

SCOTTSDALE REPUBLIC

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APARTMENT BOOM

Scottsdale leads the Valley in apartment development with 4,600 units approved by the city since 2011. Only Phoenix rivals Scottsdale in terms of apartment construction.

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Alliance Residential's 259-unit Broadstone Scottsdale Waterfront apartment complex is rising at Scottsdale and Camelback roads. CHARLIE LEIGHT/THE REPUBLIC

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‘Renting is new buying’: Apartments booming

By Edward Gately

The Republic | azcentral.com

A giant crane towers over the massive construction site for the final phases of the Scottsdale Waterfront in downtown Scottsdale.

Alliance Residential Co. is progressing ahead of schedule on Broadstone Waterfront, a 259-unit apartment complex with restaurant and retail space along Marshall Way. It also is ahead of schedule on Broadstone Lincoln, a 264-unit apartment complex northwest of Scottsdale Road and Lincoln Drive.

Scottsdale is leading the Valley in apartment development, said Tom Simplot, president/CEO of the Arizona Multi-housing Association. He also serves on the Phoenix City Council.

“We know the marketplace was looking for that because occupancy rates in Scottsdale are practically at full-occupancy levels,” he said. “And it also reflects the fact that Scottsdale is maturing as a community, so if you look closely you see that several of those are infill projects, several of those are redevelopment projects, and again that development reflects what the market is looking for.”

Since 2011, the City Council has approved more than 4,600 apartment units in complexes throughout the city, including nearly 650 units this year. Currently, there are seven apartment projects under construction.

Among Valley cities and towns, only Phoenix rivals Scottsdale in terms of apartment construction. For the 12 months ending May 31, Phoenix issued building permits for 2,107 apartment units and that number was expected to reach 2,299 by June 31, up from 1,684 for the same period in 2011-12, according to its Planning and Development Department.

Apartment development has been a source of controversy in Scottsdale as the number of proposals escalated after the recession. City Councilman Guy Phillips has repeatedly voiced his concern that Scottsdale is going to end up with more apartments than tenants, and more apartment units than single-family homes.

However, developers say more people are choosing to rent and there currently are not enough units to meet that demand.

“Attitudes changed through the recession,” Simplot said. “People were burned financially by being homeown-



Alliance Residential is in the initial stages of constructing its 259-unit Broadstone Waterfront apartments in Scottsdale. CHARLIE LEIGHT/THE REPUBLIC

ers, so the notion of the American dream has changed a little bit, which has expanded the market for rentals. We like to say renting is the new buying.”

Demand for apartments in the Valley will remain strong this year along with brisk employment gains and rising incomes, according to the latest report from Marcus & Millichap. Apartment vacancy is tightest in south Scottsdale, dropping to 4.2 percent in the last 12 months.

Randy Grant, the city’s planning, neighborhood and transportation administrator, said the city’s role isn’t deciding if there’s too much of any one type of development.

First on market

New apartment complexes will begin delivering units to the Scottsdale market in late summer. Developers are confident leasing will be fast and furious for the first units.

At the end of August, Alliance Residential’s Broadstone Lincoln will have 57 units ready for occupancy. The entire complex will be completed by January.

The complex’s proximity to Paradise Valley and “resort-style living” will attract tenants, said Jim Donaldson, project manager.

Next will be SkySong Apartments, a 325-unit complex at SkySong, the Arizona State University Scottsdale Innovation Center.

APARTMENT CONSTRUCTION IN SCOTTSDALE

- » SkySong Apartments, 325 units at Scottsdale and McDowell roads.
- » Broadstone Waterfront, 259 units near Camelback Road and Goldwater Boulevard.
- » Broadstone Lincoln, 264 units near Scottsdale Road and Lincoln Drive.
- » Portales Residential, 369 units near Scottsdale and Chaparral roads.
- » Blue Sky, 749 units near Scottsdale and Camelback roads.
- » Phase I of Jefferson/TDI at One Scottsdale, 388 units at Thompson Peak Parkway and Scottsdale Road.
- » Live North Scottsdale, 240 units near Greenway-Hayden Loop and 73rd Street.

“The first phase is 74 apartments and we open Oct. 7, said Don Couvillion, vice president of real estate for the ASU Foundation. “The next 80 units will be in about December, followed by February and then April. We have four phases of approximately 80 units each.”

At Broadstone Waterfront, the first 65 units will be ready for occupancy in April of next year, said Mike D’Andrea,

project manager and chairman of the Scottsdale Planning Commission.

Broadstone Waterfront will be completed in December 2014.

“It’s a very desirable area and rental has not been an option,” he said.

Construction mounting

Portales Residential, a 369-unit complex near Scottsdale and Chaparral roads, is in “full-blown construction” said Kevin Ransil, Arizona partner for JLB Partners, the developer. The project is being built in one phase with completion slated for January-February 2015.

Ransil said there’s strong demand for apartments in the downtown area to complement the shopping, dining and nightlife experiences in the area.

Most construction is taking place in south and central Scottsdale, but north Scottsdale is now seeing its share with multiple complexes coming out of the ground.

Jefferson at One Scottsdale, at Thompson Peak Parkway and Scottsdale Road, is under construction. It should be ready before the end of the year. Greystar and TDI are the developers.

Construction there began in January, with 388 units in 21 two- and three-story buildings. Three major employers, Discount Tire, Scottsdale Healthcare Thompson Peak Hospital, and Henkel North America, are nearby.

A few miles south of there, Glimcher is preparing to start construction on its project at Scottsdale Quarter, at Scottsdale Road and Greenway-Hayden Loop. Crescent Communities is working with Glimcher on the project, which is expected to include 275 units. Construction is scheduled to start by the end of the year and be completed in early 2015.

In addition, construction has begun on Live North Scottsdale, formerly the Residences at Zocallo Place, a 240-unit complex northwest of Greenway-Hayden Loop and 73rd Street. Plinth Venture LLC is building the complex.

Most complexes approved by the city aren’t yet under construction, such as Mark-Taylor’s complex adjacent to SkySong, developer Shawn Yari’s Industry East and Industry West downtown, Chason Development’s Las Aguas on McDowell Road and Wood Partners’ Alta Scottsdale at Indian School and Granite Reef roads.

Republic reporter Michael Clancy contributed to this article.