

PHOENIX BUSINESS JOURNAL

California developer makes Phoenix debut with CRE, residential opportunity zone projects

August 1, 2023



Beverly Hills, California-based StarPoint Properties is making its Phoenix debut with \$150 million worth of opportunity zone commercial and residential construction projects in the East Valley.

The company has begun construction on a 245-unit apartment community in Mesa and is preparing to develop a 34-acre business park south of Phoenix-Mesa Gateway Airport in Queen Creek.

The 550,000-square-foot industrial project will be spread across three different buildings on the 34-acre site at the northeast corner of Hawes and Germann roads, said Sandy Schmid, director of acquisitions and development for StarPoint Properties.

"In Phoenix, demand for industrial has been super strong," said Schmid.

StarPoint bought the land in 2021, with plans to break ground by the end of the year.

"We'll be able to provide state-of-the art, Class A industrial facilities with 32-foot clear heights to meet the demands of the business tenant in the market," he said.

Apartment construction underway

Separately, StarPoint just broke ground for Lotus Point, a 245-unit apartment community at 139 N. Dobson Road in Mesa.

Also in an opportunity zone area, that project is expected to be completed by the end of 2024 or early 2025.

StarPoint also bought that 6-acre parcel in 2021, Schmid said.

"Our history with this land started in the depths of Covid," he noted.

The city of Mesa had identified this site near Main Street and Dobson Road as part of its turnaround and revitalization efforts.



A rendering of Lotus Point, a 245-unit apartment community being built in Mesa.

Downtown Mesa already is being repositioned, with the delivery of civic buildings, [new restaurants](#) and [Arizona State University's commitment to Mesa](#), Schmid said.

"This is a piece of that story," he said.

The apartment community is situated within walking distance of a light rail stop and is four stops from downtown Tempe, he said.

Tempe-based Waltz Construction is general contractor, while Phoenix-based Circle West Architects is architect for the 4-story apartment project.

JLL Capital Markets arranged \$52 million in construction financing for the apartment project.

The project will include a 2,200-square-foot clubhouse, 1,600-square-foot fitness center, 1,300-square-foot group kitchen, an 800-square-foot coworking facility, along with an outdoor pool, spa and BBQs.

Schmid said it's too early to determine monthly rental rates for the project, but said they will be market rate and "at a discount to the luxury product."

Looking for other acquisitions

Founded in 1995, StarPoint has \$1 billion in assets under management, split about 50-50 between commercial and multifamily.

While the company has owned property in metro Phoenix in the past, this is its first development projects in the Valley, he said.

Schmid said he has his eye on other multifamily acquisitions and covered land as part of the company's opportunity zone strategy.

Covered land, he said, "could be any real estate asset class with transformational value add story to it. That may mean total redevelopment, adaptive re-use or an extension of existing use."

The idea is to provide investors with asymmetrical returns, he said.

"By that, we mean putting a floor on the returns in the form of cash flow in place, then being able to execute on a value-add plan with large upside potential," he said.

The original article can be found [here](#).