

## Condo developers struggle, market to Canadian buyers

### Sales of Scottsdale condominiums, conversions stall

by **Peter Corbett** - Aug. 6, 2008 12:00 AM  
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Anybody want to buy a condo conversion?

Not so much.

Three years ago, Montecito Property Co. LLC boasted of selling 316 Scottsdale condominiums, converted from apartments, in less than four hours for a combined \$60 million.

This year, only 80 Scottsdale condo-conversion units sold in the first four months, according to Shaun McCutcheon, a senior analyst of the Sullivan Group Real Estate Advisors.

That is down from 340 sales for the same period a year earlier.

The good news is that the median price of \$240,000 is up nearly 5 percent.

Not that new condominium sales are any better in Scottsdale.

Fifty-one new condos sold from January to the end of April, down from 167 the previous

year, while the median price of \$647,000 fell 5 percent, McCutcheon said.

Some of the condo-conversion projects were put on hold, and rental tenants returned to some complexes. Other complexes sit vacant or with just a fraction of units occupied.

In some cases, investors have created a shadow sales or leasing market competing with the developers to sell or lease the units.

That, of course, is good for bargain-seeking buyers and renters.

Cal DeSouza, managing partner of Belleview Communities, said buyers are nervous but are out there.

"They want to know that they are going to be safe (with their investment)," De Souza said.

He has been doing condo conversions and other real-estate development for more than 15 years in the Valley.

Belleview Communities has been selling condo-conversion units since March 2006 at the Plaza Residences, 7009 E. Acoma Drive, just south of a Kierland-area office park.

About 300 of 350 units have been sold, with prices starting at \$200,000 for a two-bedroom condo, DeSouza said.

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Bellevue, which has other Valley communities, is marketing its condos to Canadian buyers, primarily in Alberta.

The Canadian dollar is strong in the United States, and Alberta's economy is flush with oil and gas profits, DeSouza said. He grew up in Toronto and lived in Calgary before coming to Arizona in 1992.

More than 30 percent of recent sales have been to Canadians, DeSouza said.

He said he still believes in the local real-estate market.

DeSouza recently bought 230 apartment units on McCormick Ranch, with no plans to convert them to condos.

He also is working on two projects in downtown Phoenix. That includes 70 condos at Third Avenue and Fillmore Street and a 130-room Aloft hotel at Central Avenue and Adams Street.

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