

MR

MANN REPORT

THE MULTIFAMILY ISSUE

NEW YORK
LOS ANGELES
MIAMI
HAMPTONS

BUILDING THROUGH YOUR OWN CASH FLOW:
NECTAR'S KEY TO MULTIFAMILY SUCCESS

AN UPSCALE VIBE FOR THE BRONX

BOUTIQUE OFFICES:
THRIVING IN SOUTH FLORIDA

DAVID MANN

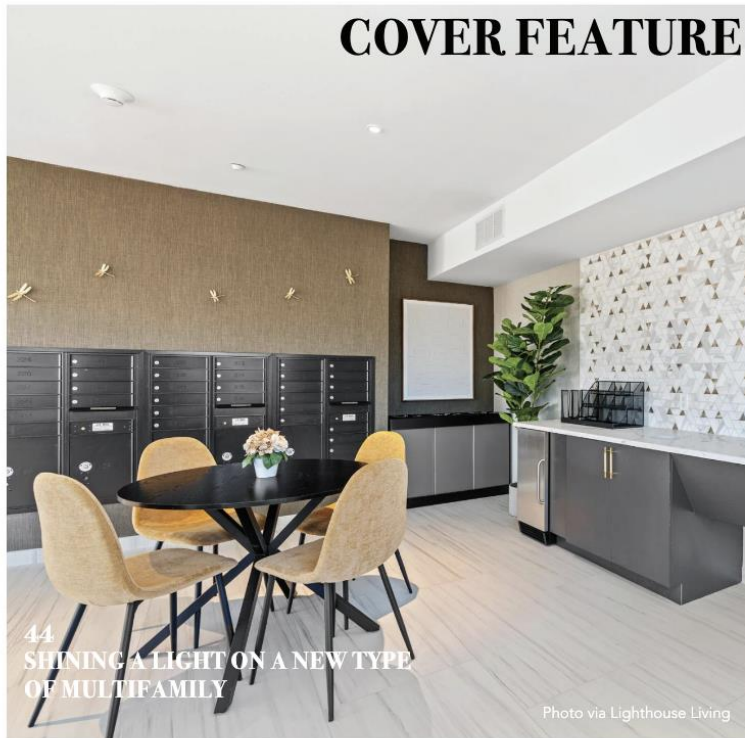
PRESIDENT AND FOUNDER, LIGHTHOUSE LIVING



RELEVANCE
INTERNATIONAL

AUGUST 2024

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MICHAEL TILLMAN
CEO AND CIO
PTM PARTNERS

Michael Tillman is the CEO and CIO of development and private equity firm PTM Partners, which specializes in Opportunity Zones. Tillman formerly was a managing director of acquisitions and development at LeFrak. He oversaw the underwriting, execution, construction, development and condo sales of the 1 Hotel South Beach, a 1.8 million-square-foot mixed-use luxury hotel and condominium. He also managed the restructuring, entitlement and development of SoLe Mia, a 184-acre mixed-use development with 5,000 residential units and 1.5 million square feet of commercial in North Miami, Florida.

Prior to LeFrak, Tillman was with Aetos Capital, where he was a senior member of the firm's investment platform in China and evaluated over \$5 billion of large-scale real estate development projects. He was also a founding member of Aetos Capital Management, a \$500 million long/short hedge fund invested in real estate and real estate-related securities across Asia.

He received a BBA from Emory University and his MBA with honors from Columbia Business School.

How long have you been in the industry?

I have been in the real estate industry since 2004. I've had the opportunity to see the peaks created by CMBS, CDOs and CDO-squareds in the run-up to the Great Financial Crisis, the pain created by that time, the unbelievable market expansion from 2012 to 2023, and the historic run-up in interest rates over the past two years.

MICHAEL TILLMAN

Each of these periods has shaped the industry significantly and are a large factor in the market's current shake-up.

What brought you to the business?

My grandmother used to say that a home is more than just a place to live – it's a place to create memories. I look at what PTM does as a chance to deliver that opportunity to a wider demographic of people. In the current economic climate, with many individuals being priced out of home ownership, I want to be able to provide people with an attainable opportunity to live well and make their own memories.

Who inspires you?

To me, an inspirational leader demonstrates authenticity, passion, and approachability. I found each of these traits in my former boss and mentor, Richard LeFrak.

Richard is a titan of the real estate industry, but he would never tell you that. His passion for his projects, people, company, and family left an indelible mark on me. Additionally, his ability to relate to people from all walks of life created so much value for his projects.

How are Opportunity Zones evolving?

The Qualified Opportunity Zone legislation was initially a product of discussion with Silicon Valley entrepreneurs to encourage opening new businesses in low-income housing tracts, as designated by the Department of Housing and Urban Development. Given that the legislation focused on geographic designations of low-income housing tracts, it naturally lent itself to real estate development in these areas.

In the past six years since the formal enactment, capital investment has increased more in low-income housing tracts than any other tax program within the same limited period. As such, whole neighborhoods are being designed, developed and brought to life, spurring growth beyond real estate for businesses, culture and arts. What's unique about this is that not all of the new investment is coming from Opportunity Zone funds.

A great example of this is our project in Overtown, Miami, Florida. Utilizing Opportunity Zone legislation, we built the first Class-A luxury rental building in that market, which included workforce housing

accounting for 20% of the units. This project was a resounding success and has since spurred the development of more housing, retail, dining, grocers and a planned mixed-use master development in the area.

How has PTM evolved?

PTM Partners was formed with an intent to utilize the Qualified Opportunity Zone program to bring accessible Class A rental housing to the masses, which we have successfully executed in key markets like Miami, Washington, D.C., Northern Virginia and St. Petersburg, Florida.

Our thesis of designing thoughtful buildings at an accessible price point with smaller unit sizes, high-end finishes, resort-style amenities and a focus on health and wellness, has proven to be successful and in-demand across various geographic markets.

PTM's evolution is exhibited by the growth of our Opportunity Zone projects. In Miami alone, our first project was 360 units, our second project that just delivered for occupancy is 420 units, and our upcoming development in Miami is nearly 900.

How are you finding financing?

Despite the challenges of the current economic climate, lenders still have the important job of distributing loans to qualified borrowers and projects. In today's market, debt capital is available for sound projects with proven developers that have a track record of success.

In PTM's experience, we are seeing this as we prepare to break ground on our 50-unit Sarasota, Florida project where we have received multiple bids from lenders. Our approach toward conservative underwriting and equity capitalization combined with a focus on a broad swath of the existing population base assures lenders we will deliver on budget, on time and have the demand base to rent up our product.

What keeps you up at night?

As a CEO, I look at the potential stressors in two categories: things I can control and things I cannot control. I often remind myself that I should not stress and therefore lose sleep over things that are out of my control. With that in mind, I aim to act thoughtfully on the things I can control. As for things that cannot be controlled, I try not to lose sleep over them because it won't necessarily change the outcome.