

Life at CityNorth shows it's no ghost town

Much of the development's space is leased

By Michael Clancy

ARIZONA BUSINESS GAZETTE

Clint Bolick likes to call CityNorth "a ghost town."

Bolick, attorney for the Goddard Institute and negotiator of the economic-development agreement between Phoenix and the new development, has considered it a bad idea from the start.

But a look beyond the shops and restaurants at the project at 56th Street and Loop 101 shows plenty of activity.

Hundreds of people spend much of their lives here, living, working and even playing.

The 99 residences along High Street are completely leased. And the 3,200,000 square feet of available office space currently is more than 90 percent occupied, with an additional 7 percent leased but not yet announced.

That's a total of almost 89,000 square feet that is full or will be soon.

The people who handle office leasing at the site say they have proposals out to tenants who would take up 100,000 square feet, and initial contacts made with businesses that would take up an additional 235,000 square feet.

The effort comes at a time

when office occupancy in the Phoenix market is declining, not increasing.

Good deals are there to be had for office tenants at CityNorth, but a spokeswoman for Related Urban Development, which manages High Street, says they are not giving the space away.

"We're trying to keep our lease rates up, consistent with other new buildings," said Majla Kayyem, vice president of marketing for Related.

Deals fluctuate based upon term, size, use and creditworthiness of tenants, Kayyem said.

These items are all taken into account in determining concessions which include free rent for a couple of months, rental rates and tenant-improvement dollars. Kayyem said the final amounts are competitive for the market.

The largest tenant so far is Capital Processing Network, a credit-card processing company serving small- and mid-size businesses. It has 56 employees in 18,136 square feet.

The lease price had little to do with chief executive Jeff Stepdum's decision, he said.

What he liked is the easy access to the office for clients, employees and potential employees; the new construction with upgraded communications

hardware; the great views of mountains to the north and east; and an office space that is bright and cheerful with floor-to-ceiling windows.

Jerry Roberts, executive vice president and office specialist for CBRE, is working on CityNorth leases. He says the process has gone well in a market that has lost tenants overall.

Compared with other new office buildings along Loop 101, CityNorth has an edge because of its amenities, including easy access to shopping and restaurants, he said.

"Even in this down cycle, we have always had deals to work on," he said.

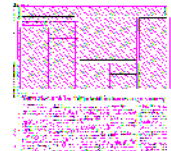
Roberts pointed out that the market lost 900,000 square feet worth of tenants in the third quarter this year, while CityNorth has added almost 100,000 square feet.

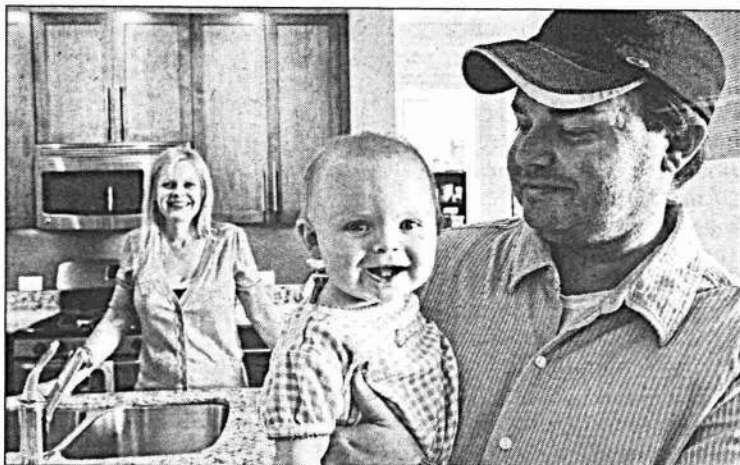
The leases are all a minimum of five years, Kayyem says.

Troy Bohlle of Niche Focus Group, a business-development company, said it all worked out for him.

"We were meeting regularly at Press Coffee, and we talked about getting an office here, but we thought it would be out of reach," he said.

After learning the costs would not be too high, Niche moved in two weeks ago.





CHARLIE LEIGHT/THE ARIZONA REPUBLIC

The Kosack family moved to the Residences on High Street in CityNorth. The complex claims 97 of 99 units are rented.