4 WAYS TECH IS SHAPING REAL ESTATE

THE BUILD-FOR-RENT BOOM

The CRITTENDEN REPORT

The magazine of real estate finance and investment

VOL. 1, ISSUE 2

FALL 2022

Movers & Shakers

IN CRE BROKERAGE

Our Vanguard awards honor the brokers who are moving the industry forward

CRITTENDEN REPORT

the CRITTENDEN REPORT

Looking for the Most Timely Real Estate Finance News On the Internet?

Visit CrittendenReport.com and Get:

- The latest news, trends and forecasts in the real estate finance market
- Access our exclusive and comprehensive directories
- Read subscriber-only web stories

Stay Current and Relevant at crittendenreport.com

The CRITTENDEN REPORT

STAFF

Jack Crittenden
President & Editor-in-Chief
Jack@CypressMagazines.com
208-534-7630

Editorial Team
Michelle Weyenberg, Executive Editor
Sara Havlena, Managing Editor
Jim Tatum, Multifamily Editor
Linda Frabl, Retail Editor
Trevor Mason, Digital Editor
Tiffany Porter, Copy Editor
Carol Beary, Data Research Manager
Shannon Harrington, Art Director
Cary Bates, Senior Designer

Publishing Team
Greg Larsen, Publisher
Greg@CypressMagazines.com

Blake Marsden, Michael Wright
National Account Representatives

Austin Duval, Publisher Assistant
Todd Brooks, Vice President of Marketing
Andrew Leja, David Collado
Marketing Coordinators

Randal Johnson, Newsletter Marketing & Customer Service, 800-857-1916

Mary Curtis, Director Administration
Cassidy Jensen, Circulation
Alyson Dow, Conference Coordinator
Abi Morrison, Conference Assistant
Linghan Zhu, Bookkeeper
Accounting@CypressMagazines.com

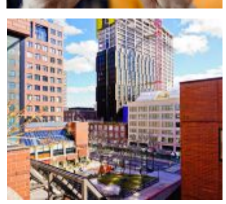
Subscriptions:
The Crittenden Report magazine is free to qualified real estate professionals — investors, financiers and brokers. Please email Info@CypressMagazines.com to get your free subscription.

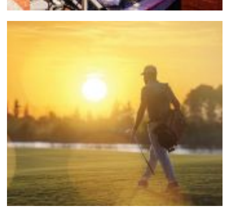
The Crittenden Report magazine is published quarterly by Crittenden Research Inc. in partnership with Cypress Magazines Inc., 3544 E. 17th St., Suite 201, Ammon, ID, 83406. Periodical postage paid at Ammon, ID, and at additional mailing offices. Entire contents copyright 2022 Crittenden Research Inc. All rights reserved. Material in this publication may not be reproduced without written permission from the publisher. Crittenden grants permission only for educational purposes. The Crittenden Report is a trademark of Crittenden Research Inc.

Contents

VOL. 1, ISSUE 2
FALL 2022

Featuring





LETTER FROM THE EDITOR

Rising rates, inflation and a possible recession

Sara Havlena
Managing Editor of The Crittenden Report, Multifamily Report and Retail Tenants Report

While many hurdles have come our way since the beginning of the year, the rise in rates has caused the biggest frenzy in commercial real estate lending and equity. The Fed announced its second consecutive 0.75% increase in July, its fourth bump this year. Many lenders, especially major banks such as Wells Fargo and Bank of America, have already pulled back on lending. This will likely lead to others following suit.

Life companies had a busy first half of the year and are now meeting their allocation goals and slowing down. CMBS players are still fighting to get money out the door, while debt fund and bridge lenders are lowering leverage and charging more. Many equity investors have moved to the sidelines for the time being because of the disconnect between property values and the capital markets.

Takeout financing has become extremely difficult to nail down because of the uncertainty of future values, leaving many construction loans in the lurch. The construction space was already tough, with rising material and labor costs. Do not be surprised to see development and adaptive re-use projects postponed or even abandoned all together. Even bridge loans, which have been overflowing the past few years, will be harder to come by.

Despite these headwinds, there is still plenty of available capital out there, especially for strong sponsors and well-located properties. Multifamily and industrial properties continue to be the most sought after, although retail properties with cash flow could start to give them a run for their money.

The retail sector has seen a strong recovery since pandemic lockdowns have loosened, as most consumers are more than ready to be out on the town. Hotels could actually benefit from rising rates, as these properties were already trading at higher caps, although inflation could bring travel to a screeching halt as consumers and businesses tighten their purse strings.

Lenders will also look to self-storage, flex properties and student housing as favorable bets. Office space remains an unknown, as most large companies have not returned to full-time, in-person schedules. It remains to be seen if things will ever fully return to normal in that space.

There is huge need for housing across the country, something that will not slow down anytime soon. Inflation will most likely pull people away from buying single-family homes and toward the rental market until things improve. This will put even more pressure on the already huge rental shortage, especially in areas of the country with recent population growth. In addition to traditional multifamily buildings, count on even more lenders and investors to target the single-family rental (SFR) and build-for-rent sectors.

After a tough run during COVID-19, the senior housing space is on the upswing, although it still faces labor shortage challenges. Medical and life sciences continue to be a safe bet for many lenders and investors, especially in markets such as San Diego and Boston. Leisure sectors such as golf courses and marinas have made a huge comeback, especially since golfing and boating were among the few available activities during the shutdowns.

In this issue, be sure to check out our article on how technology is affecting commercial real estate as well as our list of commercial real estate movers and shakers.

One thing is for sure: The days of historically low rates are behind us for the time being. Borrowers will see lower leverage, more emphasis on debt service coverage ratios and stricter underwriting. Property values and rents will be tougher to predict, while borrower experience and liquidity will be key elements for grabbing capital in today's market.

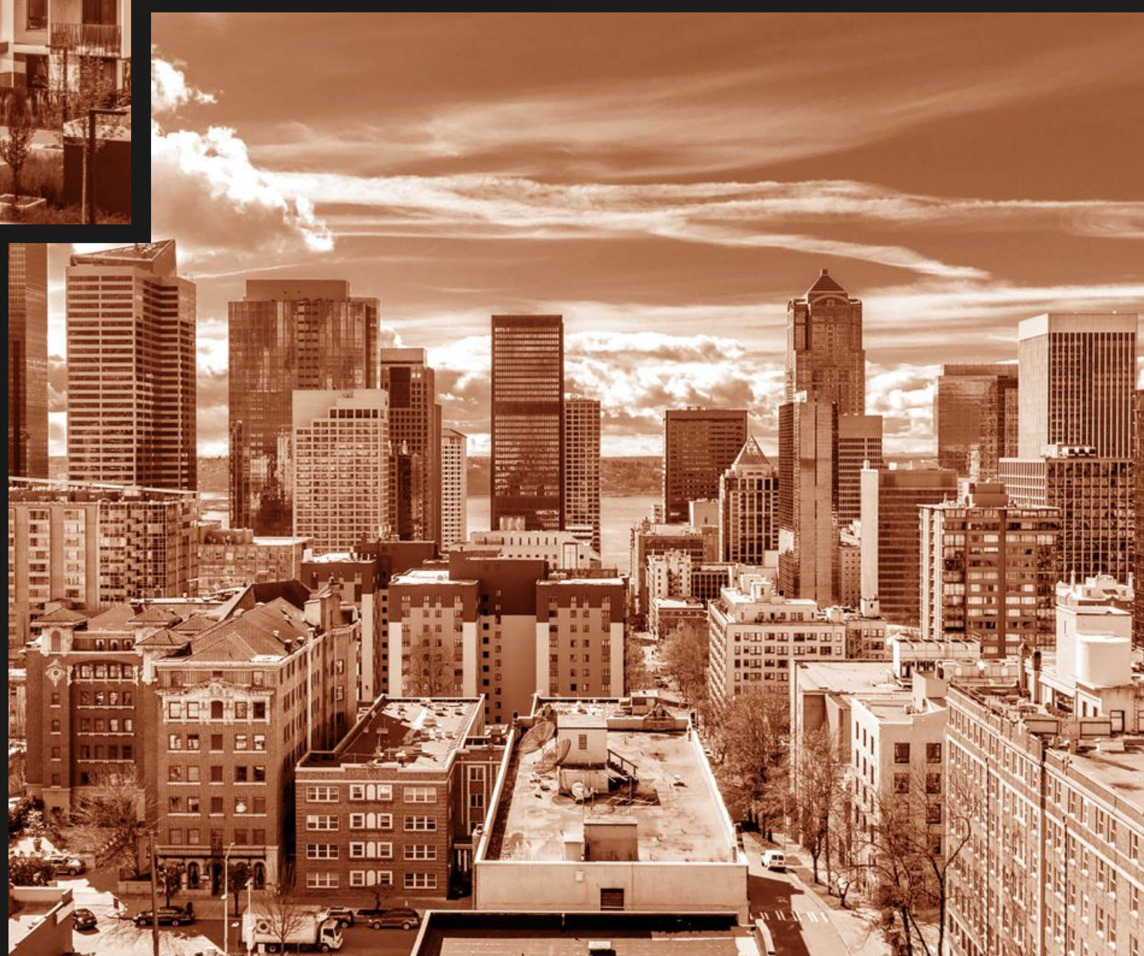
The Insight and Forecasts

You Can’t Get Anywhere Else

Subscribers gain access to:

- Breaking news and forecasts twice a month
- Updates on multifamily housing, retail and other real estate assets
- Access paid content from the past 5 years
- Discounts to our live conferences

Visit CrittendenReport.com



Insights & Forecasts

the CRITTENDEN REPORT

Click here for a free trial

MIXED USE

Mixed use is all about community

Smart developers are renovating tired old retail assets into vibrant mixed-use communities and building new ones that place community at the forefront.

BY CHRIS LEWIS

The world has changed, and real estate developers and property owners are quickly pivoting to keep pace.

COVID-19 brought work-from-home opportunities to the forefront, and many employers are sticking with these arrangements in an effort to retain talent and save money. That has led to a shift in real estate needs. Most experts predict office development and leasing will remain sluggish as a result.

To stay relevant, many developers are focusing even more on amenities and retail convenience, and shifting more projects to mixed use. But some markets are headed in very different directions.

"The trick is figuring out which asset or mixed-use is best for each market," said Oliver Robinson, executive vice president of development and construction for Centennial Real Estate Co.

While some markets have demand for office space, others are oversaturated and have more need for coworking, creative space, retail or residential.

MAINPLACE MALL in Santa Ana, Calif., is being transformed from a traditional mall into a mixed-use destination.

"People are looking at office use in different ways now," Robinson said. "And in turn, the way we utilize office space is different. We have to be able to offer different office space to different types of users."

He said Centennial Real Estate has even considered converting a third-story mall retail area into office space.

Tim Perry is a managing partner of North American Properties, a privately held, multiregional real estate operating company. He said the right mix for mixed-use development can vary considerably from place to place.

His company has one project with roughly 600,000 square feet of office space and 600,000 square feet of retail space. Another project has 200,000 square feet of retail space and 1.1 million square feet of office space.

"The amount of office space should be dictated by the market dynamics of supply and demand, along with return on cost," he said. "A high daytime population is essential for retailers and restaurants in order to support their business."

If space above ground is provided, office space will not only be demand driven but also exceed market occupancy and rents by upward of 10% and 40%, respectively, per square foot, he added.

Perry said residential can support retail and restaurants, as people head home in the evening and seek out shops and eateries along the way.

It's all about human interaction, Robinson said, and mixed-use projects are uniquely positioned to foster that.

Human interaction, after all, can't be commoditized nor sold online. Robinson said his company is focused on creating environments where people want to dwell longer — and more often. The company is offering customers opportunities to step outside their offices and enjoy elements that

> "The trick is figuring out which asset or mixed-use is best for each market."
>
> OLIVER ROBINSON, EXECUTIVE VICE PRESIDENT OF DEVELOPMENT AND CONSTRUCTION, CENTENNIAL REAL ESTATE CO.

resonate with their minds and souls.

Centennial's MainPlace Mall in Santa Ana, Calif., is being transformed from a traditional mall into a mixed-use destination with a variety of offerings. A five-story, 309-unit luxury apartment complex called Paloma is being built in the parking lot with an expected completion date of mid-2024. And Centennial is building a 75,000-square-foot, 4,000-person-capacity indoor entertainment venue next to Paloma.

The site will also include green space; five sit-down, full-service food and beverage venues; children's play areas; and a 410-unit multifamily project. A 150,000-square-foot office building planned for the heart of the project will enable employees to bike or walk to work, lunch, dinner and concerts, all while socializing, enjoying the outdoors and taking in the development's unique architecture.

"We want to take advantage of the Southern California climate and provide new and meaningful experiences that don't exist here today," Robinson said. "People need to interact with each other and experience various aspects of life together. Through these projects, we'll be achieving those goals, while also proving that mixed-use is here to stay."

North American Properties has created an office concept known as Flip the Switch. One such project was completed last November at a retail/entertainment center in Newport, Kentucky, just across the river from Cincinnati. Previously the upstairs of a Barnes & Noble, the Flip the Switch office suites, which range from 4,000 to 20,000 square feet, are ready for move-in. Surrounded by retail, the office space is available with short lease terms that vary from six to 18 months, along with amenities such as flexible furnishings, ultraviolet air purification and Wi-Fi.

Using this concept, North American Properties' clients can fulfill a variety of their needs, whether they're interested in living near entertainment and retail, unable to commit to long-term leases or simply preparing to move to another location in the not-so-distant future.

"Through Flip the Switch, we're not necessarily focused on walking distance to clients' homes and offices but what is within walking distance from the office suite spaces instead," Perry said. "Regardless of the 'use' in mixed-use, there must be consistency regarding what clients can walk to, from events centers and theaters to coffee shops and restaurants."

NORTH AMERICAN PROPERTIES created an office concept known as Flip the Switch. One was completed last fall in Newport, Ky., across the river from Cincinnati.

From dying mall to vibrant center

Without question, mixed-use developments are highly desirable, especially for institutional owners.

"Retail, specifically, in a mixed-use environment is expected to surpass every sector with firm tailwinds from tenant expansion into proven assets and continued consumer demand driving sales," Perry said. "Where that exists, the office, residential and hotel components all outperform their respective sectors."

Russell Glen is a full-service real estate development and investment firm. It has adapted office space and dying retail footage into space for coworking, education and health care, all with a community-first approach.

It has redeveloped the former RedBird Mall in Dallas into Shops at RedBird. It has creative spaces for community gatherings as well as space for entertainment, health care, a grocery and other retail.

Known as a neighborhood center, the development now has office space on the second floor, with tenants such as The Dallas Entrepreneur Center, Chime Solutions and Dallas College.

"And since the . . . area has been underserved for health care, our redevelopment strategy focused on medical," said Terrence Maiden, CEO of Russell Glen. "As a result, the University of Texas Southwestern Medical leased the mall's entire former Sears department store, consisting of 150,000 square feet. The medical center will provide specialty health care for the community, including cardiology and oncology."

UT Southwestern Medical subleased 75,000 square feet to Children's Health for pediatric care, while Parkland Hospital Systems has leased 42,000 square feet for a regional medical center.

"Shops at RedBird is a great example of how Russell Glen is highly committed to developing impactful projects in traditionally underinvested communities," Maiden said. "As a place that will embody the community's culture, the $200 million mixed-use development project will ultimately create thousands of jobs too."

Urban Land Development, a full-service real estate development firm, is incorporat-

RUSSELL GLEN, a real estate development and investment firm, has redeveloped the former RedBird Mall in Dallas, Texas, into Shops at RedBird.

ing a variety of features into its upcoming mixed-use developments.

The San Francisco company is building a ground-up development project known as 531 Bryant. It will have office space with what the firm describes as the hospitable feel of a four-star hotel, along with outdoor terraces, retail, dining and to-go options.

"We're also redefining mixed-use developments as a whole by utilizing businesses and services that engage local communities and artists," said Jon Mayeda, CEO of Urban Land Development. "By integrating their works and the messages they convey through their creations into our developments, we can help our tenants and the surrounding community become healthier."

With a primary focus on enhancing people's well-being, 531 Bryant will be the first ground-up boutique office development in San Francisco's Central SoMa neighborhood south of Market Street.

Set to open in 2023, the energy efficient development will use outdoor air with state-of-the-art filtration monitoring. It will include space for dining, meditation, socializing and yoga, along with bike parking, lockers and showers. The project will feature a mural and sculpture garden created by local artists.

"Mixed-use developments are arguably more important today than they've ever been," Mayeda said. "To accommodate evolving work environments and work styles, while also ensuring employees maintain high wellness, ULD will continue to provide more mixed-use office developments to communities around San Francisco and the greater Bay Area."

SLAVUN/ADOBE STOCK

Most Active in Mixed-Use

Lenders & Equity Providers

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
3650 REIT	Nationwide	$2,500	$25	$200
ACORE Capital	Nationwide	$19,400	$25	$200
Amalgamated Bank	CA, DC, NY	$6,600	$3	$25
American First Credit Union	Nationwide	$15,900	$0.5	$15
Apollo Commercial Real Estate Finance	Nationwide	$8,542	n/a	n/a
Arbor Realty Trust, Inc.	Nationwide	$7,660	$1	n/a
Argentic	Nationwide	$17,819	$5	$300
Arvest Bank	AR, KS, MO, OK	$18,440	$0.5	$20
AVANA Capital	Nationwide	$1,300	$0.5	$50
Avant Capital Partners	NY, Northeast	$13,956	$2	$15
Axos Bank	Nationwide	$13,900	$0.5	$30
Bank of China	Nationwide	$3 trillion	$1	$400
Bank OZK	Nationwide	$26,610	$5	$850
Basis Investment Group	Nationwide	$7,643	$5	$50
Benefit Street Partners Realty Trust, Inc.	Nationwide	$26,000	$5	$150
Beverly Bank & Trust Company	MI, IL, IN, WI,	$1,759	$0.35	$25
Blackstone	Nationwide	$26,269	$50	$1,000
Bloomfield Capital Partners, LLC	Nationwide	$200	$2	$20
BMO Harris Bank N.A.	Nationwide	$973,000	$0.5	$300

JEN LOBO/ADOBE STOCK

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
Bolour Associates	West, Southeast	n/a	$1	$30
BridgeInvest, LLC	East, Midwest	$400	$43	$100
Canyon Partners Real Estate, LLC	Nationwide	$23,000	$10	$200
Capital One	Nationwide	$42,520	n/a	n/a
CIBC World Markets	Nationwide	$350,000	$3	$300
CIM Group	Nationwide	$29,200	$15	$500
Citibank	Nationwide	$2.26 trillion	$3	n/a
Columbia Pacific Advisors	Nationwide	$1,900	$5	$75
Comerica Bank	CA, MI, TX	$73,400	$1	$35
Commonwealth Business Bank (CBB)	Nationwide	$1,600	$0.25	$5
CrossHarbor Capital Partners, LLC	Nationwide	$1,001	$10	$125
Customers Bancorp, Inc.	Northeast	$19,100	n/a	n/a
Deutsche Bank Securities Inc. Commercial Real Estate Group	Nationwide	$1.3 trillion	$5	n/a
Dominion Corp.	Nationwide	$165,380	$1	$40
Eagle Realty Group	Nationwide	$4,000	$4	$50
Emerald Creek Capital	Nationwide	$513	$2	$50
Farm Bureau Life Insurance Company of Michigan	Nationwide	$2,400	$1	$8.5
FCP	Northeast, Southeast, Mid-Atlantic	$3,600	$5	$50
First Tech Federal Credit Union	Nationwide	$12,200	n/a	$50
Freedom Financial Funds, LLC	Pacific Northwest, West	$100	$2	$10
Gelt Financial	Nationwide	n/a	$0.1	$5
Greystone & Co.	Nationwide	$42,101	$1	n/a
Grosvenor Americas Ltd.	CA, WA, Mid-Atlantic	$65,000	$5	$30
Hudson Realty Capital, LLC	Nationwide	$3,583	$5	$50
Huntington National Bank	Northeast	$175,000	$0.05	$25
iBorrow	Nationwide	n/a	$3	$100
IBS Investment Bank	Nationwide	$3,000	$0.5	$100
INCA Capital	Southwest	$200	$0.75	$15
Inland Mortgage Capital	Nationwide	$1,500	$3	$20
Invesco Real Estate	Nationwide	$66,000	$50	$350
Investors Bank	Northeast	$25,230	$0.5	$50
JP Morgan Chase	Nationwide	$3.68 trillion	$0.35	n/a
KeyBank National Association	Nationwide	$145,000	$4	$500
Knighthead Funding, LLC	Nationwide	$6,100	$2	$75
Ladder Capital Finance	Nationwide	$5,400	$2	$450
Lument	Nationwide	$59,394	$5	$100
Luther Burbank Savings	CA, OR, WA	$7,200	$0.1	$10
M&T Bank	MD, NJ, NY, VI, Northeast	$142,600	$0.35	$5
Money360, Inc	Nationwide	n/a	$5	$30
Natixis CIB Americas	Nationwide	$1,389,700	$5	n/a

ALENA/ADOBE STOCK

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
NBT Bank	Northeast	$12,000	n/a	n/a
New York Life Investments	Nationwide	$62,000	$25	$250
Northeast Bank	Nationwide	$2,174	$0.5	$500
Northwest Bank & Trust Co.	IA, IL	$221	$0.5	$5
Osprey Capital Partners	Southeast	$60	$1	$15
Pacific Premier Bancorp, Inc.	Southwest, Pacific Northwest	$21,000	$0.5	$30
Pacific Western Bank	AZ, CA, CO, CT, GA, IL, MA, MD, MN, NC, NY, TN, TX	$34,868	$1.5	$15
Pangea Mortgage Capital	Nationwide	$800	$2	$40
Parse Capital	Nationwide	$6,000	$7	$100
PCCP, LLC	Nationwide	$13,900	$25	$300
Pearlmark Real Estate Partners	Nationwide	$1,000	$4	$50
Post Road Group	Nationwide	$450.5	$2	$35
Prime Finance	Nationwide	$9,300	$10	$200
Ready Capital Corporation	Nationwide	$5,372	$1	$75
Red Oak Capital	Nationwide	$120	$1	n/a
Red Starr Investments	Nationwide	$110	$2	$20
Related Debt Fund	Nationwide	$1,000	$25	n/a
Revere Capital	Nationwide	$350	$2	$30
Sabal Capital Partners	Nationwide	$8,200	$1	$30
Seattle Funding Group (SFG)	West, Midwest	n/a	$5	$20
Security National Commercial Capital, Inc.	National	$1,500	$1	$7
Symetra Life Company	Nationwide	$58,090	$1	$10
Synovus Financial Corp.	AL, FL, GA, SC, TN	$32,670	$0.0025	n/a
TD Bank	Nationwide	$1.7 trillion	$0.35	$50
Texas Capital Bank	Nationwide	$35,000	$5	$30
The Bancorp Bank	Nationwide	$6,280	$8	$40
TIAA	Nationwide	$41,400	$2	$50
Torchlight Investors	Nationwide	$3,900	$10	$200
Trez Capital	Nationwide	$4,100	$5	$100
Truist Bank	Mid-Atlantic, Southeast	$509,228	n/a	n/a
UBS	Nationwide	$1.126 trillion	$5	n/a
ULLICO	Nationwide	$6,400	$5	$150
Unify Financial Credit Union	Nationwide	$3,000	n/a	$15
Unum	Nationwide	$70,620	$4	$35
US Bank	Nationwide	$558,900	n/a	$12.5
Valley National Bank	PA, NJ, NY	$37,436	n/a	n/a
W Financial	Nationwide	n/a	$1	$50
Zions First National Bank	Nationwide	$81,480	$0.25	$8

This information is from The Crittenden Report's directory of financiers, which tracks all lenders and equity providers. This list was curated by our editors to reflect the most active financiers. Contact names, phone numbers, email and other informaiton is included in the directory, which is available to Crittenden Report + subscribers. Click here to get subscription information.

Senior housing on the upswing

After being hit particularly hard by COVID-19, this sector appears poised for some well-deserved growth.

BY MIKE STETZ

LESZEKGLASNER/ADOBE STOCK

A possible recession. Rising interest rates. A continuing labor shortage. These are just some of the challenges facing the senior housing market.

But most experts see the industry's fundamentals continuing to improve.

That's because that nasty miniscule spiked ball we all know as COVID-19 is not quite as nasty today as it once was.

Yes, a number of real estate segments — including retail, hospitality and office — took it on the chin during the pandemic.

But senior housing hosts those who are most vulnerable to COVID-19. And the pandemic did indeed wreak havoc, causing outbreaks in many of the nation's nursing homes and senior communities early in 2020. They had to be closed to new residents. Families could not visit. Some residents moved out.

"The back door was open, and the front door was shut," said Aron Will, vice chairman & co-head of national senior housing at CBRE, describing how dire the situation was for the skilled care sector of senior housing.

For the most part, the pandemic is behind us, and the senior housing industry is rebounding. That's because nothing stops aging, and the nation is aging at an accelerated rate as baby boomers keep celebrating birthdays.

"Developers can't be stuck building the same widgets."

ARON WILL, VICE CHAIRMAN & CO-HEAD OF NATIONAL SENIOR HOUSING, CBRE

Every day, another 10,000 people hit 65.

And the senior housing market is looking to capture a considerable swath of the nation's elderly. Senior developments are designed for a number of segments: active adult, independent living, assisted living, skilled nursing and memory care.

COVID-19 may have blurred memories. There's a tendency to believe that the senior housing market was rather rosy before the pandemic, Will said. After all, the population was aging and people were living longer. Senior housing may have seemed an enticing investment, but actually the industry was oversupplied in many markets across the country.

"Unlike multi-housing development, there's only so many age- and income-qualified seniors to take the product in a given area," he said. "That was an issue the industry faced prior to COVID."

Also, as it is now, labor was in short supply and growing more expensive.

Then came the pandemic, which actually contributed to a correction.

"If there's one silver lining regarding the pandemic, it's that it did slow development," Will said, noting that occupancy rates are expected to be back to near pre-pandemic levels in the next 18 months.

When it came to COVID and its effect on senior-care communities, the sector took a hit from the media as well, he said. But it's been shown in hindsight that a host of factors contributed to the crisis, including lackluster government response and egregious decisions on the part of some states.

"The operators did a good job," Will said.

He is confident that the senior housing industry will be able to withstand a

THE SENIOR HOUSING sector has natural demand, but experts say developers need to create an environment that appeals to the next genreation of boomers.

recession, which he predicts will hit in the coming months. Since senior housing is a need-driven product, it doesn't change during downcycles, he said. Case in point was the sector's performance during the global financial crisis of 2008.

"Any other segment, heading into a recession, I would have trepidation," Will said.

Nachum Soroka, director of Eastern Union Funding's Healthcare Group, said senior housing will not be static moving forward. There could be continuing upheaval in the market even if the worst of the pandemic is the rearview mirror, he said.

For instance, new facilities that came online in 2019 had problems filling spaces.

"Some got hit over the head pretty hard with COVID," he said.

Competition for residents remains, he said, as new construction picks up. Some operators may look to get out, while the healthier ones may look to gobble them up.

"There could be a lot of activity, particularly consolidations," he said.

COVID-19 will continue to affect these facilities in other ways, Soroka said. He expects to see more focus on preventive measures when it comes to health threats. The coronavirus came with no real warning and showed how vulnerable these facilities can be.

"As an industry, infection control will be more important than ever," Soroka said.

When it comes to new construction, he expects that preventive concepts will be front and center. But that also has a downside.

"It's costly," he said.

Most certainly, the senior housing sector has natural demand, given the aging population, he said. But more potential clients could opt for home health care options, which could dampen interest.

One of the biggest challenges moving forward is labor. Not only is it in short supply but it's also getting more expensive. The shortages are across the board, so both skilled and unskilled workers are in demand.

Soroka noted that the pandemic also put considerable job pressure on the employees of senior living communities. They worked long hours under brutal conditions. Many faced burnout and quit, he said.

Although this has been the case all across the nation, facilities in rural areas face the biggest hurdle because the workforce pool is smaller, he said.

Some operators have been forced to hire staffing agencies to help, but costs go up when going that route. And rising costs are scary, given that the economy is beginning to show signs of weakness, such as rising interest rates.

"There is a tipping point," he said.

Will, of CBRE, agreed that labor continues to be a headache for the senior housing industry, and pain relief is hard to come by. He advises operators to offer competitive wages by looking beyond what senior housing competitors are paying. Instead, they should look at what local retailers and restaurants are paying and match that prevailing wage, he said.

"It's better to pay people at the right level and have continuity of employees," Will said.

Also, operators should have a robust hiring infrastructure in place so they can fill open positions quickly and efficiently, he said. If a facility has to scramble to hire, chances are that employee quality will suffer.

Both Will and Soroka, noted the strength of 55-plus community developments. They were not nearly as affected by COVID-19, since they remained open and viable, Will said. Also, they don't require as many employees, because the residents are younger and have fewer care needs.

The 55-plus developments have evolved to better understand their customer base as well, Will said. Most now have better, more attractive amenities.

It's important for senior housing developers and investors to understand that today's senior population is changing. The current generation expects higher quality and better service than the previous generation.

"They tend to be a bit more discerning," Will said.

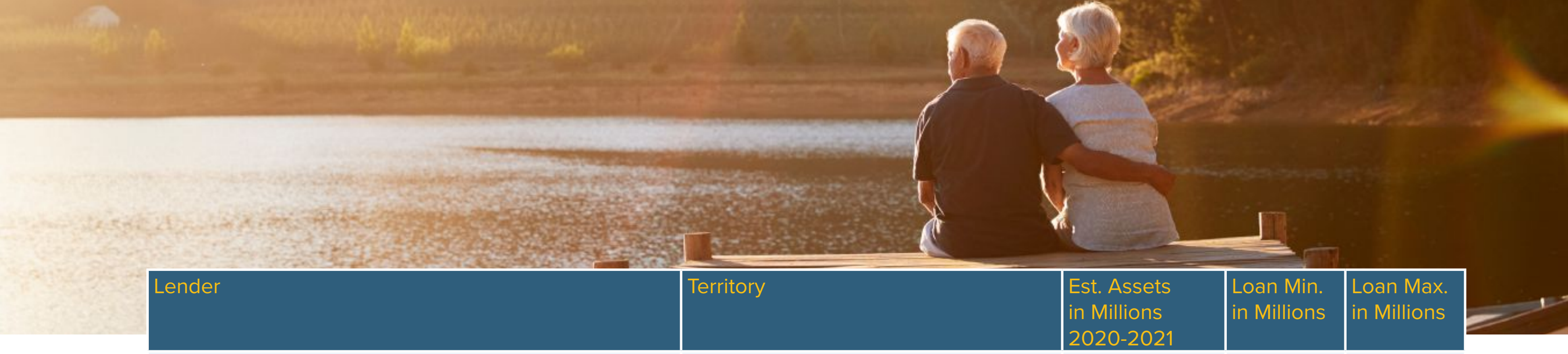
They also are more tech-oriented. And many seek urban environments, so they can be close to theaters, sports and dining, Will said.

"Developers can't be stuck building the same widgets," he said. "They kind of need to be progressive and create the kind of environment and aesthetics that appeal to the next generation of boomers."


ASANOVA STUDIO/ADOBE STOCK

Most Active in Senior Housing
Lenders & Equity Providers

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
3650 REIT	Nationwide	$2,500	$25	$200
ACRES Capital, LLC	Nationwide	$2,300	$10	$80
AFL-CIO Housing Investment Trust	Nationwide	$7,100	$1	n/a
AIG Asset Management	Nationwide	$596,100	$0.05	n/a
Amegy Bank	TX	$1,300	$1	$30
AVANA Capital	Nationwide	$1,300	$0.5	$50
Bank of the West	CA	$96,200	$0.05	$100
Barings	Nationwide	$382,000	$10	$75
BBVA Compass	Nationwide	$10,000	$0.1	$5
Benefit Street Partners Realty Trust, Inc.	Nationwide	$26,000	$5	$150
Bloomfield Capital Partners, LLC	Nationwide	$200	$2	$20
BridgeInvest, LLC	East, Midwest	$400	$3	$100
Broadmark Realty Capital Inc.	Nationwide	$1,187	$0.25	$50
Cadence Bancorp	Nationwide	$4,200	$0.15	$5
Canyon Partners Real Estate, LLC	Nationwide	$23,000	$10	$200
Citibank	Nationwide	$2.26 trillion	$3	n/a
Columbia Pacific Advisors	Nationwide	$1,900	$5	$75
CrossHarbor Capital Partners, LLC	Nationwide	$1,001	$10	$125
Deutsche Bank Securities Inc. Commercial Real Estate Group	Nationwide	$1.3 trillion	$5	n/a
Eagle Realty Group	Nationwide	$4,000	$4	$50
East West Bank	CA, NY, TX, WA	$59,900	n/a	$5
Fortress Investment Group	Nationwide	$53,900	n/a	n/a
Freddie Mac	Nationwide	$2.063 trillion	$1	$7.5
Grandbridge Real Estate Capital, LLC	Nationwide	$73,200	$2	$500
Greystone & Co.	Nationwide	$42,101	$1	n/a
Healthpeak Properties	Nationwide	$14,030	$5	$100
Hudson Realty Capital, LLC	Nationwide	$3,583	$5	$50
Huntington National Bank	Northeast	$175,000	$0.05	$25
iBorrow	Nationwide	n/a	$3	$100
IBS Investment Bank	Nationwide	$3,000	$0.5	$100
INCA Capital	Southwest	$200	$0.75	$15
Inland Mortgage Capital	Nationwide	$1,500	$3	$20
Invesco Real Estate	Nationwide	$66,000	$50	$350
KeyBank National Association	Nationwide	$145,000	$4	$500
Lument	Nationwide	$59,394	$5	$100
Luther Burbank Savings	CA, OR, WA	$7,200	$0.1	$10
M&T Bank	MD, NJ, NY, VI, Northeast	$142,600	$0.35	$5
M&T Realty Capital Corporation	Nationwide	$120,000	$5	n/a
Money360, Inc.	Nationwide	n/a	$5	$30
Northwest Bank & Trust Co.	IA, IL	$221	$0.5	$5
Northwestern Mutual Life Insurance Co.	Nationwide	$11,000	$20	$250
One Nevada Credit Union	NV	$1,200	$1	$5



Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
ORIX Real Estate Holdings and Municipal Finance Group	Nationwide	$107,000	$5	$50
Pangea Mortgage Capital	Nationwide	$800	$2	$40
Preferred Bank	CA, NY	$5,980	$1	$50
Prime Finance	Nationwide	$9,300	$10	$200
Procida Funding & Advisors	CT, NJ, NY, PA	$400	$10	$200
Radius Bank	Northeast	$947	$0.5	$10
Red Oak Capital	Nationwide	$120	$1	n/a
Related Debt Fund	Nationwide	$1,000	$25	n/a
Revere Capital	Nationwide	$350	$2	$30
River City Bank	CA	$3,400	$1	$25
Rockport Mortgage	Nationwide	n/a	n/a	n/a
South End Capital Corp	Nationwide	$2,200	$0.2	$15
Stone Tree Financial	CA, NV, OR, WA	n/a	n/a	n/a
Sunwest Bank	AZ, CA	$1,000	$0.5	$20
Terra Capital Partners	Nationwide	$7,000	$20	$150
Texas Capital Bank	Nationwide	$35,000	$5	$30
Thorofare Capital	Nationwide	$820	$5	$100
Time Equities	Nationwide	$5,000	$3	$50
Torrey Pines Bank	AZ, CA, NV	$2,078	$0.025	$5
Truist Bank	Mid-Atlantic, Southeast	$509,228	n/a	n/a
Umpqua Bank	CA, ID, NV, OR, WA	$2,923	$0.25	$15
USAA Real Estate Company	Nationwide	$30,000	$10	$60
Walton Street Capital, LLC	Nationwide	$11,600	n/a	n/a
Washington Capital Management, Inc.	Nationwide	$7,700	$10	$50
WaterStone Bank	IL, MN, WI	$1,990	n/a	$20
West Bay Capital	Nationwide	$110	$0.5	$25
YAM Capital	Nationwide	$500	$2	$50

This information is from The Crittenden Report's directory of financiers, which tracks all lenders and equity providers. This list was curated by our editors to reflect the most active financiers. Contact names, phone numbers, email and other informaiton is included in the directory, which is available to Crittenden Report + subscribers. Click here to get subscription information.

MEDICAL AND LIFE SCIENCE

Lab boom

Life sciences continue to be one of the hottest asset classes in real estate. Meanwhile, most construction activity is in just three markets: Boston, San Francisco and San Diego.

BY JIM TATUM

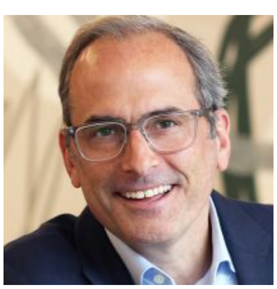
The life sciences industry has been on a great ride, with venture capital being heavily invested into research and development in recent years and the COVID-19 pandemic pushing the need for lab space to new heights.

"Interest in life sciences has never been higher," said Ian Anderson, senior director for research and analysis at CBRE. "We're seeing interest in areas that no one would have even thought of just a few years ago."

Real estate developers are responding with 31.2 million square feet currently under construction. And almost 80% of that is in just three markets.

"The titans of the industry, the big three, are Boston, San Francisco and San Diego," Anderson said. "Surprisingly, not only are they the biggest markets but they are also the fastest growing. So the strongest growth is in the biggest markets."

BOSTON is one of the fastest growing life sciences market in the industry. Its explosive growth is the result of a market anchored by Harvard University and Massachusetts Institute of Technology, located in Kendall Square.



"Interest in life sciences has never been higher. We're seeing interest in areas that no one would have even thought of just a few years ago."

IAN ANDERSON, SENIOR DIRECTOR FOR RESEARCH AND ANALYSIS, CBRE

While small and midsize companies are cautious, Big Pharma continues to add space.

"Few sectors, if any, are completely immune to economic cycles," said Matt Gardner, leader of CBRE's advisory life sciences practice in the U.S. "Even so, the life sciences sector is buttressed by more fundamental, long-term shifts than most industries, such as advances in science and technology, expanding uses for biotechnology, and the long-term trend toward more individualized treatment."

Investment in life sciences real estate was up 62% from 2021, with another 10% in growth expected for this year, according to CBRE. The frenzy is partly attributable to increased funding for research from the National Institutes of Health.

The Biden administration has requested some $62 billion for NIH in this year's budget. Oncology and infectious disease research receive the largest percentage of government funding, but they are not the only areas receiving money and attention. According to the U.S. government's website clinicaltrials.gov, more than 420,000 clinical trials have been established and registered since the organization started tracking that data in 2000.

Numbers like that indicate high activity in research and development, and such activity requires physical space. Therefore, available space is at a premium nationwide.

According to Colliers' 2022 Global

Top Life Sciences Markets

Market	Inventory (Square Feet)	Vacancy	Average asking rents	Tenants seeking space	Total demand (Square Feet)	Under construction (Square Feet)	Preleased (% under construction)
Boston/Cambridge	50,532,136	1.20%	$101.85	124	4.2M	14,864,619	45.20%
Chicago	1,981,818	33.60%	$46.29	22	980,000	281,000	0%
Denver/Boulder	4,790,986	4.30%	$50	25	1.3M	616,381	0%
Los Angeles	8,667,833	10.80%	$51	21	834,000	793,904	29%
New Jersey	20,400,000	7%	$26-$28	16	1M	147,000	0%
New York City	2,516,769	5%	$108.39	64	2M	860,403	0%
Philadelphia	9,287,792	7.80%	$48.34	50	2M	1,387,832	39%
Raleigh-Durham	10,602,265	11.30%	$35-$42	14	800,000	236,250	0%
San Diego	22,920,598	3.60%	$73.68	35	1.5M	4,701,000	23.50%
San Francisco Bay Area	32,627,324	5.80%	$67.73	82	4.4M	5,149,654	26%
Seattle	9,259,554	9.70%	$55.38	20	700,000	1,205,189	20.40%
Washington, D.C./Baltimore	10,709,138	1.40%	$41.46	19	848,500	1,019,666	49.30%
TOTAL	**184,296,213**	**5.20%**	**$55.64**	**492**	**20.6M**	**31,262,898**	**34.10%**

Source: CBRE

Investor Outlook, life sciences was the most popular alternative or specialized class for the second year in a row.

Life sciences encompass a wide spectrum. Research and development is thriving, and biotech is growing faster than it ever has, Anderson said. That has led to historically low vacancy rates in the largest and fastest growing markets.

Boston, which has long been the largest market, continues to lead the nation in life sciences activity. In the second quarter of 2022, Boston's life sciences sector outperformed all others. Some 3.1 million square feet of leasing resulted in more than 2 million square feet of positive net absorption. It was the fifth consecutive quarter with more than 1 million square feet of positive absorption, bringing vacancy rates to 0.7%.

New development has since added to the inventory, so the vacancy rate has risen to 1.2%. There is an eye-popping 14.9 million square feet under construction in Boston, representing almost 30% of the existing inventory.

Such explosive growth is the result of a market anchored by Harvard University and Massachusetts Institute of Technology.

"In all the major markets, a key component is the proximity to major research universities," Anderson said. "In these places, very smart people have managed to not only do exemplary, cutting-edge research and development but monetize it."

The San Francisco Bay Area, the second largest life science market in the U.S., saw 3.9 million square feet of space leased for the year ending first quarter 2022. There was also a record 5.1 million square feet under construction, equal to 15.6% of the existing inventory. The vacancy rate was 5.8%. Venture capitalists invested $90.1 million in life sciences companies in the Bay Area.

San Diego has 4.7 million square feet under construction.

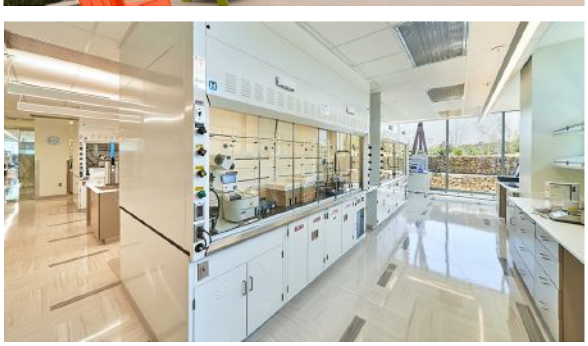
While other markets struggle to compete with these well-established life sciences ecosystems, new hot spots are emerging. Most of the markets with the greatest growth in life science research jobs from 2015 to 2020 were in the south. They included Atlanta; Dallas-Fort Worth; Miami; and Nashville, Tennessee. Salt Lake City also made the list.

Currently, the markets with the most construction activity after the big three are Philadelphia with 1.4 million; Seattle with 1.2 million; and Washington, D.C., with 1 million. Lab space makes up the bulk of this new construction, with nearly 29 million square feet in speculative lab development that was 31% preleased as of Q2. The average asking rent for lab space in the top 12 markets increased by 5.8% to $54.77 per square foot.

Life science jobs in the U.S., including jobs in bioengineering, microbiology, biochemistry and data sciences, have grown 79% since 2001, equating to more than 500,000 jobs. This compares to an average 8% growth rate across all other sectors. Employment increased by 5.5% in the second quarter of 2022, above its three-year average growth rate of 4.6%. The biotech R&D sector had a record 13.5% year-over-year job growth.

The unemployment rate for individuals in life, physical and social sciences was less than 1% in April 2022, despite many new graduates entering the field. In 2020 alone, nearly 164,000 students graduated with degrees in life sciences or biomedical areas.

The tight labor market is partly due to the



Vertex Pharmaceuticals San Diego Research Center in La Jolla, Calif.

ARTEGOROV3@GMAIL/ADOBE STOCK

Most Active in Healthcare

Lenders & Equity Providers

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
1st Source Bank	IN, MI	$5,638	$0.05	$20
3650 REIT	Nationwide	$2,500	$25	$200
A&B Properties	Nationwide	$1,880	n/a	n/a
Bank Rhode Island	Northeast	$1,882	$0.25	$15
Blackburne & Sons	Nationwide	$1,699	$0.1	$3.5
Blackstone	Nationwide	$26,269	$50	$1000
Bloomfield Capital Partners, LLC	Nationwide	$200	$2	$20
BMO Harris Bank N.A.	Nationwide	$973,000	$0.5	$300
Broadmark Realty Capital, Inc.	Nationwide	$1,187	$0.25	$50
Business Loan Capital, Inc.	Nationwide	n/a	$0.5	$10
CMN Funding	Nationwide	$26,870	$2	n/a
Columbia Pacific Advisors	Nationwide	$1,900	$5	$75
Comerica Bank	CA, MI, TX	$73,400	$1	$35
Credit Suisse	Nationwide	$787,295	$2	
CrossHarbor Capital Partners, LLC	Nationwide	$1,001	$10	$125
Deutsche Bank Securities Inc. Commercial Real Estate Group	Nationwide	$1.3 trillion	$5	n/a
Dominion Corp.	Nationwide	$165,380	$1	$40
Eagle Bancorp, Inc.	DC, MD, VA	$10,967	n/a	$150
Eagle Realty Group	Nationwide	$4,000	$4	$50
East West Bank	CA, NY, TX, WA	$59,900	n/a	$5
Eastern Mortgage Capital	Nationwide	$11,600	n/a	n/a
Enterprise Bank & Trust	AR, KS, MO, NM	$12,888	n/a	n/a
Fifth Third Bank	Nationwide	$541,000	$0.125	$10
First Commercial Bank	TX	$394	$0.1	$3.5
Five Star Bank	CA	$4,020	$0.25	$5
Heitman Financial Services Ltd.	Nationwide	$46,000	$10	$200
Inland Mortgage Capital	Nationwide	$1,500	$3	$20
Investors Bank	Northeast	$25,230	$0.5	$50
iStar Financial/Safehold, Inc.	Nationwide	$4,862	$15	$500
John Hancock Real Estate Finance Group	Nationwide	$12,500	$10	$200
Kayne Anderson Real Estate Advisors	Nationwide	$308,000	$25	$1000
KeyBank National Association	Nationwide	$145,000	$4	$500
Knighthead Funding, LLC	Nationwide	$6,100	$2	$75
LLJ Ventures	AZ, CA, CO, CN, ID, MN, OR, WI	$7,000	$5	$30
Lument	Nationwide	$59,394	$5	$100
Macquarie Group Limited	Nationwide	$255,800	$20	$200
Mercury Capital	Nationwide	$30,000	$0.5	$10
Metlife Investment Management	Nationwide	$666,700	$15	$400
Money360, Inc	Nationwide	n/a	$5	$30
National Bank of New York City	NY	$210,160	$0.75	$4

CHOKNITI/ADOBE STOCK

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
Northeast Bank	Nationwide	$2,174	$0.5	$500
Northmarc Capital	Nationwide	n/a	$0.5	$50
Northwestern Mutual Life Insurance Co.	Nationwide	$11,000	$20	$250
Omega Healthcare Investors, Inc.	Nationwide	$9,497	n/a	n/a
Osprey Capital Partners	Southeast	$60.1	$1	$15
Pangea Mortgage Capital	Nationwide	$800	$2	$40
PGIM Real Estate	Nationwide	$1.5 trillion	n/a	n/a
Pinnacle Mortgage Company	TX	$2,000	$0.05	$3
Post Road Group	Nationwide	$450.5	$2	$35
Preferred Bank	CA, NY	$5,980	$1	$50
Procida Funding & Advisors	CT, NJ, NY, PA	$400	$10	$200
QCR Holdings	IA, IL, MO, WI	$4,900	n/a	n/a
Radius Bank	Northeast	$947	$0.5	$10
Regional Capital Group	Nationwide	$15,000	n/a	n/a
Related Debt Fund	Nationwide	$1,000	$25	n/a
Revere Capital	Nationwide	$350	$2	$30
River City Bank	CA	$3,400	$1	$25
Rockport Mortgage	Nationwide	n/a	n/a	n/a
Roxborough Group	AZ, CA, NV	$518	n/a	n/a
Scotiabank	Nationwide	$345,800	$25	n/a
Stone Tree Financial	CA, NV, OR, WA	n/a	n/a	n/a
Symetra Life Company	Nationwide	$58,090	$1	$10
The Washington Trust Company	Northeast	$6,002	$1	$30
Thorofare Capital	Nationwide	$820	$5	$100
Thrivent Financial for Lutherans	Nationwide	$1,100	$2	$25
Trevian Capital	Nationwide	$1,000	$1	$100
Truist Bank	Mid-Atlantic, Southeast	$509,228	n/a	n/a
Western Alliance Bancorporation	Nationwide	$40,000	$5	$50
Wilshire Finance Partners	Nationwide	n/a	$1	$15
Woodmen Life	Nationwide	$11,200	$2	$10
Zions First National Bank	Nationwide	$81,480	$0.25	$8

This information is from The Crittenden Report's directory of financiers, which tracks all lenders and equity providers. This list was curated by our editors to reflect the most active financiers. Contact names, phone numbers, email and other informaiton is included in the directory, which is available to Crittenden Report + subscribers. Click here to get subscription information.

time it takes to gain knowledge and experience. Higher level degrees and advanced research drive breakthroughs, and that level of education and experience takes years to develop.

"Other sectors often can rely more on replenishing the talent pool with new graduates," Gardner said. "Life sciences is different; it doesn't happen overnight."

The strongest talent pools are concentrated on the East and West coasts. However, pockets of talent exist in other areas, which should be taken into consideration, Gardner said.

Anderson noted that the quality and availability of labor are key considerations for any expanding industry, and that's certainly the case for life sciences.

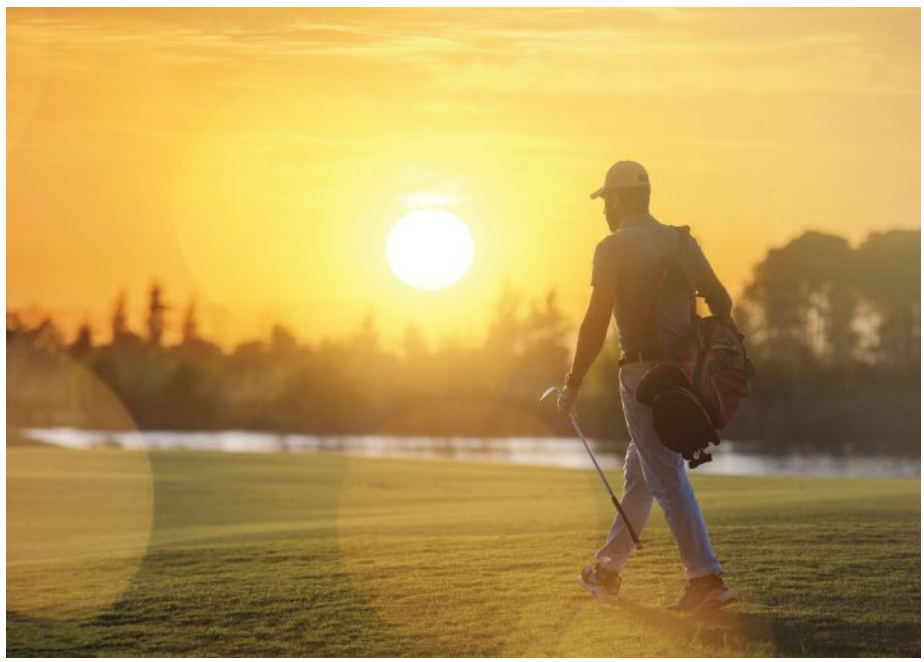
"Lab vacancy rates are tight in most markets, even amid strong construction activity," he said. "Expanding life sciences companies can choose from dozens of U.S. markets, depending on their labor and real estate needs."

GOLF AND MARINA

Back in business and better than ever

Golf courses and marinas are seeing business like never before.

BY TREVOR MASON



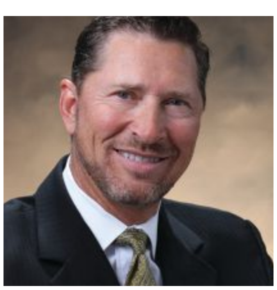
.SHOCK/ADOBE STOCK

Once the black sheep of the real estate market, golf courses are rapidly coming back into favor with investors. The beleaguered asset class has posted record numbers in the last few years, both in terms of per-course earnings and sale prices.

Coming in just as hot is the marina business, which has also posted some the best numbers it has ever seen. Marinas have always been a hot commodity and their value is only continuing to grow.

The biggest driving factor behind this success, of course, is the COVID-19 pandemic. While government lockdowns forced many businesses to close their doors, golf courses and marinas were allowed to stay open, and they thrived.

People found that with little else to occupy their time, golfing was a refuge from at-home isolation. Golf course attendance soared. Public course revenue jumped $1.5 billion from 2019 to 2020 and another $1 billion in 2021.



"Financially, the industry is as healthy as we've seen it since before the Great Recession."

STEVE EKOVICH, EXECUTIVE MANAGING DIRECTOR, LEISURE INVESTMENT PROPERTIES GROUP

Steve Ekovich, executive managing director of Leisure Investment Properties Group, said it was a lucky turn of events.

"Financially, the industry is as healthy as we've seen it since before the Great Recession," he said. "[COVID-19] took an industry that had excess supply of courses and within two years has moved that to excess demand. . . . Initiation fees have gone up; dues have gone up; green fees have gone up; rounds have gone up."

Ekovich said this explosive growth is especially noteworthy because of where the golf course industry was in 2009. Rates went down and stayed down until 2019, when they began to slowly rise. The year 2020 saw a huge leap, which continued through 2021 and looks to be continuing through 2022, though not at the same level.

The growth made poorly performing courses healthy and made healthy courses look like great investments.

"From an investor standpoint, demand has gone up significantly, not marginally," Ekovich said. "Not only do people that currently own golf courses want to own more, but there's this huge influx of non-golf investors who are looking at the yields in golf courses compared to apartments, shopping centers, office and industrial; they are seeing a tremendous arbitrage opportunity and as a consequence are moving into golf."

Things are so good, in fact, that Ekovich is posing this question to anyone looking to get into the market:

"If you've got $5 million out on exchange, are you going to buy an apartment building at a 4% cap rate or are you

going to buy a golf course at a 12% cap rate? What would you choose?"

The only serious impediment is from lenders, many of whom got burned after the 2009 recession.

Banks and lenders were forced to get rid of non-core assets at a loss, and most are leery about getting back in. As a result, most golf course loans are being funded by local banks where the borrowers have existing relationships.

Marinas are just as hot a commodity as golf courses, but with the advantage of never having a black mark against them in the lending community. It is notoriously difficult to get a new marina built because of their environmental impact, but they are so popular and so lucrative that everyone wants a piece of the action.

As the marinas filled up, the demand on space was so high that rates increased across the board and boat owners started to demand a type of concierge service, so to speak. Marinas started to offer more amenities to attract more boaters; fuel is one of the most important amenity package inclusions, especially given the current price of petroleum.

Other amenity features typically include rack space, boat slips, repair centers, boat rentals (to draw in the newcomers), and even restaurants. For example, Lake of the Ozarks has more than 60 waterfront establishments that cater to the needs of the boaters along its 11,500-mile shoreline. Having a restaurant as part of a marina package affords a serious advantage over the competition.

"The boats that are being bought today are bigger and faster than they ever were before," Ekovich said. "There's been a revolutionary change in the design of these boats, and they cost $1 to $2 million. These people are willing to pay a lot for storage, and they demand better services."

Marina space is also not as regional as one might expect. While the majority of marinas in the U.S. are found in warm-weather states in the south — California, Arizona, Texas, Louisiana and Florida, for example — the Great Lakes are some of the biggest inland lakes in the world and are home to hundreds of marinas, despite being located in some of the coldest parts of the country in winter months.

Another advantage marinas have over a golf course is that boat owners are something of a captive audience.

"If people stop playing golf, you don't get revenue from the golf course," Ekovich said. "If people stop using their boat, their boat is still at the marina and they're still paying rent."

DEN-BELITSKY/ADOBE STOCK

DSTOCK/ADOBE STOCK

Most Active for Golf & Marina

Lenders & Equity Providers

Lender	Territory	Est. Assets in Millions 2020-2021	Loan Min. in Millions	Loan Max. in Millions
Apollo Commercial Real Estate Finance	Nationwide	$8,542	n/a	n/a
Bloomfield Capital Partners, LLC	Nationwide	$200	$2	$20
Broadmark Realty Capital, Inc.	Nationwide	$1,187	$0.25	$50
Business Loan Capital, Inc.	Nationwide	n/a	$0.5	$10
CMN Funding	Nationwide	$26,870	$2	n/a
Deutsche Bank Securities Inc. Commercial Real Estate Group	Nationwide	$1.3 trillion	$5	n/a
Emigrant Realty Finance	Nationwide	$15,000	$5	$35
Gamma Real Estate	Nationwide	n/a	$5	$150
Grandbridge Real Estate Capital, LLC	Nationwide	$73,200	$2	$500
iBorrow	Nationwide	n/a	$3	$100
Northeast Bank	Nationwide	$2,174	$0.5	$500
Northmarc Capital	Nationwide	n/a	$0.5	$50
Pacific Premier Bancorp, Inc.	Southwest, Pacific Northwest	$21,000	$0.5	$30
Pinnacle Mortgage Company	TX	$2,000	$0.05	$3
Post Road Group	Nationwide	$450.5	$2	$35
Procida Funding & Advisors	CT, NJ, NY, PA	$400	$10	$200
Pursuit Lending	NJ, NY, PA	$208	$0.1	$5.5
Renasant Corporation	AL, FL, GA, MS, TN	$14,900	n/a	$5
Revere Capital	Nationwide	$350	$2	$30
Rialto Capital	Nationwide	$6,500	n/a	n/a
RRA Capital	Nationwide	$2,000	$5	$40
Scotiabank	Nationwide	$345,800	$25	n/a
Seattle Funding Group (SFG)	West, Midwest	n/a	$5	$20
South End Capital Corp	Nationwide	$2,200	$0.2	$15
Time Equities	Nationwide	$5,000	$3	$50
Walton Street Capital, LLC	Nationwide	$11,600	n/a	n/a
YAM Capital	Nationwide	$500	$2	$50

This information is from The Crittenden Report's directory of financiers, which tracks all lenders and equity providers. This list was curated by our editors to reflect the most active financiers. Contact names, phone numbers, email and other informaiton is included in the directory, which is available to Crittenden Report + subscribers. Click here to get subscription information.

THE BUILD-FOR-RENT BOOM

Rising rents in the multifamily space, partnered with a housing shortage, have led to a major push toward single-family-home rentals.

BY MICHELLE WEYENBERG

When does a trend become a phenomenon? This is the question real estate observers are asking about the build-for-rent movement.

What started as a modest trend about six years ago is quickly approaching hyperspeed. The pandemic accelerated not only the work-from-home trend but also de-urbanization and de-densification, leading families to seek the privacy and space of single-family living. But rapidly rising prices kept single-family homes out of reach for many young families.

Enter build-for-rent, a movement which had already begun growing.

"It's not a tiny market," said Brad Hunter, president of Hunter Housing Economics. "If you look at lots that are being developed, over 10% are being bought for the purpose of build-for-rent."

Build-for-rent starts totaled 85,000 to 95,000 in 2021, according to the National Association of Home Builders. And the units were getting absorbed quickly, showing that demand was higher than many analysts had thought, Hunter said.

JASON/ADOBE STOCK

RIAN/ADOBE STOCK

"We know that all of the build-for-rent developments, with very few exceptions, are getting filled up as fast as units are being completed and delivered," Hunter said. "So whatever the demand is today, it could easily go higher over the next five years. The millennial population is just beginning to hit the age that nowadays people are forming families."

Hunter predicts that the number of units will reach 150,000 by 2024.

Marcus & Millichap reported that a record 1.6 million households will form in 2022, fueled by new job opportunities and household unbundling. This figure will roughly equal the total number of residences expected to be constructed this year, doing little to alleviate the on-going housing shortage, which is particularly acute in the entry-level market.

This year marks a transition point at which more than two-thirds of the millennial generation are older than 30. As millennials get older, many are advancing in their careers and forming families, giving them the resources and the desire to move into homes.

But new home construction has lagged since the start of the Great Recession in 2009, leading to a significant mismatch between interest and inventory.

Single-family rentals can help close this gap and can run the spectrum of affordability.

Location is also a key part of the equation. The pandemic accelerated an ongoing shift away from the Northeast, the Midwest and the West Coast to the Sun Belt and the Rocky Mountains. The lower cost of living in these areas appeals to growing families seeking larger accommodations. The Sun Belt, which stretches from the Carolinas to Arizona, is growing at twice the national average.

ROOM FOR GROWTH

Andrew Carmody, managing director and head of sustainability for Tricon Residential Inc., sees a bright future for single-family rentals as an investment class.

"What we're seeing is a higher demand

From The Crittenden Report

BY SARA HAVLENA

Build-for-rent deals will continue to be highly sought after. This asset class will be growing, and more lenders will strive to enter the game. Lenders could become more aggressive in leverage and pricing because of increased competition.

Some lenders caution that this segment cannot continue to grow at the voracious pace it has been. Also, rising rates could lead to a decrease in valuations.

Count on lenders to focus on the exit debt yield, not necessarily leverage. Look for increased scrutiny on cash flow and sponsorship underwriting for build-for-rent projects. Scrutiny will be placed on sponsors and the underlying asset/cash flow, rather than on just valuation metrics because of likely decreases in value. Debt funds and other higher leverage lenders may pull back on LTC, as debt service coverage ratio underwriting will become more constrained because of the increase in interest rates.

Borrowers will see leverage reach as high as 75% to 80%. Rates will start at SOFR+ 600 basis points. Look for rates to potentially go higher because of the current economic situation for development. Lenders will seek a 7% debt yield and 1.20x DSC. Banks will require some recourse, while debt funds will be non-recourse with standard completion guarantees/carve-outs. Lenders will look closely at the projected costs to ensure no surprises and make sure the borrower is not trending the rents too high. Lenders will also want to be confident of enough renter demand to fill the space.

Lenders will focus on properties in growing markets, especially the smile states. Assets with at least 50 units, ideally not scattered, will be sought after. For standalone build-for-rent projects, it's likely that projects larger than 100 units will remain in demand, as quantities of scale on both the construction side and the operations side will increasingly become important. Lenders and equity providers will gravitate toward larger markets, potentially more infill-type development versus tertiary and remote projects that have been financed in the last 12 months.

Lenders will target deals in growth areas such as Salt Lake City; Las Vegas; Atlanta; Raleigh and Charlotte, N.C.; Phoenix, Mesa and Scottsdale, Ariz.; and the Nashville, Tenn., region. Texas cities such as Austin, Dallas, Houston, Fort Worth, Arlington and San Antonio, along with Florida markets such as Tampa, Jacksonville, Orlando, Kissimmee, St. Petersburg and Clearwater will also be targeted.

Sponsors need 10% liquidity. However, some lenders could start looking for as much as 20% of the loan amount in liquidity as costs continue to settle out. Net worth should be 75% to 100% of the loan amount. Developers with two to three prior finished projects will be the most sought after.

for an essential alternative for families who desire a single-family lifestyle at an accessible price," he said. "But when families choose to rent, they're realizing that they're no longer constrained from renting from 'mom-and-pop' providers. They seek out companies that can deliver great customer service and a high-quality living experience."

Despite the high demand for single-family rental homes, only 2% are under corporate ownership, while "mom-and-pop" investors make up the bulk of the inventory.

That's an opportunity for growth, Carmody said.

Tricon is stepping up to be a part of the solution and capitalize on the need. Last year, the developer announced its first wave of purpose-built, single-family rental communities. Its 23 projects will have more than 3,000 new homes available to rent this year. These communities represent investments totaling more than $1 billion.

"Since last year we have broken ground in five communities located in the Houston, Dallas and Austin metro areas, and the communities are in various stages of development, from initial development to early lease-up," Carmody said.

Tricon also delivered about 4,000 new home sites across a portfolio of highly sought-after, master-planned communities in Texas and Georgia through its partner, Johnson Development Corp.

"Our goal is to be a part of the solution by increasing the supply of high-quality, professionally managed rental housing and developing new for-sale and for-rent housing in the communities where people want to live," Carmody said.

Hunter said Phoenix is where build-for-rent started, and it currently has more projects than anywhere else in the country.

"That tells me that markets like Austin and Nashville, they still have plenty of room to run too," he said.

A company can approach build-for-rent development in a number of ways, Hunter said. For example, developers can add rentals to the mix of any community.

Multifamily housing developers have jumped into the build-for-rent movement.

TRICON RESIDENTIAL'S Trail Creek, located in New Braunfels, Texas, will include 180 single-family houses with three- and four-bedroom options and amenities. Development of the community is expected to progress through 2022, with grand openings planned for the summer of 2023. The development is part of Tricon's build-to-rent pipeline of 3,000 new build-to-rent homes across 23 communities.

"Our goal is to be a part of the solution by increasing the supply of high-quality, professionally managed rental housing."

ANDREW CARMODY, MANAGING DIRECTOR AND HEAD OF SUSTAINABILITY FOR TRICON RESIDENTIAL INC.

But most warn that renters want different amenities than apartment renters.

"The build-for-rent tenant is a totally different tenant," said Mark Peterson, director of the build-for-rent division of SVN | SFRub Advisors. "It's a family, and they are looking for space, a yard, a garage."

Hunter agrees that a yard, a garage and additional space are the key amenities. There is no need to overthink it. Getting the size and number of bedrooms and bathrooms right is more important than common-space amenities.

Peterson said developers sometimes get too creative.

"The more mixed and matched it is, it becomes a far less desirable project at the end when trying to sell," he said.

Hunter advises developers to plan ahead.

"Think early about management and design," he said. "The earlier you do that, you will be more efficient and profitable. Think about what the buyer and investor want."

David Stanford, founder and executive managing consultant for RealFoundations, also recommends thinking about operations early on, as well as choosing a management company in advance.

"Please get the management thing figured out early and [get them] involved in the design," he said. "Share technology and expertise."

Carmody agrees.

"We're improving the housing experience for renters by operating best-in-class hotel-ready homes accessible to everyday families, giving them innovative technologies, renovated homes and new amenities at an affordable price," he said.

Ben Suttles, a partner at Disrupt Equity, said that because the build-for-rent product is unique, developers can charge a premium, which at times may even cost more than a mortgage would on the same size home.

SASIN PARAKSA/SHUTTERSTOCK

The shape of tech

Technology is shaping commercial real estate in four key ways.

BY TREVOR MASON

Technology? In commercial real estate?

Real estate owners, buyers and brokers have never been known as tech pioneers. After all, this is the business that coined the term "livery of seisin" to denote the transfer of property by passing a clump of dirt.

But the tech industry has brought real estate into a new era, and the pandemic gave investors and owners incentive to embrace the changes.

"Technology investment in building is here to stay," said Haniel Lynn, CEO of Kastle Systems, which specializes in security management for commercial real estate. "A lot of building owners and operators realize that there's more that you can get out of your space."

Here are four ways that technology is bringing real estate into the 21st century.

Virtual services

Virtual services such as video calls and virtual tours are vital to any firm's successful interaction with their clients.

"Technology investment in building is here to stay."

HANIEL LYNN, CEO, KASTLE SYSTEMS

Everyone pivoted to video meetings in the wake of the pandemic, and real estate was no different. Now that we're seemingly on the other side, it has become apparent just how handy a tool virtual tours can be. They save on both travel expenses and time.

Many online services offer unguided virtual tours, which are helpful for getting a broad overview of a property. 3-D models of a property paint a much clearer picture of its layout and amenities than a blueprint-style overhead view does.

Aerial drone photography can be useful for showing the exterior layout of a property, especially as it relates to neighboring structures and roads.

Unguided virtual tours can help reduce the time taken up by looky-loos. Prospective clients can quickly ascertain if a property is to their liking with a virtual tour, and if not, they can move on, leaving only the truly interested clients to make appointments for in-depth tours.

Since clients don't have to fight traffic or travel across the country, virtual appointments can start on time. Clients get a good sense of the property from the virtual tour, and after speaking with an agent who can answer questions, they can avoid trips to properties that don't meet their needs.

"We've found almost every company's needs to be different, and what is most well-received is working with them as individual companies to cut red tape and make the process as frictionless as possible."

PATRICK CULLEN,
INVESTMENT MANAGER, MRP

MRP Realty is a developer of commercial, residential, industrial and mixed-use real estate in the Washington, D.C., area. It has an online platform called Navigate which helps streamline the process of shopping for office space. Multiple property types and rental styles are offered, including day-pass working space, virtual offices for conference space, and custom offices for long-term tenants. The Navigate platform provides virtual tours and is flexible enough to manage different usage types.

"We've seen steady traffic so far, and several of the visitors to the site have resulted in tours and membership purchases," said Patrick Cullen, investment manager at MRP. "Our process is streamlined to make growth as simple as possible for our tenants. We've found almost every company's needs to be different, and what is most well-received is working with them as individual companies to cut red tape and make the process as frictionless as possible. We are considerate about what they need in order to grow successfully."

Search engine optimization

Search engine optimization (SEO) is exactly what it sounds like: optimizing the results of an online search engine. Google, Bing and other search engines use analytical data to determine what shows up first when a user performs an online search.

SEO is key to having good brand recognition, as it determines how easily people can find a business and its services online.

Proper SEO takes some work, though. It requires using keywords in web articles and property descriptions that will be recognized by the search engine. It takes time to build up the recognition, and truth be told, some search engines offer higher placement in search results in exchange for payment, so it's not necessarily a level playing field. Regardless, making sure clients can find the information they seek is essential to success.

Smart technology

It sounds like a nonsense phrase, but "the internet of things" is a very real and useful way for property owners to make adjustments to their properties that will improve their clients' experiences. For the uninitiated, the internet of things refers to the way countless devices are connected to the internet. These include smartwatches, cellphones, microwaves, refrigerators, light switches and so on.

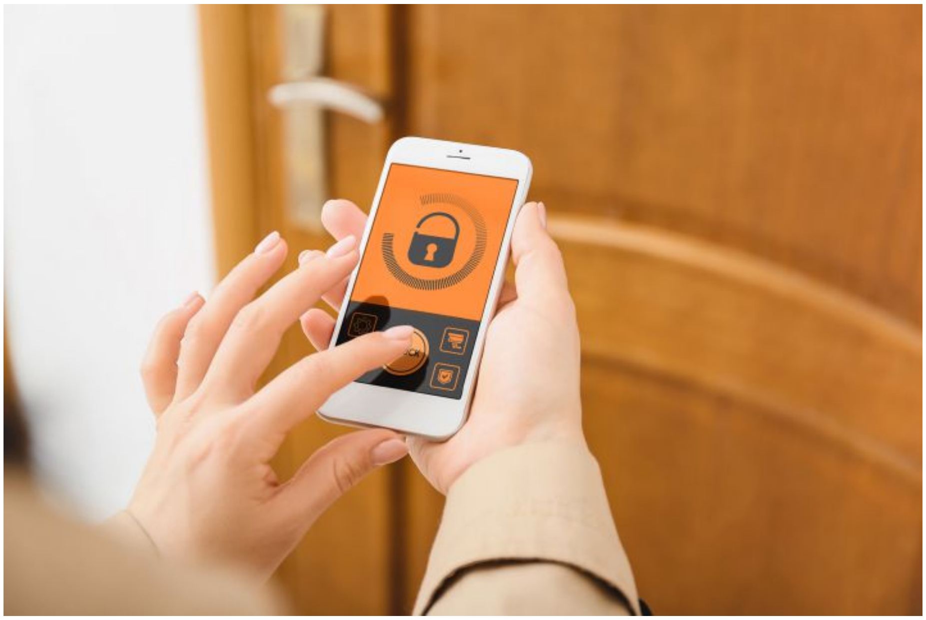
All of these devices track their users' preferences and usage, and this data helps determine how often certain things are used and for how long, the manner in which they're used, and other useful statistics. Not only can a property owner leverage data for current clients, but this technology can help in the search for new properties by determining what features and amenities are of the greatest use and benefit to a potential client.

Kastle Systems is a pioneer in this kind of technology. One of the company's innovations is in mobile access control, using one's personal cell phone instead of a plastic badge for building and parking garage access.

"You just have to walk up to the door, and it knows it's you," Lynn said. "This [system] knows that it's secure to let you in, and you don't have to pull anything out of your pocket."

Lynn said another benefit of the plat-

NATEEJINDAKUM/ADOBE STOCK



PIXEL-SHOT/ADOBE STOCK

form is the analytics that can be generated from the collected data. The building's systems are monitored, and an owner can see how often something such as the HVAC system is used, or how the tenants in an office building are using their space. Is one kind of room layout more conducive to productivity than another? Does one style simply get used more? These are questions that data can answer, and in so doing, inform future design and acquisition decisions.

"The buildings will run more efficiently and more productively as a function of these kinds of technologies," Lynn said.

Machine learning and AI

Machine learning and artificial intelligence might sound like scary science fiction concepts, but they are key to processing and understanding digital data. Using specially built algorithms, companies can process thousands of pages of property data and make comparisons and connections in a fraction of the time it would take a human to do the same job. This data can then be used to inform property acquisition as well as client retention.

Leverton is a company that uses AI to extract and analyze data from corporate and legal documents. The data is just sitting there on servers and hard drives waiting to be used, but it would be impossible to collate and analyze without computerized assistance. Leverton's AI can turn documents into useful, actionable intel.

Abe Somani, Leverton's CEO, said in 2018 that without capturing structured data, you can lose the ability to process information across an entire portfolio. It's difficult to analyze a paragraph or clause, but a list or binary choice (such as a yes/no answer) can be heavily analyzed, he said.

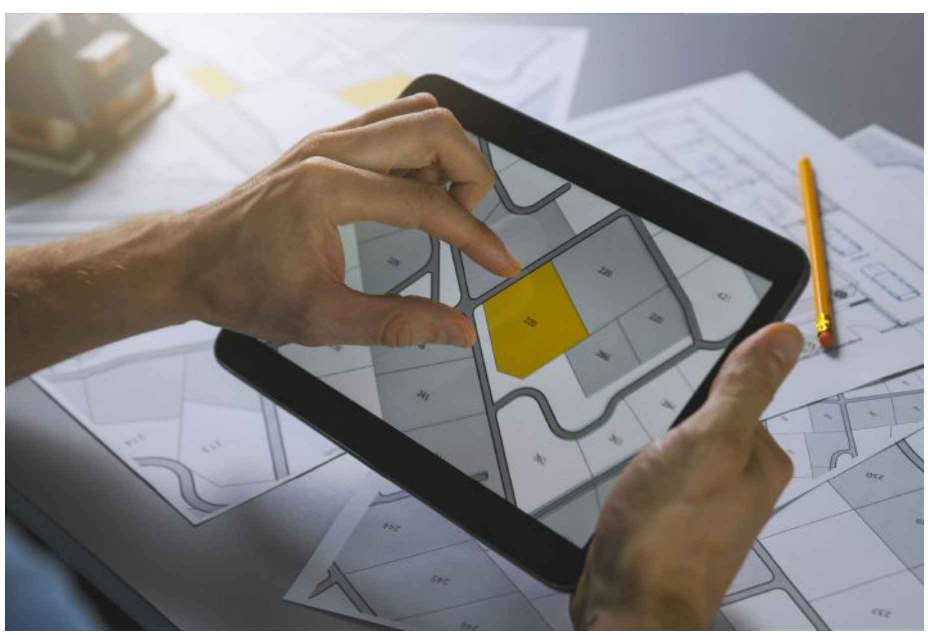
JLL, one of the world's largest brokerage firms, signed an agreement in 2016 to use Leverton's product. Such a large operation produces thousands of documents every year, but Leverton is able to process them and deliver useful insights back to JLL.

CityBldr is another company that is leveraging technology to improve what it can offer its users. Founded in 2016, CityBldr uses proprietary software to identify houses located on underutilized land, then buys them in bulk and sells them to developers to turn into multifamily housing.

In many cities, land will sometimes get re-zoned from residential to multifamily. The homeowners don't necessarily know about the change in zoning. CityBldr identifies these properties, then talks to the homeowners in the area and helps them reach an agreement with a multifamily developer.

CityBldr says its goal is to identify underutilized land to help cities make more efficient choices with urban planning.

Every day, more and more technology is being created to help make thing more efficient and easier to use. Taking advantage of this technology is the key to progress in all industries, and real estate is no different.



RONSTIK/ADOBE STOCK

THE VANGUARD AWARDS:
THE 2022 BROKERS

Movers & Shakers

IN COMMERCIAL REAL ESTATE

WE SPOTLIGHT 10 BROKERS:
6 SEASONED VETS AT THE FOREFRONT OF THE PROFESSION AND 4 UP-AND-COMING STARS.

BY JIM TATUM

VLADITTO/ADOBE STOCK

It may seem easy and straightforward to generate a list of talented commercial real estate brokers. After all, there are many talented people doing many interesting things.

But there are 3 million licensed brokers in the U.S. and 2 million commercial real estate companies. And there's a big difference between good and great.

So, yes, it took some time to pick out these movers and shakers for Crittenden's inaugural Vanguard Awards. The awards are designed to recognize the leaders in commercial real estate who are at the forefront of the industry — people who are innovating, driving change and taking the industry to new heights.

In making the selections, we relied heavily on our longtime Crittenden Report readers, many of whom have been with us for the majority of our 50 years in publishing.

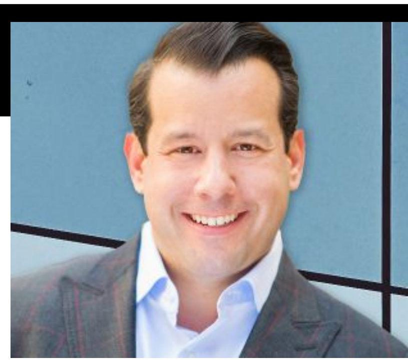
This first presentation of the awards focuses on brokers — the experts who help buyers and sellers, lessors and lessees, by successfully crafting complex financing.

One of these brokers has helped close more than $300 million in multifamily deals in San Francisco and Los Angeles yet still finds joy in putting together and closing deals that include affordable housing in markets that have a desperate need.

Another broker notes the deep satisfaction he derives from developing creative financing solutions for out-of-the-ordinary projects.

These movers and shakers, whether they have been in the business a while or are up and coming stars, often share similar traits. They don't rest on their laurels. They continually set high goals and push themselves. They think positively because they know every challenge yields opportunity. And they love what they do.

So, without further ado, we introduce our 2022 Vanguard honorees in commercial real estate brokerage.



MICHAEL ZYSMAN

CITY BAY CAPITAL LLC, MIAMI
STRUCTURED FINANCE ADVISORY

Zysman is the owner of City Bay Capital LLC in Miami and has more than 23 years of experience in commercial real estate. He's been involved in more than 145 transactions, totaling $2.2 billion. They've run the gamut from multifamily, office, retail and industrial to affordable housing, student housing, military housing, condo conversion and ground-up development.

Before launching City Bay Capital, Zysman was a director at Arbor Realty Trust. Prior to that, he held acquisition and asset management roles at real estate and development firms.

While Zysman started college as a pre-med student, he switched to business after taking a few economic courses. Landing an internship at a private equity firm gave him the opportunity to learn how much he liked the business.

Zysman started City Bay Capital seven years ago and has grown the company every year, specializing in finance advisory.

"I really love helping clients grow their companies, watching pieces of land turning into buildings, coming up with creative solutions for complex problems," he said. "We take a 40-step approach. I want to be 40 steps ahead, anticipating every issue, to really help clients navigate a complicated process."

Zysman said he prefers working on complex transactions that require creative solutions. For example, he has been working on a multimillion-dollar ground-up project in Manhattan which will be a European-style hostel. The unorthodox project is different from the more standard ones with which banks are more comfortable.

He said putting together such a deal requires attention to detail, strong relationships with the banks and an ability to present decision makers with the information they need to greenlight financing.

"Open books, open notes, absolute transparency, making sure everyone moves on the same page, is always the best policy," he said.

Zysman says he does see a few market headwinds but does not believe the distress in this cycle will be as severe as the global financial crisis.

"It will most likely be limited to over-leveraged real estate with inexperienced sponsorship, which is a small percentage of the market," he said. "Most loans in this cycle were well underwritten. Rent growth increases will likely counteract any increases in interest rates, which should help keep valuations on prime assets with prime sponsors relatively strong."

JON KREBBS

MULTIFAMILY GROUP, DALLAS
MULTIFAMILY SALES

A founder and managing partner of the Multifamily Group, Krebbs specializes in asset valuation, marketing coordination, property tours and contract negotiations for sellers. In the past 12 months, he's been involved in 15 transactions totaling 2,320 units with a total worth of $206 million.

Prior to forming Multifamily Group, he was executive director of investment sales at Sperry Van Ness and finished as the company's 22nd highest performing broker in 2016. Prior to that, he was a top producer at the Henry S. Miller Co. in Dallas.

He said the book "Rich Dad, Poor Dad" motivated him to study business, which ultimately brought him to commercial real estate. He bought his first property, a fourplex, in 2005, and became a full-time broker in 2013.

"Commercial real estate is one of those places you can make stuff happen," he said. "You can do all kinds of things to connect the dots, put deals together, see who's buying, who's selling, where the opportunities are. Sometimes it's hard to get in contact with property owners, so it's fun to try to find them and connect with them."

Krebbs said he wants to see his firm continue to grow, and he also wants to acquire more real estate assets of his own.

He remains optimistic about the market. Rising interest rates are causing some challenges, but the demand is there and will be for some time. Of the top 10 fastest growing metro markets in the country, four are in Texas, he said.

"Deals are a little more challenging, they take a little longer, you have to look a little harder to find them, but I think the market will go up even higher than we've seen, just because of net migration," he said. "If you look at where people are moving, (Texas is) one of the biggest destinations."

ADAM LIPKIN
GREYSTONE CAPITAL ADVISORS, NEW YORK FINANCE ADVISORY

With some 20 years in the business, Lipkin has built a reputation as a creative, solution-oriented thinker. He has developed a deep knowledge of capital markets as well as expertise in Commercial Property Assessed Clean Energy (C-PACE). This background helps him craft innovative debt and equity solutions and develop large-loan-agency and FHA opportunities for his clients.

"He's very knowledgeable, practical and creative, just a very bright guy," said Brent Connell, VP of Geneva Capital, of Lipkin. "He has an ability to get complicated transactions done. A lot of people say they can, but he does it."

Lipkin has held various roles during his career, including executive director of Counterpointe Sustainable Real Estate and a vice president with Granbridge Real Estate. Earlier in his career, he worked in capital advisory with HFF and a boutique advisory team, Olympian Capital Group, which arranged more than $2 billion in senior and mezzanine debt, preferred equity and joint venture equity.

ALLISON JOHNSTON FRIZZO
HART COMMERCIAL, DALLAS OFFICE AND INDUSTRIAL LEASING

Less than 15 years into her career, Frizzo is one of the most influential women in commercial real estate, running her own firm while mentoring several other women and founding a networking group for female brokers.

It helps that she is living her dream. Frizzo is the managing director of Hart Commercial, which she and her friend, Tanya Little, launched when COVID-19 put the world on pause. Prior to Hart Commercial, Frizzo worked with Gaedeke Group, JLL and Spire Realty Group.

Frizzo credits her love of commercial real estate in great part to her mother.

"I was set on pursuing a career in commercial real estate after watching my mom successfully own and operate her own brokerage firm since her late 20s," Frizzo said. "She would even bring me along for office tours at the ripe old age of 4. So, I guess you could say I got a very early start."

Persistence is key in this business, as Frizzo learned in 2009, when she found herself fresh out of college and trying to launch a career during a major recession. Despite a dismal economic landscape, she moved back home to Dallas and began knocking on doors.

"It took a few years of making the rounds, meeting with various brokerage firms and developers, to break in, but I'm glad I never gave up," she said. "The past 11 years have been filled with great opportunities and the ability to learn so much about this industry, and Dallas."

Frizzo specializes in leasing office and industrial space. She has leased space in some of the most iconic buildings on the Dallas skyline, as well as in prominent new office developments and adaptive re-use projects.

She is bullish on the commercial real estate market.

"Markets in Texas are strong," Frizzo said. "Office is going well; industrial, medical and retail are on fire. Texas was the first to recover in the last recession, and I think it will happen again."

Not only was Texas the first state to lift COVID-19 restrictions but also, with the state's business-friendly climate, major corporations are becoming increasingly active in the state, she said.

"In Dallas-Fort Worth, office rents for new developments con-

EVAN KINNE

AXCS CAPITAL, NEW YORK
FINANCING

Kinne is the president and managing director of AXCS Capital. He has more than 20 years of experience in commercial real estate and has arranged more than $2 billion in capitalized value of complex debt and equity financing.

Ed Steffelin, CEO of AXCS, said Kinne's sharp intellect, tireless work ethic and optimistic outlook combine to make a great colleague and business partner.

Steffelin and Kinne left GS Partners to launch AXCS, and they subsequently acquired GS Partners.

Kinne has been especially involved in the technology side of the business, Steffelin said. He has helped improve customer service by using technology to make the process more seamless and more transparent for the client.

KALLI KNIGHT

COLLIERS, LOS ANGELES
MULTIFAMILY SALES

A senior associate at Colliers in Los Angeles, Knight joined Colliers four years ago and has earned the trust and respect of her clients through her work on a number of high-profile transactions.

Prior to arriving at Colliers, Knight worked for several years in digital marketing, which helped her hone her market insight.

She has completed many notable transactions, including the $46 million sale of Hollywood landmark The Gershwin apartments, a $21-million portfolio of AB14 non-rent-control multifamily units in Hollywood and Koreatown during the pandemic, and the sale of new construction in Silverlake at a record $680,000 per unit.

"We are in a real estate cycle that offers top brokerage teams ample opportunity to thrive," she said. "It's an environment to communicate your ability to successfully navigate the current climate with limited buyers and a growing number of frustrated owners."

During the past two years, her team has sold through the pandemic, overcoming its effects on property incomes caused by delinquencies, vacancies, rising expenses and the inability to evict tenants.

"Now, we must continue to master challenges with California legislation, inflation, civil unrest, and the war in Ukraine while learning how to navigate the repeatedly fluctuating interest rates," she said. "In an environment where sellers still want to transact, many obstacles exist."

tinue to rise to combat inflation costs, and vacancy rates have remained stable," she said. "We are also seeing more proposed and speculative projects come online, which proves that the demand remains strong for office users coming to the state and companies growing locally."

Because she has had the good fortune to learn from great mentors, helping others—especially women—is as important to her as the deals and transactions she handles.

Early in her career she founded Ladies in Commercial Real Estate, a group focused on helping women in the business make contacts and develop their networks. The organization has two chapters and more than 700 members in the Dallas-Fort Worth area.

Meanwhile, about 50 women have interned at Hart Commercial in the past three years, Frizzo said.

"I love the inner workings of the business, meeting people, making contacts," she said. "And I love doing what I can to help uplift women."

Outdoor spaces, such as this zen garden in Frizzo's outdoor yard, have become increasingly important amenities to commercial tenants.

SULLIVAN ROCHE
FLOCK & AVOYER COMMERCIAL REAL ESTATE, SAN DIEGO
RETAIL AND MIXED-USE LEASING

Roche has been described as "a boots on the ground, does his homework broker." He is an exclusive leasing agent for retail and mixed-use projects in San Diego County, providing full-service tenant representation to retail businesses and franchisees as well as landlord representation, consulting and representation for 1031 transactions, and buy-side representation for single-tenant lease investments. He has been involved in sale and lease transactions totaling more than $41 million.

Roche says he especially enjoys working in tenant representation.

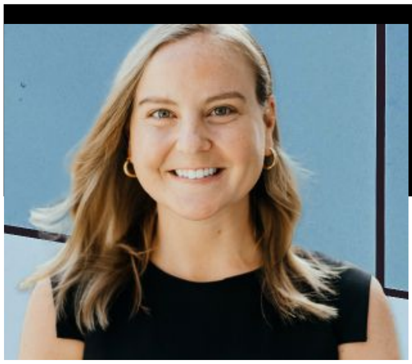
"For me, the memorable moments are characterized by the teamwork and dedication involved in overcoming challenges," he said.

An example of this is a 1031 tax-deferred transaction he worked on with Steve Avoyer, president of Flock & Avoyer, and Executive Vice President Gael Courtenay.

"Given the timing and complexities of a like-kind exchange, collaborative teamwork and the ability to react quickly to market conditions were critical in facilitating a successful transaction," Roche said.

He says geographical restrictions and hurdles to new development make for a competitive marketplace. In addition, retailers and restaurants continue to face staffing challenges and profit margin erosion because of inflation, supply chain issues, permitting and construction delays.

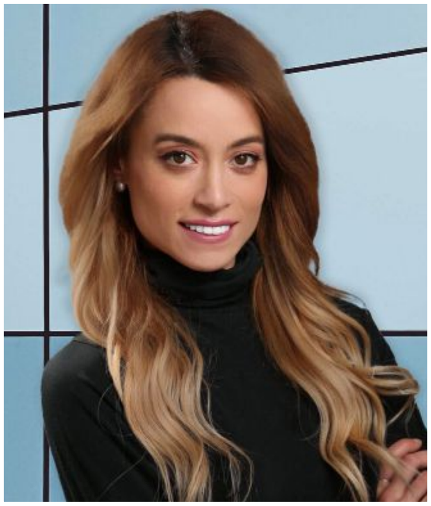
Nonetheless, San Diego's tourism appeal and exceptional quality of life will continue to help make it a desirable market for retailers and operators of all kinds, he said.



KELLY NICKELE
MID-AMERICA, CHICAGO
RETAIL AND URBAN PRODUCT LEASING

Nickele, a senior associate at Mid-America Real Estate Corp., specializes in urban product leasing and tenant representation. Having grown up in downtown Chicago, Nickele understands the urban retail landscape and the intricacies of each market. Since joining Mid-America, Nickele has brought in a variety of news clients, from Med Spa to clothing retailers.

"She is establishing herself in the Chicago retail real estate industry as the go-to source for all new leasing and deal activity in the market and is also fantastic at establishing trust with those same peers," said Mid-America Principal Greg Bayer.



ANNA KAMPLING
COLLIERS, LOS ANGELES
MULTIFAMILY SALES

Kampling has excelled in two markets in the past seven years, and her career trajectory continues its ascent.

Kampling started her career working with several tech startups in the San Francisco Bay Area. While she enjoyed the excitement of working in an entrepreneurial climate, Kampling said she found that after a few stints with several short-lived startups, she wanted to work in a field with more stability.

A friend suggested commercial real estate. She wasn't sure about following that career path until someone else who worked in commercial real estate told her she would never make it in the business. She rose to the challenge, made cold calls, found a job with Colliers, and proceeded to learn all she could.

"It takes about two years to really learn a new market," she said.

After about three years, she had helped close several deals worth a total of $214 million. She then moved to Los Angeles four years ago and joined the Kitty Wallace Colliers team. In the last two years, her work has started to significantly pay off. So far this year, she has closed more than $200 million in sales for 563 units.

"I've kind of found a niche in working off-market institutional," she said. "I've been able to work on different projects, which has been great."

Kampling said teamwork, persistence and discipline are important to making it in this business, and those are things she has found in her current work environment.

"Our team is just great. Everyone really supports each other, and there is probably no better mentor than Kitty Wallace," Kampling said.

One important aspect of her job is cold calling. Yet, making cold calls every day, without fail, takes discipline and drive.

"I find it so interesting, going in with nothing, then making the calls and coming out with something new," she said. "The thing is,

Nickele says she has a passion for all things retail and real estate. She notes several interesting trends she is seeing in the Chicago retail market.

In the soft goods sector, she sees the luxury industry continuing to flourish in the Gold Coast and digitally native brands continuing to expand in the Armitage & Halsted, Southport Corridor, and West Loop neighborhoods.

In the Food & Beverage industry, she predicts that local hospitality groups will continue to re-invest in the market by opening multiple complementary venues in the same neighborhoods, while Chicago will continue to attract attention nationally for further growth.

She noted that some of Chicago's major urban areas have seen significant absorption, meaning that available space will be the biggest challenge moving forward.

"She has proven her ability to understand current market conditions and then form judgments about trends," Mid-America Principal Stanley Nitzberg said. "This unique capability has allowed Kelly to support Mid-America's retail clients in making well-informed and profitable real estate decisions. She is as comfortable working with a retailer just entering the brick-and-mortar phase of their growth as she is with institutional clients with multibillion-dollar investments."

Kampling has been involved with several large closings in the Los Angeles area over the past year, including K Street Flat, Yorba Linda, Garden Grove and The Knolls.

TAYLOR WOLFF
TRANSWESTERN, DALLAS
HEALTH CARE

How do you get named to a movers and shakers list after only two years in the business? In Wolff's case, you come from a real estate family.

"My mom has been in real estate for as long as I can remember, and I was exposed to some pretty incredible industry leaders through her," Wolff said. "Graduating with my MBA in 2020 and attempting to enter an industry essentially on a nationwide hiring freeze was challenging at best, but I had so many people rally behind me and encourage me that it just solidified my decision that this was where I needed to be."

Wolff is an associate with Transwestern's health care team in Dallas, where she handles transaction management, office tenant advisory, leasing, market analysis and strategic real estate planning.

"I've been fortunate to have mentors and managers around me that have trusted in my ability," she said. "Currently, I am working on several high-profile real estate assignments that have allowed me to be exposed to and learn from the very nuanced challenges that health care real estate presents."

Wolff predicts that the medical real estate market will continue its robust growth trajectory. Quite simply, she said, changes and innovations happen every day, which means new opportunities are being created every day.

you just never know who you're going to talk to or where it's going to take you."

One of those calls connected her with entrepreneur Don Sterling, former owner of the L.A. Clippers. She said Sterling has become a friend and mentor, introducing her to people who have led her to closing several deals.

"All that from just one phone call," she said.

Kampling said she is especially glad to have worked on deals involving affordable housing. Los Angeles is an expensive place to live, and that high cost of living is exacerbated by a historically low inventory of affordable housing.

Despite some regulatory and economic headwinds, she sees multifamily, particularly affordable/worker housing, growing for some time, especially with the state of California moving to incentivize it.

"Multifamily is going to continue to stay strong," she said. "There's a huge affordability shortage out there, both in home ownership and rental.

"It's an exciting time. Even with slowdown, there is opportunity to find deals, and it's exciting to be part of it."