Chris Tokarski:

If you're an institution and you said, "I want to access fixed rate long term mortgages," you would have to go through a whole process to hire staff, market, build a reputation. And when you're building a lender without a reputation, you wind up... You're the lender of last resort when you start, if you don't have a reputation and you're not providing a level of certainty, so you wind up having to stretch all over were the place to make loans, whether that's on deal terms, structure, pricing, in order to win business. And the reputation that we've built and the presence that we have in the market, people understand we're going to do what we say and there's not going to be a question whether we're going to execute or not.

Matt Slepin:

Hi, this is Matt Slepin and welcome to Leading Voices in Real Estate. Today's interview is with Chris Tokarski, the co-CEO of ACORE Capital, one of the nation's largest private real estate debt providers. We met on January 26th at Chris's office in Marin County, California. We've only covered debt a few times on Leading Voices, the last time with the retiring head of real estate for Wells Fargo, Mark Myers. So we were overdue on the topic and oh my, how the overall commercial real estate debt business has evolved in particular with the ascendancy of the real estate debt funds and other private lenders and mortgage REITs. You all know that I'm a real estate industry history buff, so the conversation with Chris places some context around the different types of lenders in commercial real estate, the drivers for each, and the unique role of companies like ACORE, particularly in transitional lending.

Back to the history buff, this is the first time on the show, which is actually hard for me to believe, where we talk about the genesis of CMBS and the role that Nomura, then the leading innovator in the space played in the inception, then growth of that business. Nomura was known not only for its innovation, but a pretty extraordinary culture and team led by Ethan Penner and its industry event rock concerts, the last of which happened here in San Francisco with Joni Mitchell, which we'll talk about on the show. Chris was just a kid then at Nomura, but he and a team from Nomura then stuck together for the last 25 years as a group, as they built various businesses and now ACORE. For me, the core then of the podcast is the story of how a team could stick together, be able to finish each other's sentences, but not drive each other crazy and achieve great results. It's the ability to understand deeply the context of things that for me is one of the secrets of being good at executive search and indeed being successful as a consultant.

At Terra Search Partners, we pride ourselves on either bringing that context to the table or having the curiosity to dig deep and quickly understand the business problem through which we can then bring the discipline of executive search to bear. It's also part of what I love about hosting these podcasts, since both for myself and for you, the listeners, I keep diving back into and exploring these different niches in real estate. Since everyone in real estate relies on leverage, I think this is one of those podcasts in the series that everyone should listen in on. So please share this episode with a friend and business colleague, please rate us on your podcast app and feel free to email me at matt@terrasearchpartners.com if you have comments or questions. I hope that you enjoy the conversation with Chris.

Chris Tokarski, it's really good to see you. I'm here in your office in Larksburg, California, a town I lived in for 10 years, so I'm thrilled to be here. We're looking over the water, we're looking over the highway, we're looking over the ferry and we get to talk about ACORE and real estate, commercial real estate debt today, so I'm thrilled to see you and get to chat about that.

Chris Tokarski:

Well, I'm glad you could make it down here. I know it was a long drive for you, so thanks for coming. And it's a beautiful place to come to work every day, so I feel very fortunate.

Matt Slepin:

Yeah. So for our guests, just talk briefly about ACORE, what it is and then where your business fits into the overall commercial real estate debt world, and we'll drill down on what that means, but kind of do the two second introduction, then we'll get into it.

Chris Tokarski:

ACORE Capital is one of the largest non-bank commercial real estate debt providers in the US. We have over a hundred employees and five offices across the country. On one hand, we help large institutional capital sources invest in commercial real estate debt without any footprint or employees. While on the other hand, providing large commercial real estate owners with a reliable, smart, flexible lender that acts like a partner versus a traditional lender. We focus on traditional lending on all property types across the US, including pre-development and construction, as well as light and heavy rehabilitation loans. On a more selected basis, we originate mezzanine and preferred equity positions.

Matt Slepin:

What's the average hold period or term that it is outstanding in that kind of business?

Chris Tokarski:

Typical bridge loans are 3 + 1 + 1, so a total of five year term. After three years, there's an extension option that needs to be exercised. And then the subsequent extension option. We do do loans from anywhere from one year to seven years, but 80% of what we do winds up being that 3 + 1 + 1.

Matt Slepin:

Got it. And talk about your business and your colleagues in your business niche as compared to other types of commercial real estate lenders, banks, life companies, GSC's conduits, kind of put it in context of that overall market.

Chris Tokarski:

So we focus on balance sheet lending. And what that means is when a borrower takes a loan from us, we are going to keep that loan and any issues they have, any questions they have, anything that they need, they call us and we're dealing with that borrower and we can work with them more in a partnership. That's what really ACORE tries to do and differentiate ourselves with our clients, is we really want to be a partner with our clients. We want to do repeat business and we want to be friendly and helpful. As you compare and contrast the different lenders, insurance companies historically have all been balance sheet lenders and borrowers like insurance companies for that reason. They have a relationship, that relationship's there and it's an ongoing dialogue on any issues. And if you compare and contrast that with agencies or CMBS, which I spent a lot of my career in, maybe we'll get into that a bit later about why I'm not doing it anymore, but CMBS is just difficult for a borrower.

CMBS is fine if you don't ever need anything, you can get a great loan at a great rate, but if you ever need to talk to anyone, it's very difficult. It's very cumbersome. If you want to change anything, sell the property, whatever you want to do, there's just a lot less incentive for the other side of the transaction to be working with you and help you if you're a borrower, once that loan's been securitized. And there is a process and it does work, it's just everyone that's gotten into that gets frustrated. The GSCs are a little bit better because you're dealing with at least the lender that made the loan and they have ongoing relationships with Fannie and Freddie, so the agencies are relatively friendly when you think about securitized loans. And for the most part, banks in theory are relationship-based lenders if they're not securitizing the loans, every bank securitizes some, keeps some. But on their balance sheet, what we've seen over the years, in particular after the global financial crisis, is that the regulators just make it very difficult for the banks to become a real service-oriented institution.

And so, some of the things I say at ACORE is find a way to say yes, and I oversee our asset management team, and what I find, if you're dealing with a bank, a lot of times you're asking for something that's very reasonable, but they just enforce the documents, whatever the documents say, that's what they're going to enforce. And so if they say no, it doesn't matter what you ask if the answer is no, no, no. And so, we try to take a position at ACORE where when a client needs something or is requesting something, we find a way to say yes, what can we do to make a change and perhaps what a borrower is requesting in order to give them what is a good outcome for both parties. So we don't want to say yes if it's going to expose us just to more risk and not get compensated for it. It's very common for a borrower to sign a lease in any type of property where the build out for that tenant or whatever was going to happen becomes, especially in today's day and age, more higher costs than they anticipated.

And if there's a good credit behind what's going on, or the value that's being created, as a lender, we're willing to and often share in the paying for that borrower, an increased cost will a lot of times be able to lend some or all of the money to help them add the value to the real estate. And we want to be there as a partner and be able to do that. Most lenders or bank lenders, they don't have the flexibility. They're not set up to really help the borrower through that transition. They say, "You have a loan, these are the terms. Loans terms don't stay that and we're sorry, no."

Matt Slepin:

And let's drill down that a little bit. It's interesting, because you use the word friendly and you use the word you want to be in the side of the borrower. And most people in the world would say that because they want to say that. It seems like you're a nice guy, but it's not that you're nice, it's that they probably can't. A securitized lender can't, because it's in the security. So they have to live by the rules of that. GSEs maybe a little bit more. And I bet at a bank, because of regulators, they're scared to say yes to something they might get in trouble for and you are able to do it because it's part of your business model.

Chris Tokarski:

We are a balance sheet lender. Most of our capital comes from insurance companies, where we run separate accounts and it's a hundred percent outsourced to us, so it's not as if we're acting as a broker to that insurance company, we do everything from find the loan, underwrite the loan, close the loan, asset manage the loan. We're an outsourced provider for that insurance company full stop on their real estate lending group, so we think of the business as we are a partner and we have 50-plus borrowers that we've done three or more transactions with. And so, we want to build relationships with people that are going to borrow over, and over, and over again. And we want to provide them with a white glove service when they call and they need a lease approved or there's a budget that's being increased. We want to work with them to try to figure out how to help them and that's why they come back.

At the end of the day, we provide a service that's above just making a loan and sticking to a loan document. We have asset management team that is very focused. We have about 30 asset managers that are very focused on paying attention to the client when they call and figuring out how to help them. And most lenders call and they don't call you back. You're not even sure who to call and they say no. So we try to say yes, find a way to say yes, that's the motto.

Matt Slepin:

Fair deal. And in a three to five year transitional loan and relationship with a borrower, stuff comes up all the time that you just have to deal with. And I'm thinking of I'm in my house and I get a general contractor and stuff comes up, they're really happy because they get to do a change order and change orders always cost you an arm and a leg, so they're thrilled with change orders. But in your business, unless there's a cost to it, you're generally biased to say yes because you have a long term and it's the relationship that keeps you honest.

Chris Tokarski:

Yeah. The relationship keeps us honest and frankly we're a fiduciary to our clients, so we need to make the right decision on behalf of the fiduciary relationship that we have, but also keeping that relationship with the borrower intact and be really providing a level of service that doesn't exist in the industry. You would think we're in a client service business, we're providing capital, it's a commodity, there's 10 other people that look just like us, and we believe that giving borrowers better service will bring them back over and over again, and it's happened. And it's how we've built our business. My partners and I have been working together for...

Matt Slepin:

We're going to talk about that [crosstalk 00:11:35].

Chris Tokarski:

... plus years or so. But over the years, we've built a reputation for doing what we say we're going to do, which again, you would think that's simple, but in the real estate lending world, it's not. Banks show up at the last minute and re-trade all the time, change terms all the time. So throughout the course of the loan, when you call and you need something and it's a reasonable request, we're going to work with you to make sure that that happens. And that's a partnership.

Matt Slepin:

Yep. In the investor side, the world of private debt has ballooned, mushroomed in the last half dozen years or something, so there's a lot of dough coming into this business, and you're... I read this in one of your press release, but you're like number 18 or something. So there's a lot of big dollars out there, and Blackstone of course is one of the biggest. Talk about the sector overall and does the sector overall behave in the same way? And then, where's the money coming from? Who wants to invest in this and why would they invest in this versus other forms of debt or invest in equities in real estate?

Chris Tokarski:

So the money's coming from all different places. A lot of the money that we've gotten to date has been from insurance companies. We also... We have commingled funds where we raise capital generally from large and institutional investors who were commingling those dollars together to create a fund. And people think of ACORE as a debt fund and our brand, and that's really because of the way we function and operate. We're a combination of debt funds on separate accounts. You mentioned Blackstone and Starwood, others. There's a big retail channel that's now being established, and a lot of money's coming in from the retail channel. Real estate debt, it's an alternative investment and there's a big push into alternatives. When I say alternatives, that might include infrastructure, timber, real estate, corporates, it's assets that are alternative, so there's a push over the last five years and it's been growing, and alternatives are becoming a bigger piece of what institutional pension funds, endowments are looking to broaden their investments into, and it's just the way in which people are accessing them and the way that the capital is being raised.

Commercial real estate debt is an alternative for most institutional investors. The reason that people are accessing is that debt investments produce a very stable, low volatility cash flow. Why do people invest with us? We produce a very stable, predictable return. We've been in business here at ACORE now for a little over six years and we've, knock on wood, have been very successful and have not lost a dollar principle or primary interest. When I think about what are we doing for our investors, we're very predictable. We know exactly... When we make a loan, there's an interest payment that's coming in and that interest payment then turns around and gets wired to investors. If we run separate account money, typically we do not leverage that, it's just that mortgage that we make. If it's a 3% or a 4%, or 5% coupon, that's what's getting passed through the investors. In the debt fund world, that same loan gets levered.

Matt Slepin:

And if I'm an investor thinking of real estate, how do I look at that versus core real estate funds returns, just to get a sense of the risk reward spectrum within the real estate world, how do I look at that as compared to CMBS? And it may be different desks that are putting the money into these different things?

Chris Tokarski:

It's a complicated question and there's many dimensions to approach it. I have a debate a lot when we go see institutional investors and they say, "Well, real estate debt, I invest in core equity core." Core equity might return 5% to 7%. I make the argument, "Well in our business, in our fund business, our yields that we produce are 9% to 11% to an investor in a levered fund." And the assets that we finance once our loans are transitional, but they're to institutional clients in general, that same asset, once the institutional client has executed their business plan, that is a core equity asset. And they're earning 6% or 7%, or 8% return. And on the same asset with the same borrower, we can make a loan, add a little bit of leverage is very prudent, and turn that investment into a 8%, 9%, 10%, 11% return.

Core equity is just something that's been around a long time and investors are used to it and they've been doing it, but I personally think that what we produce and our product that we produce, has higher returns and less risk. If you're investing in core equity, if there's a dollar loss in value, you lose a dollar. In our loans, we typically have 25% to 35% equity behind our loan, are protected by the borrower's equity before we lose a dollar. And as I just talked a little bit earlier, we haven't lost a dollar in principle. So I think we create a very stable, predictable return with a very nice cushion for the investors before they're ever going to lose a dollar.

Matt Slepin:

And what's the difference between this and mezz?

Chris Tokarski:

I would argue that a levered loan and mezz is the same. We do make mezzanine loans, we make preferred equity loans, but what people really know us for is a one-stop shop to do the whole transaction. And so, effectively when someone takes a mezz loan, they're getting a first mortgage and a mezz, and a lot of the people we compete against provide that product, they're breaking it in... And that makes the borrower go to two different parties. Now you have a three party agreement in order to get the deal done, get a transaction closed, which can be cumbersome, so the business model we have is we try to provide that as a one-stop shop and do the whole financing solution, so some lenders run a business where they always pair up with another lender and they only issue the mezzanine loan, but that requires a borrower to have a little bit more uncertainty and go through a process where they have to close with two different institutions, and then those two institutions have to agree on an intercreditor agreement or a co-lender agreement. And so, we try to take the friction out of that and just be the one-stop shop, provide the solution. And then, if we're going to finance it, we'll finance it after the fact and the borrower doesn't feel that.

Matt Slepin:

Not their business, they don't get to [crosstalk 00:17:33].

Chris Tokarski:

Correct. And we're always going to keep control. At the end of the day with the intercreditor and the co-lenders and how you negotiate those, we always do it in a manner where we're going to control the transactions so that when our borrowers call us and need something, we can say yes and we can figure out a way to make that happen for them. And so, the vast majority of our loans wind up being home loans in our separate accounts and some wind up in the debt fund. It really varies, but most of it is on balance sheet. And at the end of the day, we're always going to retain the risk and we're always going to retain that relationship with the borrower, because when they call us, we're going to be able to accommodate them to the extent that what they're for is reasonable.

Matt Slepin:

And what's their premium for you versus the hassle of having two different lenders who may or may not coordinate that well?

Chris Tokarski:

There's really not a premium for two lenders versus one. If they're going to go to a first mortgage and a mezz lender, we're going to be right on top of that pricing. Maybe we get an extra 10 to 25 basis points, max. We're really going to provide a loan that's at the same cost. It's just going to be less friction for the borrower in most cases.

Matt Slepin:

And does this business take the place of what used to be GE Capital and Heller? This is old days. Some of our listeners won't know these, but that's the place that those guys were in the market years ago, I think.

Chris Tokarski:

Yeah, I think very much so. The global financial crisis really hindered what banks can do. We do a fair amount of construction lending. As an example, the banks used to do construction loans at LIBOR plus 250 to 350, as long as I was in the business, and then global financial crisis came, hit, the regulators have really put some brakes on the banks as far as construction loans. And now we make construction loans at LIBOR plus 450 to 650, so we're getting paid more than what banks used to get paid. And there are still some banks doing construction lending, but it's much more sparse those loans. So it's a combination. The debt fund world really filled the gap that was created from the global financial crisis, and the regulations pushed the banks out of a lot of the business that we do today. And GE was, if you look at the loans they did, the spreads they were at, the transactions that they were lending on, they're very similar to what you would see in the debt fund today.

Matt Slepin:

So with them going away, banks becoming more restrictive, then there's a room in this middle space for you and all these competitors to play in the game.

Chris Tokarski:

Correct. And I think the biggest gap is probably the reduction in what the banks were doing. That's where more of the... GE and Capmark were both large lenders, but when you look at the size of the debt fund world today... And when I say debt fund, I think you really have to throw in all the mortgage REITs, because they're very similar in what they do, how they do it. The KKRs, TPG, Starwood, Blackstone, all large mortgage REITs there, people that we compete against.

Matt Slepin:

And do they all play in the three to five year range, or are there any also playing in the longer term range? And could you play in the longer term range? Since you have the relationships, why not?

Chris Tokarski:

Yeah. It really depends on the capital and where the capital comes from. The mortgage REITs and debt funds are typically in the three to five year range, because they're using floating rate loans and floating rate assets to generate those cash flow streams, where the longer end range is really going to come more from someone that has long-term liabilities that they're trying to offset, which would be a bond holder or a insurance company. And so, for the most part bridge and REITs are going to stay in the floating rate space on the fixed rate. What we are intending to move towards is insurance company separate accounts.

Matt Slepin:

But you can't do the two alongside each other. In your business model, if you wanted to grow, would you then also potentially get into longer term lending? So it's almost a one-stop shop again, to your words, and you have those relationships.

Chris Tokarski:

It's slightly different, but we intend... And we have about a billion dollars now in fixed-rate loans on our balance sheet. And we intend to grow that business substantially, so one of our objectives over the next 12 months is to explore, finding investors to... And likely be separate accounts, we can bring in, because if you look at the value that we've created here at ACORE, we have about 105 people, which is for an organization like ours, we're one of the largest. The relationships that we've built, both in the borrower and the mortgage brokerage community are very deep and very long, and it's all the same parties involved, so it's a natural for us to do more fixed-rate lending. And frankly, over the last six years, we've built the company so quickly and just have not had time to focus on fixed-rate product, we've gotten to the point this year, where that's a focal point and the product that we want to add.

We're well positioned to do it because of the size, the scale, the brand, the reputation that we've already developed, it's easy for us to go in and it's the same borrowers, it's the same people. They already trust us. They already know us. We've really built ourselves a brand and a reputation for being a partner and viewing the right things for these borrowers, so it'd be easier for us to expand into that space once we attract the capital that'll allow us to do that. So it is definitely one of the primary places we see us growing.

Matt Slepin:

Got it. Makes total sense. Although it's interesting, once you have that fixed-rate loan with the constraints that it has, then you will be less of a partner because you'll have to... You won't be able to change stuff year five, but they won't need it in year five.

Chris Tokarski:

Not true. If we do a fixed-rate program where we use balance sheets to do that, so if we do it as a separate account, we...

Matt Slepin:

Same thing.

Chris Tokarski:

It's the same thing. So the only time you lose control on a fixed-rate loan is when you put it into a securitization and the documents now tie every... That loan's then chopped up into different bonds and sold off. And the restrictions that are put as part of that process are what caused the borrower to have the friction if they need changes. But if you're a balance sheet fixed-rate lender, the document's written, but you can always amend the document. Our strategy would be to grow the balance sheet fixed-rate lending, not the CMBS-fixed-rate lending. And mostly because we spent so much time, energy, and many, many years building our brand with our clients to know us as a flexible reasonable lender. And we want to continue that. We don't want to get into a business where borrowers get frustrated with us because they took a loan and they don't have that flexibility.

Matt Slepin:

And also many of your clients, as you said, clients on the capital side are insurance companies and life companies are those that like long-term, fixed-rate loans. So if you are an origination source for them to get those dollars out and you manage it for them, then that's to everyone's benefit with the same kind of dough behind it.

Chris Tokarski:

A hundred percent. What we've built is a reputation access to those clients. And a lot of these institutions that need to deploy capital, the disconnect is how do they get to those transactions? And it's extremely expensive and takes a lot of time and energy, and it took us six years to build a team of 105. And you get to the volumes that we're doing and now we sit in the catbird seat, because we're in the flow every day of transactions and have a reputation that people will come to us and one to borrow money from us, where if you're an institution and you said, "I want to access fixed rate long-term mortgages," you would have to go through a whole process to hire staff, market, build a reputation. And when you're building a lender without a reputation, you're the lender of last resort when you start, if you don't have a reputation and you're not providing a level of certainty.

So you wind up having to stretch all over the place to make loans, whether that's on deal terms, structure, pricing in order to win business. And the reputation that we've built and the presence that we have in the market, people understand we're going to do what we say. And there's not going to be a question whether we're going to execute or not. And so, we can be at market and deliver a fair amount of transaction flow pretty quickly.

Matt Slepin:

Got it. And talk about transaction flow and accessing the market, and how much do you guys do directly and how much goes through brokers, or mortgage bankers, whatever the right word is.

Chris Tokarski:

We do a lot of business. I'd say most of our business comes through mortgage brokers. And if you look at the loans we're making, typically we're 30 million minimum loan size and we'll do 2, 3, $400 million loans on the high end. And we purposely focus on 30-plus mostly because of the caliber of the sponsors that are going to be behind a $30 million transaction. The bigger the transaction, the more equity, the more sophistication you get. And generally you're going to be in better markets because the buildings are bigger. So we focus on loan size is a big focus of ours.

Matt Slepin:

So your sales force therefore is a sales force or your loan originators internally are dealing with mortgage bankers, mortgage brokers to bring that business in. Just talk about what that dynamic is.

Chris Tokarski:

Sure. So in our business, we feel our job is to know the mortgage banker, the equity capital, and the operating partner. And typically on these larger transactions, it can be just one company, but often it's an opportunity fund and an operating partner. And that local operating partner is going to put in 5% to 10% of the equity. The private equity fund is going to put in 80% to 90% or even 95% of the equity. And that transaction is usually going to be an acquisition or a sale, not always, but at the time that that sale is occurring, there's usually a broker involved. That's a sales broker. The industry has evolved to where those sales brokers work hand in hand with their mortgage, so whoever buys the property, the mortgage brokers get involved in that transaction and whoever's going to buy it, they'll assist in helping them get financing.

I think about 75% of what we do is acquisitions. So about 75% of what we do winds up with that process I just talked about. And so, mortgage broker's going to come in, typically because of the size of the deals, it's the big names. There's only a half, maybe there's a handful of large mortgage brokers. And so, we work with them all the time and they get to know us and that's the reputation that we build for being reliable. But it's our job really to know the equity, the operating partner and the mortgage broker, because they all play a role and they're all important. And so, our job is to know all of them, to cover all of them and make sure that when a transaction's coming through, we're paying attention to all parties so that we can win the business and that's what we strive to do. Once in a while there's direct business that comes in, we have a relationship with a borrower, but for the vast majority of the deals, because there's large, there's a third-party mortgage broker involved.

Matt Slepin:

So even when they come back to you, is someone, "Oh, I've done business with them before," there's often a broker involved in that?

Chris Tokarski:

Yeah. Given the size of transactions, most of these folks are hiring someone as their advisor, and it helps us. Those individuals do a great job of packaging the situation, making sure that they know what we do. And so, they're not wasting our time. They're coming to the table with a package and an understanding of what the borrower is looking for, and they know that's going to be a fit for what we do.

Matt Slepin:

You said you have 105 people, I think. So if you think of your team, how much resources are against servicing the loan asset management, whatever the right words are for that, how much is against sales? How much is against investors? So how do you put the team together to make all that happen?

Chris Tokarski:

On the asset management side, we have about 30 asset managers, but usually our balance sheet is somewhere between 2 and 250 loans because they rotate through. So roughly, there's 1 to 10 as the ratio, we kind of think about. One asset manager might be covering 10 loans and that, in and of itself, is a differentiating factor, because when you look at that ratio you know, now as a borrower, when you call, you're getting a person that knows you. And we reach out, we have conversations with our borrowers at least once a quarter, if not more often, to make sure things are going well. And most of these loans have some transitions, so the borrower has a business plan they're trying to execute and needs additional loan funds. A lot of these loans are partially funded at closing and have additional funding over time. And so, we administer those loans in house. And some of our competitors outsource that, we think it's important to do that in house ourselves. These are like children and a transitional real estate asset requires nurturing.

And so, one of the differentiating factors for us is that we have 30 in-house asset managers. And so, our borrowers know their asset manager and they also have our personal phone numbers. When I meet a borrower, they have my number, "Call me if there's ever a problem." And we do what we say we're going to do. And we try to say service them through that part of our company that we set up. And it's about a third of our organization is focused on managing that asset and managing that risk, because we also have fiduciary responsibility to make sure we're managing that risk. Asset management is a big part of our company and it's one of the big differentiating factors. About a third of the company is originating and closing the loans. And so, their job is to be able to have, build those relationships and nurture those relationships with the equity partners, the operating partners and the brokers, and then find deals, sort through deals and get those deals through our system to the extent that they're attractive. And our job is to find the best risk-adjusted yields for what we're doing. There's another third of the company that's accounting, capital raising. We built a capital raising team out over the last year. And so, they focus on that side of the business. And the rest are accounting, back office, making the company function.

Matt Slepin:

Got it. And last question before we turn to the genesis of your business and kind of the history of PropTech has changed a lot in real estate, and in underwriting servicing, it affects everything, I believe. So talk a little bit about changes you've seen through your career and where that might be going and how it affects your business.

Chris Tokarski:

Yeah, it's interesting. I think the biggest way it's affected it to date is really the data that's accessible to do your due diligence. The simplest version is Google Earth, Google Maps. You can type and address and go tour a neighborhood, which is a great way to screen. I personally probably see 70% or 75% of the assets that we lend on, so I don't think that Google Earth or Google Maps is a replacement of a property inspection, but it's a quick screen and it makes that part of the process easy. But the rest of the data services for sales comps, lease comps, it's incredible that what we used to have to make 10 phone calls to collect information, calling appraisers, and borrowers, and brokers, to access that information, now sales and lease comps, there's several sources that you can pay subscription services and get that.

So the access to data, I think, is the number one thing I would say that has changed. I think there's some AI businesses that are still developing and we're working on. There's companies that are trying to convert operating statements and rent rolls and digitize them quickly. And it's getting there, and that's going to continue to, I think, make the business more efficient. But in our space, the transactions are pretty complex and each one is a little different, so it's not like a residential mortgage where you can automate most of what you're doing.

Matt Slepin:

Right. I'm also assuming internally you know everything that's going on. If there's a question you have about the overall portfolio or an asset in the portfolio, you could get that in five minutes.

Chris Tokarski:

Yeah. We spend a significant amount of time on just databasing every piece of information that we have in our portfolio. And so, our asset management function is all based on databases and feeding the data so that we can report on it to our clients. As you can imagine, with the AUM that we have and it's all institutional, we have to report daily on all of these assets. That was a big component of both time, energy, and money that in building our business to where we have, there's been a lot of investment in technology, so that we can report to our clients in the click of a button on what's going on the underlying assets.

Matt Slepin:

Yeah. That's a segue to understanding where your business came from. And in most of the conversations in Leading Voices, I'm talking to a person about their career journey and how they built the company that they built. In your case, this is really a team that's been together for 25, 30 years. And you guys were there at the dawn of the CMBS world, so I want to go through that history with you and how that team has stayed together and what that's meant. So first of all, let's start at your very beginning just for a moment. I think you got your career started at Bear Stearns in the real estate group. What took you into that world after college?

Chris Tokarski:

Well, I graduated college in 1993 and at the time the job market was more difficult than I had probably had expected when I went to college. And so, I interviewed many, many times and didn't get any of the jobs. And then ultimately got a job at Bear Stearns in the commercial real estate finance group. And they were starting a commercial mortgage conduit. It was being newly launched. And so, it was really this cutting edge in the start of CMBS. And I worked at Bear Stearns for about a year and a half. I spent time writing manuals and procedures, and process, and we didn't make enough loans. So after about a year and a half of being there, realizing we'd only made six loans that we were unlikely to do a securitization anytime soon, I had been following the marketplace and reading the prospectuses of Nomura, who had done and printed many of the early deals and became the leader in the industry at that time.

Matt Slepin:

Anyway, looked go back for a second. So you're at college, it's a bad job market. We all know '93 is at the tail end of the S&L crisis, so liquidity's still an issue in the real estate business. And did you come to Bear Stearns into their real estate group because there was nothing else to do?

Chris Tokarski:

At the time, I was just looking for a job in finance somewhere. I wanted a job and I wanted to be in finance. I didn't know I wanted to be in commercial real estate, but immediately after I realized what I was doing, and I fell in love with commercial real estate, and really because it's tangible. You can see an asset, you can touch an asset. It changes your view. You change from just looking at a building to trying to figure out what that building's worth and how it operates, so the tangibility of it is really what drove me into as deep as I've gotten. Since I've started that job, I've been in commercial real estate, mostly in lending, but I've done some equity investing personally as well. But that was the start.

Matt Slepin:

And for our listeners who don't know the history of this, this was a pivotal moment in the world. And something unique was happening at Nomura, a couple of other places as well, but Nomura was the golden child of this, at least for a while, inventing the CMBS world. So talk about going there, what that environment was, and then this thing that was being created at that time.

Chris Tokarski:

So, CMBS started, as you mentioned, because of the S&L crisis. It started when all the S&L loans were getting disposed of, they got packaged into securities, but it was a way to create liquidity for these loans on failed financial institutions. Off the heels of that, the CMBS business was born, which was really to make new loans and use that same technology and package these new loans into securities, so that was the beginning of the CMBS business and Nomura was one of the leading architects of CMBS.

Matt Slepin:

And like with what we talked about at the beginning of this conversation, what caused the private debt business to grow, there were a few other lenders, so it created liquidity in an area that was then starved for liquidity, so deals jumped into this business very quickly.

Chris Tokarski:

Correct. After the S&L crisis, there weren't many lending institutions trying to make loan. I never thought about it until you just mentioned it, but it was another situation where the banks were pulling back. And so, there was an opportunity for a new financing source to come into play. And a lot of the financial institutions who were behind these CMBS conduits that allowed them, and a lot of them were the broker dealers, that allowed them to make loans, package them and sell them so that they didn't have to retain risk. They could create liquidity, make money and get out the risk. And that was the birth of CMBS, and early 1990s is through...

Matt Slepin:

Through the Russian ruble crisis. So talk about that period, the heyday of it, the words I would use, and there was also something unique culturally at Nomura, so talk about both the heyday of volume, we'll get to the ruble crisis in a few minutes, but then what was going on at your company?

Chris Tokarski:

It was a very, very unique environment. Probably it set a culture that was, I think, unparalleled in the industry. And now when you look around, a lot of the debt funds and the different lenders are run by people who were at Nomura. Nomura probably had the best group of talent that you could want to assemble under one roof. And when you look at where those parties are today and what they're running, it's pretty incredible. But the unique thing that they did was they empowered you regardless of how old you were or what your experience were, if you could handle the job, they would let you. And so for me, I was, I think, 26 years old when I started there and I wound up doing... My primary job was to, once the mortgages were made, get them rated by the rating agencies and then work with BP's buyers to sell them.

I got an MBA that I could never pay for. I effectively had to look at every loan we were doing and then have to explain to multiple people why we did it and what were the risks and why those risks were okay. And so, it caused me to... I think I worked seven days a week. I was probably working 18 hours a day and it was just an incredible experience working on every single loan we made that allowed us to package those loans and sell them. And that would give us our capital back and we would relend. And at the time, Nomura was the largest lender in the country by far, for a three or four year run.

Matt Slepin:

In saying that you worked seven days a week, whatever, 18 hours a day or something, sounds like what people say about Wall Street today, but they don't say it with stars in their eyes. And there was something about that culture. And I... They didn't give me a job, but what was the esprit de corps, maybe that... And it was short enough time that you could have maintained it through that whole period.

Chris Tokarski:

Yeah, I think it was just the culture that was created. It was an incredibly talented group of people, very smart, very driven. And it was the beginning of an industry, and it was just exciting to be there, and the environment that was created made it so that everyone wanted to be there every day. Everyone loved working together. Everyone worked hard. All of us are still friends. You always run across people from Nomura anywhere in the industry.

Matt Slepin:

It's funny. This is the first time on the history of this podcast that Nomura has come up, which is just interesting because many of the big trends in real estate come into the conversation multiple times, but this is the first one on this subject. So I'm remembering a mortgage banker's association meeting when I first moved to San Francisco since was probably 1998, I might be wrong, and it was very rainy, and there was a Nomura party which were famous. And this one was on Treasure Island and Joni Mitchell sang with an orchestra behind her and I was really into that, so that was meaningful for me. And I remember Ethan Penner walking into the room to introduce Joni and there was some kind of a look on his face. Maybe he was like pale. Maybe he knew something was about to happen, within days almost, would change that whole dynamic. Talk about that.

Chris Tokarski:

Yeah. I can remember that day. The one song I remember towards the tail end of that conference was... I think the song was, The End of the World As We Know It. And it really was. It was the end of the world as we knew it, but from there were born many other real estate debt businesses, because as the people at Nomura spread out, many businesses got grown at different institutions and it was an incredible time period. And what Ethan had built, the culture that he built, was something that will never be replicated. And it really was the birthing place of changes in the real estate debt space, because of what those people that were working there went to go do afterwards.

Matt Slepin:

And this didn't crash from flying too high, although a little bit, this crashed because the Russian ruble crisis just came all of a sudden, unexpectedly maybe, in a way that just molded your particular business.

Chris Tokarski:

Yeah. It was all marked to market losses. It wasn't that there was a bunch of loans that blew up and didn't make sense. And it wasn't the... I think the global financial crisis had more reckless lending, frankly, than the Russian default. The Russian default was really just... It was all marked to market on spreads. Everyone was long paper, yields widened, and assets got marked to market down, so it created huge paper losses, and that's really what caused Nomura to stop lending and then liquidate the portfolio and liquidate the people. And I think Nomura's gotten back in and out of the business multiple times since, but I think if you look at the history and the people that were there the first time, it was an all-star lineup.

Matt Slepin:

Yeah. So talk about the part of that all-star lineup that then, through multiple iterations, stayed together and became this company. And talk kind of quickly through the places that you went and what the first dark days looked like. And then Countrywide, if that it's the right pathway. And Starwood, so this has had iterations. Talk about that.

Chris Tokarski:

So the four partners I started ACORE with are Boyd Fellows, who I mentioned, Stew Ward and Warren de Haan, and what's somewhat unique, you asked previously what's unique about ACORE, the four of us are still together, but we all met in the 1990s and we've been working together this long. And we say, together the four of us make up one human being. Our brains probably each have a quarter of the brain, but when you put us together, we're a pretty good human being. That combined with no one else will work with us. So we've continued to work together over, and over, and over again. And we've built several businesses, ACORE is the first one that we have significant ownership in. After Nomura exploded, we all went different directions and kind of pulled back together into a company called Coastal Capital. And we started doing some advisory work and we had bought some apartment buildings and we stayed involved in the commercial real estate space.

Matt Slepin:

And you were all here, actually mostly in Marin County, because in the middle of Nomura, we need to go backwards here, but Nomura just up and called to self capital America, and then up and moved to San Francisco for some [crosstalk 00:44:23].

Chris Tokarski:

Correct. And that's probably why we didn't get back into the lending business, because after we moved out to California, none of us wanted to move back. So it wound up...

Matt Slepin:

You were all here.

Chris Tokarski:

[crosstalk 00:44:33] California lender, Countrywide eventually after years. We were convinced that they were going to get into the space, so we went down and we structured a deal with them to bring on 10 of us. I think at the time we started the business and then we grew out a lending platform there that was really focused, because of their brand on, I think, the average loan size there was $7 million, but we were closing multiple loans a day by the time we finished there.

Matt Slepin:

And were you doing CMBS with them? And for those who don't know, this Countrywide was the leading single family lender, which of course then crashed before the GFC, but they'd never done commercial, that wasn't part of their business at all, I think?

Chris Tokarski:

Correct. We started the group from scratch and we did it because of the size of the institution and their brand in the mortgage space, we were able to start the group without having any legacy. So that's what made it attractive for us. At the time they were similarly rated. And so, when Countrywide had its issues, it wasn't in our portfolio. We actually spent a good deal of time, mostly Stew Ward, who's brilliant. One of the more brilliant people I've run across in the mortgage industry as far as systems and managing credit risk. And so, Stew built a model at Countrywide that took into account the losses that we suffered at Nomura in the worst credit spread widening, which would mimic what happened with the Russian default crisis, we wouldn't lose more than $5 million. And he built the system that hedged our positions to that outcome to make sure that we wouldn't implode if what happened at Nomura happened again.

Matt Slepin:

And it kind of did, but were you doing the kind of lending you do today? Were you doing bridge lending or were you doing CMB lending? What was the...?

Chris Tokarski:

Predominantly, CMBS lending. We had a small balance sheet book that we did multifamily in the bank. Countrywide bought a bank, and so we were making small balance multis in the bank. And the rest of it was CMBS. So we were making loans, packaging and selling them. And when the global financial crisis hit, that's what destroyed Countrywide. And...

Matt Slepin:

I thought Countrywide destroyed the global financial crisis. They were one of the drivers and one of the poster children, not you guys. So how long were you there?

Chris Tokarski:

It's five or six years. We built the business then. By number of loans on the commercial side, we were as large as anyone, but we were closing smaller loans, a lot of the bigger CMBS Lehman Brothers, and Morgan Stanley, and the other investment banks were doing large deals. And we found our brand lent itself more to be middle market or lower middle market. And so, our average loan size was 7 million. We built out a manufacturing facility that we were closing 2, 3, 4 loans a day and packaging them into CMBS. And what saved us is when the global financial crisis hit, none of those loans went bad and our hedges held in the system that Stew had devised. And so, our credits held up, they didn't default. The loan spreads widened and Stew's system worked so that our hedges were in the money by about 22 points and our loans were marked down by 20 points, and we unwound those loans and we hit budget in the middle of the global financial crisis, unwinding a huge position. There was $4 or $5 billion at the time and it was very interesting.

But both of those were learning experiences for us. What we experienced at Nomura, we incorporated into our business at Countrywide and we learned from it. We were one of the few groups at Countrywide that didn't lose money. And so, from there, after Countrywide was done and what we saw in the global financial crisis, to me, I've always been a credit person and I care about the loans we make and I want the loans to perform. And what I realized is I had too much energy going into the... And caring about the actual credit quality of the loans to package them and sell them. And what happened during that period that ramp up to '06, '07, people were making loans just to make them. They didn't care whether they were going to perform. They were packaging and selling them. And one of the things that we did do is we put the brakes on, on the credit side. So we tried to make better loans, but ultimately what happened when the explosion hit, we would reloan the mortgage loans and we were able to sell them before the acquisition closed with Bank of America. We had gotten a position from $5 billion down to, I think, $250 million.

Matt Slepin:

Bank of America bought Countrywide.

Chris Tokarski:

Yes.

Matt Slepin:

Or the remains of Countrywide. It's interesting, back in those days, I did a lot of search in the commercial mortgage business and interviewed people in the CMBS world, and they were conveyor belt guys. It was like, "Give me, give me, give me." And they talked as if they were big deal, real estate people, and that they understood real estate, but they understood the conveyor belt. It was fascinating and really disheartening.

Chris Tokarski:

No, and I think after Countrywide I decided I don't want to get back involved in CMBS, because if other people don't care and it's competitive, you can't care.

Matt Slepin:

That's right.

Chris Tokarski:

It's just the reality. And so, when we left Countrywide, there was opportunities to buy distressed debt and we had gone out and done some of that in a smaller venue. And ultimately, after a couple of years through the global finance crisis, Barry Sternlicht had raised money for Starwood Property Trust and didn't really have a debt team, so we took... After about a year of negotiating with Barry back and forth, we wound up going to Starwood and working for Barry and helping to grow the mortgage REIT from... We started, it was about a $900-ish million market equity cap when we started and we were there for four or five years. And when we left, it was about a five and a half billion dollar market cap. So we grew the company about five and a half times through subsequent equity raises and built what is now one of the larger commercial real estate mortgage REITs that are publicly traded, and it's done phenomenally well, subsequent to us leaving, but that was really the model that we followed to build ACORE.

When we left Starwood, we knew that we could rebuild it again, and we did it with a different capital base. So instead of public equity, we've done it with separate accounts and commingled funds, but it's really the same. If you look at what we do here and what we were doing there, it's the same business plan. It's the same borrowers. It's the same... Really the same business, a little bit different approach here. We've built out our clients to be a little bit more diverse, meaning the capital's not all coming just from a public REIT, we liked the idea that we have multiple separate accounts and commingled funds, so we're never tied to any one capital source that allows us to make loans to our clients who are the borrowers.

Matt Slepin:

And why leave Starwood?

Chris Tokarski:

Starwood was Barry's company. And at the time we knew we could create our own company and something that we controlled. And we found that there was a niche that was unexploited, which was a lender in the US that did not compete with its customers by having a competitive equity business. And so, we wanted to control our own destiny, but we also saw a niche that was an independent, very dominant, real estate lender and we've set out to build that and we're on our way. So the good news is that everyone cares, and credit matters, and structure matters, and people are trying to lend money to get it back. And so, that's what reinvigorated my desire to be involved in lending, because it mattered. And the credit and the focus that we took to making these loans paid off if you got the money back. And that was really...

Matt Slepin:

So, more interesting business and closer to you in your heart of what you would like to do with your life and your career. And then you as a group are there, you come over here, I'm just going to put words in your mouth, one is to create your own culture, two is to own it. So talk about that and then setting it up in the image in which you want to set it up, because there's a frictional cost to leave a group, come set it up, put in the overhead to have the back office that we talked about before and everything else. So what guts were there to jump out and jump in and then do it together? And I want to talk about that together too. So those are the questions

Chris Tokarski:

Because we had built several platforms before, we knew we could build another platform. And we had a model that we built at Starwood that we thought we could tweak slightly, but the business model worked and it was still very early. The global financial crisis kind of threw lending on its head, but we knew that we could rebuild what we had built and we could own it. That's really what drove us to do it. And the four of us had done it before and we'd worked together before. And so, it was kind of a natural occurrence for us. And so, we were fortunate. We've had great partners along the way on the capital side who have given us the money and trusted us with their capital and we've done a great a job for them. And each of those clients that we've added has continued to upsize their commitment to us on the investment side, so the investment dollars came much easier. It's very difficult. I think the one thing everyone misses in the world is how difficult it is to raise capital, so it's been extremely difficult, but we've also been very fortunate that the couple of early accounts that we had continued to increase the size of their commitment to us, and that allowed us to grow the business to the scale that it is today.

Matt Slepin:

Startups are tough, and raising capital for a startup is tough. Although I'm going to go with a management team that's been together, done it together before. Easy is the wrong word, but I got that. That makes good sense. Talk about the magic between the four of you, and also you're all at different stages of career and stages of life, and stages of wealth building, and everything else. So just talk about what's persisted among you. You said together you're one great brain, so dive into that a little bit.

Chris Tokarski:

Warren and I are about 10 years, plus or minus, younger than Stew and Boyd to make it easy. And Boyd and Stew really taught Warren and I a lot of what we know. And so, we really grew up under their tutelage and we've just always had the utmost respect for each other. And I think individually, we're all very talented at what we do, but we also know what our strengths are and we've always throughout life have allowed each of us to do what we're good at. And so, when we start a business, and one of the hard parts about starting a business like this is you need different skill sets, and we possess different skill sets and we all have enough overlap to be able to do the other person's job, not as quite as well as they can do, but we have enough overlap.

And so, it's just been a unique partnership where... To have four partners for 25-plus years that you've been working together is a pretty special thing. And we're fortunate that we have that trust and have those relationships. And it's not just the four of us though. To be honest, there's probably 20 people that work at ACORE. And we've built a culture that we're proud of and that we want people to work with us. We want people to stay with us. And it's a big focus of what we do at ACORE, is trying to create a culture that empowers people, that treats people fairly, and that makes them want to come to work and build the company that we're trying to build.

Matt Slepin:

It's interesting. One, you have the blessing of two of you being 10 years younger than the others, because so often these leadership teams that grow together all time out at the same time, so that happens a lot. And then, the second thing is the complimentary skillset and understanding it that you're not missing a big chunk, that between you, you can get these things done.

Chris Tokarski:

Yeah. It's also you know that if you are sick or you're on a phone call, one of your partners is going to step in and take care of it. We trust each other enough to make decisions on the other's behalf to move the business forward. And rather than have to shoulder the responsibility of all the different decisions that have to get made on a day-to-day basis, there's multiple people that we can back each other up and move forward.

Matt Slepin:

And you also have a co-CEO model now. And first of all, egos usually get in the way, so one of four needs to run the thing, but you guys haven't had that. And now you have co-CEOs and that works on Wall

Street sometimes, but then also there's competition in there that can make that awkward, functional or dysfunctional.

Chris Tokarski:

Yeah. So Warren and I took over as co-CEOs about a year ago and the four of us have been running a four-man partnership for a really long time. And so, we've been... I think being equals and always being equals is what has made that work. I think it's trust, it's the length of time we know each other. And so, managing as four is more difficult. Managing as two is easier. But I think again, because we respect each other, we know each other really well, we know our strengths and our weaknesses, it functions well. We trust each other and we always say, "You can't get one of us, the other one can make the decision." It's fine. And it's unique, but I think given we've worked together for so long, somehow it works.

Matt Slepin:

I'm watching Succession. We're late to this particular show, because it's in some ways so distasteful, but it's interesting. It's better than a family, because it's the family you've chosen, because the family you're stuck with, it's going to be messy.

Chris Tokarski:

The interesting part is that with my three other partners, we've known each other for so long, they are family. I know Warren, Stew, Boyd all longer than I know my wife, and I have three children with my wife. So it is a little bit unique that we are still together and still work together and...

Matt Slepin:

Right. And it's interesting, because I think some of the magic that you described, and I saw your face as you talked about it, but some of the magic at Nomura was a magic that inspired you to want to have a company that had something special to it, a spirit or whatever feeling, or a culture, and that you brought forward to here, which maybe you couldn't always do it in your other stops.

Chris Tokarski:

Yeah. I think we've always, within our group, regardless of where we are, we always had our unique culture and that was clearly born at Nomura. We learned a lot about people, and culture, and that has never left us. I think everywhere we've worked, even inside of larger organizations, the commercial real estate group always had its own little unique culture.

Matt Slepin:

One thing that's driven much of this conversation as we've talked about dislocations in the market throughout the discussion and the dislocations that created CMBS, dislocations that created the bridge loan business at the size and scale that it is, any thinking of going forward of what that next dislocation might look like and that next round of innovation might be?

Chris Tokarski:

We know that there will be a dislocation. We don't know what it's going to be. But I think the way we've tried to build ACORE and set ACORE up is to have multiple capital sources. And so, we'll continue to expand those. And that's really the preparation for not knowing what the dislocation is going to be. Any one insurance company can want to exit a business. It can be become very difficult to raise funds at times, but by creating a diversified investor base, you can argue that in a commingled fund you have a diversified investor base, and there's periods where you can't raise a fund, so by diversifying what we have across separate accounts and commingled funds, by having these diverse investor bases, it'll allow us, I think, to continue through and lend through crisis and changes in the world, which are going to happen.

Matt Slepin:

Fair deal. So, last question. Always on Leading Voices is your advice for a young person getting into the commercial real estate business.

Chris Tokarski:

Well, it's a great business. I think if you like tangible assets and you like what you're touching and doing to be tangible, I think that the real estate space has many different jobs. My advice is put your head down and work hard, focus more on the people that you're working with than how much you're getting paid. And it's an incredible place. Some of my best friends work throughout the industry at competitor's, people we lend to. It's a phenomenal business to be involved with, but it's a lot of work and I think you have to have work ethic. And I would also say focus on your reputation, your reputation's everything and you only get one. And so, stay true to yourself and work hard. And there's a lot of successful people and a lot of successful careers that have been created in commercial real estate finance.

Matt Slepin:

Yeah. It's interesting. I think of, I always use the term it's a long game. And if you do your career, you don't even know going in, what the long game means and relationships mean, because they sneak up on you. But if you do have those values and work that way throughout your career, it's going to pay huge dividends. And the relationships in the businesses, you said they're friends, they really are, because we deal with people so much and over such a length of time. It's a great thing.

Chris Tokarski:

Yeah. And maybe this will be on take two, but the other thing that I always go back and forth on is, should you be in real estate debt or real estate equity? And I think debt, commercial real estate debt, is a place to learn an incredible amount, because the transaction volume that you see and the different transactions. But if you're really looking to make money, it's really in real estate equity, not in debt.

Matt Slepin:

If you're in the equity side or if you're in development. If you're in development, you're going to do two deals every three or four years, whatever that volume's going to be. Maybe it's five deals, but you're working on something for a long time. In the equity side, you may do five acquisitions in a year. If you're in debt, you're going to see just a ton of velocity and a ton of volume, and you learn different things through that.

Chris Tokarski:

Growing up, I was always an athlete, and I think people know me mostly for wrestling. That was the sport I was best at. And if you think about a single leg or double leg takedown, how many times you have to drill a double leg takedown in your life, it's just repetition. And I think that when you look at real estate debt, I think of it the same way. It's just repetition. And so, if you size a hundred multifamily loans and underwrite a hundred multifamily loans, and close a hundred monthly family loans, you know a lot about multifamily. But as you say, on the equity side, if you bought four buildings and you'd learn slightly different things, but it would take you multiple years to get the same thing. In debt, you get a lot of repetition. And so, I think real estate debt is a great place to start your career and there are great careers within it. But if ultimately your desire is all monetarily driven, get your education in real estate debt and jump to real estate equity, because you make a lot more money on the equity side of the business.

Matt Slepin:

Cool. Great advice. We'll stick it with that. Thank you very much, Chris. It's been great conversation. Appreciate it.

Chris Tokarski:

All right. Thank you.

Matt Slepin:

Thank you for listening into Leading Voices. And I hope that you enjoyed today's episode. I have a request, if you enjoyed the episode and found it to be valuable, please share it with a friend or two. If they're podcast wary, take their smartphone in your hand and subscribe for them and teach them to listen. You'll change their life. Seriously. Thanks for listening and keep in touch. You know you can reach me at matt@terrasearchpartners.com. See you next time.