

# THE POWER TO CHANGE A CITY

At the annual UM Real Estate Impact Conference, industry leaders examined new ways of thinking, the financial markets and more. By Jennifer LeClaire

SOUTH FLORIDA is a prime example of an area's future being changed due to the power of real estate. From mixed-use developments and walkability to creativity in commercial and residential sectors, real estate experts from around the country cited developers in the area as leaders in innovative thinking during the 2014 University of Miami Real Estate Impact Conference. The UM School of Business and School of Architecture jointly hosted the conference, which brought together nearly 300 industry professionals on Feb. 13 at the newly minted Perez Art Museum Miami. Although the conference covered the national picture in real estate as well, discussion often came back to South Florida, particularly Miami.





Jorge Perez, chairman,  
CEO, and founder of The  
Related Group

Jodie W. McLean,  
president and  
CEO, EDENS

# D

uring one session, Keith Oden, president of Camden Property Trust, said that South Florida is the fifth-best-performing real estate market in the U.S. today — behind only Atlanta and three Texas markets — for his company, which is building multifamily communities in Plantation and Boca Raton and expects a 5% growth rate in its South Florida portfolio this year. “We love this market,” Oden said. “We think there is a lot of underlying strength here, and 2014 looks to be another strong year.”

Keynote speaker Barry Sternlicht, CEO of Starwood Capital Group, noted that the South Florida residential real estate market is hitting the right notes. “It’s vibrant, and I don’t see any reason it shouldn’t accelerate now. Not flatten or plateau, but actually accelerate,” he said. “Miami is still a little bit of a secret ... but word is getting out.”

However, the picture in Miami isn’t only rosy, cautioned panelist Jorge Perez, CEO of Miami-based developer The Related Group, one of the nation’s largest condominium developers. On the one hand, he said, “South Florida has become, as opposed to just being fun in the sun, a serious city, a great city.” But he added, “We still don’t have the local buyers for our private properties we’re building.”

Perez also pointed to rising construction costs as an issue that could slow down the area’s booming condo market. But other panelists said they don’t see hard costs — which include land acquisition prices and financing costs — going up much more in the near future. And, added Stuart Miller (JD ‘82), CEO of Miami-based homebuilder Lennar Corp., in South Florida’s single-family home sector, rising construction costs aren’t as critical a factor in final pricing, due to stable land costs and rising home prices.

#### MIXED USE - THE “INVISIBLE ASSET CLASS”

One of Miami’s greatest assets is the mixed-use properties that have become common in the area over the past 10 years. It’s a real estate class that both capital markets and developers shy away from, because it’s perceived as more difficult to develop. But, said Mark L. Troen, managing partner and

principal of The Winnmark Group, “Mixed-use properties outperform other product types on a five-to 10-year term.” And, he added, they have fewer commercial mortgage-backed securities (CMBS) defaults.

Panelists noted the Miami area’s many walkable areas and the emphasis on continuing to develop walkable projects and districts. That, too, adds to a property’s value. “The market value of real estate, from office to retail to multifamily, with high walk scores exceeds property values of real estate with poor walk scores,” Troen said.

Robert L. Chapman, founder and managing director of Traditional Neighborhood Development Partners, explained why what he called “walkable urbanism” is difficult to finance. “The underwriting process is such that underwriters can’t deal with complex problems,” he said. “But that may change with the breakthroughs in quantum computing.”

#### NOVEL FINANCING AND COMMERCIAL REAL ESTATE APPROACHES

Novel financing methods and markets are increasingly important to real estate developers. Sternlicht, for one, finds that to be one of the most exciting aspects of the industry right now. “It may be the most interesting time I’ve seen in my career because of the ability to do things in the public market as well



**Keynote speaker  
Barry Sternlicht,  
chairman and CEO of  
Starwood Capital Group**

**Avra Jain, chairman  
and founder,  
The Vagabond Group**

**Vincent Signorello,  
president and CEO,  
Florida East Coast  
Industries**

as the private market," he said. "Globally that's true. There's probably more money available in public markets now than in private markets."

Panelists at the conference also discussed a variety of other topics, from Flagler East Coast Industries' expansion into logistics in Latin America and planned Orlando-to-Miami rail service; to The Vagabond Group's role as a catalyst in transforming the Miami Modern (MiMo) area through its revitalization of the historic Vagabond Motel; to the changes that traditional malls and retail centers are making to remain relevant in the age of e-commerce.

Like many real estate-related companies today, "we've completely shifted our mindset," said Jodie W. McLean, president and CEO of EDENS, a South Carolina-based shopping center operator. The company is moving to reclaim and rebuild spaces that give communities gathering places where people can slow down in a convenient, safe and vibrant atmosphere. As she sees it, today's most successful retailers blend irresistible goods or services, a sense of place, e-commerce and new ways of engaging consumers.

#### **CONVENING THE COMMUNITY**

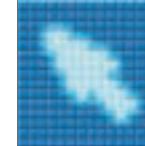
Although the Real Estate Impact Conference covered a lot of topics, Andrea Heuson, a professor of finance at the

School and a key conference organizer, felt it was important to get the community together to meet the needs of attendees. "The people who work in commercial real estate are interested in an amazing variety of projects," she said. "As a university, we try to be a thought leader and a convener to bring all of these great minds together."

School of Business Dean Gene Anderson noted the importance of the University's role as a convener of minds and a catalyst for the community. "We want to be part of Miami's future," he said. "This conference is an opportunity for us to bring together thought leaders to discuss areas of vital importance to Miami."

Heuson added, "The benefits of this type of conference aren't always apparent until two or three years down the road when people who met here cross paths again and realize the benefits of networking."

Presenting sponsors for the conference included Douglas Elliman Real Estate, the Kislak Family Foundation and The Witkoff Group. ■



**At [bus.miami.edu/RE2014](http://bus.miami.edu/RE2014), go in-depth with full videos and briefing papers on all four sessions:**

**The Invisible Asset Class Initiative** with Robert L. Chapman of Traditional Neighborhood Development Partners; Kurt Roeloffs, former chief investment officer for Deutsche Bank (RREEF) Alternative Asset Management; Mark L. Troen, managing partner and principal of The Winnmark Group; and moderator Laura Heery Prozes, co-founder of Brookwood Group

**Think Differently! Innovation, Entrepreneurship and Leadership in Commercial Real Estate** with Avra Jain, chairman and founder of The Vagabond Group; Jodie W. McLean, president and chief investment officer of EDENS; Vincent Signorello, president and CEO of Florida East Coast Industries; and moderator Charles Bohl, associate professor and director, Graduate Program in Real Estate Development and Urbanism at the UM School of Architecture

**The Power of the Residential Real Estate Market to Change a City's Future** with Stuart A. Miller, CEO of Lennar Corporation; D. Keith Oden, president and trust manager of Camden Property Trust; Jorge M. Perez, chairman, CEO and founder of The Related Group; Steven C. Witkoff, chairman and CEO of The Witkoff Group; and moderator Howard M. Lorber, president and CEO of Vector Group Ltd. and chairman of Douglas Elliman

**Keynote speaker Barry Sternlicht**, chairman and CEO of Starwood Capital Group and UM President Donna E. Shalala

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## Real Estate Impact Conference

The School of Business and School of Architecture hosted nearly 300 people at the 2014 University of Miami Real Estate Impact Conference on Feb. 13 at the Perez Art Museum Miami. Douglas Elliman, the Kislak Family Foundation and The Witkoff Group were presenting sponsors.



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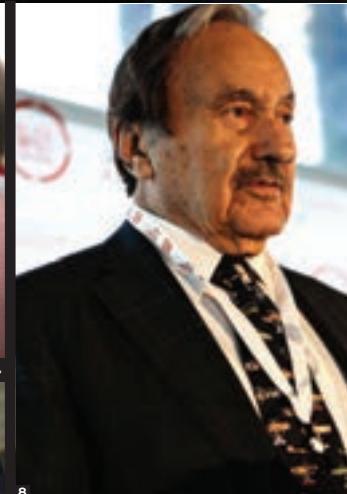
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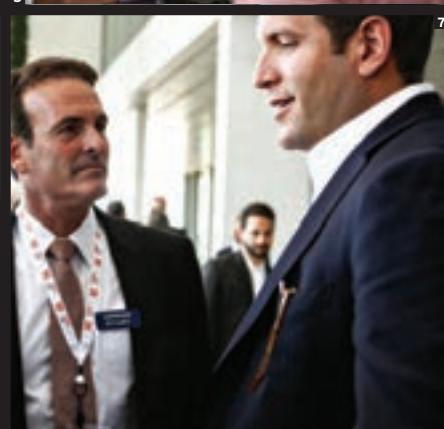
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**1** Jeremy Mizraji (BBA '13) of GEM Realty Capital; Andrea Heuson, a professor of finance at the School and one of the conference organizers; and David Luski, president and CEO of Key Sponsor DRA Advisors and a member of the School's Real Estate Programs Advisory Board. **2** Armando Codina, chairman and CEO of Codina Partners, with School of Business Dean Gene Anderson. **3** UM President Donna E. Shalala and keynote speaker Barry Sternlicht, chairman and CEO of Starwood Capital Group. **4** D. Keith Oden, president of Camden Property Trust; Jorge Perez, chairman, CEO and founder of The Related Group; Steven Witkoff, chair of the School's Real Estate Programs Advisory Board and chairman and CEO of conference Presenting Sponsor The Witkoff Group; and Howard Lorber, chairman of Presenting Sponsor Douglas Elliman and president and CEO of Vector Group. **5** Michael Comras (BBA '83), principal of the Comras Company of Florida and a member of the School's Real Estate Programs Advisory Board.

**6** Manny de Zarraga (BSCE '82, MBA '83), executive managing director of the Miami office of Key Sponsor HFF (Holliday Fenoglio Fowler), and a member of the School's Real Estate Programs Advisory Board. **7** Stuart Miller (JD '82), CEO of Lennar Corp. and chair of the UM Board of Trustees. **8** Jay Kislak, chairman of The Kislak Organization, one of the conference's Presenting Sponsors.

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