

CENTER FOR REAL ESTATE AND URBAN ANALYSIS



THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF BUSINESS • 2011 ANNUAL REPORT



MISSION

The Center for Real Estate and Urban Analysis (CREUA) was formed in 2005 with the following objectives:

- To develop a first-rate real estate curriculum for graduate and undergraduate students at The George Washington University School of Business;
- To develop an influential real estate research agenda;
- To create networking opportunities among board members and between board members and students;
- To facilitate career opportunities for students; and
- To develop sufficient funding to sustain the Center.

CONTACT US: For more information on The George Washington University School of Business Center for Real Estate and Urban Analysis, contact Robert Valero, Executive Director at 202-994-0920, rjvalero@gwu.edu

LETTER FROM THE CHAIR

Dear Readers,

In the two short years since I joined The George Washington University School of Business as chair of the Center for Real Estate and Urban Analysis, CREUA has already passed a number of significant milestones.

We have added new members to our advisory board, hired an executive director, organized a number of high-profile conferences and launched a series of research reports. While other universities may ramp up their real estate offerings, no other local university provides a graduate-level business degree tailored to real estate professionals. And none can match GWSB's combination of high-quality education and post-graduation employment opportunities.

As we carve out a space as thought leaders in Washington, D.C., we are working to be recognized as one of the finest real estate programs in the nation.

This report will:

- inform you of the Center's mission,
- present an overview of our public conferences, on subjects from financial reform to the outlook for the commercial real estate industry (p. 6),
- give you a look at our scholarship recipients (p. 4),
- and provide a brief synopsis of recently published research (p. 3).

We'd also like to introduce you to our advisory board (p. 8) and our donors (p. 9) — the valued partners whose work, wisdom and financial support help us advance real estate scholarship at GWSB.

Dean Doug Guthrie shares my view that real estate is a key strength at GWSB, and it positions the School to play a leadership role at the intersection of business and public policy. We are well on our way to making that a reality, and we look forward to an even more productive year ahead.

Yours sincerely,



Robert Van Order
*Oliver T. Carr, Jr. Professor of Real Estate and Finance
Chair, Center for Real Estate and Urban Analysis*



RECRUITMENT AND STUDENT SUPPORT

The Center recently hosted an event to recruit students to GWSB and our real estate program. Scott Johnson, MBA, '98, and a principal at global real estate firm Newmark Knight Frank, gave the keynote address. That was followed by a panel discussion featuring members of our Recent Alumni Advisory Council and students. Prospective students networked with current students and alumni during a reception before the program. Several of those prospects have since been admitted to GWSB. We plan to host similar events in Washington and New York during the next academic year.

CREUA works with GWSB's F. David Fowler Career Center to assist students and alumni in obtaining internships, summer jobs and career positions. During the spring semester, CREUA helped secure a career position for one student and summer jobs in real estate for several others. CREUA gives students advice on their resumes and cover letters, and prepares them for interviews. Recruiters routinely contact CREUA; thanks to positive past experiences, many have expressed a preference for hiring GW students.

During the spring semester, CREUA opened the door for students to receive Argus software training. Marc Rampulla, MBA, '02, of CB Richard Ellis, gave students an introduction to Argus during a class session. CREUA then underwrote the cost of advanced training and certification for 18 students later that spring. In the future, Excel and Argus training will be incorporated into the curriculum to provide students with state-of-the-art industry tools.



RESEARCH

Last winter, CREUA produced the first in an ongoing series of reports that analyze and interpret the role of and reforms to the Federal Housing Administration (FHA) as the United States emerges from the Great Recession. The first FHA Assessment Report evaluated residential mortgage activity and examined steps the agency is taking or may consider to ensure its long-term viability. The series scrutinizes the tough questions facing Congress and the FHA. The first report questioned the FHA's practice of insuring larger loans, as they are both risky and a departure from the agency's original focus on low-income and minority homebuyers.

The report concluded that the FHA played a major role in keeping the mortgage market afloat during the economic collapse of 2008 and 2009. By continuing to insure high-income borrowers, the FHA assumed risks that it had not undertaken before. The agency may not have the capacity for those loans. The data suggest that larger loans cannot subsidize other books of business effectively as the 2008 portfolio performed approximately 20 percent worse than the smaller loans the FHA backed in previous years.

In addition, larger loans (more than \$300,000) are unlikely to assist the FHA in serving first-time and minority homebuyers. Future research will examine a number of reforms intended to limit the government's exposure and reduce taxpayer risk, including how the FHA utilizes its new indemnification policy and other underwriting guidelines and policies.

CREUA Chair Robert Van Order is now in the midst of a major research project that analyzes why so many U.S. mortgages went bad. A subsequent paper will examine whether deregulation or the notion "too big to fail" played a role in the housing crisis. It will also examine if, or how, Fannie Mae and Freddie Mac contributed to the collapse. Preliminary research suggests that housing policy, in the form of low-income housing requirements for Fannie and Freddie (as well as the banks), had a minor effect on the crisis, which was mainly associated with "private label" mortgage securitization.

In February, Associate Professor of Finance Min Hwang won an Aareal Award of Excellence in Real Estate Research for his paper, "Mortgage Contract Choice in Subprime Mortgage Markets." Aareal Bank is one of the leading international property specialists listed in Deutsche Börse's MDAX index.

OLIVER T. CARR SCHOLARSHIP WINNERS



Steven Majich

Each year, the GW School of Business awards two scholarships to incoming MBA students with an interest in real estate.

This year's Oliver T. Carr Scholarship recipients are Michael Bediones of Honolulu, Hawaii, and Steven M. Majich of Pasadena, Calif. Bediones, who earned his BS in Psychology from Tufts University, has been part of the No. 1 sales team specializing in luxury residential home sales at Prudential Locations in Honolulu. Majich earned his BS in Business Administration at California Polytechnic State University in San Luis Obispo, Calif. He is a project manager at TGPM, Inc., a project management firm in Los Angeles.

"I chose GW's MBA program for its innovative curriculum, international reputation and network of students, alumni and faculty," Majich said. "I was impressed by the caliber and energy of the students and faculty, intimate learning environment and the unparalleled opportunities to supplement classroom learning with D.C.'s resources in all areas of business, policy and politics."

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CENTER RECEIVES MAJOR GIFT

In November 2010, CREUA received a major gift from GW School of Business alumnus Charles R. "Charlie" Bendit. The gift is directed at the Center's strategic growth plan and a new endowed fund, The Charles and Karyn Bendit Fund for Real Estate. The endowment supports education, research, travel and co-curricular activities. It allows students to take courses in graduate or undergraduate real estate at the School.

"Washington, D.C., is one of the most highly sought commercial real estate markets in the world," said Bendit, BBA, '75, the co-founder and co-chief executive officer of Taconic Investment Partners. "There is a great opportunity for students to connect to Washington professionals who have helped develop real estate into what it is today." Bendit hopes his gift will inspire others to join him in supporting the Center for Real Estate and Urban Analysis.



CONFERENCES

Last January, more than 200 people packed GW's Jack Morton Auditorium to attend "The Shape of Things to Come: The Financial Regulatory Landscape in the Post Dodd-Frank Era." CREUA co-sponsored the conference with GW Law School's Center for Law, Economics and Finance (CLEAF).

Former U.S. Sen. Christopher Dodd (D-Conn.), co-author of the legislation, joined Commodities and Futures Exchange Commission Chairman Gary Gensler in the high-powered lineup of speakers and panelists discussing the impact of the historic Dodd-Frank Act.

Gensler presented a brief history of the derivatives market, which he said was largely unregulated for the past three decades.

"The Dodd-Frank Act includes essential reforms that bring sunshine and diversity to the opaque swap markets," Gensler said. "For decades, economists and policymakers have recognized that market transparency benefits the public. The more transparent a marketplace is, the more liquid it is for standardized instruments, the more competitive it is and the lower the costs for hedgers, borrowers and, ultimately, their customers."

Dodd described two years of working to fix the country's broken financial system, and he shared insights into the development of the financial reform bill that bears his name. Much of the framework governing America's financial system was drawn up nearly a century ago, Dodd explained. The goal of the reforms was to establish a new, improved regulatory structure that reflected the reality of 21st century financial services without overly restricting the sector.

The daylong symposium included panel discussions on the Federal Reserve's role in reshaping U.S. banking and economic order, financial innovation and new roles for government financial institutions.

In May, CREUA joined George Mason University's Center for Real Estate Entrepreneurship to present "Commercial Real Estate: Recovery or Mirage?" at GW. From the state of real estate capital markets to commercial financing, commercial real estate experts discussed the challenges ahead



as commercial real estate recovers from the economic downturn.

Among other topics, speakers explored the state of commercial real estate in the nation's capital. GW alumni on the "State of the Market" panel were bullish about metro D.C.'s growth prospects, spurred in part by the city's steady influx of young people.

"It's a question of jobs. Washington is the No. 1 migratory city," said Deborah Ratner Salzberg, BA, '75, and president of Forest City Washington. "D.C. has jobs, culture and quality of life." To a large degree, the federal government drives the local real estate market, although several Fortune 500 companies plan to establish offices in Washington as the city continues to attract foreign real estate investors.

OTHER PROGRAMMING

CREUA joined the Real Estate Investment and Development Organization (REIDO), a student group, to present "The Art of the Deal" in April. The program featured CREUA Advisory Board Member Stephen Yalof, BBA, '85, who is a senior vice president of real estate for Polo Ralph Lauren, and Anthony Lanier, founder and president of EastBanc.

Yalof and Lanier led a lively discussion focused on the perspectives of tenant and landlord during leasing negotiations. The educational evening also provided students and alumni with an opportunity to network with colleagues. Meanwhile, the Center worked with the Board of the GW DC Real Estate Alliance, an organization of dedicated

alumni in the real estate industry, to bring students and alumni together for breakfast discussions on topics ranging from land use to a major mixed-use development project under construction in downtown Washington.

CREUA also joined the International Council of Shopping Centers (ICSC) to cosponsor a monthly speaker series for students and industry professionals on GW's Foggy Bottom campus. Each month ICSC provides a speaker to discuss real estate topics. These events provide students with both "out-of-the-classroom" education and networking opportunities. The series launched in July.

CREUA APPOINTS EXECUTIVE DIRECTOR

In November 2010, CREUA hired its first executive director: Robert J. "Rob" Valero, BA, '82. Valero handles the Center's programming, marketing and branding, alumni relations and industry liaisons. He also works on recruitment of new students while supporting current students and alumni in their career goals.

"It's been very exciting to return to GW to help build the Center for Real Estate and Urban Analysis and to support our students and alumni," said Valero. "Working with the faculty, students and alumni is tremendously rewarding, and I am certain that together we will be able to reach our goal to make GW's real estate program one of the nation's finest."



LEADERSHIP

The GW School of Business Center for Real Estate and Urban Analysis Advisory Board is charged with leading the strategic planning process to shape a top-ranked center for real estate and urban analysis at the GW School of Business. Members promote the mission of the School through their advisory board work and in their own professional lives.

ADVISORY BOARD MEMBERS

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Alan Davis, BBA, '82
Managing Director,
Investment Sales Group
Holliday Fenoglio Fowler L.P.

Charles K. Bendit, BBA, '75
Principal
Taconic Investment Partners

Jeffrey S. Berkes, MBA, '93
Executive Vice President and CIO
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Stephen J. Yalof, BBA, '85
Senior Vice President,
Real Estate
Polo Ralph Lauren

RECENT ALUMNI ADVISORY COUNCIL

Last winter, CREUA established the Recent Alumni Advisory Council, composed of select recent graduates from GW's MBA program in real estate. Advisory council members provide curriculum guidance, and they assist in programming and networking activities for students and alumni. The council members are:

Dinos Christofarakis, MBA, '11
Investment Associate
MCB Real Estate

John Dalton, MBA, '07
Asset Manager
MPR Realty Partners

Andrew Fallon, MBA, '09
Investment Sales
Research Analyst
Calkain Companies

Steven Gorning, MBA, '08
Senior Financial Analyst
AvalonBay Communities

Elizabeth Keelan Karl, MBA, '08
Asset Manager
Intrepid Real Estate

Katie Van Leeuwen, MBA, '09
Commercial Banking Officer
PNC Real Estate

Melissa McCormack, MBA, '07
Senior Credit Analyst-
Community Lending &
Investment Group
Wells Fargo

Laura McCullough, MBA, '07
Director, Capital Markets
BPG Properties, Ltd.

Evan Weisman, MBA, '07
Director of Development
First Potomac Realty Trust

BENFACTORS

The growth and success of the Center for Real Estate and Urban Analysis would not be possible without the generous financial support of dedicated donors. We thank those who made gifts to the CREUA during the past fiscal year, July 1, 2010 to June 30, 2011.

\$25,000+

Charles K. Bendit, BBA, '75

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\$5,000-\$9,999

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