



Breaking News From WSJ.com's Developments Blog

Group Manages to Pull Off Desert Flip in Arizona

A venture led by two real-estate investment firms has shown that it actually is possible to make money on land speculation in the Phoenix area.

The group bought a 1,200-acre assemblage in San Tan Valley,

roughly 50 miles southeast of Phoenix, early this year for about \$23,000 an acre, according to people familiar with the matter. Now the venture—led by **Harvard Investments** of Scottsdale, Ariz., and San Francisco-based **Rockwood Capital LLC**—has sold 208 acres of the land to **Central Arizona College**, which plans to build a new campus there.

The price: \$8.9 million, or \$43,000 an acre.

That still is a far cry from the market's peak, when raw land was selling in Phoenix's southeast suburbs for between \$100,000 and \$200,000 an acre, according to Land Advisors Organization, a Scottsdale-based land brokerage.

But market bulls believe those days will return.

The college's purchase is "a sign

that things are changing here," says Nate Nathan, the broker who arranged the deal. "Within five years, this place is going to be exploding."

—*Robbie Whelan*

Cleaned Up, Looks to Sell

A team of New York developer Larry Silverstein and the **California State Teachers' Retirement System** have reworked the debt on a troubled Manhattan office tower.

And now they want to sell it.

The owners have modified the in-default mortgage on 575 Lexington Ave., according to a report issued Tuesday by Barclay's Capital. In exchange for a lower interest rate and a loan extension, the owners agreed to make a

payment of \$75 million to reduce the loan size. The property was recently placed on the block and is being marketed by **Eastdil Secured**, according to a person familiar with the matter.

Silverstein Properties Inc. and Calstrs teamed up to buy the 640,000-square-foot office tower at 52nd Street in 2006, paying the peak-era price of \$416 million. But the purchase assumed rents would jump with the then-improving market. When the economy soured, the building didn't generate enough money to cover its interest payments, and fell into default.

—*Eliot Brown*

John Adams Shopped Here

Boston's historic Faneuil Hall Marketplace is set to change

hands.

New York-based investor **Ashkenazy Acquisition Corp.** is expected to close this week on the purchase of the three-building complex from General Growth Properties. Ashkenazy struck an approximately \$140 million deal to buy the tourist hotspot five months ago.

The next step: revamping the retail.

Currently, the focus is almost exclusively tourists, says Michael Alpert, president of Ashkenazy.

The company wants to change the mix of stores to attract the local crowd, including the thousands of employees in the neighboring financial district, he says.

Ashkenazy, which owns other top retail spots such as Union

Station in Washington, is buying the ground lease to the property. Mr. Alpert said the company hasn't yet determined the amount of additional money it plans to invest in the property.

The Marketplace complex is next to Faneuil Hall, a meeting hall built in 1742.

One of the three buildings in the complex is Quincy Market which opened in 1826. **Rouse Co.** redeveloped the retail space more than 20 years ago.

Faneuil Hall was a pioneer of the so-called festival marketplace development style that popped up in U.S. cities in the mid-1970s and 1980s.

—*Eliot Brown*

Get free real-estate updates at blogs.wsj.com/developments.