Phoenix Real Estate Was Like a Messy Game of Craps before the Recession:

We Are What We Build, So Here’s How We Should Build in the Future

by Mark Stapp, executive director of the Master of Real Estate Development program, W. P. Carey School of Business, Arizona State University, April 8, 2013.

This is going to sound insensitive, given the economic damage done over the past six years, but I'm going to miss the recession just a little. I’ll miss little things like no construction debris on the freeway, less traffic, and no concrete trucks dribbling aggregate on my windshield. More importantly, I’ll miss the calm pace of thoughtful, small projects emerging on the scene.

The past five years has seen the development of several cool projects in Phoenix – Windsor restaurant and Postino WineCafe in renovated buildings on Central, the architecturally appealing St. Francis restaurant on Camelback Road, and more recently, The Yard restaurant in a converted motorcycle garage and dealership on Seventh Street, to name only a few.

Big kudos to Gilbert, too. They have a really vibrant town core with restaurateur Craig DeMarco’s investment in a Postino WineCafe and a new space he and his partners will open, as well as restaurateur Joe Johnson’s Liberty Market and Oregano’s restaurants. Downtown Chandler has also made great improvements, and Mesa is making very big strides in creating a vibrant downtown leveraged off the light-rail investment.

These are the small, locally owned and focused, community-embedded projects required for the metro area to be what many imagine. The recession has given us an opportunity to reflect and adjust what and how we are developing, so we focus on creating places, not just developing buildings and projects. That is a good thing.

Let’s face it: Before this, the market was so hyperactive that feasibility was based on whether you could, not whether you should. It was like a messy game of craps.

Casino craps requires a “stickman” – the person who manages the game. I read a description: “A good stickman can be the most entertaining person in the casino. He's a stand-up comic, a carnival Barker, and a wise guy all rolled up into one efficient, professional package. He must do a lot of talking and ‘kibitzing’ with the players, but at the same time he must be on the ball, pay attention to the game, and make payoffs on bets made in the center of the table -- the propositions (hard ways, craps, eleven, etc.). When the table is hot, the bets are flying, and everyone is making money, the stickman can add to the electrified atmosphere with his booming, ‘Winner, winner chicken dinner!’ ‘Yo eleven, take me to heaven!’ or ‘Mark 'um six; place 'em eight; five and nine if you have the time, or go across and be the boss!’”

That was the real estate market, too. Investors were like stickmen, who kept the markets moving, but also gamble themselves and hoped for a good roll of the dice. It was all about the game for many, not about creating a vibrant, sustainable, competitive community.

I was reading the April 2013 issue of Dwell magazine, and the editor used this quote by Rudolph Schindler, which I thought said it all: "We are what our environment makes us, and if our environment is such as to produce excellent health, beauty, joy, and comfort, it will reflect immediately in our lives."
We need to build the environment we want to have. The questions we need to answer as a metro area are: What will our brand be? What will our competitive advantage be? What is our culture? What are the unified vision and values for metro Phoenix around which cities and towns will make policy and developers will define what will be built? How do we want to be recognized and thought of in a regional, national and global market? The recession has given us some time to address the answers to these questions.

However, let's not forget reality. We are a poly-centric urban form, and that gives us a chance to create diverse and interesting places positioned to help create several centers for competitive advantage. We are a very young metropolitan area and just starting to mature. As the saying goes, “It takes a village to raise a child.” Well, it takes a community to raise a metro area.

We need locally focused, not commodity-driven development that maintains affordability, is adaptable to rapidly evolving technology, and reflects our ever-diversifying population and its needs. We cannot accommodate all of our growth in downtown Phoenix or along the light rail. We will continue to have, and need, growth on the edges. This will drive creation of new centers, each distinct and locally focused.

We need to forget the idea that we are building for the “Creative Class” (Sorry, Richard Florida). Who is our creative class? What is it? It's not a small group of high-design, snobby people. It is all people socially connected within social systems. Our ability to develop highly engaged, socially connected, technology-supported places will allow the entire population to be creative, and that will make us attractive as a place to start and locate business.

We need to rethink the role of our tourism industry and realize it is the link between people who live here and people who do not – it is our social incubator. It brings people from around the world to us. Let's make it an incubator for social interaction. We need to support advancement in education, increase our support for the arts, and use technology to increase our competitiveness. We are a new, young, metro area just finding out what we’ll be when we grow up.

For some, the buildup to the peak in the market was like a messy game of craps. We had high rollers and high stakes, often with only selfish winning in mind. Winning is necessary, but we can't build our community as a commodity. We need to be thoughtful, place-focused, share-value-minded community builders. We are what we build, so let's focus on building what we want to be, not just what we can.

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