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Greystar rides the apartment wave

COMPANY NOW MANAGES 20,000 UNITS IN 72 COMPLEXES



Brandon Rich, managing director for Greystar's Denver region. The firm's metro Denver properties total 20,000 units.

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Apartment buildings are a major economic driver in Denver and a powerful revenue generator in commercial real estate today. But in the early 1990s, multi-family projects were not seen as an institutional asset class on par with office and retail developments.

At the end of the savings and loan crisis, many apartment complexes were in foreclosure

and ripe for acquisition at low prices.

Out of that dynamic came Greystar Real Estate Partners LLC, now the second-largest commercial property manager in metro Denver.

Greystar was founded in 1993 by Bob Faith, who had previously worked with national developer Trammell Crow Co. and institutional investor Starwood Capital. Faith continues to run the company from its headquarters in Charleston, South Carolina, with some 420,000 apartment units under management nationwide and

holdings in the United Kingdom, the Netherlands and Mexico.

He founded the company with the goal of becoming an institutional investor in apartment properties, something that most companies didn't specialize in at the time, Faith said.

Today, Greystar has three major service lines: property management, investment management and development.

The cyclical nature of real estate allows the company to capitalize on the market in different stages, even when there's a downturn, Faith said.



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During busy times, Greystar's development arm kicks into gear, building new projects, such as Elan Union Station, a 314-unit apartment project that sits atop the much-anticipated King Soopers at 20th and Chestnut in downtown Denver.

The apartments range in price from \$1,580 per month for a studio to \$4,305 per month for a three-bedroom and the complex includes an elevator that deposits residents directly into King Soopers, the only grocery store in the LoDo area.

But when markets slow down or even enter recessions, Greystar's property management arm still operates, keeping track of properties built during better times.

Greystar first entered the Denver market in the late 1990s, Faith said, and had grown its presence here to manage nearly 19 million square feet in the metro area.

Greystar's properties in metro Denver encompass 20,000 units in 72 apartment complexes, said Brandon Rich, managing director for the Denver region. The company manages mostly Class A and B properties, but also takes care of some affordable housing projects, he said.

The company's metro Denver holdings are scattered across the metro area from Boulder to Highlands Ranch and from Golden to Aurora.

The Denver regional office

employs about 400 people locally and another 200 in the region, which includes properties in places like Salt Lake City and North Dakota.

Growing in management

All the new development in Denver means that Greystar's management business is growing.

Momentum Development, a Denver-based developer, chose Greystar to manage its latest project, a 155-unit apartment complex in Lakewood. Construction on the project – called West Line Flats due to its proximity to the Lamar Station on RTD's West Line – began earlier this month and is expected to take about 16 months.

Momentum toured through several apartment communities that were in the lease-up phase when deciding on who would manage its new project, said Jeff Temple, principal at Momentum.

"When Greystar was in charge, the projects were always doing well," he said.

The multi-family market, particularly in Denver, has taken off in recent years, with nine-figure institutional sales becoming more common and new development being announced every day.

The entire metro area was home to 311,871 apartment units as of the third quarter of 2015, with 2,022 new units added in that quarter alone, according to the Apartment Association

of Metro Denver's most recent report.

Several commercial real estate watchers in recent months have raised questions, and in some cases, concerns, about the apartment market, suggesting that over-building could be an issue as developers try to keep up with the demand for apartments in a housing market that consistently notched record-high prices throughout 2015.

But Faith remains confident about Denver's apartment market, as long as existing demographics remain in place. Denver is popular among two large age groups that currently favor apartments, for one reason or another: baby boomers and millennials.

While new apartment buildings might make concessions to renters while trying to lease up, rents in those projects will stabilize and be profitable for owners and managers.

In addition, Faith said, while prices are going up in Denver, the city is still more affordable than other cities, particularly on the coasts.

Denver's average apartment rental rate increased by 12 percent over the previous year to \$1,292 per month in the third quarter.

"The folks who like to preach doom and gloom (about Denver's apartment market), I think are going to be wrong," Faith said.

He's ready to put his money where his mouth is, with plans currently in the works to build a new apartment tower at Speer Boulevard and Bannock Street in downtown Denver that will include around 300 units. The project is still in the planning stages.