

Rainey Street condo high-rise secures construction loan

Michael Dell's MSD Partners among lenders

Email

Share

Share

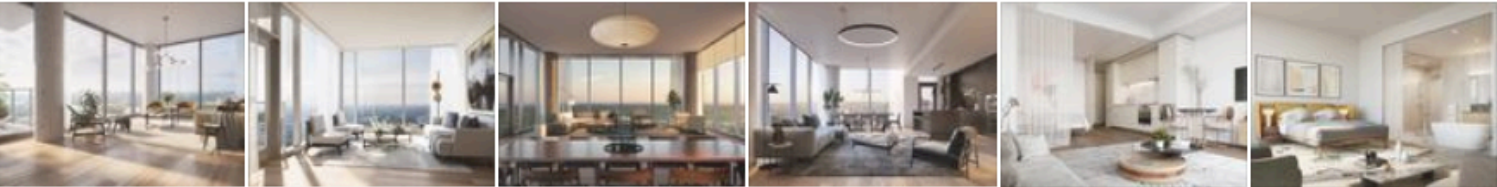
Tweet

Save

Print

Order Reprints

Unlock Article



GET THE DEEPEST CLEAN OF FALL



START NOW

RECOMMENDED

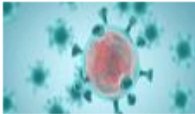
FOOD & LIFESTYLE

While many restaurants are coming back to life, some remain dark
[PHOTOS]



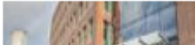
HEALTH CARE

Clark County links 84 Covid cases to Vancouver food plant



TECHNOLOGY

GE to sell lighting



MSD Partners LP and Little Rock, Arkansas-based Bank OZK are providing \$194 million in construction financing for the 44 East condominium tower being built in Austin's Rainey Street district, the project's developer said in a May 27 announcement.

The 49-story tower developed by Vancouver-based Intracorp is expected to be complete in 2022. More than 45% of the tower's 309 condos have been sold.

MSD Partners is an investment advisory firm tied to MSD Capital LP, the private investment firm for [Michael Dell](#) and his family.

"Austin's resilience, like its dynamism, makes the city so enticing, and it's one of the many reasons Intracorp chose to develop here," Intracorp North America President and CEO [Don Forsgren](#) said in a statement. "It's also why capital investment in this city continues to make sense even today. We are excited to complete this new financing from MSD and Bank OZK allowing Intracorp to take an important step forward in delivering an extraordinary new residential tower to downtown Austin."

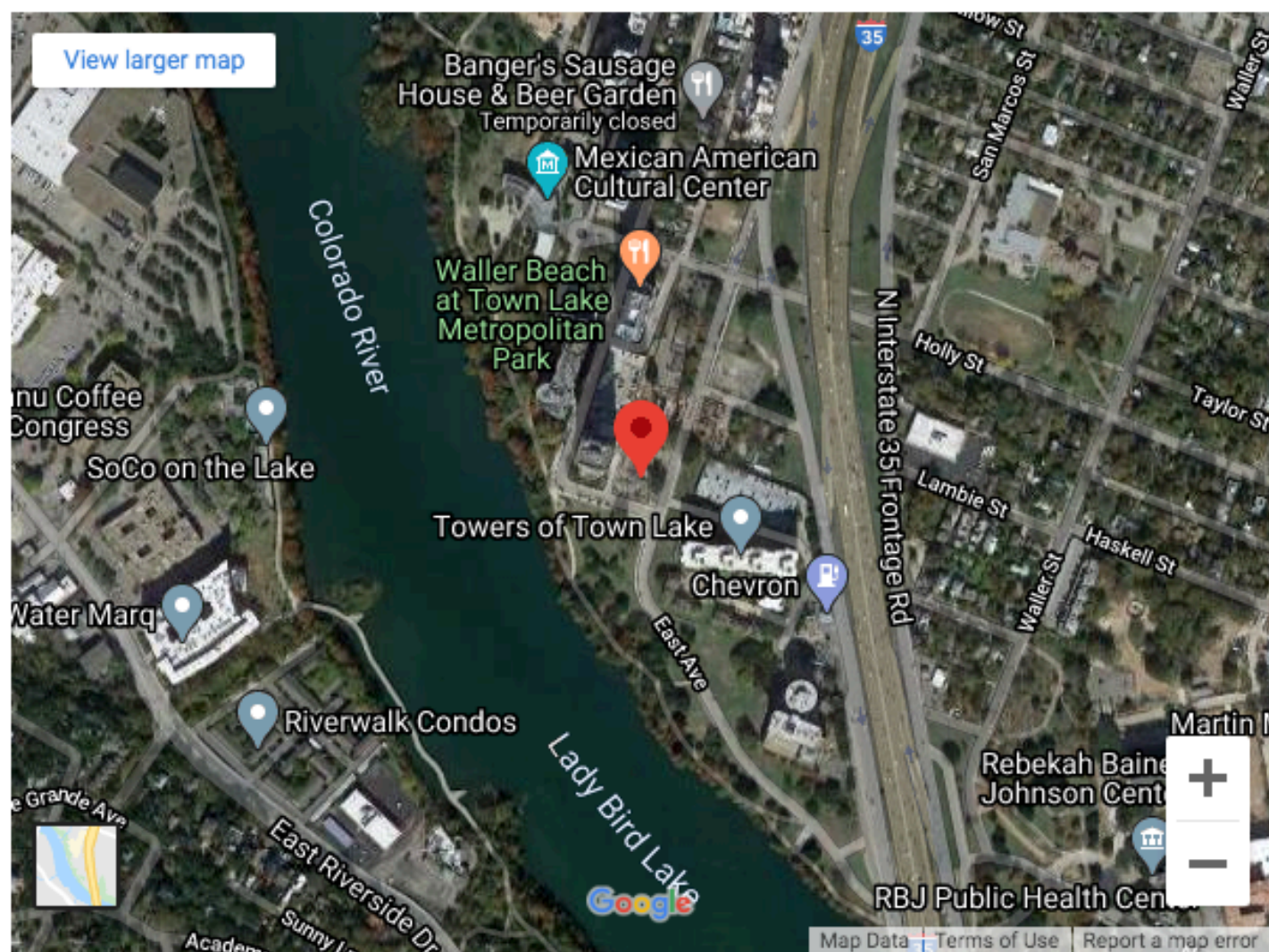
Prior to the pandemic, Intracorp had been scheduled to close on the construction loan at the end of March or early April, Intracorp Senior Vice President/Managing Director [Brad Stein](#) told the Austin Business Journal. MSD brought Bank OZK (Nasdaq: OZK) into the deal in April.

Neither the pandemic nor the slight delay in obtaining the loan slowed construction or sales, he said.

Of the buyers with firm contracts, none backed out, Stein said. "That was the key for this lender group," he said.

Stein said Intracorp made the decision in November — when it started unit sales — that the company was going to pay to start construction out of its equity. Construction started in October.

Intracorp, Vancouver-based Northland Properties Corp. and other limited partners are providing equity in the project, according to the developer.



Page Southerland Page Inc. is the lead architect for the tower's exterior and interior design for the residences. Michael Hsu Office of Architecture handled the interior design for the common areas and amenity spaces. Flintco LLC is the general contractor and Urbanspace is handling project sales and marketing.

Units at 44 East include one- to four-bedroom homes ranging from just under 500 square feet to more than 3,500 square feet. According to Intracorp, condos remaining on the market range from under \$400,000 to over \$4 million.

[Adam Piekarski](#), co-head of real estate credit at MSD Partners, said: "We believe the Austin market will again demonstrate its resilience, as the city and region continue to benefit from the relocation of large numbers of people and companies."

[Victor Reynoso](#), executive vice president of originations for Bank OZK's Real Estate Specialties Group, said: "This project embodies the high standards Bank OZK consistently seeks in its project financings – marquee real estate, strong market fundamentals and top-tier sponsorship."

Stein said Bank OZK has financed several Austin condo projects such as The Independent, Seaholm and Austin Proper, and MSD has a deep understanding of the Austin real estate market.

The 44 East sales center at 401 W. Third St. reopens June 3 following shelter-in-place orders, Stein said. Incentives will be offered for unit upgrades.

Stein said Intracorp is bullish on Austin and has plans to build several more condo projects – some high-rises in downtown and some urban mid-rises. The company doesn't currently have any properties under contract.

"We are busy right now, but we are trying to be very selective in the sites that we would put under contract and try to move forward on," he said.

Intracorp recently partnered with DMA Development Company LLC, an affordable housing developer founded by DMA Companies President and Owner [Diana McIver](#), to [submit a proposal](#) to redevelop the former HealthSouth property at 1215 Red River St. and an adjacent parking garage at 606 E. 12th St. into mixed-income housing.