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A rendering of The Wharf, Madison Marquette's \$2.5 billion mixed-use development along the Potomac River in Washington, D.C.

Real Estate Value Creation, Placemaking are Based on Integrated Systems

By Amer Hammour, Executive Chairman, Madison Marquette

I believe that the best way to produce high value for customers is to design our businesses and our projects as fully integrated systems, to directly control every component of these systems and focus on their effective integration, how they work together and build on each other. In real estate businesses and in large real estate projects, such as the Asbury Park Boardwalk in New Jersey, or The Wharf in Washington D.C., it is not individual components but the whole that creates excitement, value and success.

Our company, Madison Marquette, which I managed as CEO from 2001 to 2012, and where I am currently the Executive Chairman, invests in and manages over 350 properties, from 14 offices nationally. Our primary client is the investor who partners with us and the owner who

entrusts us to manage and enhance their property. The focus of our services is to produce better returns and additional value for our clients, going beyond the returns they get from simply selecting and holding assets.

We differentiate ourselves from simple asset managers or pure service providers by offering a full array of integrated services: investment, asset management, development, construction, property management, leasing, marketing, and consulting. We create full teams with local leadership for every project, collaborating to implement a complete value-add plan to lease-up the property, to manage it more efficiently, to repurpose it and reposition it for different users, to add density, and to activate it. We believe that by having the full array of skills in house, and by forming fully integrated teams that utilize these



skills, we can maximize value and produce “Alpha” returns for our clients.

A hallmark of Madison Marquette is our ability to deliver customized expertise in a variety of asset classes, including retail, office, residential and medical projects, and to integrate them within urban mixed-use environments. In recent years, across the U.S., people with disposable income have been moving back to urban areas. This trend is especially evident among empty-nesters and millennials who prefer to live in apartments and to be close to the vibe, the energy, the workplace hum and the restaurant and entertainment options of a dynamic city.

Many of our industry colleagues focus on placemaking. For us, the physical place is just a stage. It is important that we program the activity on that stage, to establish the uses that promote this activity -- the food halls, the markets, the medical services, the shops, the hotels, concert halls, and restaurants. All of these bring great excitement to a residential and office area, and similarly, an active office and residential population will support these businesses. The more integrated the activities, the more feedback between them, the more exciting and valuable are the projects, and the more thriving are the cities they anchor.

When we came to Asbury Park, the historic beach town on the Jersey shore in 2008, it was still in ruins. The boardwalk area was boarded up, decrepit and deserted. With hopes of bringing the crowds back, we restored many key buildings and pavilions, but no tenants would dare lease space because of the negative reputation of the town. To prove that the city could work again, we created activity: We opened and directly operated restaurants, music clubs, after-hours venues, and we provided security.

For one year, we maintained a substantial operating staff, and we still manage five different music venues, including the world-famous Stone Pony. As people came back to the Asbury shore, we then signed leases across the project. The activity we started has built on itself. We invited artists to create street art on our walls, programmed music and film festivals, built great apartments and hotels. Today, the city is thriving, edgy,

gritty, authentic, artistic, and fun. The liveliest town on the Jersey shore.

For each project, we think of the greatest need that the ultimate users have, and then build the project around that need. In Washington D.C., there is very little waterfront that is not a federal park or public land. People in the D.C. area needed a place where they could gather and fully enjoy the waterfront. So, we designed The Wharf around one spine, a 60-foot-wide, mile long promenade that edges the riverfront. Four piers jut out into the channel from the promenade allowing residents and visitors to view and utilize the water, to live on it and to experience its unique beauty. The Wharf offers office buildings and apartment residences that take full advantage and celebrate the Potomac and thrive on the diverse amenities. We integrated a historic fish market and added a wide variety of restaurants, hotels and music clubs as well as a 6,000-seat concert hall. All of this now fronts an active marina with over 400 boat slips.

It is not any one element of the project that makes it successful, but the full integrated system which creates excitement and repeat visits and maximizes values for our investors, clients and end users. This approach is effective in real estate and for many other businesses as well.



Amer Hammour is Executive Chairman of Madison Marquette, and heads all real estate operations and investments for its parent company Capital Guidance in the U.S. and internationally. As founder of Madison Marquette, he is responsible for setting

the company's investment strategy and leads its growth and capital relationships. Over the past 38 years, Mr. Hammour has completed -- on behalf of Madison Marquette, Capital Guidance and its subsidiaries -- over 200 real estate investments in retail, office, land, and industrial projects and developments valued at over \$8 billion.

Mr. Hammour holds a BS in Industrial and Systems Engineering from the Georgia Institute of Technology and an MS in Business Administration from the Sloan School of Management at MIT.