

Developer hits crowdfunding goal on Saint John office building

R2 Capital Partners ran investment campaign seeking limited partners to fund HVAC upgrades at 75 Prince William St.

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A crowdfunding campaign offering investors a chance to buy into a Saint John office building hit its targets, according to the developer.



R2 Capital Partners has been running a campaign on Addy, a Vancouver-based online investment platform, seeking limited partners to invest into 75 Prince William Street, a 35,033 squarefoot office building uptown. The firm's co-founder Brock Rogerson said last Friday that the campaign was running at \$485,000, over its minimum target of \$375,000, ahead of its closing date this Friday.

The campaign started in September and has a goal of replacing the building's rooftop chiller and heat pump as well as the roof itself.

"We're very pleased, we're using the funds for ... energy efficiency, reduced carbon footprint, lower operating costs and top-notch air quality control for tenants," Rogerson said, saying there was a low-carbon energy grant also covering 25 per cent of the costs.

Rogerson, a Calgary-based investor whose firm also owns Rothesay Place, home to Atlantic Superstore, as well as a number of residential properties in Saint John, said that the benefit of running a crowdfunding campaign was to get multiple investors involved.

"There's multiple benefits to doing this, and one of the benefits is it broadens the base of investors in real estate, and making it available to everyone, not only individuals," he said. He said distributions are "targeted" at nine to 11 per cent per year, paid monthly, with a total return targeted at 16 per cent per year. He said it's a "good solid building" that hosts lawyers, architects and a data centre.

"This is the most consistent, revenue-generating property that we have," he said, saying more than three quarters of the building recently entered into lease renewals.

Addy Invest co-founder Stephen Jagger said the company was set up with business partner Mike Stephenson in 2018 because of the limits of “limited partner” investing, which he said is a “very restrictive and exclusive” world.

“You not only need to know that that opportunity is available, you need to be an accredited investor and have an ability to write a big cheque,” he said, saying the the infrastructure of investment can be very costly, including wiring money, processing documents through lawyers and issuing tax slips.

That means developers and brokers generally want to deal with as few clients as possible and require minimums like \$250,000 or \$500,000 investments.

He said the idea came when he had been approached with a \$1 million investment opportunity and began setting up a syndicate to allow multiple people to team up for the money, but ended up not being able to include someone who wanted to participate at a smaller dollar amounts.

“That got Mike and I thinking, huh,” Jagger said. “Maybe there’s a way that we could build a technology platform that could eliminate or automate those concerns so you could let a smaller investor participate.”

After launching the project in earnest in 2020, Jagger said they’ve now had 52 properties listed on the service. The campaigns are open to “retail investors,” or non-accredited investors, over the age of majority and has a minimum investment price of \$1.

He said the app’s job is to handle the technical software side of the process, including issuing tax slips. Regulatory responsibilities are shared between the developer or “issuer” and an “exempt market dealer” called Equivesto, which helps vet investors and manages the transactions.

Morgan Daye of the New Brunswick Financial and Consumer Services Commission said they couldn’t comment on Addy because it was registered in B.C. She said that real estate crowdfunding is required to follow the same rules as crowdfunding for businesses and start-ups. Those require investors to trade through a “funding portal” like Equivesto, which is registered in the province, that is responsible for providing risk warnings and holding investor funds in trust until a funding target is met.

The 75 Prince William Street campaign is the app’s first in New Brunswick. Jagger said that their users have been asking for opportunities in different areas, with different asset classes, and they “get requests all the time for the Maritimes.”

He said that there’s “huge opportunity” for low-rise “multiplex” or missing-middle housing, and that developers see demand, but that their main challenge is finding funding.

“Real estate development needs money to make it work,” Jagger said. “Lots of real estate operators, capital is always a problem that they’re trying to solve. As 2025, we know we can see more of these multiplexes and missing-middle-style opportunities.”

Rogerson that the idea of crowdfunding on upcoming projects makes them “more viable.” He said he’s “confident” in Saint John as a market, saying that despite office space vacancy rates which sat at about 23.6 per cent as of June, according to a report from Turner Drake Partners,

he said 75 Prince William Street is fully leased, and that Rothesay Place is also fully leased after the company bought it at 23% occupancy.

“The difference, in my opinion, is because we’re involved,” he said. “We’re not some large public REIT operated out of Toronto where Saint John is sort of an afterthought. These properties are important to us.”

On Thursday, R2 also closed on its bid to buy Place 400, a 160,000 sq. ft. office building on Main Street. The building had been listed at \$6.2 million but dropped its asking price to \$3.1 million in August. According to a press release, R2 bought it for \$17.50 per square foot, amounting to \$2.8 million.

Rogerson said last Friday that the drop in asking price enables his firm to offer competitive rents that offer an opportunity to startup businesses or those looking to right-size. He said the purchase was not bank financed, because the building is 30 per cent occupied, but that there are tenants lined up who may be interested in moving in.

“We’re open for business, and not only that, but because of the price that we’re getting on it ... we can afford to bring in new tenants, and be extremely accommodating, either in the lease rate or tenant improvement and fit-ups,” he said.

He said the makeup of the building wasn’t right for residential, and while there are properties that are ripe for residential development “across the road,” the building as it is could have an impact faster.

With the city targeting the area for revitalization efforts, he said that filling the office buildings would mean “a lot more” people coming in and out of the neighbourhood, saying they’d like to put a daycare in the building.

Rogerson said they’d like to put Place 400 on Addy eventually, but right now they’re going to need to complete their initial set of renovations first. He said that crowdfunding is not as well-suited for repeated calls for funding.

They are looking at the possibility of putting a U.S. residential property on the service next. He said he wanted to focus on bringing properties to the service with a high likelihood of being a “good experience” for investors.

“We have a phenomenal track record. But we only have about 12 people who know about it,” he said. “Now we’re going to have 500 investors that are going to know about it.”