

CASE STUDY: NORTH RIVER COMMERCE

Petros PACE Finance Funds New Construction in Chattanooga, TN

Project Highlights



North River Commerce
Chattanooga, TN

Industrial

THE CLIENT

Rise Partners, co-founded by Geoff Smith, Matt Phillips, and Greg Wilson, is a privately held, vertically integrated commercial real estate firm with a proven track record in development, redevelopment, acquisitions, commercial brokerage, and property management over a range of asset classes across the southeast United States. Since 2018, Rise has invested and developed approximately \$300 million of retail, industrial, build-to-rent residential, and multi-family residential real estate projects across ten states.

THE CHALLENGE

Rise Partners was looking for a low-cost, long term financing option to help partially refinance a loan and fund a reserve with their existing first mortgage lender Phase I of their North River Commerce Industrial Park development, two Class A industrial buildings with a total area of 376,995 SF.

THE SOLUTION

The C-PACE transaction allowed them to partially refinance the new construction project that was nearing completion. The capital stack upon closing consisted of \$14.3 million in C-PACE, \$28.7 million in first mortgage notes, and \$15.5 million in Sponsor equity. The project also benefits from a 20-year Tax Increment Financing (TIF) agreement with the City of Chattanooga that helped fund infrastructure improvements on and around the site. The project was near completion so the proceeds were utilized to fund TI/LC and interest reserves with the first mortgage lender. The remainder of the proceeds were utilized to paydown a portion of the first mortgage lender's note.

THE RESULTS

- First mortgage lender was able to recycle capital, freeing-up lending capacity for future phases of the industrial project development.
- First mortgage lender's loan to value was reduced, providing them with a higher debt yield.
- Capitalized interest only period helps to preserve cash flow during lease-up.
- Private capital incentivized forward-thinking sustainable building designs.
- Efficient building design minimized future utility expenses, boosting NOI and property values for the owner.
- The energy-efficient measures make it more attractive to investors and tenants while minimizing the development's carbon footprint.
- Client secured lower-cost, non-recourse capital to finance the project.
- Client secured a more efficient capital stack and long-term interest rate hedge, ensuring long-term stability.

THE PARTNERS

Rise Partners
The Conlan Company
Bernhard TME





“The Petros PACE finance team demonstrated exceptional proficiency in their underwriting and closing process. They were flexible in structuring the deal and collaborated directly with our finance and legal team as well as the senior lender and program administrator to facilitate a smooth and efficient closing. We are confident in recommending them to our real estate developer and owner colleagues as they have proven to be a highly valuable partner that we look forward to working with for many years to come.”

—Geoff Smith, Partner, Rise Partners

WHO WE WORK WITH

Multi-Family, Mixed-Use, Office, Hospitality, Industrial, Retail, Non-Profit, Healthcare, Manufacturing, Education

WHAT IS ELIGIBLE?

Energy efficiency and water efficiency, renewable energy, and broad resiliency coverage for seismic, indoor air quality, wind/fire resistance, heat/climate change

WHY PETROS PACE FINANCE?

Expertise

Our leadership team's 100+ years of combined experience in C-PACE, monetizing tax credits, and commercial lending means certainty of close for our clients.

Execution

We've earned the trust of our clients because we break barriers and execute efficiently. We're defining the future of C-PACE every day.

Scalability

We're growing quickly and we're taking our clients with us. With billions in committed capital, we can provide C-PACE financing ranging from \$500,000 to \$200 million or more.

Sustainability

We use private funds from committed institutional investors to promote environmental sustainability and economic development.

For more information on our projects, visit our website at www.petros-pace.com

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