

# First look: Midtown Phoenix office park completes major renovations

By Audrey Jensen

Los Angeles-based Barker Pacific Group recently completed major renovations to the City Square office park in midtown Phoenix.

City Square, formerly known as the Kent Plaza and Rosenzweig Center, comprises three highrise office buildings at 3800 to 4000 Central Ave. totaling 736,000 square feet, a hotel, openair retail plaza and 1,200-car parking garage.

It was built in the 1960s by Del Webb Corp. and designed by architectural firm Flatow, Moore, Bryan and Fairburn, according to the company.

In a joint venture with Washington, D.C.-based Iron Point Partners, BPG acquired the office park in 2019 for \$45 million. Since purchasing the property, the companies have invested \$12.9 million in renovations, including several million dollars in tenant improvements.

“The property ownership was impaired in that they were underwater on their debt,” said Michael Barker, CEO and managing director of BPG. “When that happens if you’re an office building owner, it’s very hard to attract new tenants.”

When the company purchased City Square, the office towers were only about 60% leased, “so we saw an opportunity to come in with new capital,” Barker said. The company’s lender on the project is Alliance Bank.



Barker Pacific Group recently completed new renovations to a midtown Phoenix office park, City Square.  
Gensler

The company said about 290,000 square feet of space has been updated in some capacity and that it has completed about 57 renewal or new lease transactions totaling 356,315 square feet since 2019.

## New tenants, updated plaza

Upgrades to the property include tenant improvements, electric charging stations, new corridors, restrooms and lobbies, while existing amenities feature Wi-Fi, a gym, cafe, 156-room hotel owned by another company, retail spaces with a bank, hair salon and a new courtyard with a coffee kiosk retrofitted from a shipping container.

Flagstaff-based Firecreek Coffee will occupy the shipping container in June, while one of the office towers will also undergo a new paint job in July, the company said.

The joint venture also completed a \$2.5 million remodeling of the central plaza and courtyard area, dubbed City Square Plaza, designed by San Francisco-based Gensler.

The plaza features 60-foot windsails that light up with color-changing LED lighting at night, a new stage for events, pavers, landscaping, seating and planter boxes for tenants and visitors.

“A lot of companies have had people working from home. Getting people back to the office is not easy for some companies,” Barker said. “If they’re in an environment where it can also be a collaborative, fun experience as opposed to just go into an office and sitting in a desk. In all our buildings, we’re trying to focus on those kind of amenities that would be appealing for tenants to be there during the workweek.”

The Arizona Department of Economic Services is the largest tenant in the office park at 81,377 square feet. Arizona Department of Transportation, Veterans Benefits Administration and First Things First are also tenants in the park. The company said it also has a number of law firms and money management firms in the office complex.

BPG was founded in 1983 and has developed major projects in Phoenix and across the U.S. in cities such as Los Angeles, San Francisco, Houston, Miami and Fort Lauderdale.

Older office buildings in the Phoenix metro continue to be renovated as companies figure out how to bring employees back the office. Also in midtown Phoenix, an iconic office building formerly known as the Phoenix Financial Center is being revitalized into a mid-century modern mixed-use campus with the addition of a 335-unit multifamily complex and an 1-acre park that will be used for community events such as concerts.

The Phoenix metro saw a 20% vacancy rate in the first quarter of this year for office space, according to CBRE Group Inc. New class A office developments have driven a lot of the leasing activity in Phoenix and Tempe. In Q1, class A office space had 400,000 square feet of positive absorption, or the space leased minus what became vacant.