

Valley project pipeline increases



Image: Tower Capital

Scottsdale-based Empire Group of Cos. just broke ground for Village at Skyline Ranch, a 167-unit build-to-rent community in Glendale near Luke Air Force Base.

TOWER CAPITAL



By [Angela Gonzales](#) – Senior Reporter, Phoenix Business Journal
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Scottsdale-based Tower Capital surpassed \$1 billion in lending activity for the rapidly growing build-to-rent sector, financing that has helped developers add roughly 6,000 units across 35 communities across the Sunbelt.

Tower Capital's \$1 billion milestone was met after recently arranging \$120.5 million in financing for two build-to-rent (BTR) luxury communities in Glendale and Peoria owned by Scottsdale-based Empire Group of Cos.

Tower Capital also arranged \$78.5 million in non-recourse bridge financing for Village at Pioneer Park, a 332-unit build-to-rent community in Peoria recently completed by Empire Group.

The bridge loan refinances the project's construction loan at final certificate of occupancy. It also allows Empire Group to stabilize the asset before putting a permanent loan in place.

Built on 30.2 acres at 8405 W. Olive Ave. in Peoria, Village at Pioneer Park is completed and about 70% leased, said Richard Felker, founder of Empire Group.

"Construction loans are usually higher priced than a more permanent or bridge loan," Felker said. "Until we get 95% leased, we can put a more permanent mortgage on it. We're happy to see that one almost rented."



Scottsdale-based Empire Group of Cos. recently completed construction of this 332-unit rental community called Village at Pioneer Park in Peoria.

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Tower Capital also arranged \$42 million in non-recourse financing for Village at Skyline Ranch, a 167-unit BTR community that Empire Group is developing at 13215 W. Glendale Ave. in Glendale, near Luke Air Force Base.

"That one just broke ground," Felker said. "It takes two years to build and another six to nine months to rent it up and stabilize it."

Depending on the area of the Valley, monthly rental rates range from \$1,895 to \$2,195 for a 2-bedroom unit and between \$2,395 and \$2,650 for a 3-bedroom unit, Felker said.

Empire Group has more projects in pipeline

Depending on the community, units can be single-story detached or duplex residences. Each home boasts solid surface quartz countertops, stainless steel appliances, premium kitchen back splashes, full-size washers and dryers as well as upgraded smart-home features and technology, as well as their own backyards.

They are built within communities with resort-like amenities, including a clubhouse, fitness center, pool and spa, dog park and walking paths.

Village at Pioneer Park also has a pet washing station.

With two other BTR luxury communities completely finished and occupied, Empire Group has two others in rent-up phase, another two that will start leasing in July and eight more under construction, Felker said. He also has another six in the pipeline.

All of those are in metro Phoenix.

Separately, Empire Group is building on its presence in Texas, with plans to break ground on a BTR community in July in the Dallas-Fort Worth area, and another in Austin. Another is planned for the Dallas metroplex, along with two sites in Indiana and five in Colorado, Felker said.

Phoenix and Dallas are currently the [hottest BTR markets in the country](#), even as growth of this niche product has tapered off in some states.

Tower Capital set to close more construction loans

"We're pretty committed to this asset class," he said. "We've worked with a lot of different lenders over the years and we have found that Tower Capital has really been a big asset to allow us to scale our business. They do an excellent job. They're great guys to work with."

Tower Capital has another \$300 million in build-to-rent construction loans scheduled to close within the next 60 days. Three of those deals totaling more than \$200 million are with Empire Group, said Kyle McDonough, Tower Capital's principal and co-founder.

Founded in 2015, Tower Capital provides customized structured financing to investors throughout the nation. It specializes in debt and equity placement ranging from \$3 million to \$300 million and has financed \$3 billion for commercial real estate clients since its inception.

With Phoenix being [ground zero](#) for BTR communities, Tower Capital is getting several requests from developers to [help finance their projects](#), said George Maravilla, senior vice president of Tower Capital.

"In our business, we normally cold call a lot of people," Maravilla said. "We're getting people cold call us. We're getting calls every week from new guys getting into the space."