



## Five Key Takeaways from the 9th Annual Saul Ewing Arnstein & Lehr Real Estate Conference

While real estate investments are steady and new construction projects continue, a cross-section of industry players is looking to capitalize now on creative endeavors and fresh perspectives that will help sustain the industry in the coming years. These themes resonated at Saul Ewing Arnstein & Lehr's [9th Annual Real Estate Conference](#) that was recently held in Baltimore and attended by more than 260 real estate industry professionals involved in financing, development and construction across the commercial and multifamily real estate sectors as well as higher education. Below are five key takeaways from the conference.

- 1. Community focus has sparked cutting-edge ideas in new markets.** Panelists discussed how new, creative projects were borne out of listening to the needs of the community or “deep listening” as one developer called it. He explained how his team turned a lament from teachers moving to Baltimore that they had few low-cost residential options in the city into an affordable apartment building for teachers and nonprofits in the Remington neighborhood, involving the future tenants in the planning and design. Panelists felt that focusing on the needs of the community will make the economics of a project work better in the long run. In addition, finding unique opportunities in communities has paid off for some of the panelists, including a Chicago developer panelist who highlighted a long, challenging and ultimately successful journey to turn a cold-storage facility into a state-of-the-art office building in Chicago’s West Loop leased to Google. A university panelist working on the massive Schuylkill Yards innovation community in Philadelphia echoed these sentiments saying, “It is in our best interest to have a thriving neighborhood around us.”
- 2. Innovation and flexibility are crucial for success in commercial real estate.** From office design and parking to financing and trend spotting, the ability to be innovative and flexible will serve those in commercial real estate well. Panelists focused on the importance of design in repurposing and marketing office projects while at the same time striking a balance between enticing design and practical, cost and financing considerations. The future of parking lots at commercial office buildings was a popular topic as panelists contemplated how projects could be “future proofed” against massive changes like driverless cars and ride-share programs. One possible solution discussed was to design parking structures to be more readily convertible to another use if parking demands substantially drop. A Los Angeles developer highlighted how his firm developed a bike-share program for a single building that became a significant differentiator for that property. All agreed that a developer cannot be assured of rewards simply by delivering the same products that have worked in the past. All real estate investors, developers, and financing sources were urged to be proactive and in tune with the latest trends in consumption, taste, transportation and other demands of post-contemporary consumers to stay ahead of the curve while balancing these concerns with cost parameters.
- 3. Multifamily housing, mixed-use development and green initiatives—a thriving combination.** Multifamily housing—the sector that led the industry’s way out of the Great Recession—continues on an upward swing, due in part to employing mixed-use development strategies that combine retail, offices and housing. Often featuring stores, restaurants and easy access to public transportation, these projects can create a “downtown” vibe in a community setting that tenants of all ages are embracing across the country. Following green guidelines for energy-efficient multifamily buildings adds another attractive component to this scenario as consumers continue to look for ways to lower their utility bills and developers can leverage various green incentives with financing.

- 4. Alternative financing options provide inroads to capital as traditional lending gets more competitive.** As access to funds from traditional lenders becomes more limited, some developers are turning to alternative financing avenues, including Property Assessed Clean Energy (PACE) and EB-5 financing. Used for energy-efficient building projects, PACE financing takes the form of a senior lending facility that is repaid with an assessment added to the owner's tax bill. The EB-5 financing structure allows foreign investors to pour considerable funds into large U.S. real estate acquisition and development projects and obtain permanent residence in the United States through their investment. Remaining open to alternative financing vehicles like these—and new ones that enter the market—will help broaden alternatives in the financing model.
- 5. Creativity applies to all corners of real estate—not just architecture and design.** A thought process that engages our imagination and boosts our willingness to explore and experiment, creativity applies to all facets of real estate—from technological innovations and new deal or financing structures to setting multiple goals that create better overall real estate outcomes. Using creativity as a tool can have a positive impact on progress and profitability. It contributes to individual success while also serving as a source for the industry's advancement and ultimately the betterment of society.

**If you would like to discuss these or related topics, please contact:**



**Howard R. Majev**

*Partner*

500 E. Pratt Street, Suite 900

Baltimore, MD 21202-3133

410.332.8714 • [Howard.Majev@saul.com](mailto:Howard.Majev@saul.com)

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