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## Work resumes on Chandler's San Marcos Commons

By Ed Taylor  
Tribune

*Construction has resumed on San Marcos Commons after a one-year hiatus. It is extremely rare that condo projects in the Valley get financing, but this one has.*



Tribune

In the face of a tough real estate market, construction has resumed on a high-profile townhouse complex in downtown Chandler after the developers were able to secure renewed financing for the project.

Desert Viking Cos., developer of the \$100 million San Marcos Commons project at the corner of Arizona Avenue and Chandler Boulevard, has won new funding from Wells Fargo Bank to build the 42-unit second phase of the project, said co-owner Mike Hogarty.

The first phase of 37 townhomes is nearly sold out, and contracts have been signed for eight units in the second phase, he said.

Progress on the project is big news because condominium and townhouse construction is extremely rare in the Valley due to tight lending conditions. San Marcos Commons, too, had been stalled for about a year with just the foundations showing for the second section, but a good location and buyer interest has convinced Wells Fargo to resume financing, Hogarty said.

"You have got to have real buyers (to receive financing)," he said. "We have sold two in the past two weeks, and we would like to continue at that rate."

Hogarty thinks the project can be finished and filled with homeowners in the next 12 to 18 months.

San Marcos Commons is one of several projects under construction or headed toward construction in downtown Chandler, despite the economic recession.

The city is building a new \$76 million city hall nearby and plans to spend more than \$9 million to reduce Arizona Avenue from six lanes to four south of Chandler Boulevard through Dr. AJ Chandler Park. The city intends to improve sidewalks and landscaping and install more street parking and bicycle lanes between Chandler Boulevard and Frye

Road.

A new \$8.5 million Boys and Girls Club has been completed, and plans are in the works to build a city museum downtown. And Desert Viking is seeking city approval for the commercial component of San Marcos Commons, which would add 150,000 square feet of restaurant, shop and office space to the neighborhood.

Hogarty said timing on the construction of the commercial portion of the project will depend on finding tenants.

"We have talked to several people that would be significant, but nothing is written yet," he said.

Jim Belfiore, an Ahwatukee-based real estate consultant, said he is aware of only one other condo/townhouse project that has received recent funding approval - an 88-unit project at Desert Ridge in north Phoenix.

He predicted tight financing will continue for at least two more years, partly because the Federal Housing Administration, which is insuring the majority of residential loans, has tightened its lending rules.

"I think you will see the single-family housing market thaw out a lot faster than the condominium market," he said. "Demand is increasing in that segment."

Belfiore said San Marcos Commons is unusual because it doesn't face a lot of competition from other new-home developments in the immediate area.

"It's not surrounded by other new-home purchasing opportunities," he said. "Where attached housing is available in the Valley, often there are other new-housing opportunities nearby."



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