INVESTMENT ANXIETY: LEADING THROUGH AN UNCERTAIN FUTURE

“The only thing that is constant is change.”
– Heraclitus

Occupancy rates and rents are stable. Property values are on the upswing. Real estate investment managers are focusing on adding value to their investors’ portfolios and expanding their own businesses. For the moment, the efforts of most REIMs are being spent on trying to consolidate the opportunities a period of growth allows.

But how much thought, if any, are we giving to adapting to anticipated change? How will we respond when we hit the inevitable peak and survive the downturn to come?

The question is not meant to alarm. It is meant to reveal our flexibility and readiness to thrive in the future. This is a time to inventory strengths, self-assess exposure, and wrangle with new challenges before they become too overwhelming. The nature of the business cycle is inevitable. However, the power to adapt to change is solely our own. The 2014 20/20 Investor Summit was a dexterity check, an interactive exchange between thought leaders in real estate investing.

More than 60 leaders gathered at the NAREIM 2014 20/20 Investor Summit in Chicago in June to consider the recent past, identify the changing dynamics of the present, and to project how firms should adapt to the future.

Jeff Barclay of Goldman Sachs, and chairman of NAREIM’s board, introduced the four questions for discussion. How do we prepare for future market cycles? How can we make global investing work better? How can we build resilient teams? What factors can we anticipate that will drive change in the future? Those questions framed the discussions that followed—with a reminder that—as Buckminster Fuller once said, “People should think things out fresh and not just accept the conventional way of doing things.”

Where are We Going—and Do We Know Where We are Now?
As John D’Angelo of RealFoundations questioned, “What is a market cycle? I’ve lived through four of them—and no two cycles have behaved the same.” The next one likely won’t be triggered by the same things or behave just like ones that preceded it. This makes thinking and monitoring how the market is behaving all that much more important to prepare for when the market turns, D’Angelo noted.

“It’s difficult to understand where we are right now in the cycle,” said Scott Onufrey of Kimco. “Pricing is very strong, cap rates are at levels that were unheard of in previous cycles, and the debt markets are clearly open for business.” The Fed’s easy money policy allows investors to make a positive spread on assets bought at a 4 percent cap rate. Although the market differs in some ways from the pre-recession peak—for example, the recovery is at different points in different geographies—Onufrey posed a key question. “Are we taking any actions that are different from what we did in 2006 to 2008—and if not, should we be?”
To conceptualize our current situation, Chris Ludeman of CBRE literally drew from the opinions of investment experts in the room to visualize the market cycle for different product types. An observer could draw two conclusions from the exercise. First, everyone agreed that every market was somewhere on the upslope of the cycle, with virtually no market showing signs that it is time for investors to exit. Second, none of the bright minds in the room could state with authority how much running room any given market has before it turns south.

Though a downturn may not be imminent, capital markets are definitely changing. An immense amount of capital is coming into commercial real estate from domestic and, increasingly, foreign sources. CBRE reported that global capital flows to U.S. properties from foreign sources totaled $36.4 billion in 2013, or about 10 percent of all commercial property investment. But that total is just for direct foreign investment, whereas most of the money coming from Asia and the Middle East goes through U.S. intermediaries. “I suspect that foreign capital has at least twice as big an impact as what the direct investment numbers show,” he said.

Often, foreign investors enter the U.S. market via REITs initially, and as they become more knowledgeable and comfortable, they align with investment managers in commingled and separate-account relationships, Ludeman said. “The question for NAREIM members is how to access the right sources of foreign capital. For instance, some big sovereign wealth funds have been around long enough to establish their own in-house investment staff, but more sources are emerging from those countries below the level of sovereign funds, and many managers want to be a part of that.”

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Scott Onufrey
Kimco Realty

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Chris Ludeman
CBRE
Can We Meet The Growing Appetite our Clients Have for Information?

Alan James of Yardi prompted participants to consider the ways they collect and analyze market data. “How many of you believe your firm truly leverages technology today in the area of decision support?” Seeing not a single hand go up, he said, “Just what I expected—our industry has never embraced new technology except when clients demand it.”

In the years immediately after the recession, investors were focused on the past and what went wrong, but now the focus is on the future, said Alan James of Yardi. “We’re moving away from being reflective and toward being predictive, what can we do for the next cycle,” he said. “From a data standpoint, the shift is from back-office activities—financials and accounting—to a middle- and front-office focus on business intelligence, CRM systems and scenario planning.”

Some REIMs are forecasting five years out on a regular basis, which “no one did five years ago,” James said, because clients are increasingly asking for that analysis. “I talk to LPs quite often, and the amount of information they want is huge compared to 2007—not just historical but forward-looking data.”

Technological changes such as increased mobility and wide access to data have prompted some business people to have the expectation that they can have any analysis at any time, James noted. But the role of investment managers is to sift through all the information to reach useful conclusions on markets. “Having more data points available doesn’t matter—what matters is what you do with it,” he said. “Do you sell something sooner or buy something later? Will the investment hold up under worst-case scenario modeling? It’s better to do predictive analysis than to wait for events to unfold and suffer the consequences.”

Staying Sharp: How Do We Resist Investor Euphoria?

What early signs of disruption should we be looking for? “The market feels good right now, but it can turn quickly,” Onufrey said. Geopolitical events can change the tone of markets, as illustrated by the recent dip in U.S. interest rates, credited to global capital rushing to safe-haven Treasuries in the wake of Russia’s maneuvering in Ukraine. Regulatory risks can also crop up unexpectedly. “There may not be a lot of early warning signs, and it may be difficult to position for a down cycle even if you see the signs—if you sell your entire portfolio, you’re out of work,” he said.

Other participants agreed that pulling out of a rising market is a difficult call, even when the signs are present. “The year before everything hit the fan—and we were all there—it was easy to see that underwriting was out of whack. We knew something bad was going to happen, but not when or how bad.”

Investment managers don’t do enough scenario planning, D’Angelo contended. “People don’t ask what could happen and what you’d do if it happened. You can’t predict everything that will happen, but you can have a pre-determined plan to manage the impact of some events.”
How Can We Make Global Investing Work Better?

As global investors seeking reliable returns on their investment, many are entering the U.S. commercial real estate market with unprecedented levels of capital. What subtleties should investors consider to successfully court these potential clients?

Frank Forelle of Zeller Realty Corporation illustrated some of the opportunities and challenges accessing foreign capital, particularly from China. Zeller recently completed a deal in Chicago with a Chinese investor, working through an agent. “There were a lot of struggles. I was on the phone almost every day at 8 a.m. or 9 p.m. because of the time zone difference,” he said. In addition, investing in Chicago required a steep learning curve for an investor whose previous U.S. experience was limited to gateway cities on both coasts.

Perhaps most challenging of all was the language barrier—not just the need to translate but the different styles in communication. “We would say one thing and they would hear something else and vice versa—it took several months to get to a working relationship,” Forelle said. One example of the difference in perspectives involved the conception of how to justify a new development. “Our idea of value-added investment is to buy a building and fix it up; in China, they build in the middle of nowhere and assume it will be filled somehow,” he said.

Despite the bumps in the road, Forelle found the negotiation with the Chinese investor to be less onerous than setting up a commingled fund, which appeared to be Zeller’s other option. Foreign capital is finding U.S. deals because it’s often the best execution for both parties. For Chinese investors, the need to diversify into U.S. investment is important as they worry more and more about factors like environmental damage and population density in their home country.

“Chinese investors want to be a direct owner rather than a fund participant, and they have a sophisticated group of well-trained people working from them, but they don’t seem to think like the large institutional organizations we’re used to. They’re entrepreneurial in the sense that they want to get an arbitrage if one is available.”

Frank Forelle
Zeller Realty

In the near future, projected levels of injected capital may eclipse all previous levels of investment. Jay Koster of Jones Lang LaSalle made a strong case for a major shift of institutional and foreign capital into commercial real estate investment in the coming years. He sees institutional allocations to commercial real estate increasing to as much as 20 percent of total investment, at least double the percentage of pre-recession allocations. “One thing that gives institutions some comfort with where the market sits today compared to 2008 or 2009 is that real estate performed well during the downturn relative to other asset classes,” he said.

“If sovereign wealth increases their allocations from the current 2 percent level to 4 percent, that’s $50 to $60 billion of additional capital right there,” Koster said. The fact that foreign investors are moving beyond gateway cities also suggests opportunity for growth. “Currently, foreign capital represents about 10 percent of U.S. investment in real estate, but in Washington DC, it is 73 percent,” he noted.

Foreign investors know they need to be financially compelling to compete with established U.S. institutions, Koster said. As an example, he recounted a recent sealed-bid auction for a San Francisco property, where an unknown family conglomerate from Asia outbid other competitors by about $10 million, on an asset valued at $110 million. The seller, wanting certainty and concerned about the unfamiliar high bidder, selected a lower bidder, but the JLL team helped the conglomerate acquire a nearby property in an off-market deal after performing due diligence on the buyer.

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Jay Koster
JLL
“These are positive trends, but for an industry that has had trouble maintaining discipline in underwriting in the past, an important question is what effect an influx of capital will have,” Koster said. A quarter of the foreign capital that’s out there is focused on capital preservation rather than NOI. If they can get a 4 cap current deal that will be a 4.5 cap in five years, they’ll take that over a 6 cap that could become a 3 cap down the road.”

The Challenge Of Certainty: How Will New Regulations and Data Standards Shape our Industry?

Another challenge of the increasingly global investment landscape is a lack of common understanding of many concepts and measures, according to Alan James of Yardi. “We have clients in 55 countries with 55 different ways to communicate—in everything from accounting rules to the way data is interpreted,” he said. Financial data from public REITs is relatively consistent, but even here the challenge of different performance measures for different property types complicates standardization. For instance, multi-family, hotel, office and retail each has its own way to measure space and calculate occupancy rates.

“The ability for an asset’s ownership to pass from one owner in one country to an investor in another country implies that we’re all using the same dimensions, measures and other standards—but that’s not always the case,” James said. He also noted several reporting regimes that the investment community and/or government groups may require from REIMs.

Lately, Yardi has been working with an organization of limited partners who are collaborating on standard ways to request data from GPs. “A smaller LP invested with 15 GPs gets data 15 different ways, and doesn’t have the staff to put them in one format,” James said. “Maybe this will lead to a top-down rather than a bottom-up approach—start with what information clients need rather than starting with the lease in the building.”

Cross-border investment also can carry extra tax and regulatory requirements, according to John Noell and Jeffrey Bruns of Mayer Brown. In addition to FIRPTA, which U.S. REIMs know all too well, there’s the less-well-known AIFMD, the Alternative Investment Funds Managers Directive, for non-European Union fund managers offering non-EU funds in Europe. “It’s been coming down the pike for several years, and is partially implemented, but a lot of lawyers who should know about probably don’t,” Noell said.
AIFMD has only partially been implemented, and the way it has been rolled out has effectively frozen foreign investment fund-raising in some European countries, Noell said. “Under AIFMD, the EU gives you a sort of passport to sell anywhere in Europe without worrying about the specific rules of that country—but we’re not there yet, so right now there are the old rules and the new rules and more rules coming in 2018. As a result, in France you effectively can’t do a traditional private placement.”

In other international reporting regulatory news, 2014 and 2015 are transition years for implementation of the Foreign Account Tax Compliance Act (FATCA), but “in 2016 there will not be as much leniency,” Bruns said. A U.S. law passed in 2010, FATCA ensures that American entities aren’t hiding behind foreign entities to evade taxes. “It’s important to give all the right information to investors and reporting regimes.”

**What Strategies Do We Need to Lead Through Good Times and Bad?**

In periods of market expansion such as we’re seeing now, the temptation is to focus on market share and deal flow, but to survive in cycles to come, REIM leaders should consider how to keep a steady eye on the operations and also see what is needed to develop their teams.

“No day, we in the investment management business wake up to a new set of stimuli in an ever-changing competitive landscape,” said Preston Sargent of Trail Creek Capital. “What are some of the looming threats, to the industry or your individual businesses?” Threats from within, such as poor morale, high turnover and organizational dysfunction, are a problem in every sector, but REIMs face the additional danger of their weaknesses attracting the attention of consultants with the power to steer institutions to more stable competitors, he noted.

“The war for talent is the number-one concern for our business. How do recruit talent to our industry, and what we do as companies to help them progress in their careers,” said John Gates of Jones Lang LaSalle. He led a group discussion that touched on practices that help create strong multi-generational teams in commercial real estate, from integrated facility management to investment management.

By 2015, there will be 86 million Millennials in the workforce, surpassing Baby Boomers for the first time, Gates said. Companies seek out these workers for their high education level, tech savvy and flexibility in terms of where and when they can work. But the CRE sector has lagged many other industries in seeking out and nurturing younger workers, creating a potential talent gap as Baby Boomer leaders retire with no clear line of succession.

In the area of recruiting, for instance, Gates noted that Millennials, more than preceding generations, focus on corporate values and cultures that demonstrate mentorship and training. Younger workers “want to know how they can contribute and how is the company contributing to the good of the world,” Gates said. “The top reason they give for leaving a job is that they didn’t feel part of the culture.”

Also discussed was the importance of diversity in recruiting and promotion. Gates noted that 40 percent of Millennials are non-white, and Matt Slepin of Terra Search Partners added that 60 percent of college graduates are women, whereas the real estate investment business is still predominately white and male. “Our industry is not diverse by gender or ethnicity, and the nature of our labor force is changing a lot,” Slepin said. “In our day, you went to where the job was, put your head down and eventually get ahead. Today, young professionals choose where to live first and then look for companies that place a high premium on partnering and providing a growth path.”

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**John Noell**  
Mayer Brown

**Preston Sargent**  
Trail Creek Capital
Innovation and an inviting workplace can also be important in attracting and retaining young professionals. Much has been said about the mobility of the workforce, and while this is not limited to workers under thirty-five, a company that is not technologically up to speed is more likely to be a deal-breaker for Millennials than previous generations, Gates said.

In addition to bringing up new talent, REIM executives also need to prepare for the next generation of leaders, Slepin said. “Today and over the next 15 years, 10,000 Baby Boomers a day are becoming eligible for retirement. They may be working longer than their parents did, but a lot of them are looking for work-life balance.” As they ease out of active leadership roles, talented individuals of Generation X can emerge express as leaders and express their own visions. If considering the replacement rate by sheer numbers, a workforce shortage seems evident. However, what if Baby Boomers moved from the helm to actively developing the talent of the future?

Slepin suggested that executives in the process of scaling back might make good mentors to guide Millennials. An oft-cited trait of millennials is their voracious hunger for experience and knowledge of how the company functions. Many aging Baby Boomers are considering their legacy and desire to have a positive impact. Pairing the two generations could be a symbiotic, ideal match.

Not everyone agreed. “Some people who are great at making investment decisions and growing companies have not developed the skills needed for mentoring,” said George Pandaleon of Inland Institutional Capital Partners. “You can be a capable entrepreneur and still have a toxic personality.”

“In our industry, leaders spend time making the right investment decisions and looking at the capital stack, but no one really thinks that much about their culture and what makes them unique,” Slepin said. In a business of professional people, a company’s culture and brand are nearly synonymous, and equally hard to define. “There’s a difference between the way we view one firm versus another, but it’s hard to put your finger on exactly what makes the difference—it’s not just your CEO, or your people, or your structure, or management style, but all of these things combined,” he said.
Seeing Around Corners: How Can REIMs Prepare for an Unknown Future?

As the physicist Richard Feynman once said: “The fact that you are not sure means that it is possible that there is another way someday.”

Participants were challenged to confront risks that are difficult to see today, or that may change the dynamics of the profitability of a commercial real estate asset in unexpected ways. The insurance industry is a critical source of information on risk, with an exclusive source of data relating to physical risks to commercial property, according to John Heffernan of Verisk Commercial Real Estate (“VCRE”). In addition to “market-independent” risks such as floods, hurricanes and earthquakes, VCRE also analyzes commercial real estate physical characteristics and financial data, using historical data on several decades of up and down market cycles to create models for future scenarios.

“The commercial real estate investment banking, management and ownership players were finding their financial predictions on portfolios were becoming less and less accurate as new structures such as S&Ls and CMBS changed market conditions,” Heffernan said. However, insurers had already started pooling their data in the early 1970’s through the creation of Insurance Services Office, Inc. ("ISO") which initially formed as a membership association of property and casualty insurance companies for the purpose of gathering statistical data and other information, and developing standard, advisory insurance forms and rules. More recently, insurers have been applying predictive analytics to get a better handle on risk factors. Now VCRE, a division of ISO, is taking the analytical capabilities to the next level, by applying information from sources previously available only to insurers to the commercial real estate investment banking, management and ownership industry.

What we’re trying to do is to make the data box, which now contains over 65% of every commercial and multifamily property in the Continental United States, bigger, adding more participants and more types of statistics,” Heffernan said. Statistics on crime rates, tenancy trends, the quality of fire department protection capabilities, the walkability of a neighborhood and other factors can be utilized to better assess risk and accurately predict performance. “An investor might be screening ten properties and ask us to provide a risk profile, and I’ll say, what do you want to focus on? Risk to wind damage? Tenancy trends? If we know what you’re thinking about, we can give you an idea of what to expect.”

John Heffernan
Verisk Commercial Real Estate
“Another change from investors is that they want reporting in much greater detail than they used to, and they want it faster,” said Andrew White of Greenberg Traurig. “Large funds are putting in “most favored nation” clauses—“Whatever reports you create for someone else, we want it too,” he said.

“Investors know it’s a sunny day today, but they’re mindful of past experience, and are trying to protect themselves from downside risk,” said James Caserio of Greenberg Traurig. One way to mitigate risk is to demand more onerous control rights when setting up investment management agreements. Contractual provisions in several key areas have changed a lot since the downturn.

Perhaps most significantly, “we’re starting to see investors request a clause for removal of the GP without cause. In 2005 that clause wouldn’t have been there,” Caserio said. “In the downturn, there were a lot of faults but not a lot of foreclosures as deals got worked out, but investors knew it was a market-wide problem, not manager incompetence.” So it’s difficult to know in what circumstances a “removal without cause” provision might be used, he said.

Investors are also requesting ‘key man’ provisions, wherein relationships rely on a particular person within the REIM staying involved in the fund. If the key person left the company, the LPs could suspend the fund until another acceptable person is approved. But Caserio noted that LPs’ right to suspend operations could negatively impact the fund’s ability to get a credit facility.

One risk to the REIM business model is well-known but far enough off that it does not pose an immediate threat—the shift from direct-benefit pension plans to direct-contribution plans such as IRAs.”DB investment is in long-term decline, going way of the dinosaur, while DC is five times bigger than DB and growing,” said David Lynn of Industry Capital Core Real Estate.

Lynn has studied the pros and cons of operating a non-traded REIT or other “retail” investment fund structure. “Some retail investors are able to raise money more efficiently than institutional fund managers,” he said, and another plus is that “retail investors rarely call, as long as they get a dividend—the opposite of an institution that is always on your back about something.” But the shift in capital sources would require a major change in operations as well. “More than half the people at these companies are devoted to selling,” Lynn noted.

Lynn has written a book, “The Advisor’s Guide to Commercial Real Estate Investment,” primarily aimed at real estate retail investors and advisors. Individual investors have a range of options, from direct equity to limited partnerships to public and private REITs, and each vehicle has its own opportunities and risks. As advisors look at ways to replace dwindling DB capital with DC sources over time, Lynn’s guide could be useful as a refresher course and an update on parts of the market that REIMs may not follow closely, he said.

In response to an audience question about the emerging trend of crowd-funding, Lynn said it’s “fraught with risk” but likely to catch on regardless. “We are in the first part of what will be a huge wave, akin to when people started investing in mutual funds, and that means a lot of rules need to be worked out and a lot of mistakes will be made before we get to a stable marketplace.”

The 20/20 Investor Summit asked the leaders in the room to ask tougher questions, to try to understand better what our future may hold, and figure out how to prepare. As Gunnar Branson of NAREIM observed, “The future risks of real estate can’t be summed up as a simple repeat of what happened in the last crash. Rather, our collective future holds any number of challenges and opportunities we haven’t yet mastered.”
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Speakers:

Jeffrey Barclay
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Managing Director, NAREIM Board Chair

Jeffrey is head of the Real Estate Investment Group (REIG), which is a part of the Alternative Investments & Manager Selection (AIMS) Group within the Investment Management Division. REIG invests in both direct commercial real estate and fund managers on behalf of Goldman Sachs Asset Management and Private Wealth Management clients. He has over 25 years of real estate investing experience. Jeffrey joined Goldman Sachs as a managing director in 2010.

Prior to joining the firm, Jeffrey was responsible for leading real estate investment activity for Clarion Partners, one of the largest US real estate investment management firms and, from 1998 through 2011, a wholly owned subsidiary of the ING Group. He served on the firm’s Executive Board, Operating Committee and led its Investment Committee. Prior to joining Clarion in 1993, Jeffrey was a partner at Hamilton Securities, a Washington, DC based investment bank. From 1989 to 1992, he was responsible for investment sales at Jones Lang LaSalle. Jeffrey began his real estate investment career in 1983 at the Lawrence Ruben Company, a private development and investment company. He also worked in the real estate department of Chemical Bank and in the equity research group at CS First Boston.

Gunnar Branson
NAREIM
President & CEO

Mr. Branson is the President & CEO of the National Association of Real Estate Investment Managers (NAREIM), an association of companies engaged in the real estate investment management business in the United States. Before joining NAREIM in 2011, Mr. Branson worked for over 25 years in commercial real estate, professional services sales, product innovation and marketing. He has transformed businesses and accelerated growth as a leader, strategist, business developer and innovator. In addition to holding leadership roles at companies such as GE Capital Real Estate and Heller Financial, as a consultant he worked with companies such as Jones Lang LaSalle, Wells Fargo and Fidelity to develop new markets and new products. His consulting practice centered on change acceleration and practical innovation. Some of his writings on innovation, finance and commercial real estate can be found at www.bransonpowers.com.

Jeffrey Bruns
Mayer Brown
Partner

Jeffrey Bruns, a partner in the Chicago office of Mayer Brown, provides tax advice to a wide variety of clients in connection with the formation and operation of partnerships and limited liability companies. His work emphasizes transactions involving real estate assets. Jeffrey also has substantial experience representing sponsors of real estate and private equity funds, as well as representing taxable, tax-exempt and foreign investors in such funds. In addition, he regularly provides tax advice in connection with the formation and operation of REITs. He joined Mayer Brown in 1999 and was named a partner in 2006. Jeffrey graduated with a B.A. with distinction from the University of Wisconsin and with a JD cum laude from the University of Wisconsin’s Law School.

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Greenberg Traurig LLP
Co-Chair, Chicago Real Estate

James J. Caserio is Co-Chair of the Greenberg Traurig’s Chicago Real Estate Practice. He focuses his practice on domestic and cross-border real estate transactions, real estate finance, joint ventures and development. His clients include institutional investors, public and private real estate companies, retailers, developers, REITs, hedge funds, other investment funds and financial institutions. Caserio graduated Phi Beta Kappa from Northwestern University and earned his J.D. from the University of Michigan.
John D’Angelo is a Managing Director with RealFoundations, a global management consulting firm exclusively serving the real estate sector. With over 20 years of real estate industry experience, Mr. D’Angelo focuses on the firm's institutional investor, investment manager and corporate occupier clients. His teams have developed trusted relationships with some of the most respected organizations in the world, including: Clarion Partners, GIC, JP Morgan Asset Management, Shorenstein, TIAA-CREF, the Bank of America, Jones Lang LaSalle and Simon Properties.

Prior to joining RealFoundations in 2003, John was a Senior Manager with CapGemini Ernst & Young, the Ernst & Young Kenneth Leventhal Real Estate Group, and initially, Kenneth Leventhal & Company. Mr. D’Angelo began his career with Grubb & Ellis where he worked both in internal IT and as the Research Director for Orange County, CA.

Frank Forelle joined Zeller Realty Group in 2012. As President of Zeller Investment Corporation, a division of Zeller Realty Group, he has oversight and implementation of capital formation, capital markets activities, and fundraising across the firm’s portfolio of assets. He co-chairs the firm’s investment committee and is charged with assisting the Chairman in the firm’s growth strategy and selecting institutional partners.

Prior to joining Zeller Realty Group, Forelle was the owner of SF Associates, a real estate consulting and investment company. From 2005 to 2011 he was a Managing Director at Deutsche Bank and Head of Commercial Real Estate for the Asia Pacific Region, based in Tokyo. Forelle also served as Managing Director of Corporate Investments at Deutsche Bank where he had oversight for real estate equity joint ventures in Asia and the U.S. Prior to joining Deutsche Bank, he was the Head of Commercial MBS for ABN AMRO, Inc. in the Americas, where he founded the CMBS business in 1998 in conjunction with LaSalle Bank. Prior to that role he was the Head of CMBS Trading and Sales at Citicorp Securities, Inc. and a founder of its CitiMae commercial mortgage conduit. He has held other capital markets and mortgage-related positions at Bankers Trust Company (acquired by Deutsche Bank) and Metropolitan Life Insurance Company in mortgage underwriting, origination and joint ventures.

As CEO, Markets, John Gates oversees the firm’s Brokerage, Capital Markets, Project and Development Services, Property Management and Retail businesses in the United States. In 1990, John began his career at The Staubach Company and rose to President and Chief Operating Officer. Prior to that, he was President of the Southwest Corporate Services Division. When The Staubach Company and Jones Lang LaSalle merged in 2008, John transitioned into the role of President of Americas Brokerage and Director of Markets West and later served as President of Real Estate Service, Americas. John earned a Masters of Business Administration in Finance from the University of Texas at Austin and received a Bachelor of Science in Economics/Finance from Trinity University. John also serves in a number of civic membership positions including on the Dallas Housing Authority, Urban Land Institute, Dallas Citizens Council, and the University of Texas at Austin.
Mr. Heffernan is a professional engineer in the commercial real estate investment banking due diligence industry. His experience has led him to manage the budget and construction of stadiums, hotels, both single and multifamily residential developments, commercial office space, high-rise office buildings and casinos. Mr. Heffernan has participated in the management and underwriting of over $6 billion in equity level transactions and commercial mortgage backed securities and $12 billion in hard cost construction funds reviewed and disbursed. Mr. Heffernan has participated in constructing one regional and two national due diligence firms, the ACS Group at CB Richard Ellis and most recently Verisk Commercial Real Estate within the Verisk Analytics family of firms. Coinciding with these efforts has been advocacy through the first due diligence trade association towards and propulsion of through a myriad of service and legislative platforms a movement seeking to achieve continuous improvement in the due diligence industry and a resulting healthy commercial real estate investment banking marketplace. Mr. Heffernan sits on the Mortgage Bankers Association Mortgage Action Alliance, Servicer Council and Investor Council.

Alan James is the Industry Principal for Investment Management and Commercial at Yardi Systems, Inc. Over the last 25 years he has worked with many of the top fund and institutional managers in providing technology solutions to help achieve goals and objectives directed toward increasing shareholder value. Previously, Alan served in different consultative and sales capacities at Oracle Corporation, PeopleSoft and J.D. Edwards focusing on solutions for the large real estate owners, managers and REITS. Prior to beginning his career in real estate technology, he was the Vice President of Finance for a large real estate developer that worked very closely with Institutional owners in Joint Venture developments of commercial and residential real estate. Alan holds a BS degree from Portland State University in Accounting and Finance Law.

Jay L. Koster II serves as the Group Head for the Americas Capital Markets & Investor Services businesses for Jones Lang Lasalle. He guides all of the firm’s business relating to investor clients in the Americas, including Agency Leasing, Capital Markets and Property Management. In addition, as member of JLL’s Americas Executive Committee, he shares responsibility for the strategic direction, growth and client activities of JLL’s global capital business. Jay has 25 years of commercial real estate investment and capital markets experience, with broad experience in real estate development and investment, mortgage lending, asset management, commercial brokerage and investment banking. Prior to 2008 merger with JLL, Jay led The Staubach Company’s Capital Markets Group. Before The Staubach Company, he was a Vice President at Gale & Wentworth. In 1989, Jay began his real estate career with Prudential’s general account real estate investment group and held various roles in investment management, lending, and development. Jay is also a founding member of Prudential’s property management and agency leasing subsidiary, Premisyis Real Estate Services.

Global President of Capital Markets for CBRE. Mr. Ludeman drives the company’s advisory business for investors, including responsibility for Equity Sales, Debt and Equity Finance and Agency Brokerage. He serves as a member of the Global Operating Committee and the Americas Operations Management Board.

During his nearly 30 years with CBRE, Mr. Ludeman has served in several key management roles, including at various times serving as the president of various businesses including Brokerage, Transaction Management and Global Corporate Services. In these roles, Mr. Ludeman was responsible for all transaction units in the Americas as well as corporate outsourcing functions such as facilities management, project management, lease administration, transaction management and research and consulting. Prior to his national and international roles Mr. Ludeman served in several regional and local market leadership positions across the United States.
David Lynn is CEO of the Industry Capital Core Real Estate platform investment manager based in San Francisco. Previously, he served as Executive Vice President, Chief Investment Strategist and Head of Portfolio Management at Cole Real Estate Investments, Inc. In this role, he was responsible for leading the company’s real estate investment strategy and portfolio management. He has held senior investment and development management positions at AIG Global Real Estate, AvalonBay Communities, The Keppel Corporation (one of the largest property groups in SE Asia headquartered in Singapore), and the Target Corporation (Property Development Group). Dr. Lynn has written or co-authored numerous papers, three books, including Active Private Equity Real Estate Strategy (John Wiley and Sons, 2009), and Emerging Market Real Estate Investment (John Wiley and Sons, 2010), and founded an academic journal called Colloqui. He writes a monthly column, called “Capital Trends” in the National Real Estate Investor.

Dr. Lynn earned a MS in Finance and a Ph.D. in Financial Economics from the London School of Economics. He also holds a MBA from MIT’s Sloan School of Management, a MA in City and Regional Planning from Cornell University, and a BA in Architecture from the UC Berkeley.

John Noell is a partner at Mayer Brown and specializes in corporate and transactional law. In the course of his practice, John represents issuers in private placements of partnership interests, debt and common stock and sponsors of real estate investment funds for investment by institutional and other investors. In addition, he negotiates and structures joint-venture arrangements, and he represents buyers and sellers in stock and asset acquisitions and mergers.

John has been characterized by Chambers USA as “‘solutions-oriented’ …[and] well versed in funds development, particularly in the real estate sector.” He joined Mayer Brown in 1985, later leaving the firm to accept positions as General Counsel with JMB Institutional Realty Corporation (1990–1994) and, subsequently, with the Heitman Capital Management Corporation (1994–1997). John returned to Mayer Brown as a partner of the firm in 1997.

Scott G. Onufrey is Managing Director of Kimco Realty Advisors and a Vice President of Kimco Realty Corporation. Mr. Onufrey’s responsibilities include leadership of portfolio and asset management activities in Kimco’s investment management business, relationship management and new business development. Prior to his current role, Mr. Onufrey served as the Investor Relations Officer for Kimco since 1999. From 1995 through 1999, Mr. Onufrey was a Vice President responsible for client portfolio management and portfolio controller in JP Morgan Investment Management’s real estate advisory business. Mr. Onufrey began his career with Price Waterhouse in 1992 in their real estate practice. He is a Certified Public Accountant with a Bachelor’s degree in Accounting from The State University of New York College at Old Westbury.
Preston Sargent is Founding Principal at Trail Creek Capital, LLC. Preston has been in real estate investment management for more than 30 years; he began his career in 1983 with LaSalle Partners in Chicago. Prior to starting Trail Creek Capital, Preston served as Executive Vice President at Bentall Kennedy and Portfolio Manager for the Mult-Employer Property Trust, the company’s core open-end commingled fund. He subsequently held positions in acquisitions, debt-workout, and asset management at Aetna Realty and William Blair Realty. Immediately before joining Kennedy in 2000, Preston was a Vice President at GE Asset Management (GEAM) for ten years, with responsibility for all investment activity in the central third of the United States. Preston has a J.D. degree from Case Western Reserve University and a B.A. in political science/economics from Colorado College. He is also an active member of the Urban Land Institute, the Pension Real Estate Association, and the Property Working Group of United Nations Environmental Programme Finance Initiative.

Matt Slepin
Terra Search Partners
Founder, Managing Partner

Prior to starting Terra Search Partners, Matt held leadership, management and functional roles within the real estate industry for more than 20 years. He was founder and executive director of the Multifamily Housing Institute in Washington, DC. Matt has also worked in key development, advocacy and finance positions for the National Housing Partnership (developing and acquiring housing for seniors), National Association of Housing Cooperatives (as a lobbyist) and the Resolution Trust Corporation (helping lead the RTC’s affordable housing program). He further rounded out his real estate expertise with NV Commercial, a northern Virginia-based commercial property company, and Reilly Mortgage, one of the country’s leading apartment lenders. During 10 years as an executive recruiter, Matt has worked with several firms. He served as a partner at Heidrick and Struggles following its acquisition of Argonaut Search Group, where he was a managing director. Later, at Ferguson Partners, he opened a San Francisco office for the firm and was responsible for leading activities in the multifamily equity and mortgage finance sectors. Matt graduated with a bachelor’s degree in political science from Oberlin College.

Andrew White
Greenberg Traurig, LLP
Shareholder

Andrew White is a shareholder in the global real estate department of Greenberg Traurig. He advises a broad range of clients, including public REITs and real estate private equity funds, on all aspects of complex real estate transactions including financings, sales and acquisitions, joint ventures and developments across various asset classes. He holds a B.S. from Fairfield University and a J.D. from Loyola University, Chicago School of Law.
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ABOUT NAREIM

The National Association of Real Estate Investment Managers (NAREIM) provides members the opportunity to refine strategy, improve operations, and provoke new thinking through meetings, surveys and thought leadership activities.

NAREIM members manage investment capital on behalf of third party investors in commercial real estate assets such as office, retail, multi-family, industrial and hotels. Collectively, NAREIM members manage over a trillion dollars of investments assets.

NAREIM members invest in office, retail, multi-family, industrial and hotels. Investment is made throughout the “capital stack” meaning that investments are made both in equity positions (direct ownership) and debt (first and subordinate mortgages). In the debt sector, investment managers have platforms to buy existing debt (mortgages and other instruments such as mezzanine and CMBS) and to make private equity financed loans.

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