

Commercial Executive

Magazine

JOINT VENTURES:

*The partnerships of Kitchell,
Mark-Taylor, Penske,
The Rockefeller Group & IPA*

ALL IN THE MULTIFAMILY

FROM TUCSON TO TEMPE, THE MULTIFAMILY SECTOR IS THE PLACE TO BE

COMPANY PROFILE:
THE VIBRANT DECO
COMMUNITIES

**BROKER
OF THE MONTH:**
MICHAEL LIEB

MAKING HEADLINES:
JULY'S HOTTEST
DEALS

OUTSIDE OPINIONS:
INDUSTRIAL
UPDATE, ECONOMIC
OUTLOOK

Multifamily Special



IN ALL THE *multifamily*



The real estate recovery since the end of the recession in 2009 has rippled across the market, from land to industrial, single family and office. However, there has been a particular and significant leader in this rising tide that has lifted all boats: multifamily.

As the housing recession pushed a wave of owners into renters, multifamily was there with projects to meet the pressing demand. In the process, lenders, brokers, builders and developers have reaped impressive returns while changing the dynamics of the Arizona commercial market.

As the following pages reveal, this multifamily renaissance cuts across all segments of real estate – class “A,” “B,” and “C” – with transactions in 2012 of 100 units or more accounting for 32, 28 and 40 percent respectively of sales. Liquidity is flowing to developers large and small, and despite government sponsored entities – Freddie Mac and Fannie Mae pulling back multifamily funding by 10 percent in 2013 – the developers, brokers and lenders in the sphere see a more than ample supply of capital for making deals.

This broad multifamily inertia has involved the industry’s most dynamic players, and their signatures mark the Greater Phoenix Metropolitan landscape.

Whether the subject is the unveiling of a new style of Class “A” developments to Phoenix by Mark-Taylor and P.B. Bell, the strategic insight and specialization on multifamily by top brokers from Marcus & Millichap, or the continuous upscale developments driving greater rents from Scottsdale to Chandler by high-powered deals brokered by teams like Cushman and Wakefield, the opportunities in multifamily are significant and booming.

The experts in this sector agree more units will be built this year than last year, and that trend will play out into 2014 and 2015. The common denominator for the companies and individuals in multifamily leadership is an ability to meet consumer demand by utilizing unique strategies inside their respective niches.



Nick Wood

Plays Strategic Role for Snell & Wilmer in Multifamily Renaissance

BY TIM J. RANDALL

IN CONTEMPLATING THE SURGE OF MULTIFAMILY BUILDING in the past several years, it is instructive to explore the legal environment for the approvals of these properties. Prominent Zoning Attorney, Nick Wood, of Snell and Wilmer, provides strategic clarity on these challenging issues. “I play chess every day...on the computer but also in my practice,” he says. Wood works the board as it is, when processing his zoning cases. **II MULTIFAMILY ISSUES** Wood has been involved in multifamily projects all over the Valley; the list is replete with signature addresses – 44 Monroe in Downtown Phoenix, 26th and Camelback, Rockefeller, and 44th and Camelback –

as examples. Each project, he points out, with multifamily presents a unique set of challenges. “Neighbors often have a built-in bias against multifamily...so you have to spend a significant amount of time walking them through the process, soliciting their feedback and understanding their concerns,” he says. “Once we understand their issues, we can find solutions. Collaboration and cooperation with neighbors are a couple of the keys to success.” Wood’s expertise and knowledge overlay with so many of the projects that come to fruition. Wood may appear multiple times in a deal. In 2007, Wood successfully rezoned a nine acre mixed-use parcel that fronts on both Camelback Road and 44th Street next to the Londen Center. The initial level of opposition was strong but he and his client worked hard to gain neighbor support. The recession doomed that project. He recently rezoned the same site for a 330 unit luxury apartment project for JLB Company. Wood also zoned a property at 26th and Camelback that had previously been the subject of several stories in Commercial Executive and was originally a 2004 Donald Trump project. In 2006, after the Trump project failed, Wood was engaged by Bayrock to negotiate with the neighborhood representatives that defeated Trump to obtain zoning for a 75-foot tall luxury hotel and multifamily complex. Unfortunately, the recession also prevented the development of that project. However, Wood returned in 2010 as the lawyer for Alliance to convert the Bayrock plan to the luxury apartment project that is currently under construction. It is precisely these kinds of transactions which speak to the adaptability and expertise of Wood. Investors and developers know the professionals who can be depended on for their sagacity and diligence to achieve results. **II A DEAL FOR TWO** One of the most interesting aspects of the multifamily resurgence includes the advent of new joint ventures between traditional luxury apartment developers and non-traditional real estate investors. For example, Mark-Taylor and Penske Automotive have teamed up in a mixed-use multifamily deal in Tempe as have Kitchell and Mark-Taylor in upscale multifamily projects. “These new opportunities are very exciting,” Wood says. With new partnerships structures and projects, come new challenges as well. Despite the recession, deals do not happen anymore expeditiously than they did before. “Politicians may come and go, but zoning lawyers are forever,” Wood says. “However, high-quality projects and respect for the community remain constant.” Wood looks at multifamily as a developing model with density per acre increasing. However, city standards remain consistent within the Phoenix metro. “City Councils understandably demand quality, accountability and great projects,” Wood notes. ●

ZONING TIMELINE FOR PHOENIX

- | | |
|---|---|
| ➤ PRE-APPLICATION PHASE | ➤ POST-APPLICATION MEETING – STAFF COMMENTS RECEIVED |
| ➤ CREATE REZONING MATERIALS (CONSULTANT TEAM) | ➤ PUBLIC HEARING PHASE |
| ➤ FILE PRE-APPLICATION REQUEST WITH CITY OF PHOENIX | ➤ SEND PUBLIC HEARING NOTICE LETTER |
| ➤ PRE-APPLICATION MEETING WITH CITY OF PHOENIX | ➤ POST SUBJECT PROPERTY |
| ➤ REVISE MATERIALS | ➤ VPC – FORMAL MEETING / RECOMMENDATION |
| ➤ FILE FORMAL REZONING APPLICATION | ➤ PLANNING COMMISSION – FORMAL HEARING / RECOMMENDATION |
| ➤ POST-APPLICATION PHASE | ➤ PC APPEAL PERIOD – SEVEN CALENDAR DAYS |
| ➤ INITIAL NOTIFICATION LETTER MAILED | ➤ CITY COUNCIL – FORMAL HEARING DECISION ON APPLICATION |
| ➤ SEND NEIGHBORHOOD MEETING NOTICE LETTER | ➤ REFERENDUM PERIOD – 30 DAYS |
| ➤ REQUIRED NEIGHBORHOOD MEETING | ➤ ZONING EFFECTIVE |
| ➤ CITY INTERNAL REVIEW OF MATERIALS | |