

QuadReal commits \$250m to LA multifamily joint venture - Exclusive

Partnering with local developer LaTerra, the British Columbia pension investor continues to build its international multifamily portfolio.

By Kyle Campbell - 2 hours ago



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QuadReal has committed \$250 million of equity to invest in southern California multifamily, *PERE* has learned.

The real estate investment arm of the British Columbia public employees' pension has formed a joint venture with Los Angeles-based developer LaTerra

Development to build in-fill apartments. The partnership has two seed investments: a shovel-ready 573-unit project in Burbank and a 71-unit site in West Hollywood, both of which include affordable housing components.

The Vancouver-based pension investor has made the residential sector a top investment priority globally, Jonathan Dubois-Phillips, QuadReal's president of international real estate told *PERE*, with roughly 50,000 units now owned or under construction.

Established by the **British Columbia Investment Management Corporation** in 2016, QuadReal has focused much of its efforts over the past four years on expanding the pension's real estate holdings outside of Canada. Currently, 43 percent of its portfolio is international, though Dubois-Phillips said that figure is likely to surpass 50 percent within the coming years as it continues investing globally. The joint venture with LaTerra is emblematic of how QuadReal has tapped specialist operators to execute its growth strategies.

Dubois-Phillips said the Los Angeles region was identified as a key growth market because of its demographic growth and constrained housing supply.

“Residential is one of our strongest convictions, and while we have great national and regional partners, we found that LA was a bit of a hole in our portfolio,” he said. “LA is a market where it takes years to build multifamily. You need local developers to work with planning departments and getting all the other parties on board. LaTerra is great at that. It's what they do.”

Earlier this spring, the group announced a **\$421 million joint venture with Florida-based Mill Creek Residential** to pursue US multifamily investments nationally. Dubois-Phillips said he felt a local partner was necessary to expand QuadReal's footprint in southern California. “They're different in the sense that one's national and one's very localized. But they both have incredible track records for identifying good opportunities and very few cost overruns. Part of the underwriting is can they deliver what they say they can deliver? And both are proven on that front.”

The joint venture has a three-year investment window, though Dubois-Phillips noted that it is likely to deploy its capital much quicker than that given the current pricing dislocation. He also said QuadReal has the option of committing additional capital if more opportunities arise.

Charles Tourtellotte, president and chief executive of LaTerra, said he expected the Los Angeles market to bounce back quickly once covid-19 is fully under control and the economy resumes normal activity. The fact that the joint venture was finalized amidst an unprecedented health crisis speaks to the strength of convictions from both parties, he noted. “The way we see it, the market is recession-proof and the partnership is pandemic-proof.”