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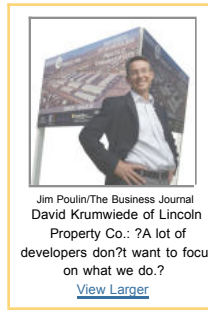
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Developers demolish and resurrect old properties for new uses

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What happens to computer chip and lawn tool factories when they've gone out of style? The optimistic view is that someone with deep pockets and broad resources will turn lemons into lemonade.

That's what Lincoln Property Co. is doing with two former Valley eyesores: Motorola Inc.'s old chip fabrication plant at the northwest corner of Broadway and Dobson roads in Mesa, and the MTD Products facility at the southeast corner of Interstate 10 and Ray Road in Chandler, where the Ryobi Weed Eater and other lawn and garden products once were made.

Lincoln, an international real estate investment and development firm based in Dallas, is boosting its presence in greater Phoenix. The company is converting both of those obsolete properties into business parks.



A different breed

At the Motorola factory, which was built in the 1960s and closed in 2001, Lincoln just completed phase one of the 800,000-square-foot Broadway 101 Commerce Park. The plant, which sat on 70 acres, required demolition and environmental remediation before new construction could begin.

About 70 percent of the first phase already is leased by tenants including the light rail construction project offices of Sundt/Stacy and Witbeck, Norwood Furniture, S&W Manufacturing Enterprises and Accu-Tech Corp. Construction on the second phase started ahead of schedule.

David Krumwiede, executive vice president of Lincoln in Phoenix, said the project obviously is more difficult than buying "a cotton field and building it from the ground up."

"I've learned a lot from cleaning brownfields," he said. "Clearly you have to have the resources to do it, and a lot of developers don't want to focus on what we do."

Rick Robertson, a broker with Lee & Associates, has worked with LGE Design Build of Phoenix, which is redeveloping the site of the former Dillard's warehouse near 17th Street and Priest Drive in Tempe. He says it takes a different breed to resurrect old industrial properties, but they can be especially attractive as infill sites near transportation corridors.

"It's definitely a specialty, and it takes specialty skills to do this," Robertson said. "But we're usually talking about prime locations, especially if there's extra land."

The Motorola site wasn't exactly a prime location in the 1960s, but it is now.

"It was built on the outskirts of the city, and it became a huge employment center. I run across people weekly who worked there once," Krumwiede said.

Although Motorola tried to sell the industrial monolith to a user that would retrofit it, such marketing attempts failed. Only when the price dropped dramatically did Lincoln step in, paying \$5 million for it.

"Basically, the price became competitive enough that it made sense to bulldoze it," Krumwiede said.

Not that bulldozing it was as simple as knocking down a few columns and scraping up what was left. Significant environmental remediation was required.

"The brunt of the contamination was asbestos, and Motorola had spent years of mediating it from a groundwater perspective," Krumwiede said.

Demolition took an entire year. Scrap was labeled and hauled off to designated landfills. Some equipment was sold as salvage to be refurbished, while other materials were sent to recyclers.

The city of Mesa, Krumwiede said, has benefited significantly from Lincoln's risk and investment.

"They had a mothballed, cobwebbed plant with weeds all over the place and problems with vandalism. They were happy to see it go and replaced by a business park with great tenants," he said.

Mesa Mayor Keno Hawken agreed.

"We were very pleased with the speed with which they demolished the Motorola plant and turned it into something productive," he said.

With its location near the freeways and light rail, the mayor expects the business park to be a successful endeavor.

Signature property

Meanwhile, the city of Chandler is pleased with the outcome of 10 Chandler, a complex of nine manufacturing and warehouse buildings that never were fully operational, even when market conditions were strong.

Like many other manufacturers, former owner MTD decided to move its operations to Mexico. "It was the issue of the cost of labor. They didn't need a facility here anymore," Krumwiede said.

Chris Mackay, economic development specialist for the city of Chandler, said the loss of MTD jobs was mitigated by Lincoln's investment.

"Of course it was hard to lose those employees, but the new business park will triple the amount of jobs on that site," Mackay said.

That site once was in the middle of nowhere. But when Lincoln paid \$15.7 million for it two years ago, it was prime infill property. Krumwiede also liked that it was adjacent to I-10.

After detailed analysis, Lincoln decided to refurbish three buildings and demolish and reconstruct six others for a total of about 500,000 square feet. Krumwiede said the project was simpler than the Motorola development because there were no environmental problems.

The refurbished buildings are scheduled to be finished in a month. The rest will be ready in early 2008.

Although no tenants have been signed, Krumwiede said interest has been strong, especially from retail showrooms.

The city of Chandler, he said, is delighted there's an afterlife to a development that was going dark.

Said Mackay: "It could not have been better. This is going to be a signature property."

Old vs. new

Although competition for older manufacturing and industrial sites is getting tougher, Lincoln expects to take on more such projects, as does LGE, Robertson said.

Another anticipated redevelopment is the Hayden Flour Mill in Tempe. Avenue Communities is working on the redesign specifics for that former industrial site, near the corner of Mill Avenue and Rio Salado Parkway.

"We're from older cities, so we've been around doing these kinds of projects for many years," said Avenue Communities President Ken Losch, who hails from Toronto. "This is probably the most unique property in the whole Southwest."

Losch said very little will be demolished for that mixed-use project, and new construction will encircle the mill in a transparent kind of design.

Construction isn't expected to start until spring, with the first phases scheduled to be finished in spring 2010.

"We'll encase it with a translucent feel. You'll never get confused about what is the old and what is the new," Losch said. "We don't think there will ever be another opportunity here like this one."

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