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🕒 December 1, 2015 📁 Press Releases

New York, NY (December 1, 2015) – Bluerock Residential Growth REIT, Inc. (NYSE MKT: BRG) (“BRG,” the “REIT” or the “Company”) announced that it has made a preferred equity investment in a joint venture controlled by the REIT and its affiliates to acquire and develop Domain Phase 1, a Class A, 301-unit apartment property in Garland, Texas. The luxury multifamily rental community will be set on 10 acres in the high-growth, Dallas-Fort Worth locale, which is among the top regional economies in the United States. Total projected development costs are estimated at approximately \$47 million, or \$157,000 per unit.

The Domain Phase 1 transaction is one component of a broader strategic venture with ArchCo Residential to co-develop multiple properties in Texas, Florida and North Carolina. ArchCo Residential is a multifamily development firm formed by Neil Brown, the former Chief Development Officer of Archstone Residential, with an experienced team that has developed more than \$8 billion of multifamily properties with more than 37,000 units nationwide.

ArchCo’s underwriting projects a return on cost for Domain Phase 1 of 7.0 – 7.5% at stabilization, based on expected development cost and projected rental income. This compares very favorably to estimated market cap rates of 4.75%-5.25% for comparable product.

“Domain Phase 1 and the future projects planned under the BRG/ArchCo venture are well located within attractive markets in BRG’s strategic growth footprint. We believe the venture will allow us to leverage ArchCo’s deep and seasoned management team and access proprietary opportunities to deliver strong returns to our investors,” said Ramin Kamfar, Chairman and CEO of BRG.

Domain Phase 1 will be a Class A multifamily rental community consisting of three-story, wood-frame, garden-style buildings with a mix of surface parking and attached and detached garages. Amenities within the community will include a resort-style

pool and spa, fitness center, business center and substantial open space. The site is located in Garland, TX, one of the more populous cities within the high-growth Dallas-Fort Worth metroplex. It is in close proximity to major employment centers including CityLine and Legacy Business Park, two of the leading headquarters sites for Fortune 500 companies entering Dallas.

For Domain Phase 1, BRG expects to initially invest approximately \$9 million of preferred equity. Under BRG's invest-to-own structure, the Company will be entitled to a current-pay preferred return on investment of 15% per year, with the right, once the project is developed and stabilized, to convert its preferred equity investment into a control-position common membership interest in the controlling member of the joint venture.

Simultaneously with acquisition of the land for Phase 1, the BRG/ArchCo venture entered into options to acquire an additional 126 acres of property contiguous to Domain Phase 1, of which 34 acres are developable and, after required permitting, are planned to add approximately 724 units as Domain Phase 2 and Domain Phase 3 if subsequently acquired and developed.

About Bluerock Residential Growth REIT, Inc.

Bluerock Residential Growth REIT, Inc. (NYSE MKT: BRG) is a real estate investment trust that focuses on acquiring a diversified portfolio of Class A institutional-quality apartment properties in demographically attractive growth markets to appeal to the renter by choice. The Company's objective is to generate value through off-market/relationship-based transactions and, at the asset level, through improvements to operations and properties. BRG generally invests with strategic regional partners, including some of the best-regarded, private owner-operators in the United States, making it possible to operate as a local sharpshooter in each of its markets while enhancing off-market sourcing capabilities. The Company is included in the Russell 2000 and Russell 3000 Indexes. BRG has elected to be taxed as a real estate investment trust (REIT) for U.S. federal income tax purposes. For more information, please visit our website at: www.bluerockresidential.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are based upon the Company's present expectations, but these statements are not guaranteed to occur. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. Investors should not place undue reliance upon forward-looking statements. For further discussion of the factors that could affect outcomes, please refer to the risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K filed by the Company with the U.S. Securities and Exchange Commission ("SEC") on March 4, 2015, and subsequent filings by the Company with the SEC. We claim the safe harbor protection for forward looking statements contained in the Private Securities Litigation Reform Act of 1995.

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