

Kent Chantung, director of residential development for the Western division of Zaremba Group, owner of West Sixth, says the first tower was 100 percent leased by mid-September.

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Packing them in

Apartment projects bringing \$232M boost to Tempe's economy

BY JAN BUCHHOLZ
Phoenix Business Journal

A mix of multifamily projects in Tempe totaling more than 2,000 units is expected to inject about \$232.5 million into the city's economy within the next 18 to 24 months.

Though several of the projects involve privately built student housing, more than 1,000 units are conventional apartments that may appeal to Arizona State University students and more than 125 are specialty housing.

"There has been a very unexpected spike in multihousing," said Tempe Community Development Director



Anaradian

Chris Anaradian. "ASU is a big part of that. There's no denying it."

CHANGING NEEDS

Student housing is one construction sector that has seen activity across the country, undampened by the recession. That has been particularly true in the areas surrounding ASU.

Michael Coakley, the university's executive director of housing and associate vice president, said there is an increased need for housing on campus because of the sheer number of students. Only about 10,000 beds are available for more than 55,000 students on the Tempe campus. While more student housing has come online during the past three to four years, the need continues to grow.

"Students' needs and desires are con-

stantly evolving," Coakley said. "A decade ago, students were willing to share a bedroom with a roommate. Not so today. The newer complexes tend to offer single bedrooms."



Coakley

Four dedicated student housing projects are in the pipeline in Tempe. Some students, however, opt for traditional apartments, which usually are built farther from campus. Those projects also appeal to younger professionals.

Scottsdale developer Mark-Taylor Inc. is building two complexes in Tempe: San Marquis, in partnership with Kitchell Development Co., near Baseline and

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APARTMENTS: Arizona State University student housing desires changing

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Rural roads; and San Capella, in south Tempe.

Fairfield Development of Irving, Texas, is building a 304-unit development west of campus, not far from Priest and University drives.

Those three projects account for 915 residences.

AN 80-20 SPLIT

One of the most visible multihousing communities in Tempe is the West Sixth residences. Originally developed as two high-rise condo towers, the unfinished Centerpoint project was purchased out of foreclosure by Cleveland-based Zaremba Group.

Officials at Zaremba decided the for-sale market wouldn't work in this economy and opted to finish the project as apartments. The first tower was completed in time for ASU's fall semester. The second tower is scheduled to open soon.

"From an overall perspective, Tower I exceeded our expectations. We were 100 percent leased and 97 percent occupied by mid-September. It was phenomenal," said Kent Chantung, director of residential development for Zaremba's Western division.

The apartments are commanding some of the highest rents in Tempe, starting at \$975 and ranging toward \$3,000 a month.

"The majority of renters are students, with a few empty-nesters," Chantung said. "It's probably 80 percent students and 20 percent others."

Tower II is between 30 and 40 percent preleased and likely will have more nonstudents, perhaps a 50-50 composition, he said, adding he's not worried about increased competition — for now, that is.

"I can't say it won't impact us at all ... but we'll be the

Cleveland-based Zaremba Group bought the unfinished Centerpoint condo project out of foreclosure and turned it into West Sixth, a successful apartment complex.

FILE PHOTO



TEMPE MULTIFAMILY PROJECTS

Recently completed:

| Property | Type | Address | Units | Price |
|-------------------|--|---------------------|-------|---------|
| West Sixth | Student and adult housing | 115 W. Sixth St | 375 | \$44.4M |
| Apache ASL Trails | Specialty housing for the hearing-impaired | 2428 E. Apache Blvd | 75 | \$9.6M |

Under construction:

| Property | Type | Address | Units | Price |
|-------------------|---------------------------|-------------------------|-------|---------|
| San Marquis | Traditional apartments | 1577 E. Baseline Road | 227 | \$18.9M |
| Encore on Farmer | Affordable senior housing | 601 S. Farmer Ave. | 56 | \$5.5M |
| Valley Wesley | Private dorm | 215 E. University Drive | 57 | \$3.2M |
| Retreat on Apache | Student housing | 1000 E. Apache Blvd | 124 | \$19.0M |

In development (next 12-18 months):

| Property | Type | Address | Units | Price |
|--------------------|------------------------|---------------------|--------------|-----------------|
| 323 Veterans Way | Student housing | 323 E. Veterans Way | 423 | \$48M |
| San Capella | Traditional apartments | 1155 W. Elliot Road | 384 | \$31.2M |
| District on Apache | Student housing | 941 E. Apache Blvd | 279 | \$33.6M |
| Fairfield of Tempe | Traditional apartments | 708 S. Lindon Lane | 304 | \$19.2M |
| Totals: | | | 2,304 | \$232.5M |

Source: City of Tempe

industry standard for the next three to five years," Chantung said.

Around the corner from West Sixth, Tempe-based Urban Development Partners is building Encore on Farmer in collaboration with PacifiCap Group of Portland.

"The building is a five-story building with great views and surrounded by numerous on-site and local civic amenities," said Todd Marshall, principal of Urban Development Partners.

The project at 601 S. Farmer Ave. will cater to individuals 55 years and older who earn less than 60 percent of the area median income. Rents for the one- and two-bedroom apartments will range from \$491 to \$885 a month.



Marshall

AREA IN TRANSITION

Though downtown Tempe is dominated by student residents, Marshall said it's important to develop different populations in the city's core.

"A viable and sustainable city has a diversity of housing options, and Tempe recognizes that," Marshall said. "Encore's location is perfect for seniors who want to be connected to their community."

The Encore on Farmer project is expected to be com-

pleted by the end of the year.

Anaradian said the city has a reputation of being easy to work with and flexible on issues such as parking.

The popularity of multihousing projects is based on other considerations as well. Infrastructure, particularly access to major freeways, attracts multifamily developers, as do overall demographics. More than half of Tempe's population lives in multifamily developments, Anaradian said.

One outcome he believes may result from more multifamily projects locating near campus is that students could move out of single-family houses that are being leased, opting instead for apartments and student housing projects. The hope is that neighborhoods near ASU that sometimes attract noise and crime eventually will transition to owner-occupants, resulting in a more stable and livable urban community.

Mayor Hugh Hallman said the multifamily housing projects will help from an economic development perspective, but the greater good might be in changing neighborhood composition.

"That will help all of us," he said.

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