

Residential Real Estate

EXCLUSIVE: Rental home developer to invest \$3B in Arizona 🔑

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Christopher Todd Communities LLC is investing \$3 billion to develop rental home communities in Arizona by 2030.

This year alone, the Phoenix developer will invest \$120 million, adding another \$250 million in 2019.

"There will be in excess of \$275 million in investment costs in year 2020 moving forward," said Todd Wood, CEO of Christopher Todd Communities, adding he is using traditional bank construction financing for his projects.

Wood said he has 14 communities in the pipeline, including one with 14 acres at 1610 N. 91st Ave. That is near University of Phoenix Stadium and Westgate Entertainment District in Glendale.



Todd Wood, CEO of Christopher Todd Communities

The company just broke ground on its fifth rental home community in the past year. The most recent project at 99th Avenue and Missouri in Phoenix will include 313 homes within a half mile of University of Phoenix Stadium. The leasing office for that project – called Christopher Todd Communities at Stadium – is expected to open in spring 2019.

These single-family, single-story, luxury rental smart-home communities feature small backyards and doggy doors. They also will include smart home technology such as fast Internet, keyless door entry, doorbell camera and climate control with Amazon's Alexa offering voice command capabilities.

With one or two bedrooms, the homes range between 700 and 1,000 square feet, with monthly rental prices ranging between \$1,100 to \$1,400.

Homes in these communities are about 15 feet from each other, Wood said.

Before starting the community in 2016, Wood owned organic bakery Alpine Valley Bread in Mesa. After selling that company in 2015, he got back into the real estate business – he has been a licensed real estate agent for more than two decades in Arizona and Utah.

Wood began construction on his first rental community about a year ago, has one completed and four under construction. Because these projects are all single-story, it takes more land to build them, which is one reason the projects are being built in the suburbs.

The idea behind smaller rentals is there's a paradigm shift away from home ownership. Millennials laden with student loan debt [don't have money for a down payment](#) on a traditional home, while baby boomers want to scale down without the burdens of maintaining large homes and yards, Wood said.

The home rental market also is looking at the many people who lost their homes during the recession and are disenchanted and skittish about buying again. Plus, it costs more to build homes these days, with the high cost of land, raw materials and labor, which means there really isn't a market for entry-level homes, Wood said.

The Frank-Dodd Act of 2010, which was designed to protect consumers and bankers from bad lending habits as a reaction to the financial crisis of 2008, also made it tougher for home buyers to qualify for mortgages, he said.

Alana Mann, owner and president of Scottsdale-based Statesman Group, said she's seeing that same shift. That's why she is [developing high-end luxury homes, along with apartments and senior living communities](#) – tapping into both renters and home buyers.

The majority of Americans don't have huge savings accounts, meaning many can't afford pricey down payments. Homeowners recovering from the recession are just starting to build back their home equity, Mann said.

"A lot of people are now just experiencing 20 percent equity in their homes, getting back to where they actually have some equity in there," Mann said. "There's not necessarily an absorption of new homes. There's an absorption of people getting out of their existing homes and taking that 20 percent equity and transferring into alternative lifestyles."



Alana Mann, president and owner of Scottsdale-based The Statesman Group.

"They don't want stairs, they don't want maintenance," she said. "They're all downsizing from single-family homes. That seems to be our market."

The median household income in the Phoenix area is estimated at \$59,500, compared with \$59,000 in the U.S., with single-family median home prices at \$246,700 in the Phoenix area, according to Alliance Bank of Arizona's Regional Intelligence Report. Median home prices increased 6 percent in the Phoenix metro area between 2016 and 2017, compared with a 5.6 percent increase nationally.

The Alliance Bank report also found that 38.3 percent of households in the Phoenix metro area are renters. Apartment rents in the region increased by 3.5 percent from 2016 to 2017.