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Commercial Real Estate

Real estate firm's new focus: Redevelopment of old buildings in Phoenix

Company has multiple projects underway, including hotel conversion to apartments in Ahwatukee




Image: CaliberCos Inc.

CaliberCos Inc. is developing a large mixed-use project in Scottsdale across 6 acres along 92nd Street.

CALIBERCOS INC.



By [Audrey Jensen](#) – Reporter, Phoenix Business Journal
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While lots of new development is occurring around the outer edges of the Valley, Scottsdale-based CaliberCos Inc. has its eyes set on old buildings and infill sites.

The Phoenix metro has seen a push to convert or redevelop vacant commercial buildings into new housing or other uses, including a key recent move at the state level. Gov. Katie Hobbs passed a law this year that [will make it easier for developers](#) to redevelop old properties in Arizona.

Caliber (Nasdaq: CWD) is one of several companies helping lead that charge.

One of its latest projects includes SP 10, the conversion of the former Four Points by Sheraton Phoenix South Mountain hotel at the southwest corner of Interstate 10 and Elliot Road in Phoenix's Ahwatukee Foothills Village neighborhood.



CaliberCos Inc. is turning this old hotel in south Phoenix into a new multifamily project with apartments and townhomes.

CALIBERCOS INC.

Caliber Wealth Development acquired the property in 2018 for \$16.1 million. Caliber is turning the hotel into 104 new apartments including studio, one-bedroom and two-bedroom options. It will also develop additional townhomes on each side of the main building.

"It was originally a hotel that fell victim to the Covid-19 pandemic and the lack of ability for it to perform financially," Caliber CEO Chris Loeffler told the Business Journal.



Crhsi Loeffler, CEO of CaliberCos Inc.

CALIBERCOS INC.

The firm acquired an additional 3 acres in 2022 for \$2.1 million adjacent to the hotel and rezoned the sites through the county. The site sits about 15 minutes from the [Intel](#) campus in Chandler. They decided to pursue multifamily housing on the site because there's little housing options nearby that aren't single family homes, Loeffler said.

In Scottsdale, Caliber is planning to [revamp a shuttered office building](#) into a 240,000-square-foot mixed-use development including 255 multifamily units, 13,142 square feet of coworking space and live-work units on site.

Caliber CEO: Another office conversion planned

Loeffler said another office conversion project is being planned in Phoenix, while the company has been acquiring and upgrading multiple buildings in downtown Mesa for new uses. Acquiring old buildings and converting them to other uses is a great way to save resources and costs and improve the surrounding communities, he said.

"In many cases, with interest rates where they are and the cost where it is, it doesn't make sense to build new buildings and land values haven't come down to a point where they've offset the additional construction costs," Loeffler said. "Instead of having half empty or three-quarters empty office building that's producing very little in taxes and activity in the area, you convert that to multifamily and then you push the remaining office buildings to increase their occupancy and become more vibrant."

Caliber was founded during the Great Recession, so the company has experience operating and pursuing opportunities during economic slowdowns, Loeffler said.

"The first five years of our business was focused on distressed properties and turning them around, so we think we're right back in the cycle for that," he said. "That's why since early 2022 we've refocused our business toward acquiring properties at a real discount to what it costs to build them and to reimagine and repurpose them."

The company has continued to choose sites based on consistent, long-term trends including population and job growth and government incentives such as Opportunity Zones and the Government Property Lease Excise Tax (GPLET) program.

Elsewhere in Phoenix, Caliber is also developing a new hotel at the northwest corner of 44th and Washington streets adjacent to the existing Crowne Plaza Phoenix Airport hotel that Caliber also owns. It's expected to have at least 100 rooms.

Separately, Caliber is developing a major mixed-use [project called The Riverwalk Development](#), which will include entertainment, restaurants, retail, hotels, venues and immersive art attractions in the Scottsdale area.

Overall, Caliber has about \$2.2 billion worth of assets under development. A little less than half of this amount is taking place in Arizona with the majority occurring in Colorado, Loeffler said.