



Arizona Business Bank

# 2600 TOWER

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2600 N CENTRAL AVENUE • VALUE-ADD OFFICE BUILDING • LOCATED IN THE HEART OF CENTRAL PHOENIX





2600 Tower is an ideal investment opportunity to participate in the rebirth of Midtown.











## THE OFFERING

Colliers International, as exclusive advisor, is pleased to present the opportunity to acquire 2600 Tower, located at 2600 N Central Avenue (the “Property”), consisting of  $\pm 323,607$  square feet within a 20-story office building in Phoenix, Arizona. This office building offers Class A offices as well as unique technology-suitable space, all on  $\pm 16,000$  square foot floorplates. Key tenants include CMOC Mining USA, Trapp Technologies and five federal agencies, which include the Western Regional office of the Bureau of Indian Affairs and Drug Enforcement Agency. 2600 Tower is also home to 9 datacenters, totaling  $\pm 25,000$  square feet. Its unique building infrastructure and systems, which are not normally found in a

Class A high-rise, could support an additional  $\pm 30,000$  square feet of technology-oriented uses. Some of these features include redundant and heavy electricity supply, redundant and ample cooling systems, and 4 MW in two back-up diesel generators.

Located in the heart of Midtown, 2600 Tower is in an urbanized setting adjacent to other offices, luxury residential condominiums, historic neighborhoods, numerous retail and restaurant amenities, as well as arts and cultural facilities. The building, located just north of downtown Phoenix, is also a short walk to two light rail stations – at Thomas Road and Encanto Boulevard.

## PROPERTY SUMMARY

	<b>PROPERTY ADDRESS:</b> 2600 N Central Ave Phoenix, AZ 85004		<b>YEAR BUILT:</b> 1982		<b>IN PLACE ESTIMATED NOI:</b> \$2,482,153
	<b>BUILDING AREA:</b> ±323,607 SF		<b>PARKING COUNT:</b> ±832 spaces		<b>PERCENT LEASED:</b> 68%
	<b>SITE AREA:</b> ±2.72 Acres		<b>ZONING:</b> Office Building: C-2 HR (intermediate commercial), City of Phoenix Garage: P-2 (parking designation), City of Phoenix		

## INVESTMENT HIGHLIGHTS

### Secure a Significant Value-Add Position on Central Avenue with Stable Occupancy

The offering is 68% leased with lease expirations that are spread out over more than 10 years. Utilizing 35% of the tower, federal agencies began occupancy in 2009. There are now five federal agencies at 2600 Tower, along with 9 datacenter uses and more than a dozen other companies, which suite sizes range from less than 1,000 square feet to multiple full-floors. This allows investors the certainty of diverse and stable occupancy while executing on value-creation.

### An Outstanding Value Proposition: Below Replacement Cost Pricing in a Rising Rental Rate Market

If constructed today to the same quality of materials, 2600 Tower costs would exceed \$300 per square foot. This is a fraction of where the building will be purchased. We have seen a sharp jump in rental rates during the first half of 2018 in the Midtown submarket as new innovative, tech-oriented businesses have discovered the benefits of Midtown. The dramatically undervalued Midtown submarket is benefitting as the affordable alternative that is also urban, hip, and innovative. This is an ideal time to acquire 2600 Tower, and participate in this submarket's recovery.



## PROPERTY HIGHLIGHTS

### **Offering includes Class A Building Features**

2600 Tower was designed and constructed to the highest quality, Class A standards and provides tenants with a first-class business environment including a distinctive main lobby with numerous upgraded building materials such as Italian marble, travertine, granite, copper trim, and wood panels. The chevron-shaped building with  $\pm 16,000$  square foot floorplates provides dimensions and clear spans that allow convenient space configurations. Even the smallest tenants enjoy tenant entrances that are close to the elevator lobbies.

### **Unique, Technology-Oriented Space**

The building also caters to demands of technology-oriented tenants, whether for wet and dry lab space, research & development or datacenters, with its numerous building systems upgrades. These include a chilled-water loop cooling system with 1,660 tons of cooling capacity through six separate chillers that provides for redundancy and maximum flexibility when space planning to any level of density; an ample 12 megawatts of power supply coming from three separate substations that meets the technical requirements of the most discerning tech-oriented business, a separate freight elevator, floor by floor building venting via the building fin columns, and two, two-megawatts of back-up generator power.





## PROPERTY HIGHLIGHTS (continued)

### Major Building Systems have been Modernized, Replaced or Refurbished

All of the major building systems that have needed to be modernized, replaced, or refurbished have been addressed at a cost of more than \$4.5 million. This includes newly modernized building elevators, replacement of four 250-ton fluid cooling towers, refurbishment of two 330-ton fluid cooling towers, installing 80 new water-sourced heat pump units so that all 360 original units have now been replaced, replacement of the building swing stage used for exterior building maintenance and implementing a state-of-the-art chemical free water treatment system.

### Comfortable and Convenient Urbanized Campus Environment

2600 Tower is in the heart of Midtown. This is an urbanized site design that is compact, while also convenient and inviting. Surrounded by four streets, it provides for comfortable vehicular and pedestrian access. Virginia Avenue provides safe signal-controlled full access to Central Avenue, while 1st Avenue provide easy access to Thomas Road - 1/4 mile to the north. These various routes are especially beneficial during the rush hours. The building's loading dock is separated from entrances used by building occupants and guests, and is adjacent to the freight elevator and middle stairs, so as to allow a separation of deliveries and movement of chemicals or federal agent protocol from building occupants and their guests. All parking is via the six-level garage that is just west of the building, steps away from the building entrance. On site amenities include a deli, bank branch, and on site storage.

## LOCATION HIGHLIGHTS

### Bullseye Location

Located just north of downtown Phoenix, 2600 Tower offers amazing connectivity to the rest of the metropolitan area through numerous transportation systems. This includes the Metro light rail system – it is a short distance between two Valley Metro light rail stations – at Thomas Road and Encanto Boulevard. It is also adjacent to a Valley Metro bus stop connecting Rapid Transit bus lines; and the I-17, I-10 and SR51 freeway systems are short distances away. More than 3.4 million people can reach this location within a 40-minute commute (i.e. 82% of the population of Maricopa County). This Midtown location also offers many amenities including world renown arts and cultural venues and a plethora of dining options.

### Renewed Interest in Urban Infill

Midtown has benefited greatly from the urban infill movement. Nearly 2,000 multifamily units are currently under construction or planned for the immediate area. This new multifamily activity combined with new restaurants and other amenities, as well as convenient light rail access, have helped rebrand the area into a corridor for startups, technology companies and unique local businesses.





## MARKET HIGHLIGHTS

### Arts District is Bridging Downtown with Midtown at more Affordable Rental Rates

Compared to its neighboring submarkets, Midtown offers an amazing value to companies. Downtown Phoenix and Camelback Corridor average asking rents are 31% and 37% higher than those of Midtown. 2600 Tower can promote its Class A facilities, along with its proximity to downtown Phoenix and all of its amenities – at an average rent that is dramatically less. This truly transit-oriented destination has become an infill hot spot for entrepreneurial businesses.

### Strengthening Occupancy Filling Existing Inventory

The Midtown Phoenix market is going through a rebirth, attracting a wide range of employers and new residents as its “live, work, play” offering continues to expand. Vacancy rates have declined to 19.2% by year-end 2018 – a 310 basis point improvement from year end 2017 when vacancy stood at 22.3%; and with continued demand and no projects under construction or planned for this area, Midtown’s vacancy will tighten further.



## TECH-ORIENTED SPACE RECAP

2600 Tower is uniquely positioned in the Midtown class A, high-rise office building marketplace, in that it offers outstanding, class A office space, while also offering tech-oriented space. Historically datacenters have benefitted from this tech-oriented space, but it could also be used for other mission-critical computer functions; as well as research & development, clean rooms, wet labs, and other critical-environment functions that require enhanced infrastructure.

The reason 2600 Tower is able to accommodate this type of usage is because it has the requisite enhanced infrastructure needed. The Property Profile section in this offering memorandum also describes some of these systems, in conjunction with the overall building configuration. So as to clearly identify the unique equipment that is incorporated into 2600 Tower, the components that are available to serve this type of usage is reiterated here.

### Electrical Service

Three separate electrical substations bring service to 2600 Tower. This is highly unusual to even have two, let alone three substations serving a class A high rise office building. The services total 12,000 amp, 277/480 volt, 3-Phase in increments of 7,000 amps, 3,000 amps, and 2,000 amps. This provides substantially more power than a typical high-rise office building both in terms of supply quantity, as well as redundancy of the sources of electricity. The current owners have never lost power during the entire history of their ownership, which has spanned 15 years.



### Redundant HVAC System

Building cooling is provided by water source heat pump HVAC utilizing six fluid cooling towers that are formatted in two sets: (i) two 330-ton BAC units; and (ii) four 250-ton EVAPCO units. These cooling towers cool condenser water to an 80 degree set point, and utilize two fully-redundant building loops that can be merged together or operated separately at roof level.

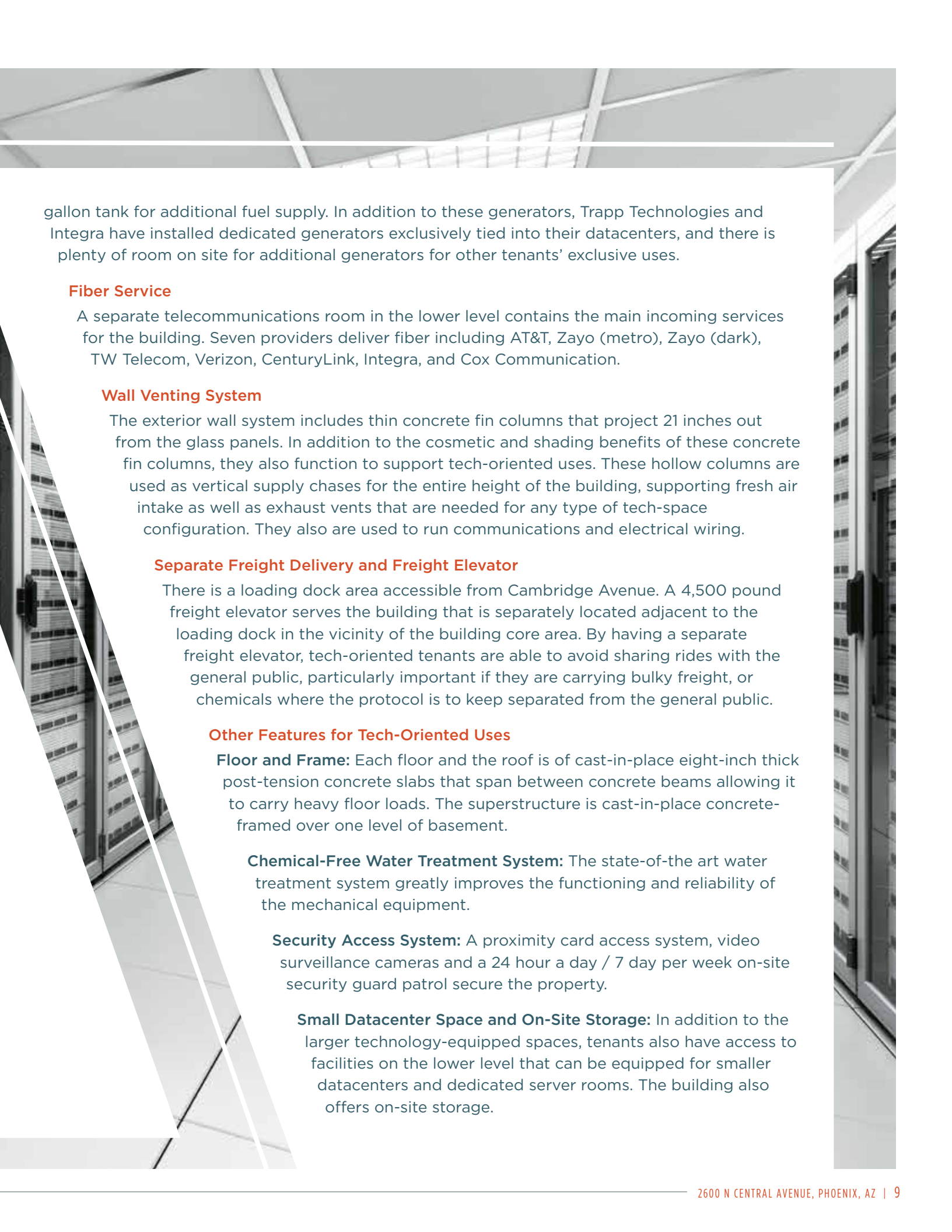
### Redundant Water Pump System

Condenser water is delivered by way of two sets of fully-redundant pumps – two 100-hp pumps as well as two 50-hp back-up tech pumps, all of which are on VFD drives. This provides full redundancy in an emergency, or to provide routine maintenance without losing service to the building. It also provides extraordinary flexibility and convenience for customizing comfortable temperatures in all types of space configurations.

### Back-Up Generator and Emergency Power

Two Caterpillar 2,000 kW diesel-fueled generators located on the south side of the lower level are dedicated to support the space that is available for technology-oriented uses. There is room to install a third generator of equal size in this area. Each generator has a 2,000 gallon above-ground belly tank; and there is also an auxiliary 8,000





gallon tank for additional fuel supply. In addition to these generators, Trapp Technologies and Integra have installed dedicated generators exclusively tied into their datacenters, and there is plenty of room on site for additional generators for other tenants' exclusive uses.

### Fiber Service

A separate telecommunications room in the lower level contains the main incoming services for the building. Seven providers deliver fiber including AT&T, Zayo (metro), Zayo (dark), TW Telecom, Verizon, CenturyLink, Integra, and Cox Communication.

### Wall Venting System

The exterior wall system includes thin concrete fin columns that project 21 inches out from the glass panels. In addition to the cosmetic and shading benefits of these concrete fin columns, they also function to support tech-oriented uses. These hollow columns are used as vertical supply chases for the entire height of the building, supporting fresh air intake as well as exhaust vents that are needed for any type of tech-space configuration. They also are used to run communications and electrical wiring.

### Separate Freight Delivery and Freight Elevator

There is a loading dock area accessible from Cambridge Avenue. A 4,500 pound freight elevator serves the building that is separately located adjacent to the loading dock in the vicinity of the building core area. By having a separate freight elevator, tech-oriented tenants are able to avoid sharing rides with the general public, particularly important if they are carrying bulky freight, or chemicals where the protocol is to keep separated from the general public.

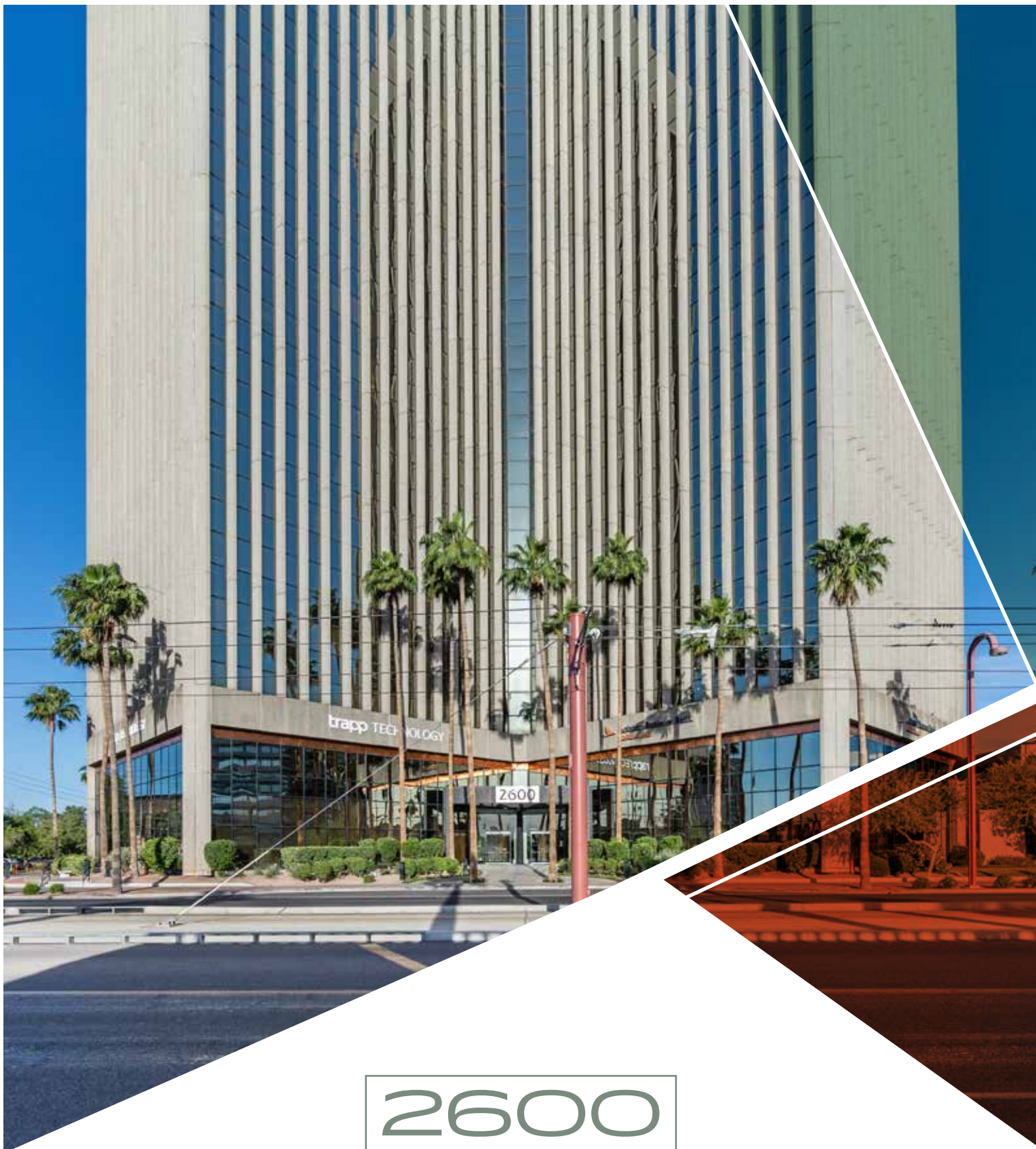
### Other Features for Tech-Oriented Uses

**Floor and Frame:** Each floor and the roof is of cast-in-place eight-inch thick post-tension concrete slabs that span between concrete beams allowing it to carry heavy floor loads. The superstructure is cast-in-place concrete-framed over one level of basement.

**Chemical-Free Water Treatment System:** The state-of-the art water treatment system greatly improves the functioning and reliability of the mechanical equipment.

**Security Access System:** A proximity card access system, video surveillance cameras and a 24 hour a day / 7 day per week on-site security guard patrol secure the property.

**Small Datacenter Space and On-Site Storage:** In addition to the larger technology-equipped spaces, tenants also have access to facilities on the lower level that can be equipped for smaller datacenters and dedicated server rooms. The building also offers on-site storage.



# 2600 TOWER

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