

Record \$149 million paid for Desert Ridge site

Auction of state parcel in north Phoenix viewed as indicator for housing market

By Catherine Reagar
THE ARIZONA REPUBLIC

It took three tries, but a large swath of state-owned land in north Phoenix's Desert Ridge finally sold at auction for a record \$149.45 million.

The sale not only is the highest price a developer has paid for a piece of Arizona land, it also is an indicator

of where the Valley's housing market may be headed.

Rightpath Limited Development Group bought the 269-acre site near Loop 101 and Tatum Boulevard, where it is planning to build 3,700 homes, condominiums and apartments during the next several years.

The site, in one of Phoenix's most popular planned developments,

drew no bidders last year as builders and developers sat on the sidelines waiting for the housing market to hit bottom. On Tuesday, only Rightpath bid on the Desert Ridge land, despite the crowd that packed the Arizona State Land Department's basement auction room.

A bidding war for the property, which was common on Desert Ridge

parcels during the housing boom in 2004 and 2005, could have signaled more confidence and a faster rebound in the Valley's housing market. Still, that Rightpath paid such a hefty price may be a good sign for the market.

"People obviously came to watch the auction today to try to get a sense where the (housing) market is

See DESERT RIDGE Page A17

269-acre Desert Ridge parcel is sold for record \$149 million

DESERT RIDGE

Continued from A1

headed," said Mark Winkleman, state land superintendent. "A record price for this piece of state land has to be a good sign."

The price was based on an appraisal in 2005, the peak of the housing boom.

Rick Burton, chief executive of Rightpath, said his group was willing to raise its bid for the property if there was competition. Burton's partners include Danny Hendon, president of Danny's Family Carousels and owner of Barcelona Restaurant, and Robert Banovac, president of WestPac Properties. It is too soon to tell what kind of homes will be built on the land, but the hefty price will likely mean higher home prices for buyers.

"This is a great property," Burton said. "The price didn't concern us based on Desert Ridge's potential. We were prepared to bid higher, if necessary."

The slowdown in the housing market gives Rightpath an opening to get into development in a prime area like Desert Ridge. Many builders stopped buying and even sold off

Record price

Valley developer Rightpath paid a record \$149.45 million for a prime piece of land in north Phoenix's Desert Ridge community. It was the third time the Arizona state land parcel was put up for auction. The last two times there were no bidders.



land last year as home building slumped.

Home-building analysts say those builders are still trying to build on the land they have and can't afford to buy big parcels. They also are trying to sell the many spec homes that buyers pulled out on last year. But home building has been steadily climbing during the past few months, according to

housing permit data.

"All public home builders are going through challenges now," Winkleman said. "I think some builders would like to bid now but just are not in the position to."

Pulte Homes had signed up to buy the Desert Ridge parcel, and its executives were at the auction. But the builder is still developing a 502-acre parcel in Desert Ridge it bought with Toll Brothers in 2005. The group paid \$135 million for the site, the last record price for state land.

The State Land Department first tried in August to sell the Desert Ridge site that Rightpath purchased. Potential bidders balked at the price, so that auction was canceled. The parcel's price wasn't lowered for a second auction planned for September, which was also canceled.

The Land Department broke off a 56-acre piece of the property for a park. Phoenix paid \$550,000 for that site at an auction also held Tuesday.

Earlier this year, the Ellman Cos. paid \$110 million for a large parcel in Fountain Hills. The auction of that site had also been canceled last year due to lack of interest.