the northeast corner of Loop 101 and Interstate 10

Buyer: Carlson Real Estate Co.

Seller: Elmaion Partners

Broker: Joseph Ihrke, Carlson Real Estate Co.