

# COLUMBIA

## REAL ESTATE ROUNDTABLE

Celebrating our 20th Anniversary



2006 - 2007 vol.9 no.9

### What's Different About Columbia's MSc in Real Estate Development Program?

The Columbia MSRED program is a one-year Master's Degree offering rapid acquisition of the Financial, Analytical, Policy Making and Enterprise Management skills required by today's developer. Our distinctive advantages include:

- ▶ Intensive Core Curriculum with practitioner Faculty
- ▶ Access to NYC's Development and Capital Markets talent
- ▶ Dynamic, network-focused Graduate Student environment
- ▶ Proximity to world-class Columbia Planning and Architecture programs

Typical MSRED students are motivated individuals seeking to radically alter careers with significant new employment in the real estate development industry.

For additional program and application information contact MSRED Program Coordinator at (212) 854-3524 or visit us on the web at <http://www.arch.columbia.edu/realestate>

### Featured In This Issue



MIPIM International Conference, France & LunchBox Lecture Series  
Page 3



New Case Study Studio & Center for High Density Development Research  
Pages 6-7



The 10th Annual Real Estate Roundtable Series Sponsored by Ernst & Young  
Pages 8-19



Seventh Annual Alumni Reception & MSRED Alumni Newslite  
Pages 22-23



**COLUMBIA UNIVERSITY**  
**MSc in Real Estate Development**  
Graduate School of Architecture, Planning & Preservation

The Columbia Roundtable Newsletter is supported in part by generous contributions from Cushman & Wakefield and Ernst & Young LLP

## Director's Viewpoint

Michael P. Buckley, Director, Columbia MSRED Program



### Training The Next Generation Developer

We believe that the Next Generation of real estate professional must balance multiple objectives while commanding a broad skill spectrum. Columbia MSRED Program is a fast-paced, dedicated curriculum with theoretical frameworks for public policy and research, while building core competencies in real estate finance, enterprise management, and product development.

### Focus on the Four Quadrants of the Development Process

Columbia MSRED Program is focused on emerging Trends and Drivers which will significantly impact the Four Quadrants of the development process:

- › **Finance:** Accessing transformed Capital Markets and Equity Sources
- › **Enterprise Management:** Managing Processes, Talent and Assets
- › **Product Design:** Responding to new Markets and Lifestyles
- › **Public Policy:** Managing increasing expectations for Quality of Life

### Special Emphasis on Managing Creativity

As developers seek to build competitive advantage, we seek to extend MSRED Research and integrated Case Study Studios to explore new methods for managing complex teams. We know creative ideas and concepts add value, and this means Managing the Enterprise is even more critical. Our new Development Case Study Studio format encourages teaming with other professionals from Architecture, Planning and Preservation.

### Recognizing Globalization

New York City offers an extraordinary international venue with its concentration of executives, venture funds and financial institutions. Columbia's reputation for international studies will permit us to build on our current research on Global Development Incentives and Strategic Industries and on our new International Development course.



### Jessica Stockton MSRED Program Coordinator

Jessica joins the MSRED Program after completing a BA in American Studies and Creative Writing from Columbia College. She oversees Faculty support, Curriculum Development and daily management of the program.

## New MSRED Scholarships



We are grateful for the generous annual gift from **Louis Dubin** of the Athena Group dedicated to fund a special Minority Scholarship for the MSRED Program.



Athena Scholarship for Minority MSRED Students launched this year, **Kenya Smith** '01 of Athena presents check to **Devon Provan** GSAPP Development officer.



**Anneka Wallace** '07, is the first recipient of the Athena Group Scholarship winner.



**Genghis Hadi** '07, is the recipient of the ULI Kenneth Good Scholarship.

## MSRED Program Funding Sponsors

Columbia MSRED gratefully acknowledges the following 2006-2007 supporters:

Annual Alumni Event  
**Shearman & Sterling**

MSRED Research Journal  
The Summer Executive Series  
**Cushman & Wakefield**

The Roundtable Series  
**Ernst & Young LLP**

Corporate Real Estate Session  
**Steelcase Corporation**

Berlin German Funds Conference  
**Peninsula House**

Global Panel at MIPIM France  
**MIPIM Organization Paris**

MSRED Women's Scholarship  
**Association of Real Estate Women**

Hank Bell Entrepreneurial Scholarship  
**I.H. Hammerman**

Minority Scholarship  
**The Athena Group**

Oxford Essay Award  
**Oxford Properties Group**

## Cushman & Wakefield Sponsors Research Journal & Summer Executive Series



**Bruce Mosler** (right), Chairman of Cushman & Wakefield, thanked by **Prof. Michael Buckley** (left) for their generous donation in support of the MSRED Research Journal and a new Summer Executive Series.

## MSRED 2006 Class Officers

The MSRED Student Association is a forum for exploring career options and creating relationships with other real estate programs.



Pictured above [left to right] **Jill Tanner**, Co-Social Director; **Dev Motwani**, VP and LunchBox Coordinator; **Pushpendra Sharma**, President; **Adam Aasen**, Co-Social Director; **Bradley Chod**, Secretary/Treasurer.

## LunchBox Lecture Series

Student organized presentations in Wood Auditorium featured developers and professionals.



**Tim Hindert** of Related Experiences, on new revenue potentials from MXD projects.



**Steve Kohn**, President of Sonnenblick Goldman discussed Capital Markets and new sources for debt/equity, with MSRED student Dev Motwani '06.



**Henry Elghanayan** of Rockrose reviewed company history — from acquisitions to vertical development — and their unique long-term hold & operating philosophy.



**Steven Soler**, Georgetown Land presented vision for turning abandoned industrial site into mixed use development.



**Tony Goldman** discusses style, passion and unique operating philosophies of Goldman Properties for revitalizing Urban Districts in NYC, Miami and Philadelphia.



**Dan Killinger** (left) '05 and **James Coley** (right) '02 of Goldman Properties share insights of their growing responsibilities at Goldman.



**Abby Hamlin** discussed In-Fill initiatives and scalar opportunities for young developers and recent projects with her new company.



**Timur Galen** of Goldman Sachs discusses a new strategy for Lower Manhattan Hi-Rise which is a singular commitment and enhancing New York City presence by Goldman Sachs.



**Sven Van Assche** (left) VP Design, MGM/Mirage with **Walter Hunt** (right), Gensler, presented City Center, a \$5 Billion, 18 Million square foot mixed use project.

## German Funds Conference Berlin Germany

Conference on German Distressed Property Market. Co-sponsored by PACT and Columbia MSRED.



MSRED Director Buckley prepares intro for **Dr. Thilo Sarrazin** (center), Head of Finance for the City of Berlin and **Nico Rottke** (right) of the European Business School.



**John F. Tsui** '86, German Funds Berlin Conference Chairman and President of Peninsula House, opens the Berlin sessions.

## MIPIM International Property Conference Cannes, France

**International Property Investments:** Risks and Opportunities of Direct Development Co-Sponsored by Columbia University Real Estate Development Program.



Going Global now means that Developers, Corporate End Users and Financial Institutions, must seek International Property Investments to accommodate Business Unit growth, to penetrate new markets and to achieve Investment Portfolio diversification. This MIPIM Panel organized by Columbia MSRED reviewed trends in International Investments and opinions on risks and opportunities for Direct Development.



**Jay Mantz**  
Head Global Real Estate Investing  
Morgan Stanley



**Eric Adler**  
Managing Director  
Tishman Speyer International



**Christopher J. Lowery**  
CEO, Global Capital Markets  
Cushman & Wakefield



**Lijian Chen**  
Head of Research  
UBS First Boston



**Jorge Silva Puras**  
Secretary, CEO  
Puerto Rico Investment Development Corporation

## MSRED Teaching Assistants

Case Studies: **Arceli Garza**  
RE Finance Tutorial: **Gary Fogg**  
Case Study Studio: **Michael Clark, Paul Moawad, Christina Lee & Daniel Serviansky**  
Roundtable Series: **Wendy Castro & Laurence Williamson**  
Asset Repositioning: **Puspendra Sharma**  
CHDD Seminar: **Bradley Chod**  
Construction Technology: **Paul Yager**  
International Development: **Pushpendra Sharma & Lanre Odeyemi**  
Internship Coordination: **Lia Tieu**  
Architectural Design: **Kanani Whack & Lanre Odeyemi**  
Public-Private: **Laurence Williamson**  
Real Estate Opportunities: **Paul Yager**  
Politics of Development: **Kanani Whack**  
Market Analysis: **Kendra Stevenson**  
Asset Management: **Jane Gilliard**

## Newsletter Contributors



**Bernard Fernandez, '06**  
Class Photographer

This Newsletter is made possible by the diligence and persistence of **Bernard Fernandez** who photo documented the experiences of the Class of 2006.



**Paul Yager, '06**  
Newsletter Editor

Our thanks to **Paul Yager** for his efforts in organizing and transcribing the multiple Guest Lecture sessions and Roundtable Panels contained herein.

## Faculty Notes

MSRED Program Faculty features real estate industry executives whose occupations bring real world perspectives to core courses. The faculty includes developers, financiers, construction managers, capital market intermediaries, public officials, real estate lawyers, development consultants, policy analysts, architects and urban planners.



**Mitchell Adelstein**  
**Real Estate Finance I & II**  
Principal of Piermont Realty, a real estate investment and consulting organization.



**John Alschuler**  
**Politics of Development**  
Principal of HR&A, with expertise in housing, urban planning, and public/private developments.



**Hank Bell**  
**MSRED Professor Emeritus**  
A new Harold Bell Fellowship was created to honor Professor Bell's continuous dedication to entrepreneurship and students.



**Mark Bhasin, '04**  
**Real Estate Finance II**  
Senior Associate at CW Capital specializing in structured finance.



**Thomas Boytinck**  
**Real Estate Finance I & II**  
Principal for investment boutique, Farragut Capital & Marketing, LLC.



**Michael Buckley, Director**  
**Asset Repositioning, CHDD Case Study Studio, Roundtables**  
Former ULI Trustee, FAIA, FRICS and President of Halcyon Ltd., Real Estate Advisors.



**Michael Clark, '06**  
**Case Study Studio**  
Managing Director Meridian Dev. Partners for repositioning undervalued assets.



**Scott Dyer, '04**  
**Case Study Studio**  
Project Manager at CPC Resources for market rate and affordable housing.



**Irving Fischer**  
**Construction Technology**  
Formerly senior executive at HRH and Starret Housing Corporation.



**Gary Fogg, '06**  
**Finance Tutorial**  
Financial Analyst and acquisitions specialist at Kimco Realty Trust.



**Frank Galinelli**  
**Real Estate Finance I**  
RealData President; sponsors the intro course titled "Understanding Real Estate Investments."



**Martin E. Gold**  
**Real Estate Law**  
Partner at Austin Sibley, Gold's legal career includes work on privatization projects and with entrepreneurs.



**Mark Gibson FRICS**  
**International Development**  
Ernst & Young Senior Manager and a specialist in Project Management.



**Michael Gilliard, '04**  
**Case Study Studio**  
Senior Project Manager with Bluestone Organization for new Residential.



**Jeffrey Green**  
**Hotel Dev Mini-Course**  
Manager Ernst & Young's Hospitality practice; teaches the Hotel Mini-Course.



**Josh Kahr**  
**Real Estate Finance I & II**  
Specialist in analytics and Argus training, at Kahr Real Estate Services LLC, directs Real Estate finance tracks.



**Brad Klatt**  
**Real Estate Finance II**  
Co-managing partner of Roseland Property, developers of multi-family residential in the metropolitan area.



**Charles Laven**  
**International Development Real Estate Finance II**  
Former MSRED Program Director and Principal at Forsyth Street Advisors.



**James Lima, '86**  
**Public/Private Partnerships**  
Heads public/private partnering efforts for Avalon Bay.



**John Livingston**  
**Case Study Studio**  
President of Tishman Urban Dev. Corp., responsible for urban mixed-use projects.



**Ron Moelis**  
**Case Study Studio**  
Principal of L&M Equities, residential developers.



**Bruce Mosler**  
**Brokerage Mini-Course**  
Chairman Cushman & Wakefield; Mini-Course on Broker, Developer, Tenant relationships.



**Bruce Murray**  
**Financial Modeling**  
Heads Santapogue Consulting, specializing in Financial and Market Analysis



**Kurt Padavano**  
**Asset Management**  
COO at Advance Realty Mgmt, Padavano is also Chairman of BOMA International.



**Robert M. Paley**  
**Public/Private Partnerships**  
Paley is now responsible for public/private development with WCI/Spectrum.



**Phillip Pitruzzello**  
**Asset Management**  
Former CRE at Time-Warner, Phillip is now Columbia VP charged with the Manhattanville expansion.



**Gregg Popkin, '87**  
**Asset Management**  
As Director for CBRE, Popkin received REBNY's award for Man of the Year in Asset Management.



**Robert Quaco**  
**Asset Management**  
Formerly SVP of Athena, heads NY-based FAR Partners — a development and investment firm.



**Raquel Ramati**  
**Design Management**  
Author of "How to Save Your Own Street," Ramati is an advisor to cities and private developers.



**Kurt Reichenberger, '98**  
**Real Estate Finance II**  
Formerly with JLL, now Associate Director with Hypo Real Estate Capital Corporation.



**Joel Silverman**  
**Construction Technology**  
Formerly with HRH, Silverman now heads his own construction consulting firm.



**Charles Shorter**  
**Market Analysis**  
Principal with Ernst & Young and Head of Public/Private Practice in New York.



**Brian Tress**  
**Project Feasibility**  
Senior Manager in the Hospitality Group at Ernst & Young.



**John Tsui, '86**  
**International Development**  
Founding Principal of PACT, active in International Debt/Equity placement.



**Marc Weidener**  
**International Development**  
Principal at Fiduciary Global Advisors charged with international REIT and JV investments.



**Carl Weisbrod**  
**Politics of Development**  
President of Trinity Realty, a large lower Manhattan landowner.



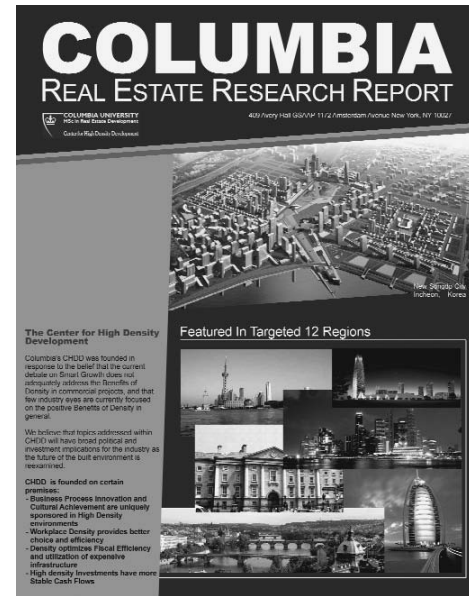
**Scott Zwilling, '02**  
**Finance Tutorials**  
Acquisition and development manager at JPI.

## Center for High Density Development Research Initiatives

Columbia CHDD was founded in the belief that the current debate on Smart Growth and Sprawl does not adequately address the benefits of Density. We believe CHDD Research initiatives will have broad political and investment implications.

### Global Development Incentives Study

Targeting 12 global cities and specific regions in Europe, USA, Middle East, China, Singapore, Korea and India, the Global Incentives Study was sponsored by a generous gift to our CHDD Research initiatives by Gale International.



GDIS Sponsor **Karl Seaholm** of Gale International Center, with **Phillip Kim** MSRED '05, GDIS Study Team Leader and **Director Buckley** at the New Songdo City Marketing Center.

### CHDD Seminar to Baltimore & Washington DC



Class at Baltimore Inner Harbor, (left to right) Findlan, Harvey, Moster, Barstis, Castro, Rufino, Garza, Herring, Gardere, Hernandez, Chod, Orozco and Serviansky.



Brookings Institution Senior Researchers **Amy Liu** and **Rob Puentes** brief CHDD Students.



Bozzutto's President **Tom Baum** MSRED '86, tours Shirlington developments.



**Pat Phillips** and **Tom Moriarity** of ERA brief CHDD students on urban impacts.



**Cordish Company** briefing on Urban Entertainment Retail developments.



Forest City Exec. VP **Tom Henneberry** (right) describes the SE Federal Center, a 4 Million sq. ft. Mixed Use project.



Vornado executive **Mitch Bonnano** (right) and EEK Master Planner discuss ambitious high density upgrades to Crystal City.



**Bill Caldwell** reviews a visual history of High Density solutions from RTKL's practice.

## Development Case Study Studio Introduced

New Spring Term Core Course Studio offers opportunity for students from Architecture, Planning, Urban Design and Preservation to join MSRED Teams for intensive Development Concept Charettes.

MSRED Teams with a balanced set of capabilities from Finance to Construction, Market Analysis and Development Concepts, were matched to GSAPP Design Students. New Studio format fostered a potent mix of professional viewpoints—from financial and social goals, to aesthetic ambitions.

Five special projects—for real sites and real clients—had super-accelerated two-to-three week durations. Teams presented results as a Loan Package—requesting Project Financing with comparables, product concept design, development costs, projections demonstrating feasibility and implementation schedules.

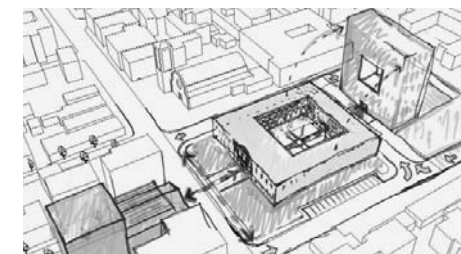
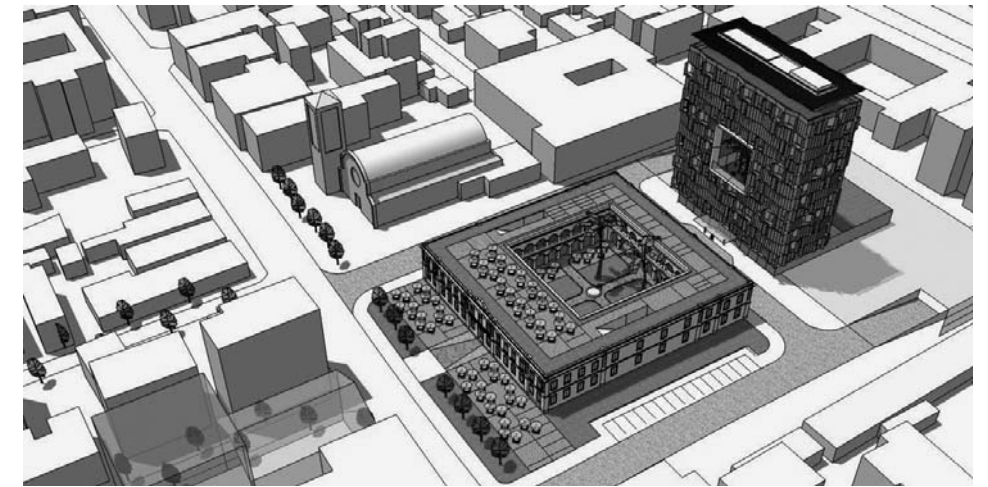
► **Brooklyn In-Fill:** A small In-Fill "broken tooth" site in Brooklyn required fast decisions on Zoning/Density, proving comparables for Residential financial feasibility—including a Condo vs. Rental "Fall-Back" analysis.

► **Echo Bay Waterfront:** Teams assessed market support for emerging New Rochelle Waterfront District, addressing strong community desires for open space, significant waterfront character and adequate parking.

► **Kalahari Site Harlem:** Thru-block Affordable Housing site in Harlem—proposed solutions increased density in exchange for improved architectural features, open space, retail amenities and community services.

► **San Juan Salud:** Challenge: revitalize obsolete Salud Hospital and re-use the abandoned Paramount Theater. Higher densities of Residential and Boutique Hotel created returns sufficient to restore Salud's courtyards for retail/entertainment and the Theater for cultural uses.

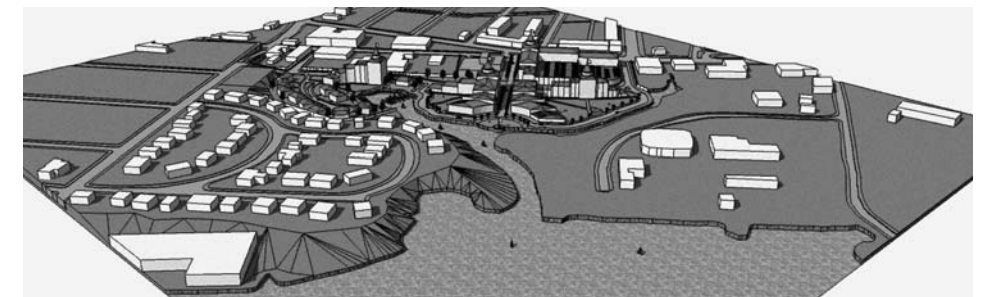
► **Javits Convention Headquarters Hotel:** Responding to a Draft RFP, Teams created a financial deal and concept solutions for 1800 room Headquarters Hotel adjacent NYC Javits Center with significant infrastructure/site constraints. Solutions included Hotel condo components and extra retail/food service amenities.



**Salud Patio en Cielo team concept** (lower left) and Hotel masterplan (top). Salud sponsors (lower right) **Juan Vaquero** (left), Director, Puerto Rico Land Admin. and **Vadim Nikitine** (right), San Juan developer, with MSRED student **Christina Lee** '06.



**Team Skywalker's Javits Hotel scheme** features slim Hotel & pop-out residential boxes. **John Livingston** (lower right), President of Tishman Urban Dev. Corp., created The Javits Hotel Case Study and reviewed student proposals.



**Team 10 scheme for New Rochelle Waterfront** illustrates High Density Residential/Retail MXD.

## The Tenth Annual Real Estate Roundtable Series: Industry Executives Convene to Debate Trends & Opportunities

The Roundtable Series convenes industry professionals to debate selected topics in a free-spirited discussion of trends and opportunities. This tenth annual gathering of senior executives has principal funding from Ernst & Young's Real Estate Group, with others participating as co-sponsors of specific sessions, including Steelcase Incorporated, NAREIT and The Mortgage Banker's Association.

Disclaimer: Reasonable care was taken to restate visiting Panelist positions. Columbia University and the MSRED Program shall not be responsible for misinterpretations or misstatements of fact in the Roundtable series.

## Trends in Mortgage Financing and Securitization

Abundance of capital flowing into real estate is eroding lending criteria and shrinking profit margins. Deals exist for investors who understand risk. For those who don't, the current real estate cycle may well catch them and losses will provide new opportunity.



**Leigh Roumila**  
Vice President  
CW Capital

CW Capital holds the B portion of every loan that we securitize. Now is a great time to be a broker or a borrower because lenders are chasing fewer and fewer deals. Discipline is softening. Borrowers are unhappy with servicing, hence Lenders are focusing on servicing loans efficiently, putting relationship back into securitized loan banking.



**Mike Syers**  
Partner  
Ernst & Young LLP

Due diligence on large transactions requires investors to think like lenders. Retained to review deal proposals and valuations, we've seen a lot of major portfolios above \$1 Billion. These large assets can achieve premiums. We've also seen growth in the small loan business (\$1.5 Million). With Cap rates driving values, owners must keep rents maximized and operating expenses low. But look also for underperforming properties that can be turned around.



**Frank Anderson**  
SVP for Hospitality & Leisure  
HSH Nordbank

We are balance sheet lenders—with focus on ground up construction projects or major renovation loan programs for the hospitality industry. Capital is available at every level of the stack, Sr Debt, Mezz and Equity. Hotel market is shrinking as hotels are converting to Condos—while demand is growing and RevPar is increasing. While hotel fundamentals are now fine, lenders' guidelines and covenants are eroding—with LTVs as high as 95%.



**Ben McGrath**  
CFO  
Edward Minskoff Equities

We've been busy refinancing our portfolio, as it's wide open for chasing deals and acquiring financing on good terms, easy to work with to get maximum leverage. Remember real estate debt really goes bad when property needs to be refinanced, but lenders don't want to offer refinance money. That's what's known as a liquidity crisis.



**Richard Jones**  
Co-Chair  
Fin & RE Group Dechert LLP

Real estate cycles are fact—but predicting is difficult—who knows if the current cycle is 2 years or 8 years? Looming financial accounting issues could dramatically affect Securitization—because of changes in Qualified Special Purpose Vehicle accounting rules. That would result in loss of 45% of real estate loans—all of which are securitized and sold as investment vehicles.

## High Density Residential Development: Sustaining Market Position and Value

Panelists agreed that High Density Residential is the preferred investment focus of institutional and private investors in key cities. Density should afford better exterior and interior design—with a growing trend to use "Star Architects" for branding developments.



**Costas Kondylis**  
Owner  
Costas Kondylis & Associates

Great design is the goal—but we look for solutions that both maximize sales for the developer and provide appreciation for the buyer. Contextual design is important, bringing design style inside. As units get smaller, finishes must get better, and high density is a tremendous environmental advantage.



**Brad Klatt**  
Partner  
Roseland Property

Our focus was on revitalizing failed projects with zoning approvals and remediation. We partner with national homebuilders to share equity risk—as they really understand branding and product development and are well capitalized. They are moving into Urban settings as they like vertical housing where they can sell at higher rates.



**Carl Dranoff**  
President  
Dranoff Properties

We started small, using tax credits to convert obsolete urban warehouses, then reformulated to adaptive re-use. We use character-defining features of old buildings to create market appeal. Look for predefined architecture—good bones such as ceiling heights, big windows and decorative columns.



**Alex Twining**  
Managing Principal  
Twining Properties

We focus on creating Urban MXD's in NYC & Boston—targeting derelict large warehouse buildings and under-utilized sites to rezone to MXD residential. Mixed use is complicated—but powerful if done right. Building is part of Community so we think about the Community when building.



**Laurie Hawkinson**  
Studio Director, GSAAP  
Partner  
Smith Miller Hawkinson

We believe Design is Value-Added and should be on the front stage. Our recent projects include the re-use of Manhattan's Highline, and a proposal for 18,000 units on 45 acres in Hunter's Point. We urge developers to think creatively and act differently.



**Craig King**  
Development Commissioner  
City of New Rochelle

The strong market fueled a real boom with proposals for 2,000 new units in our CBD. We want linkage between housing, retail, culture and our changing demographics. High Density should attract retail and avoid a faceless environment—creating New Rochelle as a "Hot House" for design experimentation.



**Glen Vetromile**  
Senior Vice President  
MCI Communities

We are increasingly involved in mixed use, with emphasis on retail amenities. Developers are running out of land as suburban entitlement process takes too long. This unavailability drives developers to urban locations and will cause values to rise. As values increase, people will spend an increasing percent of income on housing.



**Louis Dubin**  
President  
The Athena Group

We believe housing is incredibly enhanced by density and mixed use synergy—and that urbanization is a new movement sociologically and culturally. If they feel safe and secure, people want to live denser as jobs are closer. City planners should push rules to create new solutions—High Density showcases for public & private partnerships and innovative design, finance, and marketing.



**Phil Wharton**  
VP Development  
Avalon Bay

We develop rental properties focusing toward urban, high density such as 1,000 units in New Rochelle. We've also incorporated MXD uses with Whole Foods in the Chrystie-Avalon development on Houston Street. One caution is that a REIT development pipeline can be a double edged sword of risk and reward.

## The Owners, Brokers and Lawyers Forum: Managing the Relationship

Importance of brokers, and lawyers in the transaction process is crucial, as developers need to partner with key professionals to make deals happen. Real estate is a relationship business... but the developer is the controlling party.



**Robert Knakal**  
Chairman  
Massey-Knakal

The broker is a facilitator between building Sellers and Buyers. We influence developers to make the best decisions for their own interests. It is important to be a specialist, which is why Massey-Knakal only represents Sellers. Developers need to partner with brokers to find better deals ahead of competitors.



**Jon Mechanic**  
Chairman Real Estate  
Fried, Frank, Harris Shriver  
and Jacobsen

The lawyers role is to facilitate, listen, and to find equitable ways of allocating risk. Debt structures are complicated with subordinate Mezz and Preferred Equity. For example, Time Warner Center was 7 buildings within a building with loan takeouts for each piece—married to that vision was the legal work required to make it happen.



**John Fowler**  
Principal  
Holliday Fenoglio Fowler

Sales is a natural brethren to financing—even more than Leasing. Debt drives pricing. A better debt structure means the buyer can pay more. We believe things are not more complicated now—just a different way of slicing and dicing capital. It's the same income stream—so it's smart to use an intermediary Mortgage Broker—because you'll often get better execution.



**Peter Brooks**  
Principal  
Ernst & Young LLP

Best deals are done when lawyers, brokers and owners work together. Brokerage includes not only marriage-making, but also analysis and research. In many areas the only sites available are the more complicated—which require adept solutions. But even professionals working together can't protect against market changes.



**David Firestein**  
President  
NW Atlantic Real Estate  
Services

The exclusive broker concept has only been popular in the last 10 years. We got involved with Starbucks in early 90's. and clients include Costco, Wash Mutual, Whole Foods, and signature lifestyle tenants. Landlords like working with us as we respond faster than tenants. We find situations where owners are interested in the right retail concept more than rent value.



**Tim Jones**  
Managing Partner  
Robert Martin Co, LLC

Inefficiency is one of the strengths of the business because you can make a lot of money with bad information. Unfortunately, the broker's job is to make information good. So stay on top of your venture and direct your deal with the broker. Today's brokers are sophisticated with deal access, capital, and ability to execute—this is also a great way to learn the business.



**John Opar**  
Sr. Partner, Real Estate  
Shearman & Sterling

What makes a good lawyer is business acumen, market sensitivity, generalist ability to understand all agendas, and a controlled ego. Issues of tax structures, entity forms, leasing—the lawyer's role is to protecting client's risk. Partner with your lawyer in a relationship based on trust—but today's developer, the real "check-writer", needs to keep control.

## Trends in Health Care Real Estate

The healthcare industry is changing—as medical technology advances and populations continue to age. Providers are moving away from campus-like settings and are offering customer focused care. With the expansion, more investors are buying Medical Offices to earn higher returns than typical.



**John Winer**  
Partner  
Ernst & Young LLP

Medical office is a great investment opportunity because it trades at a negative premium to suburban office, often perceived as bad credit. But the reverse is true. Doctors prove to be good credit. A recent trend is moving Surgery Centers out of hospitals—requiring special tenant improvements—a high risk to the developer for converting space back to Medical office.



**Brian Dowd**  
Managing Director  
Rockwood Realty

We provide private equity in the continuing care niche market, which is for people who are planning ahead. A new movement is to locate near universities—with the difficulty of building in urban areas in competition from condo developers. At a downturn, medical office is considered anti-cyclical as health problems are not tied to the economy.



**Gordon Soderland**  
SVP Strategic Relationships  
DASCO Companies

Big business—with \$130 Billion spent on developing hospital campuses over the past 30 years of which \$40 Billion was spent this year. Trends include increasing costs for Health Care facilities; Monetization by 3rd party investors seeking whole portfolios; and Physicians are now looking for participation via Condo Offices or LLP shares in the building.



**Murray Wolf**  
Editor and Publisher  
Healthcare Real Estate Insights

Eye-opening statistic—16% of US GDP spent on healthcare. May be 1/5 of GDP within a few years—with 71 Million Americans over the age of 65 by 2030. A wide variety of facilities exist within the category of medical office—and remember, while New York has more regulation, there is a huge opportunity for low-income senior housing.



**Jerry Doctrow**  
Managing Director  
Stifel, Nicolaus & Company, Inc.

Fundamentals are driven by demographics. For the healthcare market, they are at the most positive level since 1985. Since Suburban office is now such a commodity, developers seek to add value by converting these to medical/health care facilities.



**Alison Wilson**  
Vice President  
Anchor Health Properties

We model our facilities as health and wellness centers a step above the average. We integrate fitness programs tied to resident's hospital care/health needs, provide ambulatory surgery, with spas, cafés, wireless internet access, in an effort to create an environment of comfort. Unlike any other business Healthcare is regulated and competitive—with a singular operations risk that can affect real estate risk.



**John Molloy**  
Principal  
John Molloy Architects

Changes are being driven by ambulatory care in which services are moving off the medical campus, and by the need for hospitals to market themselves using "character of place" to differentiate with trends toward single patient rooms. The humanizing of healthcare is very much a part of provider's desire to de-institutionalize. But as government pays half of all Healthcare costs, how willing will they be to overpay to support a hot Healthcare real estate market?



**Sandy Graves**  
SVP Capital Management  
Sunrise Senior Living

We create assisted living communities—with residential décor and a fine dining experience to create a comfortable environment with plants and fireplaces, to evoke imprinted memories. We removed the nurses' station and are redefining traditional senior healthcare. We are looking for European growth. Pension funds are major investors—very demanding partners, as they own the facilities that Sunrise operates as manager.



**Flint Besecker**  
President  
CIT Healthcare

Underwriting depends on the Acuity of the facility—Acute Care is a cash flow business, while Medical Office is straight commercial real estate. Medical technology is the driver—but a complicated marketplace creates undervalued opportunities. 60% of hospitals are investment grade with a lot of liquidity and low leverage. 85% are not-for-profit with excellent community fundraising and endowments.

## Trends in Capital Markets: Too Much Money, Leverage and the Search for Yields

Tremendous opportunity in real estate markets with a tidal wave of money that continues to drive cap rates to historic lows. But no panelist could say when cap rates will come up again or what could cause it. The fundamentals look too good and the market risks remain low.



**Joseph Rubin**  
Partner, RE Advisory Services  
Ernst & Young LLP

Lots of deal flow, both in debt and equity. The hot level of transactions is astonishing. The rush of capital has led to a few years of borrower's paradise with jaw-dropping covenants and terms. Great time to be a borrower. But we also need to talk about credit quality. Capital has been separated from the markets. CMBS markets are at risk in accounting rule changes. RE fundamentals are improving. If interest rates go up a little bit and cap rates follow, improvements in cash flow should help to mitigate the risk.



**Susan Merrick**  
Managing Director  
Fitch Ratings

We assess transaction default and loss rates and establish risk profiles for real estate bonds so that they have risk characteristics similar to corporate bonds. Some credit erosion concerns that we do see are: 2/3 of loans are partial or full interest only with no cushion of amortization; reserves for stress events such as lease turnovers are not adequately in place; warm body carve outs are also eroding. Nonetheless defaults have been remarkably low—with defaults over 10 years equating to only 2% loss.



**Robert White Jr.**  
President  
Real Capital Analytics

The Commercial capital markets have been transformed since 2001 with capital flows. Cap rates have been driven to historic lows and they can't get any lower. This could indicate an inflection point. We have recently seen lenders tighten their condo conversion requirements in reaction to the recent slow down in sales.



**Scott Lawlor, MSRED '91**  
Chief Executive Officer  
Broadway RE Partners

We purchase office properties nationally on behalf of pension funds and other institutional investors. The capital climate means there is heightened competition. We see great fundamentals in buying Office income streams which are remaining positive. Looking forward, cap rates will probably go up again in the next few years but forecasting is a tough call. The office leasing market should remain strong. Traditionally demand has never instigated a decline in Office rental markets.



**Gentry Ashmore Hoit**  
Partner  
Atlantic Assets Group LLC

Previously with Shorenstein investing funds in office properties, now I'm looking for urban In-Fill office opportunities on my own. We have created our own funds to raise capital for investments. The current cap rates are a function of low interest rates and easy availability of capital. We are anticipating a bifurcation between growing markets such as major urban markets, sun-belt retirement markets, and non-growth markets. Depending on your own level of risk tolerance, there are an incredible number of deals out there.



**Jonathan Green**  
President and CEO  
The Rockefeller Group

The current capital situation is extraordinary—when a developer can sell to investors as soon as project is announced at an ideal cap rate with no premium for risk. Now the money's easy—it's the ideas that are hard to come by. For our recent Shanghai project, we used a Chinese partner to finance because institutions would not invest into inadequate laws and inadequate guidelines. This required a leap of faith on behalf of the Chinese investor. But look at the flat yield curve—the huge amount of wealth being created in the world is changing the way real estate is perceived on a risk weighted basis.

## Building Affordable Communities: Opportunities and Constraints

The housing market boom and reduced availability of city-owned land, making new Affordable Housing especially difficult. Cities mandating inclusionary zoning such as New York City's 80/20 rule, are having limited success and should create new financing vehicles that allow developers to achieve IRR hurdles.



**Dan Heyden**  
Senior Associate  
Meltzer Mandl Architects

Architectural differences between affordable and market rate have become very small, only finishes and amenities. Solutions are modified zoning and building codes for increased density, while energy efficiency is now more clear with life-cycle analysis.



**Blondel Pincock**  
VP Community Development  
Bank of America

We recognize the need for financial creativity and more private/public partnership as housing prices increase. But policy changes and political action are needed to drive future availability.



**Yoav Haron, MSRED '04**  
Principal  
Artimus

City owned land was a primary source for low-income housing but supply has dried up. Now it's a challenge to deliver product. It's all about incentives such as tax credits and up-zoning—and both should be used to help solve the critical supply problem.



**Aaron Stevens**  
Vice President  
Related Capital Company

We invest heavily in low-income housing tax credits and purchase tax exempt low-income bonds which we securitize and sell in the secondary market. There is indeed a housing crisis and the increasing pressure requires new forms of subsidy.



**David Walsh, MSRED '03**  
Vice President  
Common Ground

We typically work with lending partners to create new deals but there is too much competition now from market-rate buyers. NYC must become more entrepreneurial to search for solutions to the challenges of homelessness and supportive housing.



**Lisa Geller**  
Director Asset Management  
NY Equity Fund

No remaining inventory in NYC-owned land by 2007. A lot of early low income housing tax credit developments from 1987 are about to reach the end of their compliance period—requiring creativity to refinance these older properties.



**Leila Ahmdifar**  
Vice President Acquisitions  
PNC Multifamily Capital

We are an intermediary as well as a lender and we also acquire tax credits. Affordable developers typically don't do green buildings because of expense. However, new technology can make buildings more efficient environmentally and financially.



**Kim Hardy**  
Dep. Commissioner, NYC  
Housing/Preservation

NYC doubled commitment to affordable for 165,000 units (95,000 new, 70,000 preservation) over next 10 years. At it's highest, NYC owned 100,000 apartments. Now only 1,100 units, and developers are in line for these. Must renew Mitchell-Lama stock expiring out of the program to remain affordable housing for the long term.



**Charles Shorter**  
Principal  
Ernst & Young LLP

Problems—Affordable is a national issue affecting large and small cities; Private sector must make a profit; Limited amount of land available; Cost of labor, materials, acquisition. Solutions—Political commitment to master planning, zoning and public investment to mandate affordable housing as a component of approvals.



**Terry Stiles**  
Chairman  
The Stiles Organization

In our region, workers have no affordable housing, and re-gentrification by investors further reduces supply. Real solution is inclusionary zoning mandating 80/20 with a zoning bonus. Development process and product design will not make a difference—but innovations in financing will.



**Jim Gillespie, MSRED '95**  
Senior Vice President  
Red Stone Partners

Increased costs have forced the shift away from affordable and toward condos and market rate. Even the Liberty Bond program has no affordable housing component. Deals are still getting done, but only with creative partnerships.

## Corporate Real Estate: The Future of the Workplace

Co-sponsored by Steelcase Incorporated for the third consecutive year.

Jim Kenyon, Steelcase host, welcomed Corporate executives and service providers to discuss current trends. Panel concluded high quality design, and flexibility are forces shaping the new Workplace. Competition for talent is so important that high-end iconic designs are used to lure best workforce.



**Joseph Simone**  
President  
Tishman Real Estate

Flexibility is a big part of the space decision and many corporations prefer to lease because ownership is illiquid. Technology in plug and play locations, and online libraries at law firms, are reducing space needs and expenses.



**Ken Hubbard**  
Senior Executive VP  
Hines

Every new development we create serves as a benchmark which sets the standard for highest value in the market place. Sustainability is a growing and important consideration. Some users will accept a premium cost for flexibility and liquidity of leasing space—others need to own and control.



**Robert Floyd**  
Director Real Estate  
AIG

We build flexibility to accommodate change without the expense of reconfiguring every few years. But flexibility costs—so weigh against potential business unit returns. Consider employee cultural diversity in designing space and recognize the cost of technology often surpasses facilities.



**Leslie Whatley**  
Executive Director  
Morgan Stanley

In financial services, offices are where the money is made—important for recruiting and retention as employees are rewarded with space and status. As space takes time to acquire —“Forward Strategy” is the buzzword to get Business Units to think ahead. Flexibility reduces costs of “churn”—but “Energy Creep” is big from servers, printers, and telecom systems.



**Mark Costello**  
Partner  
Ernst & Young LLP

Key trend is optimizing portfolio alignment with Business Units. Organizational hierarchy is becoming less important. More clients look for flexibility and informal work spaces like team rooms and common areas. “Draconian” space standards combined with operational mobility has led to 20% more users in 20% less space.



**Bill Mayo**  
Director Real Estate Services  
Merck & Co. Inc

In Bio Science, PhDs expect to have status of private offices, but orientation is toward collaboration spaces and break out areas. Problems attracting talent to certain locations has forced important site locations like Boston, Seattle and San Diego.



**Joseph Harbert**  
COO, New York Metro Region  
Cushman & Wakefield

Office tenants desire flexibility but typically eschew the added costs. Retention issues are important in the service businesses where clients request both private offices and collaboration space. Technology still requires social interaction; and key talent wants to be connected to the firm.



**Guy Geier**  
Principal  
FXFowle

Size standards for office and work station space are reducing—but with more team, collaborative and “amenity” spaces added. Today, office space innovation is often driven by fixture manufacturers such as Steelcase. We see from our practice that power requirements may soon decrease with “intelligent” Lighting and HVAC controls.

## Hotels and Complementary Residential Uses

Brimming with optimism for the hotel industry and market growth, Panelists agreed that extending hotel brands into residential is proving successful—as is availability of capital with new developments incorporating condo-hotel or fractional ownership—a sign of the changing nature of the hotel market.



**Anthony Champalimaud**  
Managing Director  
Champalimaud & Associates

We focus is on using design to create value —extending the romantic idea and services of a hotel to the living experience—especially attached to a brand. When a condo product is attached, there is powerful synergy but also issues around owners/guests interacting. You have to mediate security, limited access and shared services.



**Alan Goodkin**  
Managing Director  
Ackman Ziff Real

We represent developers arranging financing with \$4-5 Billion in financing annually on projects like W Hotels in San Diego and Scottsdale. These include multipart financings with equity, mezzanine and preferred equity. Developer’s justification for condo-hotel is to cash-out a portion of initial investment to drastically reduce remaining Hotel costs.



**Jeff Laliberte**  
Associate  
Starwood Capital Group

An opportunity fund founded in 1991, we are most known for our hospitality business and recently we created a dedicated hospitality fund with \$800 Million. We are making plans to take our existing luxury brands, like Hotel Crillion, and expand concepts to new regions. The condo hotel developers biggest fear is unfavorable comparison of performance of condo-hotel investments by owners down the road.



**Karen Rubin**  
SVP - Development  
Starwood Hotels and Resorts

Great time to create new brands like Aloft to leverage our value into residential. Aloft is a hip, thoughtful design for the middle market to beat competition and possibly earn increased room rates. Beware the complexity of the condo-hotel: you cannot promise ownership returns; unknown number of available rooms means unknown staffing needs and use of amenities; design variations between standard room and condo; and difficulty allocating revenue to the pool of individual owners.



**Brian Tress**  
Senior Manager  
Ernst & Young LLP

Our advisory work touches every sector: operational, strategic, transactional consulting. Big focus is on mixed use development and international. Condo-hotels need a strong hotel market first, more than a strong condo market. Developers believe they can sell hotel condo at a premium as buyers consider the unit a good investment—but operating costs are high and another concern is over-improving Condos to maximize sales—but leaving Hotel with high operating costs.



**Adam Greene**  
VP Program Development  
Textron Financial

We started financing time-share and fractional ownership—now expanding to hotels and mixed use. Condo-hotel ownership is different from fractional and timeshare in Buyer motivation. Timeshare/Fractional Buyer is buying his vacation house, while Condo-Hotel Buyer is making a performing investment. The Developer’s revenue model for condo-hotel is strong—condo sales, share from renting sold units and Hotel revenues.



**John Cullen**  
Managing Principal  
Grand Heritage Resorts

We own 22 properties, boutique branded hotels and fractional residence clubs. The vacation travel model is different now —“Pod travel” includes kids, nannies, extended family and neighbors who benefit from flexible hotel space with multiple master bedrooms around a common area room. One concern is the individual Condo Hotel owner—now a substitute for traditional development partners—who may expect compensation when disillusioned by the reality of their investment.

## Careers in Real Estate: Strategic Job Plans vs. Flexible Opportunism

Lively debate voicing varied opinions about the keys to a successful job hunt, the importance of networking, patience, persistence and luck. Provocative idea—most direct path to career might be an indirect path that develops the individual’s skill sets. The biggest take away was that everyone’s career path is unique—so search for the best “fit”.



**Gregory Schultz**  
Principal  
Rhodes Associates

The “fit” of a new hire is very important. You have to ask how will the potential new hire complement the organization; will they still be there 3 years later? Our business is the busiest it’s been in 25 years. Some of the biggest factors to a successful job search are persistence and luck. There is also resume content. You must include key responsibilities, proof of skill sets and a transaction sheet if available.



**Jonathan Breen, MSRED '04**  
Senior Associate  
AIG Global RE Investment Corp.

As a 2003 MSRED graduate, my internship at Vornado in combination with the resume book and steady persistence led to my position at AIG. I also used my former undergraduate university Alumni in NYC to help identify and target prospects.



**James Coley, MSRED '02**  
Director of Development  
Goldman Properties

I came into development at Goldman by one of these other career paths—thru the back door of project management based on my background as an architect. Once you’re inside an organization you can prove yourself and step into more responsibility. Never underestimate Networking—a very important part of the job search process.



**Yoav Oelsner, MSRED '01**  
Managing Principal  
Cushman & Wakefield

With no background in real estate, found a good fit within the atmosphere of brokerage and used my middle east connections to help get a position with Cushman & Wakefield. To be a broker you need sales ability and you need to be aggressive.



**David Lukes, MSRED '01**  
VP Development and Leasing  
Kimco Realty Corporation

Previously worked for a San Francisco developer earning expertise in entitlements, but after the dot.com crash market capital moved away. Joining Kimco suited my preferences for identifying highest and best use and repositioning properties. In development, teamsmanship skills are critical. Other career paths can help transition into development. For example, brokerage gives you great access to deal flow.



**Monish Krishna, MSRED '05**  
Associate Project Manager  
Hines New Delhi, India

Had an architecture background but wanted to move to the other side of the table—so focused my Thesis and job search on companies active in India. Sent out news clippings about India just to remind employers that I was still looking. Hines Interests noticed and recruited me for duty in India. The lesson is to never give up, to be persistent.



**Edan Shibolet, MSRED '04**  
Acquisitions Director  
Boymelgreen Developers

As a 2004 MSRED graduate, I came into the program with an Investment Banking background and used the program to scan for opportunities. Your network is everything to your job search—and luck is just another word for persistence. Make your own. Don’t hide behind your computer, get out and interview.



**Allison Galligan**  
Managing Director  
Charles J. McBride & Associates

Look for two key elements in your career decision—opportunity and chemistry. Be open and flexible because you are looking for a good fit—but also to acquire skills that you can use later in your career. Remember your “game face” for the interview—that is your big point of sale. One job doesn’t define your career. For example the MSRED program offers you all a unique chance to wipe the slate clean and to start again with a new story.

## Globalization of Real Estate: Risks and Opportunities of International Investing

Institutional investors seek new real estate investments abroad, and analytic technology is being exported along with capital. Partnerships with local developers and investment managers is vitally important for navigating cultural, political and legal issues.



**John Coppedge**  
EVP, Int’l Operations  
Cushman Wakefield

Our international revenues are 24% of \$1.2 Billion and will grow toward 50% over 4-5 years. We’re targeting 50/50 International vs. Domestic revenue. Unbelievable amounts of capital chasing limited supply of product. Risk factors diminish as transactions are commoditized—with tremendous push into India and China as less competitive markets.



**Lorenz Reibling**  
Chairman and Sr. Partner  
Taurus Investment Holdings

We seek consistent returns over a benchmark, and are contrarian. We are 80% invested in USA and have invested Euro 430 Million in Europe; also invested in China and Argentina. There are only two meaningful drivers to look for—population and employment growth.



**Charles Lowrey**  
President & CEO  
Prudential Real Estate Investors

Manage \$30 Billion for 450 clients worldwide with 17 offices in Europe, Asia and Latin America and 1/3 revenue from overseas. European investments have grown at a similar pace to US investments. We use local people in local offices but we adjust strategy/structure for each region. Will not compound risk by entity level investments—but do fund developer’s pipelines.



**Mark Gibson**  
Sr. Project Management  
Ernst & Young LLP

Must avoid imposing cultural standards and methods on local deals. Perspectives on logistical challenges and execution are vital. Biggest risks are currency and project delivery—a true skill set to cut through opaque opportunities to find both value and reward.



**Doug Lawrence**  
SVP  
JP Morgan Real Estate

Have \$30 Billion under management and we like the difference in correlation between US and European markets. The flood of institutional money into real estate has not yet crested as everyone seeks returns which forces funds to look in emerging markets.



**Marc Weidner**  
Portfolio Manager  
Fiduciary Global Advisors

Our assets are invested in Australia, Europe and Asia. Markets have been forgiving to real estate—but investors need to be cautious. Real estate is extremely local and inefficient. We find the best local with proven history to create value, and compensate for achieving performance.



**Tom Horton**  
Principal  
Ernst & Young LLP

New investment vehicles are adopted internationally—all based on USA REIT or Securitization formats—but local variations in regulations and accounting have powerful negative impacts on performance. Thus special underwriting techniques and due diligence are critical components of the investment decision.



**Lee Kuntz**  
Sr. Partner, Real Estate  
Shearman & Sterling

Seeing the export of US real estate technology—with US investment banking supplanting UK I-Banks—and consolidation in property and pension fund advisors. Deal structures are mirroring US structures. Most want to achieve international standards in transactions—but differences in legal systems makes global contracts difficult.



**Jonathan Green**  
President & CEO  
The Rockefeller Group

Not only is our technology exported, but also our people and capital. Patience is required as cultural clashes and distrust are common. The best way to create success is to partner with local experts. Foreign investment is political—with too many legal and cultural differences to be globally standardized.



**John Tsui, MSRED '86**  
President  
Peninsula House LLC

We invest in the convergence of three asset classes; corporate buy-outs, distressed loans and property. We were focused in Germany but are now moving toward China where the fundamentals are better—such as anchored malls in Bangkok, and 2 star budget hotels as well as mezzanine debt opportunities in China.

## REITs and Institutional Investors: Expertise vs. Competition for Capital

As they continue to outperform stock indices, REITs have become a powerful industry force. In an effort to find new growth for investors, some are privatizing, some moving into more JVs internationally, and expanding their own market niche. REITs remain an attractive investment vehicle because of size, transparency and the huge benefit of no corporate taxes.



**Barry Moss**  
Partner  
Ernst & Young LLP  
Chair ULI NYC Council

The real estate business used to be primarily family-owned but financing issues and regulatory changes led to companies going public via REIT structures. REITs have performed well relative to the market, and that puts pressure to continue growth but costly compliance with regulations such as Sarbanes-Oxley and big limitations requiring it pass through of 90% of taxable income after depreciation.



**Merrie Frankel**  
VP REIT Analyst  
Moody's

Remember that REITs are fairly young public vehicles—as the first to go public was Kimco in 1991. Today there are 195 REITs including mortgage REITs and approximately 100 are rated. Four current trends are Consolidation, Globalization, Privatization—as often private market value is 35-40% over book value—and Joint Ventures—as REITs are thirsty products, they must pay out 90% of their NO, and JVs are a way to offset this outflow.



**Michael Flynn**  
COO  
Kimco Realty Trust

Since November 1991 we've averaged 23% total return and since 2001 we've averaged 30% total return as specialists in over 1000 neighborhood shopping centers with market cap around \$14 Billion. Our pipeline builds 30 shopping centers per year. We can't give 12% return to shareholders if we buy properties with a 5% Cap Rate. So we use leverage to get 20% return on 8% of the deal which is Kimco's equity portion. Our stock is 60% owned by institutions.



**Tom Zacharias**  
COO Head Asset Mgmt.  
WP Carey

Carey was founded in 1973 at an intersection of two trends: huge demand for income-oriented securities, and the fact that corporations don't need to own real estate. This led to the creation of our private REIT to leverage sale-leasebacks. We do \$1 Billion in sale-leasebacks per year, especially active during mergers, buying the real estate piece from the company that is acquiring the business. The REIT benefit of not paying corporate taxes is huge. But the limitation that revenues must come only from real estate ownership and related operations.



**Charles McKinley**  
Portfolio Manager  
Fiduciary Global Advisors  
Fiduciary Trust

Our fund of funds vehicle is a way to reduce risk for pensions and endowments who want to invest indirectly in private real estate investment funds around the world. We co-manage all of Franklin Fund's global real estate portfolios consisting of registered international REIT stocks. Our client base is 100% foreign investors who are looking for globally diversified real estate investment vehicles and are willing to accept increasingly lower returns.



**Arthur Margon**  
Principal  
RCG Rosen Consulting Group  
& Rosen RE Securities

We are a \$125 Million hedge fund with market and global forecasting services for real estate investments. We invest in residential mortgage REITs and operating companies. We believe there will be a substantial correction, as the mortgage business is at risk as it is interest rate sensitive and has major structural problems. Note that home builders have made profits on increasing land values, but will not be able to sustain growth as values curtail.

## In-Fill Development: Creating Value at Medium Scale

In-Fill projects are a dynamic blend of challenges & opportunities with universal guidelines: buy opportunistically, identify competitive advantages—architectural, historic, amenities—focus on execution, and optimize profit by getting out fast. An In-Fill developer with vision who can manage a small scale project can learn a lot about development process, and make a good return.



**Roy Pachecano, MSRED '03**  
President  
Portico Residential LLC

In-Fill development is our core business—this means we are way below the radar and very hands on. We use municipal archives to identify a historic value for In-Fill projects and to inform our design process—as past use is an inspiration for design.



**Seth Weinstein**  
President  
Hannah Real Estate Investors

We have been purchasing old auto dealerships with brownfield issues to redevelop into mixed use. Locate properties at lower than market prices because of problems that can be overcome through creative adaptive reuse. Each market has a pricing sweet spot. Try to stay ahead of the cycle. Optimize profit by getting out fast.



**Francisco Bruno**  
President  
Realty Solutions Developers

In San Juan you must be creative with Design and achieve higher Densities—as we are now developing large buildings on small lots; must also be Imaginative to complete In-Fill projects—especially when financing is predicated on pre-sales.



**Coren Sharples**  
Principal  
SHoP Architects

We start early, partnering with developers to do zoning and feasibility work during pre-development. It's become fashionable to use design to emphasize the brand and achieve a higher sellout. But quality product is what's really important.



**Louis Dubin**  
Principal  
The Athena Group

Urban In-Fill development is interesting because it's the toughest. You are working in an urban environment, squeezed between existing buildings, using difficult methods of construction. We need to be creative in zoning as cities become bigger.



**Dan Killinger, MSRED '05**  
Development Associate  
Goldman Properties

In-Fill means hands on because the site is manageably small—allows you to see a lot more parts and gives you a good perspective on process. The Rockstar Designer idea is past usefulness. Developers need to refocus on value. At Goldman we use a "user group model" to identify purchasers for product type.



**Mark Robbins, MSRED '94**  
Development Consultant  
Avalon Bay Communities

In-Fill is unforgiving in that you cannot amortize site cost problems over a small project—but the advantages are authenticity in urban communities where tenants are paying a premium.



**Mario Procida**  
Principal  
Procida Realty Corp.

With In-Fill you must relate design to site context. You must also consider constructibility issues—as Sites with frontage under 50 ft. are logistically too small. Some architects have "Star Power" to increase sellout value—but also need extra supervision to ensure functional quality.



**Phillip Gesue, MSRED '97**  
Development Director  
Time Equities

Urban In-Fill can be created on the fringe—buy on the "bad side" and sell on the "good side". Cities have affluent residents who can afford to pay for design quality. In-Fill offers opportunity for interesting designs but execution is critical. Look for the best local retail because national chains don't bring unique merchandise or foodservice.



**Mark Newhouse**  
Dep. Commissioner for  
Neighborhood Development  
New York City Dept. of  
Small Business Services

We encourage development in specific neighborhoods. These catalytic investments are great support for In-Fill as we focus on particular avenue or area and utilize retail as the best fulcrum to spur growth—an important benefit to both the In-Fill project and neighborhood.

## Alternative Investments And Pension Funds: Trends in Allocations for Direct Equity and Opportunity Investments

Alternative Investments are aggressive and opportunistic positions in development, portfolio acquisitions, and property turnarounds. Choosing the right partner and understanding the property management are important hurdles for finding success. The problem isn't finding capital, rather finding good deals.



**Stephen Coyle**  
CIS  
Citigroup Property Investors

Our main business is managing opportunity Funds for office, hotel and some residential. We are also active Internationally with global real estate securities teams in the US and Europe. We see a continued flow of capital to real estate as an asset class.



**James Ebert**  
Senior VP Partner  
Buchanan Street Partners

Have \$4 Billion leveraged under management. We deal with small entrepreneurial developers who rehabilitate apartment buildings with short time horizons—a very different business from mortgage—now a niche focus on performance.



**Nancy Lashine**  
Principal  
Partners at Park Madison

As a consulting company we locate capital for small and young developers. The funds we work with are growing and going global. Investment Management is very different from real estate investment—more service-oriented when your client is the capital supplier.



**Gary Sumers**  
Senior Managing Director  
Blackstone Real Estate Advisors

We operate five real estate Opportunity Funds in the US and Europe. We identify our niche as targeting the largest public to private investments that others can't touch. We pursue yield, not diversification—which led us to create a hotel-heavy fund—as currently there is negative growth in hotel supply—while demand is growing.



**Marjorie Tsang**  
Deputy Controller/Director, NY  
Common Fund

We invest the \$140 Billion fund of the NYS Police and Firefighters. \$6.5 Billion or 3.9% is invested in real estate by a 7 person staff—invested 10% core, 70% enhanced core and 20% opportunistic. Our investment process can seem agonizing, as approvals come from an 11 member board. We are under-allocated due to low yields and fear of over-funding real estate.



**Joyce Shapiro**  
Senior Vice President  
LaSalle Investment Management

We have \$30 Billion in assets in international focused investments. With \$59 Billion new capital coming into the market contributing to \$270 Billion annually, we keep up the pace by utilizing knowledgeable local partners. As opportunities move quickly, we raise capital quickly to make opportunistic investments.



**Sylvia Gross**  
Director RE Finance  
Real Estate Capital Partners

We manage funds comprised of German money within the USA with a 3-5 year hold period. We start a new fund every year, and are currently on our 15th fund. We typically invest alongside developers putting in 90% of the equity; now have 125 JVs in 22 states with an average size of \$10.5 Million.



**Michael Falcker**  
Principal  
Cambridge Realty Partners

We are acutely contrarian, based in Santa Fe. In 1994 we began developing build to suit and spec industrial in Mexico. We have seen our deals compress from 16% to 9% unleveraged. We are looking to expand in Mexico, the Caribbean, Latin America and especially Brazil.



**John Foster**  
Head of Global RE  
Fiduciary Global Advisors  
Franklin Templeton

We invest globally for the UN Joint Staff pension fund with two lines of business—50 real estate funds and Global Property Stocks (REITs). Looking for absolute value opportunities for REITs as they emerge around the world, we continue to build a global staff, as we recognize different international structures.

## Student Fieldtrip



MSRED Students on new high-rise building tour, with Silverstein Executives at 7 World Trade Center.

## ULI Fall Meeting Los Angeles

85 Columbia MSRED students attended the ULI Fall Meeting in Los Angeles with 6,000 attendees for 4 days of networking at receptions, speaker presentations, and discussion panels, including MSRED Program Director, Michael Buckley's Panels—"In-Fill: Hot Products and Best Practices for Creating Value at the Small Scale", "Idea-Led Development" and a special "Careers in Real Estate" session.



Rick Rosan, ULI Executive Director at Center with MSRED students Fernandez (left) and Aasen (right).



International MSRED Students (left to right) Kitabatake, Honda, Mach, Orozco, Oba and Wun at ULI Int'l session.



Bob Ruth EVP of Trammel Crow with MSRED students Motwani, Sharma and Williamson.



Los Angeles developer Tom Gilmore surrounded by students.



Cushman & Wakefield co-Chairman, John Cushman, with MSRED students Gilliard (left) and Orekar (right).



MSRED students Mosler and Herring examine 7 World Trade Center Model.



Professor Raquel Ramati (second from left) with MSRED Students on fieldtrip to IBM building, mid-town Manhattan.

## CHDD Seminar Fieldtrip



Hines project SVP Bill Alsop identifies strategy for the new MXD on the former DC Convention Center site.



Hines associate Tamika Crittendon (third from left above) MSRED '04, with CHDD students (left to right) Castro, Barstis and Orozco.



Baltimore DevCorp Jay Brody reviews approaches to City revitalization.



Anacostia Riverfront Corp's Senior Planner Uve Brandes briefs CHDD.



Development Design principals show CHDD Students super-scale Architectural models.

## Seventh Annual Alumni Event

Featured Speaker: **Bruce Mosler**, Chairman, Cushman & Wakefield

Hosted by **Shearman & Sterling** law firm at their midtown Manhattan headquarters, this event allows incoming MSRED students, current graduating class, and other MSRED Alumni, to build an increasingly powerful professional network.



Three MSRED Student Association Presidents, (left to right) **Grant Kletter '05**, **Mehul Patel '04** and **Pushendra Sharma '06**.



We are forever indebted to Shearman & Sterling and **Chris Smith** for years of support to the MSRED alumni event.



**Mark Wigley** (Left), Dean of the GSAPP with **Bruce Mosler** (right), Chairman of Cushman & Wakefield who spoke of real estate growth both domestically & internationally.



MSRED Director **Michael Buckley** welcomes guests.



## Placement & Internships

The MSRED Program concentrates considerable effort on Placement. Our Internship program, and the Columbia Roundtable and Lunch Box Series, offer target-rich contact environments for students to identify industry occupations available and to profile key players. Recent MSRED Placements have included:

- › The Athena Group
- › Avalon Bay
- › BlackRock Realty
- › Bluestone Organization
- › Boston Properties
- › Boymelgren
- › Cushman & Wakefield
- › Edward J. Minskoff
- › Ernst & Young LLP
- › Forest City Enterprises
- › Forest City Ratner
- › Fiduciary Trust
- › Gale International
- › GE Capital
- › General Growth
- › Goldman Properties
- › Goldman Sachs
- › Hines Interests
- › ING Clarion
- › Jonathan Rose Companies
- › Kimco Realty
- › Lehman Brothers
- › Lennar Corporation
- › Mills Corporation
- › Moinian Group
- › NYC EDC
- › Procida Development
- › Prudential Realty
- › REEEF Advisors
- › Related Companies
- › Rockwood Realty
- › Rockrose Development
- › Rockefeller Group
- › SL Green
- › Starwood
- › Time Equities
- › Tishman Speyer
- › Vornado Realty Trust
- › WCI Communities

## MSRED Alumni Newslines

This Alumni Newslines and student travel notes will become a larger feature in future issues—so be sure to send digital photos and short news bits to: [jas215@columbia.edu](mailto:jas215@columbia.edu)



MSRED '06 Grads at Rufino Family Ground Breaking for Net Cube, a boutique office building in Bonifacio The Philippines. (left to right) Charlie Rufino (Father of Raymond and Developer of Net Cube), MSRED '06 Grads Gary Fogg, Raymond Rufino, Adam Aasen, Lee Polydor, Dev Motwani and Joe Miller; at far right Jacques Dupasquier (Also Developer of Net Cube)



The Motwani family has a joint venture in Ft. Lauderdale which spans two generations and features a well-known NYC developer — (left to right) Nitin Motwani '05, Anshu Agrawal, Donald Trump, Ramola Motwani, Dev Motwani '06.



Donny James '05, and CHDD Class at Anacostia Riverfront Association.



Gregory Lobdell '02, announces the arrival of Jolie Tru Lobdell on June 26<sup>th</sup>, 2006.



Matt Greer '03, now COO of Carlisle Dev. Corp. set aside affordable units for youth aged out of Florida's Foster Care.



Elise Ingenito Resta '06, announces Jackson Claude Ingenito, born Sunday, August 20<sup>th</sup>—13 days early—so Mom could finish her Thesis!



Alumni Telethon Fundraisers—GSAPP's Devon Ercolano Provan (second for right), with MSRED '06 students (left to right) Sharma, O'Brien, Fenner and Motwani.



MSRED '06 Students in Caribbean research mode. (Left to right) Clark, Miller, Farrow, Fogg, Aasen and Vianellis.



Orientation Reception at West End—Professor Buckley with MSRED Students.



Oelsner brothers share Columbia MSRED experiences—Yoav '01 (left) and Dan '07 (right).



David Lukes '01, appointed EVP of Kimco Realty, now responsible for the Kimco Redevelopment Company and the Northeast and Southeast regions.



Marc Holliday '92, is CEO of SL Green Realty, and was principally involved in the recent acquisition of Reckson and has been named MSRED Taskforce Chair.



Wun brothers at Alumni Reception. Ken '05 (left) and Patrick '06 (right).



Lawrence Berman '04, and bride Valerie shown at De Baest Holland wedding with classmates Stevenson Bennett '04 (left) and Doug Moreland '04 (right) with Professor Buckley.

## Job News

Congratulations on jobs and career enhancing responsibilities to:

- › Blake Hutcheson '89 is now President of CBRE Canada
- › James Lima '86 at Avalon Bay
- › Scott Lawlor '91 is principal at Broadway Partners
- › Eric Anton '95 gives recent speech for Real Estate NY conference
- › Evan Denner '95 is new Managing Director at HypoBank
- › Yoav Oelsner '01 and Jose Cruz '98 at Cushman & Wakefield, NYC Region
- › Rodrigo Bilbao '99 is now Construction Director for Xanadu Mills
- › Dermot Johnson '05 and Philip Gesue '99 at Time Equities
- › Francisco Andragnes '00 is now VP at Prudential RE Investors in Mexico City
- › Darryl Herring '06 and David Sapir '05 at Athena Group with Kenya Smith '00
- › David Lukes '01, Gabe Traupman '05, Gary Fogg '06, Fernando Garcia '06 and Antonio Orozco '06 all at Kimco Realty
- › James Coley '02 and Dan Killinger '05 at Goldman Properties
- › John Lin '03 is new Development VP for Boyd Gaming
- › Donald Matheson '03, NYC developer, is new MSRED Taskforce member
- › Roy Pachecano '03 opens Portico office in San Antonio
- › Kirstin Brincker '04 and Bryan Oos '03 both at Forest City as project managers
- › Lauren Exchardt-Smith '04 and Eric Levin '05 at Interactive Corporation
- › Esteban Pernice '04, from AIG, now resumes development career in Buenos Aires
- › Doug Moreland '05, Monish Krishna '05, Tamika Crittendon '04 and Dustin Harris '05 are all new employees of Hines Interests in four offices
- › Joseph Chang '05 joins General Growth in Chicago
- › Muhened Itayim '05 is now with with Dubai's Buraaj Investment Corporation
- › Caroline Demol '05, joined Fiduciary Global Advisors
- › Hannah Zhu '05 formerly Grand Heritage Hotels, joins NorthMarq Capital in New York City
- › Seth Parker '05 and Ryan Tunstall '05 join Procida Development
- › Caleb Perrin '05, Page Travelsted '05 and Debbie Rabino '05 joins John Cournoyer '97 and Susi Yu '94 at Forest City Ratner



**COLUMBIA UNIVERSITY**  
 MSc in Real Estate Development  
 Graduate School of Architecture, Planning & Preservation

**COLUMBIA**  
 REAL ESTATE ROUNDTABLE

For additional program details and application information, please contact:

MSRED Coordinator  
 Columbia University  
 410 Avery Hall, GSAPP  
 1172 Amsterdam Avenue  
 New York, NY 10027  
 tel: (212) 854-3524  
[www.arch.columbia.edu/realestate](http://www.arch.columbia.edu/realestate)

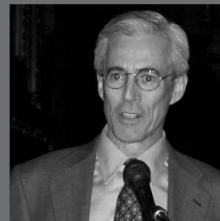
## MSRED Graduation

St. Paul's Chapel, Columbia Campus



Columbia MSRED graduation ceremony at St. Paul's Chapel.

The 2005 MSRED class graduation at St. Paul's Chapel featured a call to purpose by new GSAPP Dean Mark Wigley, and an address by noted developer Robert Selsam of Boston Properties, whose remarks included discussion of manufactured luck based on effort, and a guide to this Next Generation of real estate developers. MSRED Director Michael Buckley and Professor Hank Bell conferred degrees.



Robert Selsam



Mark Wigley, Dean GSAPP



Christopher Davidson receives Outstanding Thesis award.



## MSRED Class of 2006

The Class of 2006, who are all seeking significant and new career opportunities, and rapid acquisition of development, analytic, design and enterprise management skills, has typically diverse professional and cultural backgrounds:

Cultural Background		Professional Background	
United States	78%	Finance	18%
Canada	3%	Real estate	17%
Japan	3%	Architecture	15%
Greece	2%	Project Management	9%
Korea	2%	Law	7%
Mexico	2%	Corporate Business	6%
United Kingdom	2%	Brokerage	6%
Colombia	1%	Engineering	4%
India	1%	Marketing	4%
Lebanon	1%	Planning	4%
Nigeri	1%	Asset Management	3%
Norway	1%	Construction	2%
Philippines	1%	Politics/Government	2%
Spain	1%	Media	1%
UAE	1%	Medicine	1%
		Music	1%



Design: Design360 Inc.  
 Photography: Bernard Fernandez