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Commercial Real Estate

CaliberCos buys Phoenix office campus for proposed residential conversion

Developer in contact with TSMC to potentially house employees when apartment units completed



The 311,706-square-foot Canyon Corporate Center has been acquired by Scottsdale-based CaliberCos, which plans to turn it into a new residential development.

CUSHMAN & WAKEFIELD



By [Ron Davis](#) – Reporter , Phoenix Business Journal
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CaliberCos Inc. sees a big opportunity with a nearly vacant office campus.

The Scottsdale-based wealth management and real estate investment firm has acquired the more than 300,000-square-foot, two-building Canyon Corporate Center from ViaWest Group which includes two parking garages. Caliber plans to renovate the buildings and develop a minimum of 400 apartment units with the possibility of going up to 700 units as there is also a vacant site within the parcel for possible future development.

Canyon Corporate Center, currently being referred to as Canyon, is at 2510 W. Dunlap Ave and to the east of Interstate 17. It is also minutes away from the [redevelopment of the Metrocenter shopping mall](#).

Chris Loeffler, CEO of Caliber, said his firm has been working on the acquisition for over a year.

"We're bringing studio apartments to three-bedroom apartments into the mix, which I think will be attractive to a pretty wide range of rents," he said.

Cushman & Wakefield's Capital Markets' Steve Lindley and Alexandra Loye represented ViaWest in the deal. In a deal with Taconic Capital Advisors, ViaWest paid \$27 million for the property in early 2020, according to real estate database [Vizzda](#).

When scoping a possible office-to-multifamily conversion, Caliber looks for "an existing floor plan that makes sense for the natural layout" of an apartment.

That structure, Caliber envisions, makes for a "relatively simple conversion," Loeffler said.

"Obviously we've got to cut holes and channels through all the floor plates to put in drainage and new sewer, power, etc., but it's a phenomenal starting point for us," he said.

The acquisition of the property was in the "low \$20 million" range while it anticipates a minimum of \$40 million of improvements planned, Caliber said.

In late 2020, Taiwan Semiconductor Manufacturing Co. [signed a 46,735-square-foot office lease](#) at the property but isn't occupying the space, Loeffler said. He added that Caliber is reaching out to TSMC about possibly having some of its expanding workforce live at the new-look campus, which is roughly 15 miles from [its north Phoenix campus](#).

Caliber seeks slight zoning variance for project

Under Canyon's zoning, Loeffler said Caliber can use the property for residential purposes. It is looking to submit a variance waiver to the city of Phoenix that allows a deviation from a development standard required by the zoning ordinance. Caliber looks to start the renovations, which will be done in phases, in mid-2025 and will be ongoing through 2027, he said.

The property is also located in an Opportunity Zone, which made the deal enticing to Caliber as it has dedicated funds that raise money for projects in those zones. The company's first Opportunity Zone fund was used to close on the purchase while a second fund is being fundraised now to add equity and build out the renovations.

"When considering [the discount at which we bought the distressed asset], that's a really good starting point so that we can put the money in this

necessary to do the conversion and still have a profitable outcome for our investors," Loeffler said. "These are the types of things that I think people need to do in distressed assets to be able to buy at a discount like everybody wants to. But also you have to be adding value. And if we just bought this thing as an office building and hoped it would work out better for us than it did for the last team, then that's probably not a good strategy.

"We are actively looking for other types of opportunities like this," he added.

Office conversions have been raised as a potential solution for the void left in office space across the country following the Covid-19 pandemic as employers have shifted to remote or hybrid work and significantly downsized their footprints. [CBRE Group Inc.](#) found the [Phoenix metro had a dozen office conversion projects](#) in the works or completed as of Q3 2022 totaling 1.3 million square feet, according to previous reporting.

Still, the Valley's most prominent residential conversion project has been bogged down amid complex litigation and a blizzard of lawsuits. Indeed, the fate of the [One Camelback office-to-apartment conversion project](#) offers a glimpse of what can happen when a multifamily loan matures before a development is finished. The project, designed to bring a splash of luxury to the intersection of Central Avenue and Camelback Road, stalled in the summer of 2023 after then-owner Camelback Owner LLC defaulted on a loan tied to the project.

The project's lender, a subsidiary of New York-based Acore Capital LLC, eventually bought the property at a [November 2023 trustee sale](#) with a \$44 million credit bid. At the time, the conversion project was estimated to be 85% complete. While at least [one building permit has been filed](#) with the city since that time, there's been no discernible evidence that construction has restarted.

Caliber has multiple ongoing projects in the Valley. Earlier this month, Caliber updated the progress of its [plans to develop Pure Pickleball & Padel – a flagship](#)

[pickleball facility](#) – that will anchor the 80-acre Riverwalk development near Scottsdale on Salt River Pima-Maricopa Indian Community land. In June, [Scottsdale's development review board recommended approval for Mercado Village](#) – a 240,000-square-foot project that would include 255 multifamily units and 13,142 square feet of coworking space near Loop 101 and Shea Boulevard.