



THE SIXTH ANNUAL CASDEN  
MULTIFAMILY CONFERENCE

April 10, 2008

*Strategies for a Changing Multifamily Market*



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PUBLIC HOMEBUILDER GROWTH STRATEGIES DRIVE  
INDUSTRY CONSOLIDATION

BY ARTURO CASTRO AND RALPH MARTINSEN

The homebuilding industry has come a long way since the days of small, family-owned companies that operated in a local market consisting of a county or state. Today, firms operate at the local, regional, and national levels, and the size and complexity of projects have grown considerably. Many homebuilding companies have gone public to attract equity capital and fuel their growth. Although, the industry is still dominated by smaller firms, the large public firms are expected to continue the trend of industry consolidation. This study explores the growth strategies pursued by the large public homebuilders from 1995 to 2008.



ARTURO CASTRO

MASTER OF BUSINESS ADMINISTRATION CANDIDATE, 2008

Arturo earned a BA in Political Science and a BS in Biochemistry/Cell Biology from the University of California, San Diego in 2001. Following graduation he worked at Pfizer Inc. as a research scientist on drug development projects dealing with cancer, glaucoma, and diabetes. His work at Pfizer earned him patent authorship and journal publications in his 5 plus years of service. Arturo attended the USC Marshall School of Business as a fellow and scholarship recipient from the Consortium for Graduate Study in Management to pursue a career in marketing and business development within the sports and entertainment industries.



RALPH "MARTY" MARTINSEN

MASTER OF BUSINESS ADMINISTRATION CANDIDATE, 2008

Marty served in the United States Marine Corps before attending the Marshall School of Business. Following Officer Candidate School and Basic Officer Infantry Training, Marty specialized in communications. In 2004, he led a 70 person unit constructing tactical communication networks in Iraq. Upon graduation, Marty plans to pursue a career in urban infill/mixed-use real estate development. Marty holds a Bachelor's Degree in History from New York University.



# 2008 Report Acknowledgments

## HOME REMODELING: A REFUGE FROM THE HOUSING DOWNTURN?

BY LYNNE BRANCHFLOWER AND JOANNA COULURIS

With the sales of new and existing homes declining nationwide, home remodeling may be a remaining area of opportunity in an uncertain real estate market. As homebuilders brace for slower times, contractors and construction workers may consider entering another market - home remodeling.



LYNNE BRANCHFLOWER  
MASTER OF BUSINESS ADMINISTRATION CANDIDATE, 2008

Lynne earned her Bachelor of Engineering in mechanical engineering from McGill University in Montreal, Canada. From there, she worked in her field as a consultant and design engineer on construction projects. The projects ranged from tenant improvements as small as 600 square feet to hotel and resort construction as large as 600,000 square feet. This past summer she completed an internship in the business development department at Amylin Pharmaceuticals and currently, she is focused on operations management



JOANNA COULURIS  
MASTER OF BUSINESS ADMINISTRATION CANDIDATE, 2008

Joanna earned her Bachelor of Arts in International Relations from UC Davis. Since then she was a Division Administrator at the UCSF Children's Hospital in the Pediatrics Department. Previously, she managed web production projects at two internet consulting firms. Recently, she worked for Nestlé Nutrition reviewing innovative products for the institutional healthcare industry. She is focused on marketing development including research and industry analysis.

## THE SIXTH ANNUAL CASDEN MULTIFAMILY CONFERENCE APRIL 10, 2008 STRATEGIES FOR A CHANGING MULTIFAMILY MARKET

7:30<sup>am</sup> • Breakfast and Registration

8:00<sup>am</sup> • Welcome

Delores Conway, Director, Casden Real Estate Economics Forecast, and  
James Ellis, Dean, USC Marshall School of Business

8:15<sup>am</sup> • Market Watch – Outlook for Multifamily Housing

Moderator

David MacIntosh, Vice President, Hanley Wood Market Intelligence

Panel

Gregory Willet, Vice President, M/PF YieldStar  
Peter Kretzmer, Senior Economist, Bank of America, New York  
Delores Conway, Director, Casden Real Estate Economics Forecast, USC Lusk Center for Real Estate

2008 Casden Multifamily Market Forecast

9:20<sup>am</sup> • Coffee Break

9:40<sup>am</sup> • Building and Developing Multifamily Communities

Moderator

Steven D. Fifield, Chairman and CEO, Fifield Companies

Panel

Constance B. Moore, President and CEO, BRE Properties  
Christopher Payne, Vice President, Avalon Bay Communities, Inc.,  
Kevin E. Andrade, Senior Managing Director, Trammell Crow Residential  
Geoffrey Stack, Managing Partner, Sares-Regis

10:40<sup>am</sup> • Brief Stretch Break

10:45<sup>am</sup> • Financial Realities, the 'Credit Crunch' and Multifamily Investment

Moderator

Lewis Feldman, Partner, Goodwin Procter LLP

Panel

Timothy L. White, President, ARCS Commercial Mortgage  
Rory Ferlauto, Senior Vice President, Colliers International  
Wayne Brander, Executive Vice President, US Bank  
Frank T. Suryan, Jr. Chairman and CEO, Lyon Capital Ventures  
Kevork Zoryan, Executive Director, Morgan Stanley

11:55<sup>am</sup> • Acknowledgements and Closing

12:00<sup>pm</sup> • Networking Lunch

# Speakers

## Market Watch - Outlook for Multifamily Housing



**DAVID MACINTOSH ❖ VICE PRESIDENT ❖ HANLEY WOOD MARKET INTELLIGENCE**  
Dave MacIntosh is Vice President for Hanley Wood Market Intelligence, a national real estate information and content division of Hanley Wood. He leads Hanley Wood Market Intelligence’s business development efforts, implementing real estate information solutions and providing insight to the nations top builders, developers, financial institutions, manufactures and commercial retail developers across the country. Prior to joining Hanley Wood Market Intelligence, Mr. MacIntosh was a Senior Manager for Bearing Point’s (formerly KPMG Consulting) High Tech and Consumer Markets practices and also held senior positions with Niku Corporation and Accenture Consulting. In addition, he was President and Co-founder of Bay Retail Enterprises. Mr. MacIntosh holds a bachelor’s degree from the University of Southern California in business entrepreneurship and is a licensed real estate professional.



**DELORES CONWAY ❖ DIRECTOR ❖ CASDEN REAL ESTATE ECONOMICS FORECAST**  
Delores Conway is the director of the Casden Real Estate Economics Forecast at the USC Lusk Center for Real Estate and Associate Professor in the Marshall School of Business. Widely respected for her research on the commercial and residential real estate markets in Southern California, Dr. Conway is frequently interviewed by the national news media for her viewpoints on real estate markets. In 2007, Real Estate Southern CA Magazine listed her as one of the “50 Women of Influence in Real Estate.”

Dr. Conway is a distinguished faculty fellow at the USC Center for Excellence in Teaching and received USC’s highest teaching honor - the University Associates Award for Teaching Excellence. She is an elected fellow of the American Statistical Association and was an associate editor for the Journal of the American Statistical Association. Prior to joining USC, Dr. Conway served on the faculty of the University of Chicago - Graduate School of Business. Dr. Conway received her Ph.D. and master’s degree in statistics from Stanford University, and undergraduate degrees in mathematics, statistics and computer methods from the University of Wisconsin, Madison.



**PETER E. KRETZMER ❖ SENIOR ECONOMIST ❖ BANK OF AMERICA**  
Peter E. Kretzmer analyzes developments in the national and world economies, assessing the implications for economic growth, inflation and the financial markets. Peter was the joint recipient of the 2004 Lawrence R. Klein Award for Blue Chip Forecast Accuracy. He joined NationsBanc Capital Markets, Inc. in June 1994, following two years of involvement in the day-to-day implementation of monetary policy by the Open Market Desk at the Federal Reserve Bank of New York. From 1986 to 1992, Kretzmer taught and conducted research as a member of the faculty of the Marshall School of Business Administration at the University of Southern California. He also has served as a visiting scholar at the Federal Reserve Bank of Kansas City and as a staff economist at the Board of Governors of the Federal Reserve System in Washington, D.C. Kretzmer holds master of business administration and doctor of philosophy degrees in economics and finance from the University of Chicago.

# 2008 Report Acknowledgments



**DELORES CONWAY, Chief Author and Editor**  
Dr. Conway is the primary author and editor of the 2008 Southern California Multifamily Market Report. She wishes to acknowledge the contributions of the individuals who assisted with the preparation of the report, as well as the USC masters’ students who wrote the special topics papers for this year.



**TYLER MONROE, GRAPHICS MANAGER**  
Tyler joined the Casden Forecast in the fall of 2007 as a research assistant to oversee the graphic layout of the forecast reports. Before attending USC, Tyler worked as a Project Manager for Cobalt Construction and Pacific Harbor Homes where he was responsible for the construction of affordable multi-family housing projects in Southern California. His responsibilities included contract negotiation, construction team coordination and financial/budget management. Prior to entering the workforce, Tyler graduated with honors from the University of California, Berkeley in 2003 with dual Bachelors of Arts degrees in Architecture and Italian Studies. This past summer, Tyler was on a team that traveled to Southern Africa to work on a business plan for two new international schools in Botswana. His real estate interests include mixed-income housing, urban infill and mixed-use community development.

## Special Topics Papers, Abstracts, and Contributors

### UNTAPPED OPPORTUNITIES IN ASIAN AMERICAN RETAIL SHOPPING CENTERS

**BY AMY WELTMER**  
Traditionally, Asian Americans have been overlooked as a significant segment of the American consumer landscape. This has occurred mostly because their relatively small numbers were seen as insufficient to justify targeted marketing. Recent studies show that although Asian Americans represent less than 4.5% of the total U.S. population, their buying power is growing faster than any other demographic in the United States. By 2011, Asian American spending is expected to quintuple. This trend represents a unique opportunity for retailers and developers, who could reap substantial returns, if they successfully target and cater to this niche market.



**AMY WELTMER**  
**MASTER OF REAL ESTATE DEVELOPMENT CANDIDATE, 2008**  
Amy joined the Casden Forecast in the fall of 2007 as a research assistant to draft the submarket sections of the forecast reports. She also wrote a special topics paper for the current multifamily forecast report. For the last six years Amy has worked in the real estate industry for private developers. Her responsibilities have included entitlements, financial analysis, marketing, acquisitions, land development, and asset management across various product types including office, retail, and residential subdivisions. Her projects have spanned California, Nevada, Arizona, and Texas. Amy graduated Summa Cum Laude from UCLA with a Bachelor of Arts Degree in Economics and a Specialization in Computing.



# Speakers

## Financial Realities and Multifamily Investment



**FRANK T. SURYAN JR. ❖ CHAIRMAN AND CEO ❖ LYON CAPITAL VENTURES**  
Frank T. Suryan Jr. is Chairman and Chief Executive Officer of Lyon Capital Ventures, Lyon Management Group, Inc. and Lyon Realty Advisors, Inc. With Mr. Suryan’s leadership since 1989, Lyon is recognized as one of the largest multifamily real estate owners/managers in Southern California. Mr. Suryan is a graduate of the University of Southern California with a bachelor of science degree in business administration. He is a member of the California Society and American Institute of Certified Public Accountants and specialized in real estate tax and management accounting services. Mr. Suryan is a past Chairman of the Board of Directors for the California Housing Council (CHC), and served on the Board of the South Coast Apartment Association. He is currently a Board Member of both the National Multi-Housing Council and the California Apartment Association.



**TIMOTHY L. WHITE ❖ PRESIDENT ❖ ARCS COMMERCIAL MORTGAGE**  
Timothy L. White is President of ARCS Commercial Mortgage Co. Mr. White joined the original ARCS Mortgage as General Counsel in 1993. When ARCS Commercial Mortgage was formed in 1995, he became Chief Operating Officer and General Counsel. His responsibilities included departmental management of the company’s underwriting, loan closing, loan administration and support functions. Prior to ARCS, Mr. White served key counsel roles with United California Bank, Weyerhaeuser Mortgage Company, and Pillsbury, Madison, & Sutro, with a focus on real estate and finance. Mr. White has a bachelor’s of art from San Jose State and a juris doctor from Santa Clara Law School, and was admitted to the California State Bar in 1977. He has served two prior years on the Fannie Mae DUS Advisory Council and currently serves as its Vice-Chairman.



**KEV ZORYAN ❖ EXECUTIVE DIRECTOR ❖ MORGAN STANLEY**  
Kev Zoryan is an Executive Director of Morgan Stanley, in the Merchant Banking group, focusing on acquisitions for the Firm’s various private equity real estate funds. Kev re-established the Firm’s Southern California real estate investing office in 2005. Kev joined Morgan Stanley in 1997, starting in the Los Angeles office in the private equity investing area of the Firm’s real estate businesses. He has been involved in many of the Morgan Stanley Real Estate investments on the west coast and in Mexico. After business school, he rejoined Morgan Stanley in the Investment Banking Department as a generalist in Corporate Finance. Prior to Morgan Stanley, Kev was employed by the JE Robert Companies. Kev is actively involved in the southern California real estate community. He received a master’s of business administration from Harvard Business School in 2001, and a bachelor of science from the University of Southern California, Marshall School of Business, in 1994.



**GREGORY WILLETT ❖ VICE PRESIDENT ❖ M/PF YIELDSTAR**  
Gregory Willett heads the research and analysis team at M/PF YieldStar, monitoring and evaluating trends in multifamily market fundamentals. This group produces quarterly publications examining multifamily market performances in 57 metropolitan areas, with trends tracked for more than 450 individual neighborhoods. Greg thus is well versed on multifamily market conditions and activity nationally, by metro and in many individual neighborhoods. Greg joined the staff of M/PF YieldStar (then known as M/PF Research) in 1984. He began his tenure as a data analyst and later served as a research consultant specializing in feasibility evaluations of new apartment community development and existing property acquisition. Greg holds a bachelor’s degree from Western Kentucky University and a master of liberal arts degree from Southern Methodist University.

## Building and Developing Multifamily Communities



**STEVEN FIFIELD ❖ CHAIRMAN AND CEO ❖ FIFIELD COMPANIES**  
President and Founder, Steven Fifield, established Fifield Companies in 1977 as a suburban office developer in Chicago. In 30 years, the firm has evolved into a major developer of high-rise urban office and residential buildings. Mr. Fifield’s breadth of experience covers uburban office and hotel/restaurant complexex for 40 story mixed use office and residential towers. Mr. Fifield is a member of numerous real estate organizations, and an activie contributor to civic and charity groups. He is and Indiana Univeristy trained mathemetitcian with a master of business administrationfrom the University of Chicago.



**KEVIN ANDRADE ❖ SENIOR MANAGING DIRECTOR ❖ TRAMMELL CROW RESIDENTIAL**  
Mr. Andrade has overall responsibility for the Trammell Crow Residential’s construction and development activities in Southern California. Mr. Andrade joined the company in 1994 in Seattle and led the company’s development efforts there until 1998, when he was promoted to Senior Managing Director for the Southern California Division. He is a member of TCR’s Management Board. Prior to TCR, Mr. Andrade developed real estate in Central California for his own account, and also worked for Rosen Consulting Group. Mr. Andrade received his master of business administration from the University of California at Berkeley. He holds an master of science in electrical engineering from Stanford University and was a Hughes Fellow. Mr. Andrade received his bachelor of science from Fresno State University. He is a member of the Urban Land Institute, and sits on the Board of Directors for Families Forward, a non-profit organization providing transitional housing and homelessness prevention services.

# Speakers

## Building and Developing Multifamily Communities



**CONSTANCE B. MOORE ❖ PRESIDENT AND CHIEF EXECUTIVE OFFICER ❖ BRE PROPERTIES, INC.**

Constance B. Moore was named BRE’s president and chief executive officer in 2005. She also serves on the company’s board of directors. Moore has 30 years of experience in the real estate industry. Prior to joining BRE in 2002, she was the managing director of Security Capital Group & Affiliates. From 1993 to 2002, Moore held several executive positions with Security Capital Group, including co-chairman and chief operating officer of Archstone Communities Trust. She held the same position at Security Capital Atlantic, Inc., a predecessor of Archstone, playing an instrumental role in its initial public offering. During her tenure at Security Capital Group, she served on the boards of directors of both public and private companies owned or controlled by that organization. Moore holds an master of business administration from the University of California, Berkeley, Haas School of Business, and a bachelor’s degree from San Jose State University.



**CHRISTOPHER PAYNE ❖ VICE PRESIDENT, DEVELOPMENT ❖ AVALON BAY COMMUNITIES, INC.**

Mr. Payne, Vice President of Development for AvalonBay Communities, is responsible for initiating and managing all new development activity in the Southern California region. Prior to joining AvalonBay, Mr. Payne was responsible for developing assisted living communities for seniors in Southern California for Belmont Corp. Prior to his employment with Belmont Corp., Mr. Payne managed the development of new single-family communities in Southern California for Greystone Homes. In 1996, Mr. Payne earned a master of real estate development degree from the University of Southern California. Mr. Payne earned a bachelor of science in business administration from California State University Fullerton in 1991. Mr. Payne is a licensed California Real Estate Broker and his professional affiliations include the Urban Land Institute, National Multi Housing Council and the Building Industry Association.



**GEOFFREY L. STACK ❖ MANAGING DIRECTOR ❖ SARES-REGIS GROUP**

Geoffrey L. Stack is a Managing Director of Irvine based SARES-REGIS Group. He is the partner directly responsible for all residential operations of the company including development, acquisitions, finance and management activities. Mr. Stack was President of Regis Homes and led the firm in becoming an established leader in the development, management and sale of multifamily rental and for-sale properties. Mr. Stack is a graduate of Georgetown University and earned an master of business administration from the Wharton School. Mr. Stack sits on the Board of Directors of the Tejon Ranch Company (NYSE). He is the past Chairman of the Board of Directors of the National Multi Housing Council, and is on the Board of Directors of the California Housing Council, the Marine Corps Scholarship Foundation and a member of the Fisher Center for Real Estate and Urban Economics. He is a Trustee of the Urban Land Institute and is Chairman of the Multi-Family Silver Residential Council.

## Financial Realities and Multifamily Investment



**LEWIS G. FELDMAN ❖ PARTNER ❖ GOODWIN PROCTER, LLP**

Lewis G. Feldman, a partner in Goodwin Procter LLP’s Business Law Department, serves as the Chair of the firm’s Los Angeles office and heads the Public/Private Development practice. Mr. Feldman is a member of the Urban Land Institute, the National Association of Real Estate Investment Trusts and the National Association of Bond Lawyers. In addition, he is on the Board of Directors of the University of Southern California Lusk Center for Real Estate, the City of Hope Real Estate Industry Council, the United Way of Greater Los Angeles and the Building Owners and Management Association. Some of Mr. Feldman’s notable honors include recognition as one of the California Super Lawyers by Los Angeles Magazine, one of the Top 100 Lawyers in California by Los Angeles Daily Journal, Finance Counsel to the State of California on its \$11 billion Fiscal Recovery Bonds, and recognition as one of Los Angeles County’s Top 100 Attorneys by American Lawyer Media (2004). He was executive director of the Law Review at the University of California, Davis, where he earned his juris doctor.



**WAYNE BRANDER ❖ EXECUTIVE VICE PRESIDENT, SOUTHWEST REGION MANAGER ❖ US BANK**

Wayne Brander is an Executive Vice President with US Bank’s Commercial Real Estate Group. Wayne is responsible for managing the US Bank offices in San Diego, Newport Beach, Los Angeles, San Francisco, and Sacramento. Wayne’s primary responsibility includes the development and expansion of US Bank’s real estate operations throughout California. Wayne has been a commercial real estate lender in southern California for 20 years. Prior to joining US Bank, Wayne worked with the Wells Fargo Bank’s Real Estate Group in Orange County. Wayne is also a member of several industry group including the Southern California National Association of Industrial & Office Properties and International Council of Shopping Centers. In addition, Wayne serves as a board member to L.A. Family Housing, a non-profit focused on addressing homeless families. Wayne received a master’s in business administration in finance from the University of Southern California and a bachelor’s degree in economics from the University of California at Santa Barbara.



**RORY FERLAUTO ❖ SENIOR VICE PRESIDENT / MANAGING DIRECTOR LA NORTH ❖ COLLIERS INTERNATIONAL**

Rory Ferlauto brings more than 12 years of commercial real estate experience to her role as Managing Director for Colliers International, the third largest commercial real estate firm in the world. Ferlauto’s 14-year career spans an 11-year history with CB Richard Ellis and a brief stint at Sperry Van Ness, prior to joining Colliers International in 2006 as a senior vice president specializing in multifamily investment sales. As a broker, Ferlauto ensured that every transaction in which she was involved was completed with the utmost commitment and highest standards of service delivery for her clients. In late 2007, Ferlauto was promoted to managing director for the North Los Angeles operations of Colliers International and for the Private Capital Advisors (PCA) group in the Greater Los Angeles region. As managing director, Ferlauto oversees Colliers International’s brokerage operations in the San Fernando Valley and Santa Clarita Valley and the entire PCA operations in Greater Los Angeles.