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## Residential Real Estate

# New York developer invests \$100M for more build-to-rent East Valley homes



A New York real estate developer just closed on a parcel in Queen Creek that will feature new single-family rentals.

PROVIDED BY GTIS PARTNERS



By Angela Gonzales –  
Senior Reporter,  
Phoenix Business Journal  
2 hours ago

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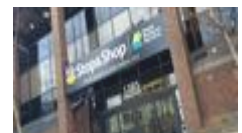
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**Josh Pristaw**

Person

**Theodore Karatz**

Person

**Adam Baugh**

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developer is investing \$100 million in the Valley's rapidly growing build-to-rent market, in which detached single-family homes are constructed in a rental community with rich amenities.

GTIS Partners LP is developing a build-to-rent community in Queen Creek, paying \$7.9 million for a 26-acre parcel on April 20. Phoenix-based Sonoma Communities is co-developing that project at the northeast corner of Riggs and Ellsworth roads.

While GTIS has

made several investments in the Phoenix real estate market over the past dozen years, it has launched a development platform targeting select high-growth markets across the country, said [Josh Pristaw](#), senior managing director at CTIS.

In October, GTIS broke ground on a 197-unit rental community at Cadence, a master-planned community in Mesa owned by GTIS and Scottsdale-based Harvard Investments Inc.

Development costs for that new

rental community at Cadence is more than \$40 million, said Theodore Karatz, a senior director of acquisitions for GTIS Partners.

And now that GTIS has closed on the Queen Creek parcel, plans call for building a 275-unit rental community that will cost more than \$60 million to develop.

While the Cadence project is being financed by the GTIS Opportunity Zone Fund, financing for Queen Creek project will be provided by institutional investors, Pristaw

said.

Plans call for starting development in late fall, with leasing expected to begin in 2023 for that Queen Creek project.

The homes will be fully automated and the community will include a resort pool and spa, remote work space, event lawn, dog park, fitness center and resident lounge.

### **Sought neighbors' approval**

That project, currently dubbed Queen Creek Commons for now, received unanimous approval from Queen Creek

officials about 30 days ago.

Adam Baugh, zoning attorney with Withey Morris PLC, said he spent a lot of time working with nearby homeowners to make them feel more comfortable with the project after they had rejected a traditional apartment complex on that parcel several years ago.

A land use market study commissioned by Queen Creek showed that the town needs to diversify its housing stock so that not all homes sit on an acre,

Baugh said.

"Long term, it's hard for a town to sustain its infrastructure if every property is one home per acre, which for the most part is the character of Queen Creek up until today," he said.

But homeowners didn't want an apartment community on that site, so Baugh knew he had his work cut out for him to convince them that this rental community featuring single-story detached homes would be amenable.

He met several

times with homeowners to describe the project to them and hear their concerns. Each time he scheduled a meeting, he said fewer people showed up, which meant he was getting through to them.

By the time his case reached City Council, he had unanimous approval and not a single neighbor opposed the case.

"Nobody came to the hearing to speak against it because we did a tremendous amount of outreach before we filed it," Baugh said.



The parcel sits behind a 450,000-square-foot retail center being built that will be anchored by a Fry's Food and Drug store.

"There are not a lot of homes that want to back up to a shopping center," Baugh said. "It's a perfect rental site."

Because the shopping center is still under construction, developers were able to provide connection points where residents can walk to the retail center, creating a better living experience, he said.

The property also will feature trails for horse property owners who can still ride up and down Ellsworth on their horses. During Baugh's outreach efforts, homeowners asked if he could make sure the plants along that trail would not be toxic to horses.

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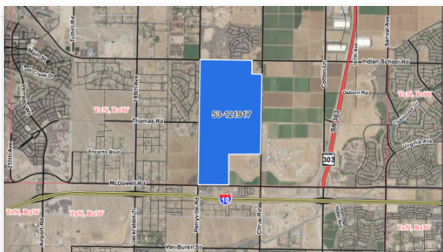


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