

Scottsdale Firm Plans \$94M Real Estate Buying Spree

By Matt Culbertson

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Laguna Pacific Cos., a Scottsdale-based real estate development company, plans a \$94 million shopping spree of residential land in Arizona, California and Nevada, with company officials expecting an upswing in the real estate market over the next two to seven years.

The vast majority of the \$94 million was provided by a “large investment bank” in western Europe with assets of more than \$8.5 billion that did not wish to be named, said Paul Charles, vice president of site acquisitions and development for Laguna Pacific.

The joint-venture has been in the works since October 2008, and it was officially announced March 20 after the contract was signed in February. The company is looking to spend the \$94 million over the next 12 to 18 months.

Laguna Pacific was the managing partner of the Pier 202 project on Tempe Town



Lake, and the company has built or developed about 50 million square feet of projects, Charles said.

The company is not looking to buy properties with an anticipated annual return lower than 18 percent, and some properties should have returns of more than 30 percent, Charles said.

“Our bar is set really high. The fund is geared to have a pretty phenomenal opportunity for returns,” Charles said. “In general, we are looking for \$1 million to \$5 million parcels.”

Charles said the company is looking to buy land primarily in the Greater Phoenix metropolitan area, since the firm prefers to buy locally and the investments look to be better in this area, he said.

“We’re really bullish on people coming out to live out here,” he said. “Arizona is really a developer’s dream when you stand back and look at the situation.”

The company has offices in Arizona, California and Nevada — considered the “golden triangle” for real estate in the current market, Charles said.

“These three states have sustained the largest swing in valuation,” he said.

Charles said the company is looking at three different types of land: at the top of the list, finished residential lots; second, multifamily land parcels, developed or not; and last, mixed-use land with a residential component. All land purchased must be zoned and entitled, and preferably has pre-existing infrastructure, he said. And Laguna Pacific will give landowners, banks and other property owners the first right or refusal to buy back the land, he said.

As the economy recovers, Laguna Pacific will be poised to benefit from the projected increase in home values and a better environment for homeownership, he said.

“These are really difficult times. There’s no doubt about that. But as the credit starts to free up, there’s more emphasis on really getting the housing market going again,” Charles said. “From our view that’s really the game changer.”