

Scottsdale's economic uptick reflected in construction

SCOTTSDALE CONSTRUCTION PROJECTS

The number of construction permits issued has steadily been increasing, signs the city has left behind the post-recession sluggishness.



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The number of construction permits has steadily increased, and construction is being completed on several projects.



(Photo: Charlie Leight/The Republic)

Scottsdale has left behind the post-recession sluggishness in a cloud of construction dust.

In south Scottsdale, SkySong Apartments have just been completed along the McDowell Road corridor and construction is advancing on Mark-Taylor's 572-unit, gated apartment community next door.

In downtown, Alliance Residential Co. has multiple apartment projects under construction, at the Scottsdale Waterfront and in the entertainment district. Also, Modus Development and Icon Properties have just completed the framing for an eight-unit townhouse project near Scottsdale and Camelback roads.

And farther north, multiple residential projects are being built, such as Camden Property Trust's 220-unit apartment complex, Camden Foothills at DC Ranch, across 9.3 acres near Pima Road and Legacy Boulevard.

The overall number of construction permits issued by Scottsdale has been steadily increasing, said Michael Clack, the city's development services director.

"I know the staff seems to be working harder every year," he said. "For all types of permitting, it has been a steady increase over the past three years or so. A lot of it is residential. We're seeing a lot of apartments and quite a few single-family homes being built as well."

Commercial, while not as prevalent as residential, is staging a slower comeback with several new office buildings and medical facilities under construction, including Ironwood Cancer & Research Centers' newest location off Shea Boulevard near Loop 101.

"I think there has been some improvement in the economy and it's been a little more stable, so there's a little more certainty," Clack said. "Banks are making loans, and so that seems to be spurring it on. As far as the apartments are concerned, a lot of people are wanting to get back into the housing market but maybe don't want to own a home right now; maybe they lost their home, and are looking at more upscale apartments."



Wide-ranging projects

Modus Development and Icon Properties' MZ, an eight-unit condominium complex, should be completed in early summer at 7301 E. Minnezona Ave. It is touted as a zero-net-energy residential project.

Zero net energy means the complex is being built so residents won't have any energy costs. The companies are investing about \$2.5 million in MZ.

"We're one of only two for-sale projects in Scottsdale; everything else is apartments," said Ed Gorman, president of Modus Development. "There's huge pent-up demand for for-sale projects. And the only other zero net energy that I'm aware of in the Valley is one single-family home in Phoenix."

This summer, the companies plan to break ground on a 41-unit residential complex at Thomas and Hayden roads. The companies plan to invest about \$10 million in that project.

Up north, Camden Foothills at DC Ranch is the first construction project in Scottsdale for Houston-based Camden Property Trust. The first units of the \$50 million complex will be available for rental this summer.

"You look at the overall Phoenix market and there's just been lots and lots of good stories with job growth and companies deciding to relocate there or expand, so it ensured future demand for additional housing," said John Hrovat, Camden's director of real-estate investments.

Down south, construction has been completed on the 325-unit apartment complex at SkySong, the Arizona State University Scottsdale Innovation Center. The \$44 million project is now seeing strong leasing, said Don Couvillion, vice president of real estate for the ASU Foundation.

Also, construction is progressing on a third office building at SkySong. The \$32 million building will be ready for occupancy in August.

"We are very pleased with the success of the SkySong Apartments Scottsdale to date and are excited to have construction complete," Couvillion said. "This high-quality residential development is filling a niche for professionals who want to work at SkySong and in the surrounding area, and come home to a truly exceptional residential experience."

Beyond Scottsdale

Both Paradise Valley and Cave Creek are seeing a comeback in building permits, with the vast majority for residential development.

Through March of the calendar year, Paradise Valley approved 186 total building permits, compared with 110 in January, February and March of 2013.

In Cave Creek, fiscal 2012-13 produced 329 total building permits. So far in fiscal 2013-14, which ends June 30, 333 building permits have been issued.

In Carefree, 17 homes are under construction with about 60 more in the planning stages, said Gary Neiss, town administrator. Seven new homes were built in the previous fiscal year, he said.

"There is also anticipation of additional mixed-use development within the Town Center," he said.

Fountain Hills hasn't yet seen any new construction, but that's all expected to change in the coming months. The re-emergence of Adero Canyon, a planned 431-acre residential project, is the "first real development to come back," said Mayor Linda Kavanagh.

A significant decrease in impact fees starting Aug. 1 should prompt more development, she said.

Construction permits in Scottsdale

- Through April 15 of the current fiscal year, which began July 1 and ends June 30, the city has issued 6,715 construction permits. Among those are 266 for multifamily residential, 181 for new commercial/additions and 311 for new single-family homes.
- For 2012-13, the city issued 8,309 construction permits. Among those were 87 for multifamily residential, 271 for new commercial/additions and 394 for new single-family homes.
- For 2011-12, the city issued 8,001 construction permits, including 24 for multifamily residential, 256 for new commercial/additions and 218 for new single-family homes.



Work is well underway on the new eight-unit MZ condominiums northeast of Camelback and Scottsdale roads on Thursday, April 17, 2014. (Photo: Charlie Leight/The Republic)

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