

GBM #4 – Real Estate(CRE)

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BEFORE WE GET INTO THE MEETING...



MEETING OVERVIEW

- **What is Commercial Real Estate**
 - **What does it do? What are the different areas?**
 - **What are different types of firms?**
- **Types of careers in Commercial Real Estate**
 - **Brokerage, Property Management, Asset Management, Development, etc.**
 - **How can I look more into Commercial Real Estate as a career**
- **Project Destined**
- **What is the recruitment process like?**
 - **Who are they looking for? When to apply? Where to apply? Interview Questions?**





WHAT IS COMMERCIAL REAL ESTATE?

Commercial Real Estate is facilitated by large firms, using capital to either develop, or manage properties exclusively to generate profit. Unlike Residential Real Estate, the intent of these properties are assets for firms, that also generate revenue. Commercial Real Estate assets also tend to be significantly larger.

There are a few types of Real Estate firms.....

- Brokerage firms
 - Facilitate transactions, connect investors, brokers, and agents
- Real Estate Investment Funds(REIT)
 - Pool money to invest in any type of Real Estate, Makes Real Estate liquid, revenue over appreciation
- Real Estate Private Equity
 - Pools HNWI and institutional capital to add or develop value
- Development
 - Create, manage and renovate iconic buildings

Commercial Real Estate is extremely large, and any firm that operates in either developing, managing or even financing Real Estate at a commercial level is a “Commercial Real Estate Firm”

BROKERAGES

Brokerages are the middlemen who facilitate transactions in Real Estate. (Buy, lease, sell, finance, and manage)

- Brokerages are some of the most prominent Real Estate Firms, their role as middlemen allow them to have arms in nearly all areas of Real Estate, with a focus on office buildings. Many firms also have extensive arms in Capital Markets.
- These firms do extensive hiring and starting as a Capital Markets analyst or junior broker can be attractive to students.
 - Roles such as brokers are highly commission based, similar to sales & trading, with high earning brokers taking huge bonuses
- Brokerages try to do everything, which allows for extensive lateral movement across different areas -- recurring theme in Real Estate



SOME RECENT CRE TRANSACTIONS

Commercial Observer Newspaper

**COMMERCIAL
OBSERVER**



REAL ESTATE INVESTMENT TRUST

Real Estate Investment Trusts (REITs) are companies that own, operate, or finance income-producing real estate. They allow investors to pool their money to invest in real estate assets, essentially creating a liquid asset that's backed by Real Estate. -- REITs distribute 90%-100% of their taxable income to shareholders

- REIT's act similar to portfolio managers, seeking to optimize their portfolio of properties, while also specializing in their niches
- A career in REIT can be enticing for those interested in analysis in live portfolios of properties
 - Roles such as analysts in this area are prominent, and can lead to exit opportunities in buy-side or capital markets
- A career at a REIT can be more niche compared to a brokerage, but may also cater to more specialized interests

Retail



Healthcare



Logistics



REIT HOLDINGS OVERVIEW

Kimco



Welltower



Prologis



REAL ESTATE PRIVATE EQUITY

REPE firms raise capital from institutional investors or high-net-worth individuals to invest in large real estate deals.

- Typically targets high-return, investments such as distressed properties, underperforming assets, or large-scale developments. But are not limited to this -- purchasing REITs,
- It's private equity
 - Deal sourcing, financial modeling, portfolio analysis, property visits, etc.
 - Similar to traditional PE, but with properties instead
 - Salaries range from 100k+
- Many REPE firms are either arms of large PE firms, or act in similar ways. This means that a career in REPE can lead to exit opportunities in other parts of PE. Extensive networking required



Brookfield
Properties

CARLYLE



BLACKSTONE RECENTLY...

BPPEH Acquires Pan-European Logistics Portfolio

20 October 2021

BPPEH has acquired a portfolio of 23 logistics properties in the U.K., the Netherlands and Germany for a purchase price of £380 million. The acquisition is consistent with BPPEH's focus on acquiring high-quality logistics properties in key European distribution hubs.

The portfolio is comprised of Grade-A warehouses totalling 2.7 million square feet and is well-located across key distribution markets with 83% of value concentrated in last-mile locations. The portfolio is currently 100% leased on a 6-year average lease term (to break) to a diversified mix of established logistics and e-commerce businesses.

Blackstone buys pan-European logistics portfolio for €1 bn

The New York-based manager bought an 80% stake in South Africa-listed Burstone's Pan-European Logistics platform on behalf of its BREP X and BREP Europe VII funds.

Sarah Marx - 6 September 2024



REAL ESTATE DEVELOPMENT

The core of commercial real estate, development firms design, create, and manage properties, as well as renovate/redevelop existing ones.

- Development firms typically focus on large-scale projects, often with ground up construction. By creating everything from scratch, development is the most risky as well as most profitable
- Besides all the classic architectural parts of development, many firms have roots in investment management, or capital markets
 - Analysts may perform financial modeling for prospective developments, and analyze cap rates/ROI
 - Acquisitions/Capital Markets may be involved in sourcing deals, communicating with other firms after landing them
- Development is responsible for the NYC skyline we see today, and partner with brokerages and lenders to create the final product



DEVELOPMENTS IN NYC



OTHER TYPES OF FIRMS

Besides the firms previously mentioned, there are a variety of niches

- Real Estate Investment Bank
- Real Estate Advisory/Consulting
- General Banking Real Estate
- Affordable Housing
- Property Management
- Property Technology
- Student Housing

//Fairstead



McKinsey
& Company



- Project Destined is a pipeline program that connects college students to CRE firms
 - Variety of programs collaborating with prestigious firms
 - Paid program that teaches fundamentals of CRE while also being low commitment
 - Good networking opportunity -- and can lead directly to careers in Real Estate
- What do I do?
 - Manage a group of interns, assessing Manhattan mixed-use assets
 - Liaise directly between firms such as Eastdil and Mack Real Estate
 - It's difficult to secure jobs, but putting yourself in a pipeline program is both a talking point and an opportunity to directly bridge the gap



RECRUITMENT PROCESS

- Looking for Business Majors
 - CRE is a traditional finance field, in some ways as stereotypical as banking. Traditional finance backgrounds with displayed interest in Real Estate will be target.
- Same Timeline as banks/asset managers
 - Many firms tend to hire in the same timeline as finance firms
 - Looking to hire juniors who can transition into full time
- Utilize ChatGPT and Google to find firms that interest you, and apply for market analyst, or capital market roles. Salaries will depend and vary depending on both the firm and position
- Interview Questions will generally have a behavioral portion, with a few technical questions being integrated into them. Such questions will be very basic, such as cap rate, or NOI analysis, but will be foreign to people who don't have interest in CRE.



Thank you!

Attendance



Website / Mailing List

**NEW WEBSITE
INCOMING...**

Discord

