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DMB ENTITY BUYS PARCEL AT CENTERPOINT IN TEMPE PLANNED FOR TWO RESIDENTIAL TOWERS

Tempe - In a deal that almost seems too good to be true, a company formed by DMB Associates Inc. in Scottsdale (Drew Brown, Mark Sklar, Bennett Dorrance, principals) paid \$875,000 to buy a site within the Centerpoint mixed-use project in Tempe that is zoned for 400+ residential units. The seller in the cash sale was the same entity that recently acquired two partially-developed condominium towers at Centerpoint, ZarCalRes Tempe LLC. That venture was formed by Zaremba Group in Cleveland, Ohio (Walter Zaremba, principal) and California State Teachers' Retirement System (CALSTRS). As reported by BREW last week, the Zaremba Group/CALSTRS company paid \$30 million in cash to acquire 375 multi-family units in the two-building project, which is now being called West Sixth. That acquisition included a 2.76-acre parcel that is approved for more than 400 multi-family units in two towers. The seller of the two partially-built towers and undeveloped land was Centerpoint I Loan LLC, et al., a company formed by a group of investors headed by ML Manager in Peoria. On the same day of that sale, records show ZarCalRes Tempe resold the parcel of land to Centerpoint Land LLC, the entity formed by DMB Associates. Charley Freericks, general manager of DMB Commercial, says DMB Associates purchased the Tempe parcel for investment purposes and will hold the land for future development. Sources say the residential site would be worth several million dollars on the open market, but the Zaremba Group venture needed to complete the sale quickly in order to get clear title to the Centerpoint towers. Word is DMB Associates had a right of first refusal to buy the adjoining land, and exercised the option. The site acquired by the DMB company is located at the southwest corner of Maple Avenue and Fifth Street. The parcel, which is now used as a public parking lot, is immediately northeast of the West Sixth towers. Freericks says DMB will continue to have a third party operate the parking facility and that any vertical development on the land is likely years away. DMB has had an interest in the office-retail-residential Centerpoint development since 1985. DMB was the developer of the 22-acre Centerpoint project, which has 380,000 sq. ft. of office space, 113,000 sq. ft. of retail shops and a theater, the 160-room Tempe Downtown Courtyard by Marriott hotel, the West Sixth multi-family units and the parking lot. DMB still owns the retail space and theater and about 12,600 sq. ft. of office space. The 40,000-square-foot theater, formerly leased to Harkins, is under contract to be sold and will be razed and redeveloped as a hotel. Centerpoint, considered to be the commercial hub of downtown Tempe, is located along the west side of Mill Avenue and north of University Drive. DMB representatives will be watching to see how the owner of West Sixth fares with the multi-family towers. Originally developed as for sale condominiums, Zaremba Group/ CALSTRS plans to complete the 22- and 30-story buildings and rent the units as high-end apartments. Most of the renters are expected to be students at the nearby Arizona State University. The smaller building is 90 percent complete and should be ready for occupancy in August. The larger structure is about 70 percent finished, and is scheduled for completion in December. The first phase building will have ground floor retail and restaurant space. ML Manager, as successor to the defunct Mortgages. Ltd., foreclosed on the developer of the Centerpoint condominiums after the company defaulted on \$135 million in loans. The sale to Zaremba Group/ CALSTRS was supposed to close last year, but the deal stalled in October after issues surfaced involving liens placed against the property by contractors that worked on the project and title insurance needed to complete the transaction. Thomas Title & Escrow in Scottsdale handled the escrow on the sales to ZarCalRes Tempe LLC and Centerpoint Land LLC. The two properties are located just west of Mill Avenue and east of Ash Avenue between 5th Street on the north and Seventh Street on the south. Get more from Freericks at (480) 367-7000. Kent Chantung of Zaremba Group in Scottsdale is the contact on the West Sixth project . . . call him at (480) 367-8500. Mark Winkleman is the contact at ML Manager . . . (623) 234-9560.

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