

## Paddock Village Streetscape Plans



Meritage Homes



Cullum Homes



Amberwood Homes

*"Many builders are actively considering trying to offer more product closer to the urban areas."*

—Michael Orr, director of the Center for Real Estate Theory and Practice at the W. P. Carey School of Business, Arizona State University

# Infill communities are full of opportunity

*Amenities, ambience, close commutes and infrastructure make them appealing*

By David M. Brown

Infill housing — creating neighborhoods on leftover parcels or formerly used land within occupied communities — offers opportunities as well as challenges for both new-home buyers and new-home builders.

### Amenities and infrastructure

For one, these homes are within existing municipal infrastructure — close to shopping and sports facilities, public, parochial and charter schools, and restaurants, retail and entertainment venues. For working families, high-density employment areas are also generally nearby, such as downtown Phoenix and the Scottsdale Airpark, eliminating long commutes.

"Typically, infill sites have smaller acreage and therefore, these communities have community pools, fitness centers and other lifestyle amenities in the common areas that single-family detached homes might not have," said Michael 'Frenchy' IlesCremieux, regional vice president of land acquisitions for Scottsdale-based Meritage Homes Corporation. Meritage is developing Madison Place, an infill community at 16<sup>th</sup> Street and Missouri Avenue in Phoenix, with prices starting in the mid-\$200,000s. "This gives every homeowner the opportunity to experience these amenities without the cost of maintenance."

Moreover, instead of offering large homes on large lots, these homes are usually smaller, providing patio-home intimacy that is often missing elsewhere. In addition, they offer easier community interaction and features that are sometimes lost in suburban communities characterized by masonry walls and barrier landscaping.

### Premium pricing

At the same time, infill has been most in demand at the high-end, according to Michael Orr, director of the Center for Real Estate Theory and Practice at the W. P. Carey School of Business at Arizona

State University. Orr noted that Arcadia, central Scottsdale and north Phoenix, for example, are popular locations for infill development, but the parcels are small and the number of homes is usually tiny relative to the total market — plus they are prohibitively expensive for many new-home buyers.

"Infill homes are popular and often sell very quickly at relatively high prices, far beyond the affordable level for the average family," Orr said, pointing out that some areas such as south and west Phoenix do still have relatively affordable infill homes.

One of the reasons for the higher prices is that the infill buyer is often willing to pay a premium for these well-located sites, said Meritage's IlesCremieux.

"There must be a value to the buyer to own versus renting an older single-family detached product or a high-amenity apartment location. They want the two-car garages, pools, gyms and security with high-value locations."

### Repurposing and rezoning

A number of companies are faring well in the infill market, often by repurposing land or rezoning disused parcels.

Rosewood Homes, for example, built 18 homes at its community named 33 Campbell Place in the prestigious Camelback Corridor. "All homes were sold using a lottery because we had more than 200 people on our interest list," said David Kitnick, president of Rosewood Homes. Kitnick said the average price of the homes was about \$600,000.

*"Homebuyers value convenient access to the exceptional amenities found in the core areas of our Valley and will seek out neighborhoods near these existing amenities."*

—Rod Cullum, founder of Cullum Homes



Residence Two, 33 Campbell Place

Jeffrey Aron, courtesy of Rosewood Homes

In addition, the company is building three model homes in Rosewood Village at the Foothills near Chandler Boulevard and Desert Foothills Parkway in Ahwatukee. They are planning to create a community of 59 single-family homes on the rezoned commercial parcel, which has been idle for 20 years. Home prices are expected to start in the high \$200,000s.

"This part of town has tremendous demand for housing and very little demand for more commercial, and we already have an extensive interest list," Kitnick said. Because of the size of the parcel, the company is building a spacious recreation facility including a resort-style swimming pool, covered cabanas and an event lawn. Rosewood Homes is also planning three additional in-fill neighborhoods in Scottsdale, the Southeast Valley and the West Valley.

Similarly, Phoenix-based Meritage Homes plans 144 homesites at Diamante Village on the eventually rezoned site of the former Paddock Pools headquarters at 64<sup>th</sup> Street and Thomas Road in Scottsdale. After the original buildings are torn down, the community is planned to be open for sales in February 2015, with prices expected to start in the high \$200,000s.

### Coveted locations

Scottsdale-based Cullum Homes, which has specialized for 29 years in custom home construction in Paradise Valley, Silverleaf and North Scottsdale, is developing Paradise Reserve, a luxury home infill project at 40<sup>th</sup> Street and Lincoln Drive in the foothills of the Phoenix Mountain Preserve. The community will have 32 luxury homes, beginning at about \$1.6 million.

"Development of this parcel began many years ago but was stalled by the real estate downturn," said Rod Cullum, who began the company with his wife Kim. "For us, it represented a rare opportunity to offer a coveted in-town location with gated, lock-and-leave lifestyle residences to homebuyers transitioning out of larger estate homes."

Another of Cullum's infill communities, The Village at Silverleaf, will offer 20 cottages and villas adjacent to the Silverleaf Golf Clubhouse in North Scottsdale — an undeveloped parcel within the community of Silverleaf and one of the last multi-homesite parcels in the already-developed community. The homes are expected to start in the low \$2-million range.

### Lifestyle conveniences

Los Angeles-based KB Home recently introduced Alcantara Villas, 127 upscale single-family homes at Tatum Boulevard and Greenway Road, minutes from hiking and trail-biking at the Phoenix Mountain Preserve as well as the shopping opportunities of Paradise Valley Mall, Kierland Commons and Desert Ridge.

"The court-style homes at Alcantara Villas are situated differently compared to a traditional KB Home community," said Craig LeMessurier, the company's director of corporate communications. "At this community, several homeowners will share a common access street or court to their new home but still enjoy their own outdoor living space."

Mesa-based Amberwood Homes, which is building on infill lots throughout the Southeast Valley, has noticed a much higher demand in this niche post-recession, said Megan Johnson, the company's operations manager.

Much of this surge comes from younger buyers who want to be closer to urban conveniences but also enjoy the same features offered in single-family detached homes in the outlying areas, Johnson said. "We often get requests for large entertainment spaces, home gyms with locker rooms, indoor basketball courts, media rooms, libraries and even a few hidden security rooms," she said.

### Return to roots

New-home buyers may also find an infill community attractive because it allows them to buy new yet return to their old roots, according to Scott Peterson, president and founder of Gilbert-based Porchlight Homes, which is building two Central Phoenix infill communities, Claremont Estates — beginning in the high \$500,000s — and Sendero Villas, starting in the high \$300,000s. The company is also developing infill communities in Mesa and Gilbert.

"For sure, proximity to work, entertainment and lifestyle amenities lead to a value-added proposition. But another motivation, often missed, is to live within an infill neighborhood with family ties," Peterson said. "We have several homebuyers who raised their families in an area, grew up in the region or have friends/family nearby. So, a 'being-at-home' perception can also make the difference in choosing an infill neighborhood over others."



Residence Two, 33 Campbell Place

Jeffrey Aron, courtesy of Rosewood Homes