

Houston luxury apartment developer buys downtown Phoenix land



This 3.72-acre parcel of land in downtown Phoenix recently changed hands to make way for luxury apartments.

By [Angela Gonzales](#) – Senior Reporter, Phoenix Business Journal

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After nixing plans to build apartments on a parcel of land in downtown Phoenix, long-time developer [Michael Lafferty](#) reached out to his niece, [Patty Lafferty](#), principal with The Land Agency, to help him sell the property.

[Patty Lafferty](#)'s expertise is in land sales, [usually selling hundreds of acres at a time to homebuilders](#), so a 3.72-acre parcel zoned for multifamily in downtown Phoenix was a bit out of her wheelhouse.

In fact, another broker scoffed when he heard she was taking the listing.

"I told Patty, that broker over there thinks you don't have a chance in hell," said [Michael Lafferty](#), president of Phoenix-based Lafferty Development. "I told Patty, I don't want a listing agreement more than three weeks. If I can't sell it within three weeks, we're wasting our time."



Patty Lafferty, principal of Scottsdale-based The Land Agency.

PROVIDED BY THE LAND AGENCY

As it turned out, [Patty Lafferty](#) secured a letter of intent within two weeks and had a contract in place two weeks after that, he said.

"Within four months we had the money," he said. "Five months from start to finish we closed."

Houston-based Guefen Development Partners paid \$11.15 million for the 3.72-acre parcel at the southeast corner of 11th and Washington streets. The deal closed Nov. 29.

What's planned

[David Kulkarni](#), principal of Guefen Development Partners, said he plans to build luxury apartments on that site with monthly rental rates ranging between \$1,425 for a one-bedroom apartment to \$2,275 for a two-bedroom unit.

Plans call for building 362 units averaging 882 square feet, with more than 200 of them being one-bedroom units.

Total development costs for that 5-story community, to be called Haven at Washington, are expected to be around \$100 million, Kulkarni said.



A rendering of a 362-unit luxury apartment community to be built at the southeast corner of 11th and Washington streets in downtown Phoenix.

GUEFEN DEVELOPMENT PARTNERS

At the same time, Kulkarni plans to build a \$60 million apartment community on a 2.84-acre site at 1920 E. Apache Blvd. in Tempe. That 5-story, 190-unit project will be called Haven at Apache.

Kulkarni said he plans to break ground on both projects during the second quarter of 2022 and be completed by Q1 2024.

The vertically integrated multifamily developer owns all its own projects and has its own general contracting company.

The 20-year-old company has developed about 8,000 multifamily units valued at \$1 billion, with 80% of those in Texas and three projects in Nashville, where the builder recently expanded.

Looking for more deals

Kulkarni is also scouring the Valley for land to build more apartments as well as [build-to-rent single family rental communities made popular by Mesa-based Christopher Todd Communities and Phoenix-based NexMetro Communities.](#)

He said he's building three build-to-rent projects in Texas totaling about 800 homes.

As he has assessed other markets over the years, Kulkarni said he noticed Phoenix start to grow rapidly about 15 years ago. But the lower paying call-center jobs the metro was attracting back then didn't ignite his interest at the time.

But over the past few years as more tech companies with higher paying salaries have expanded to metro Phoenix, Kulkarni took notice.

"Phoenix never really popped up as a target market for us until this year," he said. "We focus on the luxury segment. Now is the perfect time."

Financing for these projects is coming from Guefen Development's equity partner, Chicago-based Origin Investments, which has financed more than a handful of projects for Guefen over the years.

"They do their own analysis ranking of each market and they also came up with Phoenix as one of their top five markets to invest in," Kulkarni said. "They have opportunities to invest in all different markets around the country. Both of us thought Phoenix was near the top of all the markets we had an opportunity to invest in."



Mike Lafferty, president of Lafferty Development.

PROVIDED BY DEFER GAIN

Lafferty said he's glad to see Guefen Development take over his project, which he already had secured zoning for multifamily development.

Meanwhile, Lafferty continues to [develop workforce housing apartments](#) in Phoenix.

Most recently, he completed the 140-unit The Imperial Apartments at 919 N. 20th St., which already are 100% occupied. He's about 60% finished on the 241-unit St. Ambrose Apartments, 220 N. 12th St., which he expects to begin renting in June.