

MIT Center for Real Estate

MIT founded the [Center for Real Estate](#) (CRE) in 1983 to improve the quality of the built environment and to promote more informed professional practice in the global real estate industry.

Educating the men and women whose innovations will serve the industry worldwide, we are home to the first-ever one-year Master of Science in Real Estate Development (MSRED) Program, as well as an integrated suite of professional development courses.

Uniting industry leaders with MIT's distinguished researchers and students, our selective industry partnership program advances the art and science of international real estate and bridges the gap between theory and practice.

Vision

The structures built by the real estate industry account for more than a third of the world's tangible wealth, as well as more than a third of the world's energy consumption and CO₂ emissions. If the industry is to maintain its responsible leadership in the global community, it must encourage a culture of sustainability and innovation that meets the challenges of an increasingly interconnected world.

MIT is uniquely positioned to help the industry increase its efficiency, prosperity, and social responsibility. Through research and education initiatives at the Center for Real Estate, MIT applies its tradition of excellence in technology, knowledge transfer, and global reach to the real estate industry, developing innovations to help practitioners build responsibly and profitably.

Our goal is to educate the next generation of industry leaders, preparing them with tools to develop better real estate worldwide. In keeping with the MIT tradition, we bring to industry the very best offered by practical experience coupled with the interdisciplinary studies of design, science, and engineering. Envisioning the industry's integrated stewardship of its land and products, the MIT Center for Real Estate provides today's practitioners with the means to transform an ever more vital and complex market.

FY2011: A New Start

During FY2010, the dean of the School of Architecture and Planning asked a small group of faculty members to review the MSRED program and the Center for Real Estate. The committee recommended the separation of "the administration and funding of the MSRED degree program from the balance of the CRE...to pare the mission of the CRE to a few highly significant tasks, and to establish strong oversight structures for each." FY2011 marked the first year in which the center and the MSRED program operated independent of one another.

Each unit is charged with balancing its budget. The MSRED program receives investment income and a budget allocation from the Institute. The center's primary sources of funding are partnerships, revenues from the Professional Development

Institute (PDI), investment income, and gifts. Because of the need to generate ongoing revenue to sustain operations, revenue production is a major concern for the center.

Accomplishments

25th Anniversary

During FY2011 the center and the MSRED program continued to celebrate their 25th anniversary. In FY2010, the two units collaborated on a series of engagement activities focused on the theme “The Excitement is Building!” There were lectures in Cambridge, MA; San Francisco, CA; and Washington, DC. The lecture series culminated in a partners’ dinner, industry conference, and gala held between September 30 and October 2. Seventy students, faculty, alumni, and industry leaders attended the partners’ dinner. Three hundred people attended the industry conference and 350 guests celebrated the center’s 25th anniversary at the gala.

Partners Dinner

The partners’ dinner was held on September 30 at the newly renovated MIT Museum. Individuals representing approximately 15 partner firms participated along with members of the MSRED Class of 2011, faculty, and alumni. The keynote speaker was professor Richard N. Cooper, the Maurits C. Boas professor of international economics at Harvard University.

Industry Conference: Real Estate Re-engineered

The daylong program got under way with a panel, “Financial Re-Engineering,” moderated by professor William Wheaton. Panelists included Bengt Holmstrom, Paul A. Samuelson professor of economics at MIT; Andrew W. Lo, Harris & Harris Group professor of finance at MIT’s Sloan School of Management and director of the Laboratory for Financial Engineering; Jiang Wang, Mizuho Financial Group professor of finance at the Sloan School; and Nobel laureate Robert C. Merton, distinguished professor of finance in the Sloan School.

The morning’s second session, “Re-Engineering Buildings—Innovations in Building Technology,” was moderated by Dr. Tony Ciochetti, chairman of the Center for Real Estate. Panel members were John A. Ochsendorf, associate professor of building technology in MIT’s Department of Architecture; Alex “Sandy” Pentland, director of MIT’s Human Dynamics Laboratory and the MIT Media Lab Entrepreneurship Program; and Sarah Slaughter, senior researcher at the MIT Energy Initiative.

An afternoon panel of prominent practitioners, assembled to react to the broad slate of ideas discussed during the morning sessions, was moderated by Raymond Torto, chief economist for CB Richard Ellis. The panel included Joseph Azrack, managing partner of real estate for Apollo Management; Brad Case, vice president of research and industry information for the National Association of Real Estate Investment Trusts; Lynn C. Thurber, chairman of LaSalle Investment Management; Thomas Garbutt, senior managing director and head of global real estate at TIAA-CREF; and Douglas T. Linde, president of Boston Properties.

The luncheon speaker was Gerald D. Hines, founder and chairman of Hines, an international real estate investment, development, and property management firm. Hines is recognized worldwide as a leading developer of buildings that are architecturally distinctive, financially successful, and sustainable. He fielded questions posed by MSRED lecturer Dr. Gloria Schuck. The conference concluded with optional tours of three MIT buildings that exemplify the essence of the theme of the conference: the Koch Institute for Integrative Cancer Research, the Media Lab extension, and the expansion of the Sloan School.

25th Anniversary Gala

The center marked the culmination of its 25th anniversary celebration on October 2, 2010, with a black-tie gala at Boston's InterContinental Hotel. More than 350 alumni, students, faculty, staff, friends, and founders gathered for an evening of dining, dancing, and reminiscing. During the gala, the Visioneer Award was presented. MIT/CRE's highest honor, the Visioneer Award is given out every five years to honor visionaries, pioneers, and engineers who have demonstrated "the combination of extraordinary perceptiveness and sustained achievement over a period of many years."

The award was presented to Jonathan F.P. Rose, president of the Jonathan Rose Companies, a green real estate policy, planning, development, owner's representative, and investment firm. Rose was honored for "pioneering an integrated approach to sustainable development and for fostering healthy communities with practical and profitable green solutions."

A second Visioneer Award was presented to Google for the company's innovations, which are transforming the way people design workplaces. These innovations have led to the creation of innovative tools, such as Google Maps and Google Earth, and "have revolutionized the way we think about and use space—the essence of real estate." Brian Cusack accepted the award on behalf of the company.

The final Visioneer Award went to Charles "Hank" Spaulding, the "original" visioneer and founder of the Center for Real Estate.

Guests—including several members of the first MIT/CRE class, the Class of 1985, and all but one of the center's former chairs—also had the opportunity to watch a video about the center that highlighted some of the major projects MIT/CRE alumni have worked on and featured comments from a variety of people connected to the program, including founders, alumni, and current staffers.

25th Anniversary Fundraising

Building 9

The MSRED program and the Center for Real Estate were offered space in Building 9 with excellent visibility directly off Massachusetts Avenue—if \$1M could be raised from MSRED alumni by the end of the fiscal year. These funds would be matched (up to \$1 million) by an MIT alumnus and funds from the Institute.

To meet this goal, center chairman Tony Ciochetti visited alumni in Seoul, Korea; Beijing and Shanghai, China; Tokyo, Japan; and Hong Kong. Approximately \$615,000 was raised as a result of these visits. In addition, Dr. Ciochetti made alumni visits to London, San Francisco, and New York City. These visits, coupled with a class-based solicitation program involving a team of class ambassadors supported by Barbara Feldman, the School of Architecture and Planning's assistant dean for resource development, and Marion Cunningham, the center's managing director, led to gifts and pledges exceeding \$1.5M as of year-end. The \$1M match was also received by the Institute at year-end.

The new space represents a significant improvement over the program's current location on the third floor of W31 and features the following amenities:

- A floor of full windows on Massachusetts Avenue and sunlit offices and workspaces
- A location in the academic heart of the campus and the School of Architecture and Planning
- State-of-the-art technology for offices, improved meeting spaces, and a modern heating, ventilation, and air-conditioning system

The development time frame is aggressive. The renovation is scheduled to start midsummer 2011, and our goal is to complete the renovation so that the center can occupy the new space mid-FY2012.

Endowment

The development of endowment accounts to support the operation of the center was initiated in 2011. Gerald Blakeley donated his partnership interest in land located in California for the endowment of the center. This interest has an estimated worth of \$500,000. Hank Spaulding, the founder of the center, made several gifts toward the endowment that exceeded \$100,000. Hamid Moghadam '77, SM '78 agreed to establish a fund for the endowment of the center as well; the terms of this agreement were being finalized at year-end.

Cultivation Visits

In March, cultivation visits were held with alumna Linda Pizzuti Henry MSRED '05, who encouraged the center to submit a proposal to the Henry Foundation for consideration.

In addition, Chairman Ciochetti and resource development officer Joann Keatz met with Adelaide Van Winkle about funding a fellowship for the MSRED program.

Partners Program

During FY2011, the center listed 31 real estate companies as partners. These companies have offices domestically and internationally. The center held two partners meetings, each preceded by a partners dinner. The fall meeting was the conference held in October as part of the 25th anniversary festivities, and the spring meeting took place in May. The

partners' dinner in May included current students and the alumni ambassadors who were key participants in the capital campaign.

As part of the spring partners meeting, professor William Wheaton outlined five important questions facing the real estate industry. The daylong program also featured a presentation by David Geltner, chair of the MSRED program and the center's director of research, who updated partners on the commercial property transaction price indices he pioneered. In addition, Dennis Frenchman, Leventhal professor of urban design and planning in the Departments of Architecture and Urban Studies and Planning, offered an informative look at the increasingly important role of clean energy and sustainable development in urban China.

Also as part of the meeting, the center's chairman highlighted the two newest partners: Stiva, a Mexico-based firm, and Osprey Advisors, a company based in Washington, DC.

Professional Development Institute

The three key objectives of the Professional Development Institute are:

1. Continuing to enhance the quality of marketing by being more targeted in our outreach and advertising and availing ourselves of a variety of media
2. Developing new offerings in response to market changes and needs
3. Better integrating PDI programming with the needs of the center's industry partners

The economy continues to pose challenges to the Professional Development Institute. In FY2011, 163 people attended 10 classes; in contrast, 188 people attended 13 courses in FY2010. Based on industry research and feedback from faculty and industry partners, seven new courses were introduced during fiscal year 2011: Financing Real Estate; Case Studies in LEED Platinum; Real Estate Development: Executing in Today's Environment; Negotiating Key Provisions in Joint-Venture, Permanent Loan & Restructuring Agreements; Economic Trends in Real Estate; Real Estate & Technology Intersected: Connected Offices, Communities & Cities; and Retail: Location, Location, Location.

Administration

Marketing

In March 2011, the MSRED program and the Center for Real Estate worked with MIT's Publishing Services Bureau to prepare a request for proposals for the redesign of the center's website. The goal of the redesign is to strengthen the MIT/CRE brand and increase the visibility of our industry outreach programs, the partners program, and PDI. In addition, we would like to find a way to facilitate web updates by multiple contributors and integrate database information and social networking capabilities into the site. Sametz Blackstone was selected to redesign the site.

Also, the PDI assistant director initiated a relationship with Sam Giber, a consultant in social media, to improve the program's Facebook and LinkedIn presence. In particular,

we are looking for ways to engage in a dialogue with partners, members of the real estate industry, and students enrolled in PDI using social media outlets.

Finances and Funding

Program Revenue and Expenses

The center's FY2011 budget showed projected expenses of \$1.3 million; actual expenses were \$1.046 million. Revenues from industry partnerships, the Professional Development Institute, investment income, and gifts, used to offset expenses, were expected to total \$1.15 million.

Partnership fees and PDI course revenue were slightly less than budgeted. Preliminary data indicate that the partnership program generated \$240,000 in fee and miscellaneous income against \$233,408 in expenses, leading to a slight surplus. With revenue of \$262,900, PDI was able to achieve 81 percent of its revenue budget. With tight fiscal management, expenses were limited to approximately \$185,400 leading to a surplus of \$76,500.

25th Anniversary

The center's 25th anniversary was used as an opportunity to engage corporate sponsors for events; sponsorships generated \$92,000, and non-building-related 25th anniversary gifts totaled \$163,000. Expenses related to the 25th anniversary and associated fundraising were \$191,600.

General Operations

The center hosted the Maastricht-NUS-MIT Symposium in October. Limited revenues were associated with this endeavor, only partially offsetting expenses.

MIT/CRE's endowed accounts provided \$95,000 in investment income to the center. Additionally, the center had incurred total expenses of approximately \$1.046M and had generated \$831,000 in gifts, revenue, investments, and fee income; \$1.29M in expenses and \$1.15M in revenues were budgeted for FY2011. The shortfall led to the use of a portion of the center's fund accounts to cover a deficit of about \$215,000.

Personnel

In March, the MSRED and Center for Real Estate team received an Infinite Mile Award in recognition of its hard work and dedication related to the 25th anniversary activities. The team members were Maria Vieira and Jennifer Yebba from the academic program and Aruna Joglekar and Cheryl Gillespie from the center. The group was recognized for everyday leadership, results-oriented collaboration, and community spirit that were critical to the success of the 25th anniversary.

After joining the center in May 2009 as the executive assistant and industry liaison, Elizabeth Mathieu resigned in May 2011 to move to a new position with Abt Associates, a Cambridge-based consulting firm.

Marion Cunningham, the center's managing director, resigned after having been with the Center for Real Estate since November 1998; she accepted a position as an administrative officer with the Program in Art, Culture and Technology.

The loss of these individuals leaves the center with the opportunity to rethink the roles of various professionals, potentially streamlining the role of the executive assistant in providing administrative support for the chairman and heightening the focus of the managing director on business development.

Brian Anthony Ciochetti

Thomas G. Eastman Chairman

Professor of the Practice, Department of Urban Studies and Planning