

2023 HEAVY HITTERS *In Commercial Real Estate*

TOP MULTIFAMILY BROKER



Pamela Koster

JLL

2022 PRODUCTION: \$826,431,500

Please share a summary highlighting your biggest, most memorable deals that you were involved in/completed in 2022.

In March, we were marketing a 386-unit deal in Broomfield called Terracina Apartments for The Connor Group. It was a sizable deal (\$190 million) that we were bidding in April, right as the capital markets were starting to go sideways. I was anxious that pricing might move backwards on us if we didn't move the process along quickly. However, the process of awarding the deal to a buyer was being slowed mainly because the principal of Connor Group – Larry Connor – was on the International Space Station during the best and final process. Larry was chosen to be the first civilian pilot sent into space. To make a long story short, we did award Terracina, and the buyer did close the deal in June at the number which they put it under contract. But that was the first time – and definitely the last time – we had to relay deal/pricing information to an owner who was in space!

Describe the overall performance/state of your submarket for 2022.

Between January and March, we saw some of the most aggressive pricing, cap rates and buyer interest that I've ever seen in this market. By March/April, the capital markets were showing some signs of volatility that was resulting in pricing adjustment. By the end of June, we knew through the end of the year that transactions would come to a virtual halt. We were marketing seven deals in April/May, and we realized as we were marketing those deals based on conversations with buyers that none of these deals were going to transact (eventually, one did). It wasn't that sellers weren't willing to sell at a reduced price, it was that we couldn't make a market at any price. Pricing was moving backwards so fast, that the minute you went to a buyer and said, "Ok, the seller is willing to transact at the price you submitted," the buyer said "Well, spreads moved 30 bps this week, so we're \$2 million below what our price was three days ago." And even though apartment operations/fundamentals were strong, it wasn't pricing through what was happening in the equity/debt markets.

What are your predictions for your submarket for 2023?

I think apartment fundamentals in the metro area will be stronger than most forecasts predict. Most forecasts are predicting negative rent growth in some submarkets. I don't think we'll see the 6.5%-9.5% rent growth we saw last year, but I think it will be stronger than the 0% - 3% I see most buyers underwriting in the first three years. I also think capital markets won't rebound as quickly as most people think.

What is going to be the biggest commercial real estate story for the Denver area in 2023?

Loan maturities. Both construction loans on new development deals, as well as maturing loans on existing deals. It will be interesting to see the decisions owners make this year and how potential buyers underwrite these deals/opportunities.

What is a goal you have yet to achieve?

I'd like to take a public speaking course because I've always wanted to be a better public speaker. But, in all honesty, it's highly unlikely this will happen at this point.

Who is the one person you're most interested in meeting?

King Charles! He actually has written some interesting thoughts on architecture and the environment that border on the ESG topic that is so rampant in our industry. Lastly, I have some thoughts about what he should do about Harry and Meghan, so... LOL!

What is your favorite quote?

Success is going from failure to failure without the loss of enthusiasm – Winston Churchill

What would you select as your 2022 theme song/walk up song?

Pharrell Williams – Cash In/Cash Out

