

## **Luxury apartment builder Mark-Taylor stakes future on overlooked urban lots**

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By [Jan Buchholz](#) Phoenix Business Journal

One of the Valley's veteran developers of luxury apartment communities is altering its strategy by picking urban infill sites that might be overlooked by others.

In line with that thinking, Mark-Taylor Inc. -- the development arm of property management firm Mark-Taylor Residential Inc. of Scottsdale -- is building an upscale rental community on the northeast corner of 32nd Street and Southern Avenue. The property has long been a vacant lot, previously owned by a family trust.

For years, that area of South Phoenix has been largely a hodgepodge of agricultural properties, industrial buildings and blighted neighborhoods. Just down the street is the Farm at South Mountain, a 12-acre pecan orchard that was converted into a restaurant and event venue in the 1980s.

"It's an area kind of off the radar," said Kevin Ransil, vice president of Mark-Taylor Inc.

Groundbreaking for the yet-unnamed community is planned for August, with the first of 272 units to be delivered in summer 2009.

The Mark-Taylor companies have been building luxury apartments for years, primarily in affluent suburbs. But during the past few years, they have focused on managing high-end apartments owned by other investors rather than building their own. Now, Mark-Taylor is wading cautiously back into the development game with a twist.

"Urban infill is the next new wave," Ransil said.

To that end, Mark-Taylor is finishing construction of the San Portello apartment community, tucked into the shadows of one of the Tempe Buttes, near Interstate 10 and Broadway Road. Some residents already have moved in, and the 308-unit complex will be fully completed in July. One of the few new apartment communities delivered in the past year in the Valley, the project was a partnership with Principal Financial Group of Des Moines, Iowa. Location played a big role in developing that site, with dozens of jobs located in nearby business and industrial centers east of I-10, primarily within the city of Tempe.

But Ransil said there are thousands more jobs to the west, in the city of Phoenix. He points to the area south of Sky Harbor International Airport where Apollo Group Inc., the parent company of the University of Phoenix, recently opened its new corporate headquarters at I-10 and 32nd Street.

"That new campus is modern, contemporary and high design. And then you look at the sheer numbers of employees -- there's close to 6,500 jobs with Apollo," Ransil said.

Close by, the South Bank Business Park and Cotton Center are expanding and adding dozens more companies. According to Ransil's research, the area bounded by Sky Harbor, Southern Avenue, and 24th and 48th streets now comprises about 1,500 companies with 65,000 employees who have limited choices for upscale apartment housing.

"In our mind, if you're an employee in this area, what better way to save time and money but to live close by?" Ransil said.

### **'A shrewd move'**

Ryan Duncan, a broker for **Arizona Land Advisors**, believes urban infill projects in undiscovered areas will prove fortuitous in this down market.

"This area in particular is overlooked by a lot of folks, but it's one of the closest submarkets to our central business district," Duncan said. "It's close to freeways and close to jobs. This was a shrewd move by Mark-Taylor."

Phoenix City Councilman Michael Johnson, who represents the area, is happy to see solid companies embrace the area. But he hopes the neighborhood's historical agricultural nature won't be completely lost.



"One of the problems we've run into is that we can't tell property owners what to do with the land," Johnson said. "But we want to work with as many of them as we can to preserve that area's unique balance."

Johnson said in the case of Mark-Taylor, the upscale rental development likely will be a good addition.

For Mark-Taylor, one of the stronger selling points is that by choosing a relatively undiscovered infill location, the company will be able to provide luxury rental housing at lower price points than at their other communities.