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Glendale looks to add 2,000 acres along Loop 303 for commercial use

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The city of Glendale is moving forward with its plan to annex additional land near Luke Air Force Base and Loop 303 in the West Valley.

A Las Vegas-based real estate firm stands to be a big winner if Glendale succeeds in adding the agricultural parcels and rezoning them for commercial development along the new highway.

Land Baron Investments Inc., a largely speculative land investor, owns about 255 acres in the vicinity of Glendale's annexation path. The firm is poised to either sell its parcels to developers and end-users for a large profit, or develop them in collaboration with other commercial interests.

"It would probably be a joint venture," Land Baron Managing Partner Mike Chernine said of possible development plans if the parcels are not sold.

The acreage, mostly farmland, sits in a strategic transportation corridor. Loop 303 will link Interstates 17 and 10 and U.S. 60, running north and west of Loop 101. It is set to open in phases through 2015.

"The value of the land should increase," said Jim May, Glendale's interim planning director.

May said the city already annexed two parcels totaling 843 acres and is moving forward with five more annexations totaling 2,000 acres, including the Land Baron holdings.

Chernine also expects the land value to increase if Glendale puts in utility infrastructure to accommodate commercial development.

He said Land Baron bought its land for about \$2.50 per square foot in 2005 and 2006 and expects that value to double with the annexations and growth of the 303 corridor.

The Las Vegas firm is asking \$21 million for a 110-acre parcel, \$8.3 million for a 40-acre site and \$8 million for a 39-acre property, all near Bethany Home Road and Loop 303.

Brian Rosella, a senior associate with Grubb & Ellis/BRE Commercial LLC, said Land Baron bought the 39-acre property for \$4 million in 2006 and the 110-acre parcel for \$13.9 million in 2005.

Land Baron also has a 66-acre parcel for sale for \$11 million at Northern Avenue and Loop 303. Rosella said Land Baron acquired that land for

\$6 million in December 2005.

Chernine said Land Baron expects to sell the Northern Avenue parcel, but could form joint-development entities for the three other parcels unless the right prices are offered.

Rosella predicts the acreage will sell quickly because it's for employment and industrial uses.

May expects Land Baron and other nearby property owners to cash in on the raw land when the price is right.

"None of them are really developers," May said.

Land Baron has holdings in Arizona, Nevada, California, Utah and Idaho, mostly in transportation corridors and projected growth paths. The company owns the West Valley parcels under entity names such as **Strawberry Shortcake LLC** and **Peter Peter Cottontail LLC**.

Woolf Family Enterprises also owns property in the annexation area.

Glendale wants to annex as much as 8,000 acres near Luke AFB and Loop 303 with an eye toward industrial and office projects, auto dealerships and other retail, much like the growth occurring along Loop 101 near Westgate City Center and the University of Phoenix Stadium, said Brian Friedman, interim economic development director for Glendale.

The city of El Mirage is challenging the legality of Glendale's annexation efforts in court. A Maricopa County Superior Court sided with Glendale in late 2006, but El Mirage appealed and is awaiting action by the Arizona Court of Appeals.

May said the annexation process will move forward next year with studies of infrastructure needs, public hearings, rezoning for commercial and industrial uses, and final city approval.

Glendale insists the annexations and development will not negatively impact Luke AFB, which has worried about encroaching development.

Rusty Mitchell, community initiatives director at Luke, said Glendale has worked hard to ensure compatible uses with the Air Force base.

"Of course, we'd prefer to have plain dirt out there, but that's not realistic," Mitchell said. "The plain dirt and cows -- those years are long gone."

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Land Baron Investments: **www.landbaroninv.com**

City of Glendale: **www.glendaleaz.com**