

From the Denver Business Journal

:http://www.bizjournals.com/denver/blog/real_deals/2014/02/behind-the-record-setting-cadence.html

Feb 26, 2014, 1:05pm MST

Behind the record-setting Cadence apartment sale at Denver Union Station



[Dennis Huspeni](#)

Reporter- Denver Business Journal

[Email](#) | [Google+](#) | [Twitter](#) | [Real Deals blog](#)

Another project completed for **Zocalo Community Development Inc.**, [another record-setting sales price](#) for the newest downtown Denver apartment complex.

Zocalo, and equity partner **Principal Real Estate Investors**, [Friday sold its newest development](#), Cadence Union Station, for \$70 million.

That price sets a new benchmark for multifamily assets in Colorado, both in terms of price per unit (\$319,634) and price per square foot (almost \$400), said Mountain States Moran & Co.'s [David Martin](#), who represented the sellers with partner [Pam Koster](#).

They represented Zocalo for the prior record-setting sale of Solera in 2011, a 120-unit tower at 1956 Lawrence St., for \$308,333 per-unit.

"This sale means good things on all fronts," said Martin. "One thing I can say that's very important: We presented this to eight groups initially. Four of those eight wanted to buy it. Some already owned downtown, or are building there, which shows you how good downtown is. ... Despite the supply being delivered downtown, they were still bullish about it."

ARA research shows 5,087 apartments are under construction in the central business district and set to deliver by 2015.

Cadence is Zocalo's third apartment tower downtown, with Solera and neighboring 2020 Lawrence.

They all share similarities: LEED certification; renter-friendly amenities like velo rooms; and prime location.

"You can't underestimate the importance of **Denver Union Station**, for Denver and the entire front range," said Martin. "It's a big big deal not only to residents, but investors as well."

Martin and Koster had the 219-apartment, 13-story property priced last March. It sold to an institutional client of **Invesco** Real Estate.

"When you set the value in advance like that, number one you have to have a cash buyer — there's no loans in that situation," Martin said. "There's just a limited base nationally of investors who fit that bill, and we know who they are. It didn't lend itself to broad marketing."

Invesco actually bought it at a discount compared to someone who would have purchased it fully leased and stabilized, he said. Cadence is 20 percent leased, having just got its certificate of occupancy in January. Rents are already exceeding the pro forma, Martin said.

So what's [Zocalo's magic formula?](#)

Principals [David Zucker](#) and [Chris Achenbach](#) "bring a certain level of passion to their developments," Martin said. "It's a testament to this model of not mass-producing, and they focus like a laser beam on one project. Their Cherry Creek project is just going to be dynamite. [Zucker] takes a long-term view of what's best for the residents, investors and what's best for the environment. They bring all three ingredients to bear on their developments and that's not an easy thing to do."

Zocalo is set to break ground in the next three months [on its new Cherry Creek project](#) at First Avenue and Steele Street.

The Cadence deal continues an already-strong start of 2014 for Martin and Koster, among the top multifamily brokers in metro Denver.

The duo brokered the January sale of the 324-unit Terra Vista at the Park, at 5425 South Federal Circle, Littleton, for \$39.2 million. They represented seller **Mesirow Financial** of Chicago. Aukum Management LLC, a California-based investor, picked up the asset — it's fifth apartment asset buy in three years here.

"Most of the value-add work on Terra Vista had been done by the seller, so it really was much more stabilized," Martin said. "It was an ideal product as it had already been rehabbed."

With almost \$1 billion in deals in the last two years, Koster and Martin are clearly riding the wave of momentum in metro Denver's soaring multifamily market.

Dennis Huspeni covers real estate and retail for the Denver Business Journal and writes for the "Real Deals" blog. Phone: 303-803-9232.