



Moving on Top

Deluxe apartments in the sky are going too high, some say

By Jimmy Magahern

When Amy and Mike Satterfield moved into their home just northwest of Thunderbird and Scottsdale roads exactly 20 years ago this month, nearby Scottsdale Towne Square, built in 1986, was the area's largest shopping center. Kierland Commons was still a year from being completed, Scottsdale Quarter wouldn't appear for yet another decade, and land around the Scottsdale Airport remained more than 50 percent undeveloped.

Today, the Airpark makes up one of the Southwest's prime affluent shopping destinations and serves as the second-largest employment center in Arizona. Nearly 30 apartment complexes blanket the area as well, offering the perfect sought-after mix of modern live/work/play components.

Obviously, all this progress has significantly altered the landscape. The twin Optima Kierland high-rise condominium towers — soon to be joined by a third — tower 120 feet over the once quiet 'burbs, casting literal shade over longtime homeowners like the Satterfields. And 2019 promises yet more high-rise and mid-rise condo/retail hybrids. This month, the first phase of the \$82 million The District at Scottsdale, by New York-based Polizzotto Development, opens catty-corner from the Scottsdale Quarter, bringing four levels of luxury apartments (332 units, to start) to the already bustling office and retail hub.

For the Satterfields, all this incessant growth has become too much. "It's becoming more and more congested with traffic," says Amy, who, together with some neighbors, formed the Kierland Community Alliance, a group of politically active residents aiming to keep development in check. "We're not anti-development,"

she stresses. "We're just for responsible development that takes into account the concerns of the residents and maintains the character and quality of the community in which we live."

It's a grassroots group that's proved to have some muscle. It was the KCA, after all, which shuttle-bused 150 members to a city of Phoenix Planning Commission meeting last September to oppose the redevelopment of the old La Maison furniture building on Scottsdale Road north of Kierland Boulevard into a 196-foot-tall high-rise, which would have dwarfed even the neighboring Optima towers.

Ultimately, the city council voted 5-3 against the project, which had been proposed by DMB Development, a firm headed up by Scottsdale power players Drew Brown, Mark Sklar and Bennett Dorrance. Political observers credit the KCA, which had collected approximately 1,200 signatures from people opposing the development, for persuading the commission to deny the rezoning.

"Yeah, they shut down the DMB project," marvels Scottsdale City Councilwoman Virginia Korte, the community pillar (her family ran the Ray Korte Chevrolet dealership at the corner of McDowell and Scottsdale roads) who's exploring a run for mayor in 2020. "For now, anyway."

Penthouse POV

Brown, Sklar and Dorrance may bring the proposal before the council again in a year, and they appear to be sharpening their knives for the grassroots neighborhood group, which they claimed, in an op-ed, is dominated by "a few disgruntled Optima condo owners, who have only recently moved in and believe that their project should be the last project in Kierland's



Amy Satterfield formed the Kierland Community Alliance. (Photo by Kimberly Carrillo)

evolution."

They may have a point. The chairman of the Kierland Community Alliance, former Pepsi Co. exec Wayne Mailloux, recently moved with his wife Penny into a custom-configured 6,574-square-foot unit at Optima Kierland that overlooks the Airpark from three terraces. Presently, the perch from the rooftop pools atop the 120-foot Optima offers the highest unobstructed view of North Scottsdale — and it makes sense that residents there would oppose the construction of an even taller high-rise next door.

The DMB founders point out, however, that residents at the nearby Plaza Lofts and Paragon developments voiced the very same concerns when their then-peerless views of the McDowell Mountains were blocked by construction of the taller Optima towers.

"It is unfortunate," write the developers, referring to the Optima condo owners, "that they want to close the door behind them to the continued successful development of Kierland due to fear of competition or the loss of penthouse views."

This one-floor-upmanship taking place between rival condo developers worries Satterfield, who feels the existing high rises already cast long shadows across their once-sunny streets (she calls it the “canyon effect”) and increase traffic congestion.

“We don’t want to be Downtown Phoenix,” she says. “Just because Optima got 120 feet, that doesn’t mean every new development gets to be 120 feet tall or higher. At some point, you have to take into consideration the people who have lived here for some time and how all this development will adversely impact them.”

Divided development

Controlling growth in the Airpark area is complicated by the zone attracting the most residential construction straddles the municipal boundaries of Scottsdale and Phoenix, divided roughly down the center of Scottsdale Road, making it hard to establish consistent development standards.

“I do know that the crosswalk that connects Kierland Commons with Scottsdale Quarter was a joint project,” says Korte, who admits the two city councils rarely communicate with each other — a fact seemingly illustrated by the zig-zagging pedestrian path, which crosses the northbound and southbound sides of the street at different points, joined by an 80-foot stretch in the median. Phoenix reportedly paid \$188,000 for its half of the crosswalk and Scottsdale paid \$137,000. (City managers claimed the two-step crossing was designed for safety, although young pedestrians have since taken to running the 70-yard serpentine path to complete the trek in one stoplight.)

“We worked together on that project,” Korte says. “But as far as collaborative projects in real estate, I haven’t seen much going on there.”

“It really is a unique situation,” says Satterfield, whose Kierland Community Alliance has so far only dealt with the Phoenix City Council, given that most of the group’s members reside on the west (Phoenix) side of Scottsdale Road. “And I don’t know that the two cities necessarily work in tandem with each other very effectively. As for us, we don’t ever hear from people on the Scottsdale side. No one approaches us from that side of the road. But developments on one side of the street definitely affect the other side, too.”

For now, both municipalities appear to be united in filling their sides of the high-demand space with as many mixed-use developments as possible. Seven new multifamily projects were built in the 24 months leading into 2018, with steady construction planned throughout 2019 and beyond.

Korte says much of the new development, on both sides of the city borders, will likely involve working with the Arizona State Land Department, which proactively manages 13 percent of the land within the state of Arizona

Scottsdale apartment rent hikes among top 10 in nation

By Paul Maryniak

The average apartment rent increase in Scottsdale last year ranked the ninth highest in the nation among the country’s top 100 markets, a new study says.

Rent for a one-bedroom apartment increased 12.7 percent to an average \$1,478 while the national average increase was 4.2 percent and the average rent nationally was \$1,140, according to the study by apartmentguide.com.

Chandler was the only other Arizona city to make the top 10 list of the highest rent increases in the country last year. Rent there increased on average 12.9 percent — the seventh highest nationally — to \$1,157.

Those increases in both cities occurred at a time when the overall cost of living in Chandler and Scottsdale decreased 2.6 percent, apartmentguide.com said. In terms of cost of living, only utilities showed a marked rise in 2018 — up by 10.2 percent — while transportation costs increased a fraction of 1 percent.

But the report said one of the major factors pushing the increases in those two cities is Arizona’s continuing attractiveness to Americans who want to relocate.

“For more than a decade,” it says, “Arizona has been a top 10 state for Americans choosing to relocate, and its status as the No. 2 most popular state in 2018 after Idaho helps explain the presence of Chandler and Scottsdale on our list of cities with the largest hikes in rent.”

Meanwhile, Mesa rents rose an average 5.9 percent for a one-bedroom apartment to \$888 and increased 4.4 percent to \$1,098 in Gilbert, according to the study.

Of all the 100 markets studied, the biggest year-over-year rent increase was in Newark, New Jersey, where the average rent for a one-bedroom hit \$1,692 a month

and the overall cost of living soared 24.3 percent. New Orleans showed the biggest decrease — 11.4 percent to \$1,418 — while its cost of living dipped a mere .7 percent.

The increases in rent in the East Valley come at a time when housing affordability remains an issue Valleywide and in many major metropolitan areas across the county.

The apartmentguide.com report says available rental units declined last year nationally from 7.5 percent to 7.1 percent.

Also nationwide, new home construction is falling while fewer existing homes are up for sale.

“The question is no longer if the nation is in the throes of a housing slowdown, but rather how deep and wide it will wind up being — and how much of a blow it’ll deliver to the American real estate market,” realtor.com said last week.

“The signs are becoming ever more troubling. The number of existing home sales has dropped to the lowest level in three years, price growth has slowed precipitously, and some super-pricey, bellwether cities are actually seeing prices fall.

The fact that home growth has slowed in 70 percent of the United States’ 200 largest housing markets has economists debating whether the housing slowdown is the canary in the coal mine, warning of economic woes to come,” it adds.

The Cromfort Report, which closely monitors home sales in the Phoenix Metro area, recently stated that the availability of existing homes on the market remains an issue.

“Supply remains weak because many existing homeowners are more reluctant to move,” it says. “Doing so would require them to give up their existing cheap loan and take out a new more expensive one. They are tending to stay put.”

as State Trust Land.

“The State Trust Land area around the Loop 101 corridor is really our last remaining developable open space,” she says. “And I think on the Phoenix side you’re going to see single family homes developed in those large desert tracts, too.”

Last November, Fortune 500 company Nationwide Realty Investors announced it would soon be breaking ground on a 134-acre mixed-use development on Hayden Road and Legacy Boulevard, just north of the Loop 101, which it purchased from the State Trust. The initial phase of the project, to be named Cavasson, will include a 460,000-square-foot regional headquarters building for Nationwide Insurance as well as several commercial office buildings, two hotel sites, retail and restaurant spaces and some multifamily apartments, too.

Korte says Scottsdale will continue

working to attract big business to the area as job growth in all kinds of industry sectors plays a big part in housing development, particularly given the Airpark’s live/work/play environment. But she pledges that the city will support “good stewardship” of the existing community.

“If we can impart the value on to our developers that we care about our existing neighborhoods and that we want to see adequate buffering to minimize the impact on those neighborhoods, we should be fine,” she says.

That’s good news to residents like Satterfield. “The biggest message we’ve been trying to put out there is that if you have a development that you’re interested in bringing to our area, be responsible and take into consideration the needs of people that have lived here for some time,” she says. “We just want to be part of the process.” ■