

Here's why Scottsdale and Tempe are experiencing a development boom



Above: 100 Mill.[REAL ESTATE](#) | 45 minutes ago | [REBECCA L. RHOADES](#)

While the COVID-19 pandemic may have curbed progress for a lot of businesses in the East Valley, construction showed no signs of slowing down. Massive multifamily housing communities, expansive business campuses, eye-catching mixed-use towers and luxury hotels are transforming the region's skyline, and nowhere is that more evident than in Phoenix's suburban neighborhoods of Scottsdale and Tempe.

"It's been an interesting year. Everyone was expecting the worst, but we continue to be as busy as ever as people and businesses are looking to move here from higher-cost locations," says Maria Laughner, economic development manager for the [City of Tempe](#).

The last couple years saw Tempe pivot from a university town into the Valley's second largest urban center. The area surrounding Tempe Town Lake has experienced some of the most notable change. Completion of the 16-story mixed-use Watermark in 2019 brought retail and dining options to the north shore. "People are using the plaza area as part of their walking path, which is what the developers wanted when the project was designed," Laughner explains.

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The remainder of 2021 and 2022 will see the creation of more mixed-use projects that will attract not only new businesses but also workforce. Just across the Salt River, the 24-story towers of The Pier will complement the Watermark's gleaming facade, while adding office and retail space as well as 500 apartments.

Visitors will also have more options over the next couple years.

"We have a lot of entitlements for hotels, primarily in the downtown area, and we're glad to see three or four of them under construction now," notes Ryan Levesque, community development deputy for the City of Tempe. "Since the early 2000s, Tempe has been underserved by hotels. Our occupancy rates run in the 90% range, and when we have large events, people have to stay in other communities because we simply do not have the space to accommodate everyone."

Scottsdale is also experiencing an increase in hospitality growth.

Last year saw the opening of a number of anticipated projects, including Canopy by Hilton Old Town and AC Hotel Scottsdale North. The next 18 months will bring even greater value to the city's tourism sector with the opening of a bevy of high-end hotels as well as entitlements for additional accommodations in Old Town's Entertainment District and North Scottsdale's Airpark.

But Scottsdale is more than just a resort destination. It is fast becoming a center for finance, insurance and health care. "Companies that are expanding or relocating from either the East or West coasts are looking for areas where they can cluster," says Rob Millar, economic development director for the City of Scottsdale. "We currently have a strong position in these target industries, and there's a great capacity for growth."

Nationwide Realty Investors added to the conversation when it purchased 134 acres in the high-profile section of North Scottsdale known as Crossroads East, which runs along the Loop 101 between Hayden and Scottsdale roads. The firm is developing a master-planned community, called Cavasson, that will include commercial office space, hotels, retail, restaurants and infrastructure improvement.

Construction of the project's anchor tenant, the 460,000-square-foot Nationwide Insurance headquarters, was recently completed and employees are now being phased into the office.

Across the street from Cavasson, stun gun and body camera manufacturer Axon Enterprise plans to build a new state-of-the-art headquarters that will consolidate five location and include manufacturing and research. The company recently acquired the 73-acre lot for \$50 million at an Arizona State Land Department auction.

“For a long time, the former Henkel headquarters, renamed the Ilume Innovation Center, was the lone office building in that region north of the 101,” Millar says. “Now that area is taking on an unofficial corporate role, and there’s capacity for more business headquarters. We still have about 700 acres of state land available.

“Companies like to be located in areas where there is a lot of growth,” he continues. “The synergy that comes from being clustered near similar businesses and shared talent adds to the economic impact.” On the following pages, AZRE Magazine takes a look at some of the most highly anticipated projects currently underway that will not only change the landscape of Scottsdale and Tempe but also the way the cities’ residents live and work.

SCOTTSDALE

Caesar’s Republic Scottsdale

Caesar’s Entertainment brings the glitz of Las Vegas to Scottsdale Fashion Square with its first nongaming hotel experience. With construction scheduled to begin in Q4 2021, the 11-story boutique resort will add 265 rooms to Old Town’s northern edge. Designed by Missouri-based BRP Architects and built by Layton Construction, the luxury accommodations will feature two restaurants by celebrity chef Giada De Laurentiis, while Scottsdale-based Riot Hospitality Group, owner of The District, Farm & Craft and El Hefe, among others, will offer dining concept Seven (SVN) on the seventh floor.

Cavasson

In 2018, Nationwide Realty Investments paid \$83 million for a 134-acre plot of state land at the northwest corner of Loop 101 and Hayden Road, which the company and general contractor Layton Construction are transforming into a \$950 million mixed-use development. Anchoring the property is the 460,000-square-foot regional headquarters for Nationwide Insurance and an adjacent five-story parking structure. Also under development are the 150,000-square-foot technology headquarters for Choice Hotels International and the 237-room Hilton North Scottsdale. Designed by BRP Architects and featuring 15,000 square feet of meeting space, the hotel will cater to business travelers.

Curio Collection by Hilton Old Town

Part of the same portfolio as Scottsdale’s renowned Boulders Resort & Spa, Hilton’s newest boutique brand will be located on Camelback Road at the former site of the famed Don & Charlie’s restaurant. Featuring 169 guest rooms, 4,500 square feet of meeting and events space, a 10,000-square-foot pool deck, on-site restaurant, retail options and more, the six-story, 97,000-square-foot luxury hotel in the heart of the Entertainment District is being developed by Opwest Partners.

The Kimsey

Centered around the historic Triangle Building, which was designed by renowned midcentury architect Ralph Haver, this \$150 million mixed-use development will include a 168-room AC Hotel by Marriott, a 190-unit residential complex, a restaurant and commercial space. Utah-based developer PEG Development is working with Ryden Architects to create a preservation plan that will maintain Haver's distinctive low-pitched single-gable structure that once served as Scottsdale's City Hall.



The first phase of the \$2 billion megadevelopment, The Palmeraie, is entering the home-stretch of completion and in the last three months, owner and developer Five Star Development has pivoted in order to proactively adjust, reconfigure and elevate certain elements of the project to better cater to the safety, health and wellness of future guests, shoppers, office workers and residents.

The Palmeraie

Flaunting an exclusive Paradise Valley address, the northwest corner of Scottsdale Road and Lincoln Drive is poised to become the most affluent destination in Arizona with the opening of the 122-acre Palmeraie community in early 2022. The heart of the \$2 billion development is a 215-room Ritz-Carlton hotel that will be surrounded by 112 multimillion-dollar Ritz-Carlton villas and estate homes, all set among lush, intricate landscaping. After relaxing by the junior Olympic-size pool, guests will be able to explore the luxury shopping and dining district, which will showcase such elite merchants as Chanel, Hermes, Dior and more. Italian fashion house Fendi will be adding to the high-end mix in 2023 with the opening of its first North American ground-up residential project. The entire property is owned and developed by Five Star Development, and PWI Construction is the general contractor.

TEMPE

Banyan North Tempe

For the first time in more than a decade, the City of Tempe expanded its boundaries when it annexed a 16.5-acre site in North Tempe county island. The property, located near Tempe Town Lake, will become the home of a \$177 million multifamily development. Designed by Todd & Associates, with McShane Construction Company serving as general contractor, the community will showcase 651 units, ranging from studios to four bedrooms, along with pools, a fitness center, outdoor spa, clubhouse and library. The first phase of 310 units is slated for completion in early 2023.

Eastline Village

Development of Phase 1 of one of the most innovative housing communities in Arizona began in April. As the country's first car-free neighborhood, Culdesac's Eastline Village is a \$140 million project consisting of 636 residential units, 24,000 square feet of retail and 35,000 square feet of amenities on 16 acres west of the Loop 101 and south of the Salt River. Residents will be contractually forbidden to park a car on-site or on nearby streets. The architect is DAVIS, and the general contractor is Wespac Construction. Completion is projected for September 2022.

Interdisciplinary Science and Technology Building 7

Rising from the southwest corner of University Drive and Rural Road, the 281,000-square-foot ISTB-7 research facility will serve as the gateway to ASU's Tempe campus. It's the latest addition to the city's Novus Innovation Corridor, a progressive 355-acre mixed-use development that will house 10 million square feet of sustainable offices, residences, hotels, retail stores and restaurants, and bring 34,000 jobs to the area. Designed by Grimshaw Architects and Architekton, with general contractor McCarthy Building Companies, the structure is pursuing LEED Platinum status.

Tempe Depot

In October 2020, RED Development was granted approval for a 993,000-square-foot mixed-use project that will preserve and incorporate the city's historic train depot. This structure comprises a 17-story Class A office tower, an 18-story five-star hotel that will provide 280 guest rooms and almost 10,000 square feet of conference space, 15,000 square feet of indoor retail and restaurant options, 4,000 square feet of outdoor dining and approximately 22,000 square feet of open-air plazas for gathering. The one-story 1924 brick depot will be rehabilitated and repurposed as retail, dining and bar space.



The Beam in Tempe.

The Beam on Farmer

Construction began on this five-story 184,000-square-foot office building in May, with a projected completion date of May 2022. Developed and built by Mortenson, The Beam is located in the heart of Tempe, just blocks from Mill Avenue and ASU. The project has been making news for its first-in-Arizona use of cross-laminated timber. As suggested by its name, the building will showcase the wood throughout its offices and public spaces, along with concrete, steel and glass for a look that is sleek and contemporary yet warm.

The Pier

Development continues to ramp up along Tempe Town Lake. One of the latest additions is the 586-unit mixed-use community known as The Pier. Overlooking the waterfront, the 24-story dual-tower complex will offer more than 1,300,000 square feet of retail, dining, Class A offices and approximately 500 market-rate apartments. Designed by architect Rinka Chung and developed by Springbrook SGC, it will also feature below-grade parking for more than 1,000 vehicles.

Vib Tempe

Best Western Hotels & Resorts' newest hotel offering, Vib, which is short for "vibrant," is an upscale 102-room technology-centric boutique that looks to attract not just visitors to ASU but also travelers who crave a stylish, business-friendly experience. The innovative lobby flexes to serve as a workspace, socialization hub and event location. The hotel will also offer traditional amenities, such as a fitness center, outdoor pool and meeting rooms. Situated on a formerly vacant lot just outside of downtown Tempe, the \$20 million hotel, built by GCON, is anticipated to open in September 2021.

100 Mill Hotel

Approved earlier this year, this is the final phase of development for the 2.5-acre site near the intersection of Rio Salado Parkway and Mill Avenue. The 13-story 150,000-square-foot hotel will join an 18-story, 287,000-square-foot Class A office tower. The project is notable for its restoration of the historic 1873 Hayden House, one of Arizona's oldest adobe buildings and the former home of Arizona's late U.S. senator Carl Hayden. It is a partnership between LaPour Partners and NewcrestImage Development.