

Tower 16 JV Buys 258-Unit Tucson Property

NorthMarq represented the seller and the buyer, as well as arranging financing on behalf of the joint venture.

By Gail Kalinoski



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Tower 16 Capital Partners and Drake Real Estate Partners have acquired Sierra Vista Apartments, a 258-unit multifamily property in Tucson, Ariz., in an off-market transaction with a private seller. It's the first property in Tucson for Tower 16 and the first joint venture with Drake, a New York City-based real estate investment management firm.



Sierra Vista Apartments. Image courtesy of Tower 16 Capital Partners

Tower 16, an Encinitas, Calif.-based commercial real estate investment and management firm that targets value-add investments in the Western United States, will make about \$4 million in renovations at the 3535 N. First Ave. property. Plans include upgrades to units, clubhouse, gym and two pool areas. The company also plans to add outdoor amenities including barbecues, seating and outdoor gaming areas. The units have one-, two- and three-bedroom layouts. The property is minutes from the I-10 freeway and 10 minutes from downtown Tucson and the University of Arizona campus.

Mike Farley, Tower 16 co-founder, said in a prepared statement the project will be well positioned to take advantage of the growing apartment demand in Tucson. The firm intends to build a portfolio of more than 1,000 units in the Tucson market.

Jesse Hudson, vice president at NorthMarq's Phoenix investment team that secured the transaction, said in prepared remarks Sierra Vista offered an opportunity for the buyer to acquire a well-located, value-add asset with economies of scale. In addition to the University of Arizona, Hudson noted the property is close to University Medical Center and the Catalina Foothills retail and employment corridor.

Joining Hudson on the investment sales team were NorthMarq President Trevor Koskovich and Executive Vice President Bill Hahn. NorthMarq represented both the buyer and the seller, Sierra Vista Apartments LLC. Financing was sourced by NorthMarq's debt/equity team of Managing Director Brandon Harrington, Senior Vice President Bryan Mumma and Vice President Tyler Woodard. They arranged the financing for the borrower through the company's relationship with Colony Capital, a bridge/mezzanine lender. The bridge loan was structured with a three-year initial term allowing for future funding of the borrower's capital expenditures.

Harrington said in prepared remarks NorthMarq ran a competitive marketing process for the debt, which led to the joint venture getting the best debt terms available, even beating terms from lenders the borrower had used in previous transactions.

EARLIER DEALS

Last month, Tower 16 and Dune Real Estate Partners acquired The Fairways at Lowry Apartments, a 450-unit community in Aurora, Colo., marking the company's first [purchase in the Denver metro](#). In March, Tower 16 and its partner Henley Investments [sold Altura on Duneville](#), a 288-unit community in Las Vegas for \$35.5 million.

Since it was founded in 2017 by Farley and Tyler Pruett, Tower 16 has acquired more than 4,000 multifamily units in California, Las Vegas, Phoenix and Denver. The firm seeks markets with increasing demand for workforce housing driven by job growth and in-migration that also have relatively low levels of new supply.

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