

Cresset/Diversified Launch Second Opportunity Zone Fund Following First Fund's Close

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Cresset and Diversified Real Estate Capital have closed their first qualified opportunity zone fund, the Cresset-Diversified QOZ Fund, after raising the \$465 million in capital needed for the portfolio and the seven underlying projects. Following the fund's close, Cresset-Diversified launched a follow-on fund, the Cresset-Diversified Qualified Opportunity Zone Fund II.

The [first fund launched](#) in the fall of 2018 and invested in seven core real estate development projects across the United States focused specifically on urban neighborhoods in high-growth markets such as Nashville, Denver, Houston, and Portland, among others. The portfolio includes investments in multifamily, office, and ground-floor retail.



The company said that the “investments are structured conservatively with low leverage to generate an attractive return and to allow for potential refinancing of the project once the development is completed and leased.”

Cresset-Diversified has partnered with development firms, including Hines, Lennar, Gerding Edlen, and Washington Property Co., and has already started construction on its flagship project in Houston, [The Preston](#).

The first fund attracted capital from single family offices, real estate investors, entrepreneurs, corporate executives and legal professionals, and Cresset-Diversified said that it expects to target many of the same groups as it looks to raise capital for its second fund.

“When the opportunity zone program was first announced, we knew it represented a unique opportunity for investors to utilize their capital gains in a tax-efficient manner while also having an impact on communities across the country in need of economic development, said Avy Stein, Cresset founder and co-chairman.

Cresset-Diversified Qualified Opportunity Zone Fund II launched yesterday and plans to invest in seven to nine projects in core urban markets across the country, with a target of up to \$750 million in equity, diversified by both geography and product type. Cresset-Diversified anticipates partnering with several of the same developers as the first fund, in addition to new firms. Projects currently under consideration for include mixed-use, multifamily, retail, and office investments in the Southwest, Texas, Mid-Atlantic, Northeast, and West Coast.

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