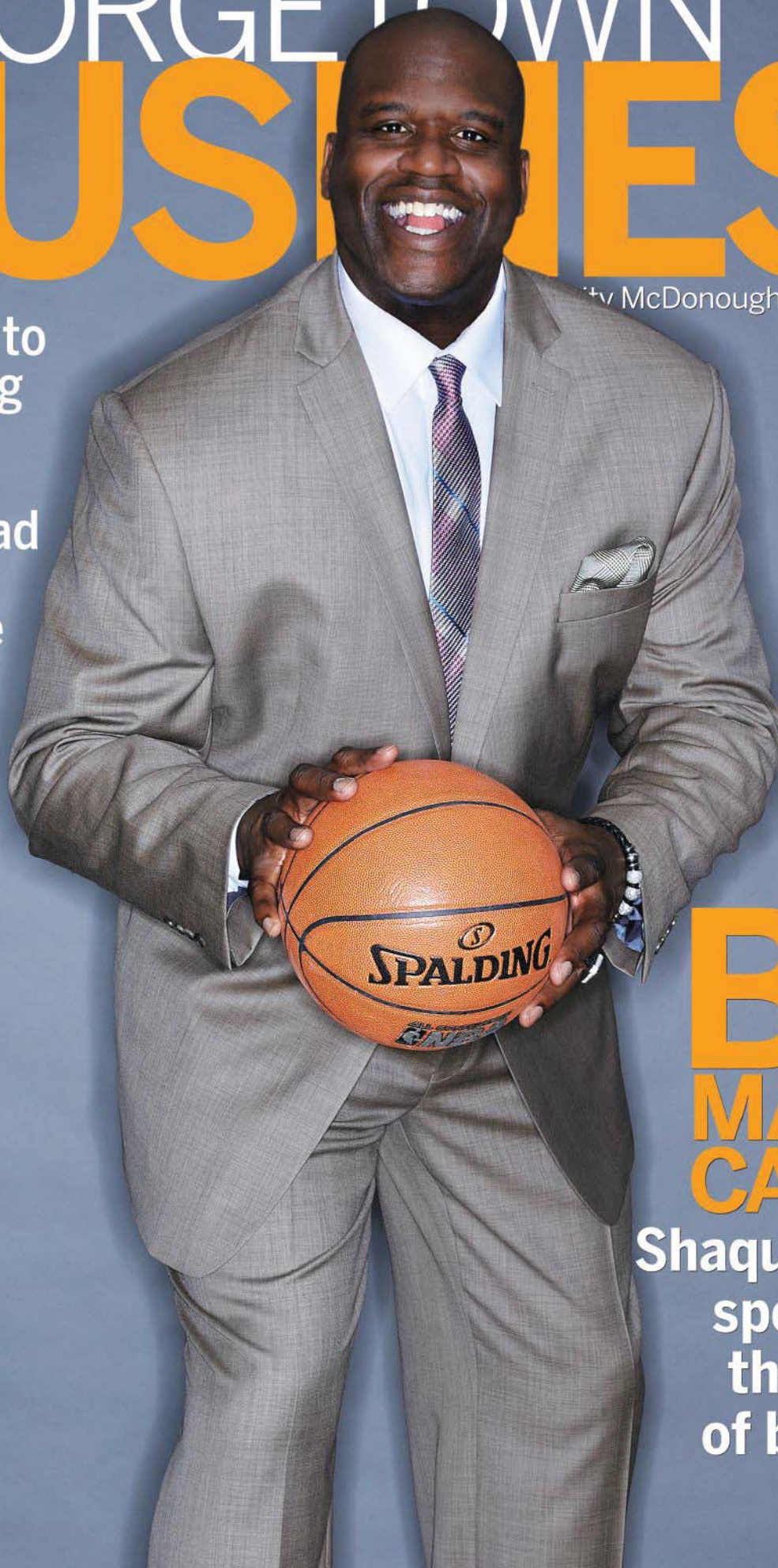


GEORGETOWN BUSINESS

McDonough School of Business

Benefits to
Underdog
Status

Undergrad
Fellows
Span the
Globe



BIG MAN ON CAMPUS

Shaquille O'Neal
speaks about
the business
of being Shaq

SPRING 2015

Building




When Larry Botel was a Georgetown McDonough student, there was no real estate program. Thirty years later, a generous partnership with Botel ensures students have access to applied industry learning.

By Melanie Padgett Powers

Photography by Gary Landsman

Blocks

A group of students and a man in a suit are posing in a modern building hallway. In the foreground, three people are sitting on a large stack of concrete blocks: a woman with blonde hair, a man in a dark suit and blue tie, and a man in a blue Georgetown University sweatshirt. Behind them, a larger group of students is standing in a line, some wearing Georgetown University apparel. The hallway has a high ceiling with a grid of lights and large windows in the background. The overall atmosphere is professional and academic.

The commercial building at 2233 Wisconsin Ave. in the Glover Park neighborhood near Georgetown University looks unassuming. It sits back from the busy street, with a large, underutilized concrete space in front. The lack of an open, all-glass entryway makes it clear the building was built in the 1960s. It's fair to say that most students have never visited the structure, unless they were popping into Einstein Bros Bagels for a coffee or taking a class at CorePower Yoga.



Real Estate Laboratory Lessons

Real estate student projects will grow and evolve along with the building at 2233 Wisconsin Ave. NW, as it moves through the renovation and leasing process. Three primary lab assignments so far have been:

- **Let's Buy It:** Undergraduate real estate finance class students wrote mock investment committee memorandums that advocated for the building purchase and recommended a purchase price.
- **Parking Plans:** An undergraduate independent study group evaluated the parking operation to determine how to maximize parking revenue, helping to write the RFP to bid out the project.
- **TLC Needed:** In the MBA program, a group of students was tasked with redesigning the courtyard. The students contacted local design and architecture firms and researched how to best increase the attractiveness of the courtyard to appeal to new tenants.

But the building is remarkable for another reason, unknown to most Georgetown students or Glover Park neighbors. It serves as a central part of a unique educational experience at the McDonough School of Business's Steers Center for Global Real Estate (formerly known as the Real Estate Finance Initiative).

In July 2014, Larry Botel (B '88) and his company, JOSS Realty Partners LLC, purchased the building as an investment property. Botel, JOSS founding partner, is on the Georgetown McDonough Board of Advisors and the Steering Committee for the Steers Center for Global Real Estate. He also is an Executive in Residence.

JOSS specializes in buying buildings that might be under-managed, under-leased, or in need of a renovation. The company improves the buildings and increases their value. JOSS buys office buildings in New York City, Philadelphia, South Florida, and Los Angeles, but most of its purchases have been in Washington, D.C. The Wisconsin Avenue property is its eighth D.C. office building.

Although the primary goal was to make a smart purchase for JOSS investors, Botel also had his alma mater in mind. The building, a \$30 million investment, is not a gift. Instead, it is a generous partnership that has allowed Matthew L. Cypher, director of the Steers Center




“Having the ability to personally assess the physical building and witness its current state and potential for improvement will prove invaluable in our valuation of the property.”

—Kennedy Shields (B '16)



RENDERINGS COURTESY OF JOSS REALTY PARTNERS

A photograph of two men, Larry Botel and Matthew L. Cypher, standing in a large, empty building lobby. Larry Botel is on the left, wearing a dark suit and tie, standing with his hands in his pockets. Matthew L. Cypher is on the right, wearing a dark suit and a blue tie, leaning against a concrete pillar. The lobby has a high ceiling with exposed ductwork and large windows in the background.

Larry Botel (B '88)
and Matthew L. Cypher

for Global Real Estate and a professor of the practice, to expand his vision of a practical and hands-on curriculum he calls a “real estate laboratory.”

“Our endeavor is to make a highly industry-centric, applied real estate program that replicates the complexities of the issues that are dealt with on a day-to-day basis in the commercial real estate space,” Cypher says.

Botel has offered to help in any way he can. “I basically said, ‘Do whatever you want,’” Botel says. “I’ve opened up the building physically. I’ve given them every stitch of information that we have on the building: leases, operating expenses, our underwriting, our budgets, and our reports.”

Cypher has used the building in two primary ways so far: for undergraduate and MBA student independent study projects and as part of his undergraduate real estate finance class.

The Walking Tour

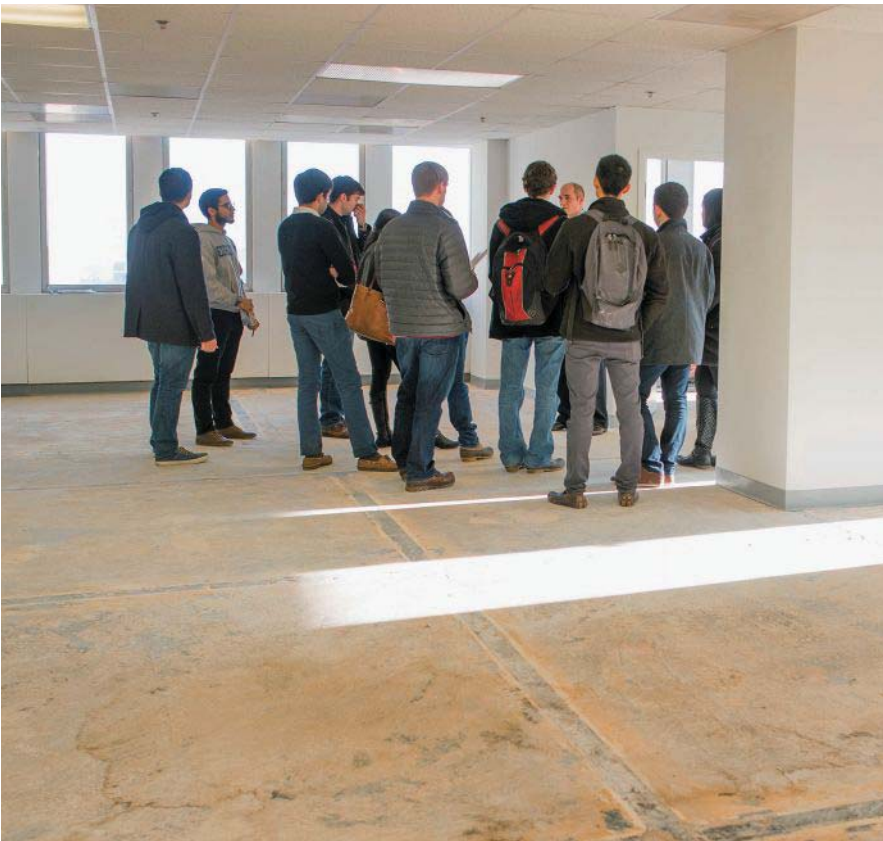
On a cold Monday in March, approximately 40 Georgetown McDonough juniors and seniors took the short hike up Wisconsin Avenue or hopped on the university shuttle bus to “2233,” as Botel calls it. After Botel offered a short overview, four groups of students cycled through various areas in the building: a vacant suite, the mechanical area, the lobby, and the parking garage, before meeting up in the basement to hear about plans for a new tenant.

The 150,000-square-foot building has five main floors of mostly office space, a few retail spots on the ground floor, two levels of underground parking, and a small parking lot in back. Built in 1964 and located in an area not known for multilevel commercial buildings, it is a “value-add investment,” meaning it needs a little TLC but could sell for a profit with the right improvements.

Each student group was assigned to write an investment committee memorandum advocating for the purchase of the asset and recommending a purchase price. As students scribbled notes and asked questions in the vacant suite, Kyle McFadden, a brokerage associate at Cushman & Wakefield in D.C., explained that his role is to lease the space for a cost of low-to-mid \$30s per square foot.

Standing in the large, empty suite on the fourth floor, McFadden described how they made the area more attractive to potential tenants: getting rid of internal





Students in the Steers Center for Global Real Estate spent the day touring a \$30 million property on Wisconsin Avenue, NW — a “real estate laboratory” where they will learn the industry inside and out.



walls, painting everything white, and making sure window access was not obstructed. All of this allows in more light and makes the space feel clean and open, with lots of possibilities. He pointed out an attractive and noteworthy feature: The south windows have a view of the Potomac River. “A lot of people are surprised by that,” he said.

Students asked questions about the building’s historical vacancy rate, the quality of tenancy, whether the in-place leases were below or above market, and whether tenant choices would ever increase overall costs.

From the fifth floor, students climbed stairs to a locked metal door leading to the mechanical penthouse level, home to the boiler and roof access. Over a loud constant hum from high-pressure fans, Larry McCulley, president of Botel’s D.C.-based property management business, BMS Realty Services, told the students about the challenges of a boiler system built in the 1960s, although it has been upgraded over the years.



“Certain aspects of the building and the real estate process as a whole simply aren’t as meaningful unless you visit the property in person.”

—Aakash Bhatia (B’16)

As the students made their way to the ground-floor lobby, senior Abdullah Al-Bawardy said, “It’s great to have this opportunity to get to come out and apply what we’ve learned.”

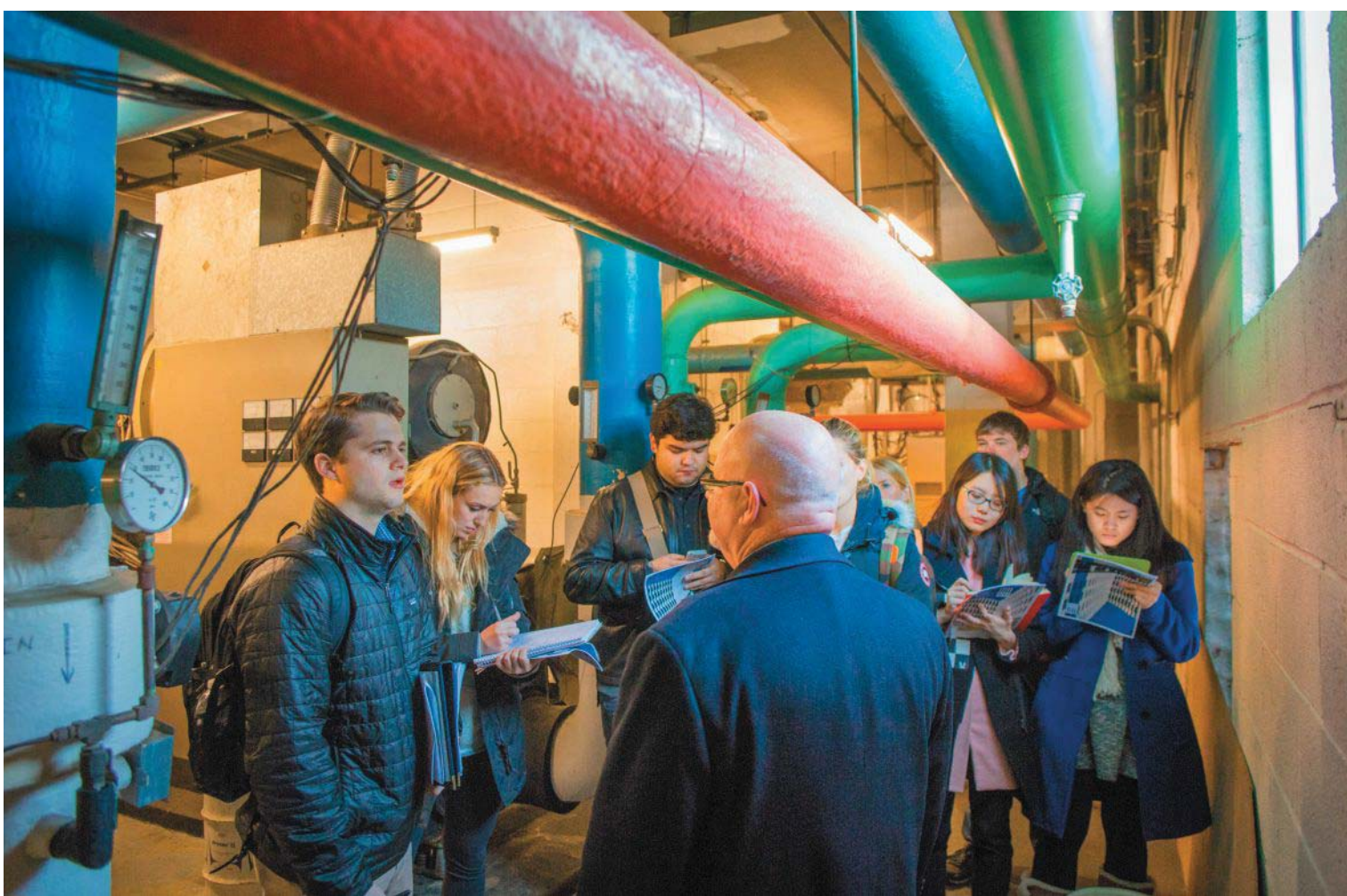
His classmate, senior Adrian Lam — taking several building photos with his smartphone — added, “This is the first time in the business school where I’ve had this opportunity to come out on site.”

Near the main entrance, Botel painted a vivid picture of renovation plans for the lobby and courtyard. The lobby is tired and claustrophobic, with old storefronts and no seating area or security desk, he said. And the front of the building is a “tremendously underutilized space,” he added.

He showed students two architectural renderings of the courtyard, which included seating pods that look similar to porch swings. Creating such a gathering space for the community and adding landscaping and a welcoming lobby will be attractive selling points to potential tenants, he said.

Junior Aakash Bhatia pointed to the vestibule five feet away and asked Botel to explain plans to create a more open, glass-filled entranceway. This ability for students to roam around and observe an actual building, asking questions as they go, is a critical component of the real estate laboratory.

“Certain aspects of the building and the real estate process as a whole simply aren’t as meaningful unless you visit the property in person,” Bhatia said later in an



interview. “Therefore, having a chance to tour the building, especially as an undergraduate student, was a unique and great opportunity.”

Classmate Kennedy Shields agreed: “Touring the building provided a completely different perspective on the asset than learning about it in the classroom.”

Prep Work

Even before the tour, students had discussed the property, read the offering memorandum, and were instructed to do some preliminary due diligence to become familiar with the building, Shields said.

“However, having the ability to personally assess the physical building and witness its current state and potential for improvement will prove invaluable in our valuation of the property,” she said.

Bhatia actually had visited the building in the fall, as well. He was part of an undergraduate independent study group that evaluated the parking operation to determine how to maximize parking revenue. The project included researching how parking garages and lots can operate more efficiently and environmentally friendly and speaking with other local parking garage operators. The students helped write the RFP for JOSS to bid out the project.

In the MBA program, a group of students was tasked with redesigning the courtyard. The students contacted local design and architecture firms and researched how to best increase the attractiveness of the courtyard to appeal to new tenants.

Unrelated to the building, MBA students involved in the real estate program also are helping to underwrite live transactions for a large institutional money manager — one more opportunity for applied learning.

Such projects mimic what students will be doing in their careers. “Unlike other schools that are more theory- and classroom-based, these students get to simulate the job that they would really be doing,” Cypher said. “It’s a level of preparedness that we’re providing that other schools may not be.”

When Botel was in college, there were no real estate classes at Georgetown. Fast forward 30 years: “Georgetown’s going to graduate students who will not only understand the financials of a real estate investment, but they’re actually going to understand what a boiler looks like, what it means to renovate a lobby, what it means to execute a parking agreement or a lease, or to demo space. I had to learn those types of skills postgraduation,” he said.

Combine Georgetown’s reputation with a stellar real estate education, Botel said, “and the program has the potential to be the best in the country.” **GB**



LEARN HOW THE STEERS CENTER FOR GLOBAL REAL ESTATE IS TEACHING PRACTICAL LESSONS AT [REALESTATE.MSB.EDU](https://www.realestate.msb.edu).