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Grunberg Lobs \$54M Play to Win First Metro Deed

By John McCloud



SCOTTSDALE, AZ-Making its first acquisition in the Phoenix market, a company formed by Grunberg Realty in New York City has paid \$54 million or \$215 per sf to buy Scottsdale Executive Office Park, a 251,588-sf complex. The seller was a company formed by Los Angeles-based Lowe Enterprises, which bought the property in March 2006 for \$47.93 million from a private investor who had acquired it six months earlier for \$37 million.

Grunberg principal Michael Grunberg tells GlobeSt.com the company plans to build on improvements the seller made during its tenure at 8655 E. Via de Ventura and 7975 N. Hayden Rd. "The property was a little tired when Lowe bought it," he says. "It had an occupancy of about 80%. They brought to the next level at 91% or 92% occupancy. We plan to build on that and take it to the next level."

Although it's contingent upon local approvals, the process will likely include expanding the square footage to add another floor of offices and introduce retail and restaurant uses. The 15-acre project consists of one two-story and one three-story building along with structured parking. More parking may be added.

"Whatever we do, it will be a product of what the town would like to see happen," Grunberg says. "We want to make it locally friendly. We're not looking to bringing in national tenants, but cleaners or small restaurants that people who live there would appreciate."

According to Grunberg, competition for the asset was intense, with the buyer selected through sealed bids. He says his company won the bid because it was able to make an all-cash offer. "In this credit-crunch time, we probably bid higher than our competitors expected. We came in like gangbusters with the cash in hand, not only offering more but with the deal guaranteed," he remarks.

Grunberg considers the Greater Phoenix market as one of the four or five strongest in the country. He says the company plans to make further acquisitions as it uncovers opportunities. "Once we start in a market, we usually keep our ears to the ground," he explains. "Were not going to jump at anything and everything, but we're definitely going to be aggressive."

The company owns one million sf of commercial space in Connecticut and a mix of commercial and residential projects in New York. Grunberg says he will consider most commercial categories, but targets properties whose potential has not been fully tapped. "We're looking for properties that can use our massaging and our cash

and our vision, which is to make class A properties perform better than the competition," he says. "We like properties that need a story or a change in complexion to bring them out."

Dennis Desmond, Stan Shafer, Nathan Thinner and Jeff Hartland of Grubb & Ellis/BRE Commercial LLC in Phoenix brokered the transaction. Jim Achen Jr. and Bill Zurek of Transwestern Commercial Services in Phoenix had the leasing assignment for Lowe Enterprises and will continue under Grunberg.

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