Real Estate and Project Management Trends Affecting Campus Assets
by CB Richard Ellis  ICCFO 2010 Fall Conference
CB Richard Ellis
Public Institutions & Education Solutions (PIES) Group

• World’s largest commercial real estate services firm with over 30,000 employees in 450+ offices in more than 60 countries

• PIES works with Federal, State, County, Municipal and Educational Institutions to formulate and implement real estate and facility strategies

• PIES specialists within CBRE’s regional/local practices provide an integrated, full service offering

• CBRE has more than 125 government and public sector clients. Our team is fluent in the unique procurement and reporting issues in the public sector.

• Effective strategic facility planning can enhance educational mission, bolster financial health and increase attractiveness to prospective students and the community

• Business Lines of note:
  • Transaction Management
  • Project/Program Management
  • Structured Finance
  • Technology Practice Group

ACCOLADES

• First commercial real estate services company in Fortune 500
• Business Week 50 Best in Class
• World’s top brokerage firm
• Top 50 “green” company in the US
• USGBC Leadership Excellence Award
• #1 Brand for 9 consecutive years
Community College Objectives

Manage the Real Estate Portfolio
• Sector Being Forced to Challenge the Norm
• Strategic Plan
• Realistic Budget
• On and Off-Campus Expansion Options
• Aggressive Operating Expense Controls
• Utilization Rates
• Future IT Needs

Manage Capital Expense
• Funding Constraints
• Project Cost Control
• Public/Private Partnerships
• Structured Finance

Northern Illinois University – Naperville
CBRE assisted in the establishment of a 115,000 SF education and administration building. Team members led process that included strategic planning, site selection, build-to-suit negotiations and land development.
Community College Objectives

Increase Flexibility
- Expansion and contraction options to adapt to changing education environment
- Leased vs. Owned facilities

Manage Risk
- Cost and asset control

Evaluate “First Call” Cost Reduction Opportunities
- Below market rates / blend-and-extend
- Efficient space standards

DePaul University – O’Hare Campus
CBRE represented DePaul in the relocation of their O’Hare Campus into approx. 40,000 SF of office space. Using market knowledge as leverage, the team was able to secure over $5M in cost savings over the course of the 12 year term.
$11.2B in managed projects - 2009
Unmatched national purchasing leverage for our Clients

North American Spine Society
Completed 40,000 SF rehabilitation of NASS’s existing building. Work included classroom/training and conference center space, offices for the Association, a full size commercial kitchen, cold storage and an operating room.
Structured Finance

The Challenges
- Limited cash and debt capacity, and lack of support for referendum
- Reduced support from financially-strapped State
- Difficulty funding new facilities internally

Structured Finance Alternatives
- Independent 501 c. 3. “Conduits” finance, build and lease new facilities to the higher education organization, utilizing long-term, tax-exempt financing
- Rent is a pass-through of principal and interest on Conduit project financing
- Structured as an operating lease
- Ground lease from the educational organization allows future control of building ownership through reversionary rights
- Have completed over $400M in transactions of this structure for Cleveland Clinic

Case Study
University of Southern California
In July 2010, CBRE completed a $40 mil Administrative Office Building build-to-suit-to-lease project for USC, utilizing a Conduit ownership and financing structure. Project financing cost was 3.86%
Summary

• Strategic planning and budget
• Transaction management
• Project Management
• Structured finance options
• Technology