35th Annual Real Estate Conference Recap

Tiya Jain
Cornell University

Sean Mashian
Cornell University

Follow this and additional works at: https://scholarship.sha.cornell.edu/crer

Part of the Real Estate Commons

Recommended Citation

This Program Article is brought to you for free and open access by The Scholarly Commons. It has been accepted for inclusion in Cornell Real Estate Review by an authorized editor of The Scholarly Commons. For more information, please contact hotellibrary@cornell.edu.
35th Annual Real Estate Conference Recap

Abstract
On October 13, 2017, the 35th Annual Cornell Real Estate Conference took place at the Pierre Hotel in Manhattan. Over 300 people attended the conference, including students, faculty, and industry professionals. The conference theme was “Mega Trends Impacting the Real Estate Industry.” The conference focused on how changes in how we live, work, shop and travel impact real estate.

Keywords
Mega Trends Impact in the Real Estate Industry, Allocations monitor, David Rupert, Doug Weill, analyzing, Tom Arnold, David Hodes, Laura Pomerantz, Richard Baker, shopping, David Fano, WeWork, Jeffrey Horowitz, asset class, community business, Kai-Uwe Bergmann, David Kaplan, Industry Leader, Jonathan Rose, The Well-Tempered City, middle class, demographics, home ownership, real estate technology, real estate job market, cultural, diversity
35th Annual Cornell Real Estate Conference Recap

Authors: Tiya Jain and Sean Mashian

MORNING PANELS

On October 13, 2017, the 35th Annual Cornell Real Estate Conference took place at the Pierre Hotel in Manhattan. Over 300 people attended the conference, including students, faculty, and industry professionals. The conference theme was “Mega Trends Impacting the Real Estate Industry.” The conference focused on how changes in how we live, work, shop and travel impact real estate.

After an engaging introduction from David Rupert, President of Griffin Capital and Board Member of the Cornell Baker Program in Real Estate Advisory Council, Jiwon Park, Baker/MBA ’18, introduced the discussion of the 2017 Hodes Weill Institutional Real Estate Allocations Monitor.

Doug Weill, Managing Partner at Hodes Weill, went on to present findings from the Allocations Monitor. For instance, companies have now passed the 10% threshold of their cumulative assets targeted to allocate to real estate. This increased from a 9.9% target in 2016 to 10.1% in 2017; however, companies have shifted from being moderately optimistic about the industry to being slightly pessimistic. One indication of this is that 60% of companies are now deploying debt strategies—up from 50% in 2013. Overall, students and professionals alike benefit from hearing allocations monitor results. “Analyzing capital flows is the secret to understanding where the market is headed,” said Peter Romano, a second year Baker Program student.

Following the presentation was the “Institutional Perspective: Real Estate Allocations and Mega Trends Impacting Global Investing” panel with Tom Arnold, Global Head of Real Estate at Abu Dhabi Investment Authority (ADIA), and moderated by David Hodes, Managing Partner at Hodes Weill. The topic of the US investments market was mentioned, including how some secondary markets stood to benefit from the current economic environment. The discussion then moved to technology in real estate and how it may be a disruptive force in the coming years. Mr. Arnold wrapped up the panel with words of advice for students, including how students should pursue entrepreneurial endeavors.

Next, a one-on-one discussion of “How and Where We Shop,” was moderated by Laura Pomerantz, Head of Strategic Accounts at Cushman & Wakefield, and Richard Baker, Executive Chairman of the Hudson’s Bay Company (HBC). During the discussion Mr. Baker consistently dismissed the notion that “retail real estate is dead.” He
pointed out that over 85% of shopping occurs in physical stores and that the main issue is that the US is massively overbuilt in the retail sector. He believes that the problems are both structural, from over-building, and cyclical. Mr. Baker anticipates that suburban strip centers near large metropolitan cities will benefit greatly. He noted Stamford, Connecticut, as an example city that acts as a suburb to New York. Strip centers in suburbs like that, argues Mr. Baker, currently have very little to no vacancy. After talking briefly about how he sees brick and mortar becoming a supporting asset to online sales, Mr. Baker answered questions from the audience on a number of topics.

Following Mr. Baker’s panel came “How and Where We Work” with David Fano, Chief Development Officer at WeWork and moderated by Jeffrey Horowitz, Global Head of Real Estate, Gaming and Lodging at Bank of America Merrill Lynch. The panel discussed how we are rethinking the use of office space, from both a productivity and efficiency standpoint. Mr. Fano talked about how WeWork hopes to change the idea that real estate is permanent and transform it into an asset class that is flexible like social media. The company also makes sure that all the amenities that are provided are actually being used, and if not, helps find new ways to allocate its capital. To do this, WeWork hires community managers to monitor sites and see what aspects are being utilized. Mr. Fano believes that WeWork is in the community business, not the real estate business, and strives to help the company live by that ideal.

An additional panel focused on a one-on-one discussion on “How Trends in Tech are Changing the Way We Design and Build.” The conversation was between Kai-Uwe Bergmann, Partner at Bjarke Ingels Group, and David Kaplan, Senior Partner at FXFOWLE. The deep and engaging conversation centered on what the future of society means for real estate. Mr. Bergmann detailed how Audi came to him asking how they should change their reputation with the youth, as they noticed nearly all renderings done by architects nowadays promote walk-ability and no longer have cars in them. Mr. Bergmann advised them to rebrand themselves as a “mobility” company, not a “car” company. For example, one provocative discussion concerned roads. Over 15% of most cities are roads, but with the advent of the driverless car, Mr. Bergmann estimates only 5% of roads will be needed to supply cars in the coming future. What will the other 10% become? Will it go to real estate development, or become parks and nature?

**AFTERNOON PANELS**

The 2nd half of the 35th Cornell Real Estate Conference was an engaging session consisting of a speech by Industry Leader of the Year Award recipient Jonathan Rose, followed by two major panels. Mr. Rose spoke about his recent book ‘The Well-Tempered City’ which covers the major trends affecting cities and urbanization. People are moving into the cities resulting in a rising middle class that is consuming much more. This is good for economic growth but environmentally unsustainable. At least 98% of the resources that enter a city, leave the community within 6 months as waste. Mr. Rose exhorted that cities should become more resilient to weather climate change and give greater attention to droughts and heat waves, income inequality, educational and health disparities, aging, housing insecurity, migrations, and many other challenges. Mr. Rose suggested several solutions to deal with the complex web of issues facing cities in his talk.
The first panel encapsulated the current trends on ‘How and Where We Live.’ The panel was moderated by Alan Riffkin, Managing Director at Lazard. The panelists were esteemed real estate professionals namely:

- Chris Bledsoe, Co-Founder & CEO, Ollie;
- Brad Greiwe, Co-Founder & Managing Partner, Fifth Wall;
- Jim Woods, Head, WeLive; and
- Doug Yearley, CEO, Toll Brothers.

The discussion centered on the current trends in demographics and home ownership that are reshaping the single and multifamily housing sectors. The panel provided an opportunity to hear from leading housing developers on the surprising evolution of the products they are building, the amenities they are adding and subtracting, and where they are building in response to shifts in consumer demand.

There has been a change in home ownership patterns amongst millennials due to late marriages and subsequent moves to suburbs. The average renter is now 35 years old and spends over 30% of his or her income on rent. There has also been a shift in apartment layout preferences. Open spaces are preferred, with nicer kitchens and closet areas but overall smaller apartments to accommodate lower rents.

Brad Greiwe spoke about how real estate technology companies such as Opendoor are impacting the market space. Technology will transform how we value our assets. Technology is also impacting space configuration. Ollie is offering transformative furniture that has various uses. There are several platforms to help find a roommate, but the key impediment is affordability in cities. The solution to this problem is finding innovative ways to utilize space and shrink usage. In fact, micro units are doing well not only in Tier One cities but also in Tier Two cities. Live, work, play is a major trend that is driving demand in the urban core, due to the experience seeking preferences of millennials. According to some of the panelists, the American dream, e.g. the life in the suburbs, is still alive but it is taking Millennials longer to achieve it.

The next panel covered ‘Mega Trends in the Real Estate Job Market,’ a session highly anticipated by the 100+ Baker
Program students in attendance. The panel was moderated by Lynn Zuckerman Gray, Founder & CEO, Campus Scout.

The panel featured successful real estate professionals namely:

• Katie Brenzel, Reporter, The Real Deal;
• Jordan Cooper, Partner, Cooper and Cooper;
• Andy Levin, Head of Business Development, Ollie;
• Rebecca Parelman, Project Director, NYC Economic Development Corporation; and
• Dan Shallit, Director of Development, Starbucks.

This panel was aimed at understanding how the Real Estate Job Market will adapt to changes in the way we live, work and shop. During this session panelists shared their personal stories of success in the real estate industry. One important piece of advice shared was to seek the right cultural fit with employers rather than chase monetary gains. Another opinion that echoed strongly in the room was the need for diversity. Firms must employ the best talent in the industry, which indicates that candidates with diverse backgrounds are essential.

Closing remarks from Paul Rubacha, Co-founder and Principal, Ashley Capital, encouraged all Cornell alumni to be more deeply involved with the Baker Real Estate Program.