

Real Estate

Denver investor gets bargain with lakeside luxury condos

SunCor sells Tempe units for much less than buyers paid in '06

by **J. Craig Anderson** - Aug. 12, 2009 12:00 AM
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Tempe Town Lake's Bridgeview Condominiums at Hayden Ferry Lakeside, one of the most highly visible luxury developments built in the recent condo craze, sold Friday to a Colorado investment firm for a fraction of its original market value.

Built by Tempe-based developer SunCor, Bridgeview opened in 2006 at the crest of a decadelong run-up in Valley real-estate prices, when buyers shelled out \$800,000 or more for a two-bedroom unit inside the posh 12-story high-rise.

On Friday, the developer, a subsidiary of Arizona Public Service Co. owner Pinnacle West, sold its remaining interest in Bridgeview for an average of about \$317,000 per unit.

Pinnacle West spokesman Alan Bunnell said the sale is part of a strategy to sell off the bulk of SunCor's assets and pay down its \$175 million in debt by the end of the year.

"Almost all of our assets at SunCor are on the market," Bunnell said.

Buyers Peter Wells and Marcel Arsenault, partners in Denver-area investment firm Condo Capital Solutions, said they were pleased with the \$20.3 million sale price - paid in cash - for the project's 64 unsold units, including five luxury penthouses.

"We were able to buy at a fairly significant discount compared with the original construction cost," Wells said, adding that the savings would be passed on to buyers.

Local real-estate analysts said they were surprised to see Bridgeview sell for such a low price.

"The sale price, well below recent previous SunCor offering prices, is indicative of the challenges luxury-condominium sellers face today," said Phoenix analyst Jim Belfiore, president of Belfiore Real Estate Consulting.

"The limited homebuyer pool for these units, due to the current available financing and the larger economy, allowed the buyer to purchase A-quality units at a desirable price."

Wells acknowledged that the sale amount might be a bit painful to Bridgeview investors and residents who had purchased the other 40 condos at the original prices.

An *Arizona Republic* article published in mid-2006 about the condo project quotes one buyer who had just acquired a 2,000-square-foot, two-bedroom unit for \$850,000.

Wells said the building's 104 condos range in size from 1,500 to 4,500 square feet.

Bunnell said the publicly traded Pinnacle West's board of directors would not have approved the sale price had they thought it was a raw deal for investors.

He said minimizing the negative impact of SunCor's debts on the rest of the company was essential for the company to shed its boom-and-bust baggage and move forward.

SunCor itself is expected to sell nearly all of its assets and shrink from a company of nearly 500 employees to about 20, company executives have said.

Wells said residents interested in an affordable luxury-condo lifestyle can expect to hear from his company soon.

Having specialized in buying distressed condo properties for the past 15 years, Wells said the unfortunate reality is that one person's loss is the other's gain.

"Somebody usually ends up taking a hit, and in this case it was SunCor," he said.

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