

Developer to unveil Camelback project

Camelback II, an 11-story office building, is expected to open in 2008 at upscale intersection

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The priciest corner of Camelback Corridor will soon get its first office project in seven years.

Houston-based developer Hines plans to announce details Thursday for 24th at Camelback II, an 11-story, 300,000-square-foot Class A office midrise project. Rents are set for \$40 to \$44 a square foot, depending on the floor.

"The location is about as good as it gets," said Bill Olson, vice president/designated broker with Hines.

Originally, Hines considered putting luxury condos on the property, which the company has owned since 2001, he said. But the proliferation of condos along Camelback and increasing office rents cemented plans to create an office midrise building.

The proposed office building is next to an eight-story, 302,000-square-foot Hines building on the southwestern corner of Camelback Road and 24th Street, which last May sold to German company GLL Properties for \$113 million. That deal set a record with space costing \$373 per square foot.

Construction for Camelback II is expected to begin in June and to be completed in fall 2008. It's the last empty parcel on the corner, so the office construction will be the last for the corner unless a nearby building is razed.

Each floor has between 25,000 and 38,000 square feet of rentable space.

Grubb & Ellis/BRE Commercial has been selected to handle leasing the building. Vacancy rates for office in the area have been hovering around 5 percent, which is considered extremely tight. Rents, meanwhile, have jumped about 37 percent since 2000, according to Grubb & Ellis data.

Several businesses have already called about the tower's space. Interest is primarily coming from the financial, legal, real estate and insurance segments, said Tom Jacobs, a senior vice president at Grubb & Ellis. No lease deals have been signed, but no one is outwardly cringing that the rents are equal to some Chicago submarkets and some of the lower-priced areas of Manhattan.

"We're seeing that tenants are willing to pay the premium to be here . . . (because of) the central location, freeway access and best amenities in town," Jacobs said.

Hines is giving selected real estate and business professionals a sneak peek of the project's design at a private reception Thursday. There, Hines will share project details, including a look at the building's exterior, parking, granite floors and office layouts.

Hines sought neighborhood input from the start, which has been integral to making sure there wouldn't be any surprises when seeking city approval for the 143-foot project, Olson said.

The site is surrounded by commercial zoning.

Opposition from neighbors about building height stymied the former Trump-Bayrock project, a 140-foot hotel-condo project, at the site of the former Hard Rock Cafe at 26th Street and Camelback. In that spot, the building's maximum height was limited to 75 feet.

The Hines project is moving ahead smoothly, Olson said. It's also been certified LEED-CS by the U.S. Green Building Council.

"It's our goal that upon completion of the building it will be LEED certified," he said.

The Camelback area, as of the end of last year, was fetching average rents of \$36.20 a square foot, according to Cushman & Wakefield of Arizona. However, some new leases are now going for more than \$40 a square foot.