

## W. Valley business park completes first warehouse

**Andrew Johnson**  
The Arizona Republic  
Mar. 10, 2008 07:34 AM

One needs a vivid imagination to envision the future look of Palm Valley 303, SunCor Development Co.'s massive master-planned business park in Goodyear.

Today, the project is nothing more than an industrial warehouse on a large expanse of vacant land.

But the Tempe-based real-estate developer anticipates transforming the desert site into a thriving commerce center with 60 or more distribution buildings, office complexes and retail showrooms over the next 26 years.

Several of the buildings will flank Loop 303, which isn't built yet but has already attracted builders who view the future freeway as a catalyst for the next major surge of industrial development in the Southwest Valley.

The first phase of Palm Valley 303 includes three cross-dock distribution buildings and three retail showroom buildings northwest of Indian School Road and the future Loop 303. A cross-dock facility has large-enough staging areas that inbound trucks can unload materials and outbound trucks can pick them up, with minimal or no warehousing.

SunCor plans to spotlight the first of those buildings - a 440,000-square-foot cross-dock warehouse that is essentially complete - at an open house on Monday.

The company plans to construct the other five buildings based on demand over the next five to six years, said Mitch Rosen, SunCor's director of office and industrial development.

"I don't think it would be wise to overbuild and hope that tenants come," Rosen said.

SunCor obtained the 1,600 acres on which the business park sits when it bought 10,000 acres from Goodyear Tire & Rubber Co. in 1986. The company has used the rest of the land to build its Palm Valley master-planned housing community.

The company has been holding on to the 1,600 acres, which Rosen said are "now ripe for development."

SunCor joins other development firms that are eyeing sites around the future Loop 303 at a time when rising vacancy rates and lending concerns are causing uncertainty in the commercial real-estate market.

The average vacancy rate for industrial space in the Valley as of the fourth quarter of 2007 was 8.4 percent, up from 6.5 percent a year earlier, according to Grubb & Ellis/BRE Commercial LLC.

Still, there's healthy demand for such space, especially in the Southwest Valley, said Anthony Lydon, a senior vice president who specializes in industrial leasing with the commercial real-estate brokerage firm.

Lydon said he knows of several companies that are seeking at least 200,000 square feet in the Phoenix market.

The Southwest Valley's close proximity to California's shipping ports is a key driver that has transformed Goodyear, Tolleson and west Phoenix into a major distribution hub in the past several years.

"There are a number of corporate solutions that need to be fulfilled in the Phoenix market that will support directly or indirectly the Inland Empire marketplace," Lydon said.

The fact that Macy's Inc. will open its 500,000-square-foot Internet fulfillment center along Loop 303 this summer is helping spur business interest in the area, he said.

"Our expectation is when a sophisticated, successful global company like Macy's . . . picks a submarket like Goodyear and the Loop 303 corridor, there will be other companies that follow," Lydon said.

SunCor has yet to sign a tenant for the first industrial building in Palm Valley 303, but Rosen said the company recently talked to a company that passed on the building because it needed more than 440,000 square feet.

An analysis done by economic research firm Elliott D. Pollack & Co. projects that Palm Valley 303 will produce 26,505 jobs within the development when build-out is finished and an additional 20,225 jobs regionally.