**Commercial Real Estate**

# Denver private equity firm expands to Phoenix, targets distressed multifamily assets

## Firm shelled out nearly $9M to acquire distressed townhome project


This newly built townhome in Surprise was never occupied when it sold through a short sale from the lender.
CANOPY REAL ESTATE PARTNERS

By Angela Gonzales – Senior Reporter, Phoenix Business Journal
Apr 21, 2025

Listen to this article 6 min

**Story Highlights**

- Canopy Real Estate Partners buys distressed Phoenix property for $8.8 million
- Firm aims to invest in middle-market assets under $50 million
- Canopy's Fund I has $80 million in commitments

Denver-based Canopy Real Estate Partners has made its Phoenix debut with the purchase of a distressed multifamily property in Surprise. More purchases could be on the horizon.

The private equity firm paid $8.8 million in cash to an entity tracing to Next Generation Capital LLC for the newly built ParkView Townhomes at 16601 N. Parkview Place, according to Tempe-based real estate database Vizzda LLC.

The property was acquired through a lender assisted sale below the loan basis, said Jay Rollins, co-founder of Canopy Real Estate Partners.

"It was basically a lender sale in lieu of foreclosure," he said.

The newly built, 27-unit townhome project was never occupied before the California developer ran into financial trouble with its construction loan, he said.

Canopy partnered with TBBG Investments on the all-cash transaction, led by Andrew Biskind and Andrew Busching. TBBG identified the property, negotiated the sale, and will provide property management services.

Rollins said he is starting lease-up of the 27 units, which average 1,420 square feet. Monthly rental rates will start around $2,100. He thinks it will take eight or nine months to lease the property to a point where it is stabilized, and then apply for a loan. Rollins added that he expects to get better rate terms on a property that is stabilized than one that is empty.

"Nobody likes to lend on an empty building," he said. "If you have money, pay all cash. Get the property to where you want it then you go to the debt markets."

## Canopy exec: Rise in distressed Phoenix multifamily properties

Rollins is seeing more distressed multifamily properties in metro Phoenix, which is why he expanded here and set up a Scottsdale office.

It's not the asset that's distressed, he clarified.

"The assets are okay," he said. "It's the people that bought them who paid too much for them and put too much debt on them."

Take X Phoenix, for example.

Chicago-based X Co. developed that luxury apartment property on an entire city block in downtown Phoenix until it ran into financial trouble during second phase of construction.

"What killed them were cost overruns, slow construction and maturing debt," Rollins said. "If you have short-term maturing debt in a changing market, you get caught. That's the same thing that happened to X Co."


The stalled X Phoenix tower on April 8, 2025.
GREG BARR / PBJ

Los Angeles-based Tides Equities Inc. ran into similar financial trouble after aggressively gobbling up Class B and C apartments across the metro, selling several properties at trustee sales over the past several months.

"You can debate on Tides whether they bought good or bad product, but at the end of the day what brought Tides down is they did all this on short-term floating rate debt that has now come due in a different economic environment from when they started and they do not have liquidity to re-balance their debt," Rollins said. "If they would have used longer-term fixed rate debt they would not be having these problems."

Rollins also plans to target retail, industrial, self storage and build-to-rent properties. But he's seeing more distress in multifamily than the other sectors.


Jay Rollins, co-founder of Denver-based Canopy Real Estate Partners.
CANOPY REAL ESTATE PARTNERS

"People overpaid more for multifamily than they did for retail and industrial," he said. "That is why there's more distress. People overpaid more for that asset class."

Rollins, who previously founded JCR Capital and sold it to a public company in 2018, launched Canopy to provide middle-market developers with joint venture capital, general partner co-investment capital, and intellectual capital to help them evolve into institutional fund managers.

### Firm to focus on middle-market assets

Moving to Phoenix in 2023, Rollins said his goal is to identify the next generation of great local real estate investors and partner with them to grow their platforms.

"This investment in Surprise is our first step of many in the Arizona market," he said.

He will focus on middle-market assets of $50 million or less, which are properties typically ignored by the big institutional investors. After he sold JCR Capital in 2018, Rollins wanted to help mentor the next generation of real estate developers and investors.

"I started JCR Capital as a result of a financial crisis," he said. "Dislocation and uncertainty have always been a big friend of mine. I saw what was happening here and asked, 'How do

I participate in the dislocation? How do I help the next generation?' That was how Canopy was formed."

Rollins said he's starting to see himself as a talent scout, looking for people in the the 35- to 45 year-old range to create the next generation of great real estate investors. Canopy currently has about $80 million in commitments in its Fund I, which will remain open for new commitments through mid-summer until it reaches about $100 million, he said.

"Since we leverage about 50%, that will give us $200 million of buying power," he said, adding that he expects this capital will take him through the end of 2025 into early 2026.

At that point, Fund II would be launched in 2026, with a target of $250 million, he said.

"Nobody else is doing what we're doing to try to help the next generation of real estate entrepreneurs," Rollins said. "And we picked Phoenix as a place to do it."

---