

INSIGHTS & INSPIRATIONS



Fireside Chat with MaryAnne Gilmartin of MAG Partners underscores importance of diversity in industry leadership and governance; explores ease of work in new locales

The day closed with a lively exchange between Bethany Logan Ropa, managing director in Real Estate, Lodging & Leisure at UBS Investment Bank, and MaryAnne Gilmartin, founder and CEO of MAG Partners, our featured Fireside Chat speaker. Talk touched on the imperative of diversifying our industry's leadership, particularly in today's volatile market; starting small but going big; and the relative ease of development work in Baltimore evident in MAG Partners' expansive mixed-use development there.

Below are a few takeaways from that talk:

- 1. Governance over and responsibility for ESG and affordable housing today is tough, for obvious resource-constrained reasons.**

"In September 2023, we had 14 inches of rain. It cost \$19 billion," recalled Heather McGeory of Fifth Wall. "And people who don't have homes are coming in droves. The city needs to take action, but it's hard to do. We have to deal with this by long-term planning—not just from city coffers. [ESG] Governance is the area where people fall down all the time. It is getting harder. Some [of our]

investors are appreciative. That makes for interesting discussions. But it is a bit like rearranging chairs on the Titanic.”

- 2. in this governance and change agent effort are a melding of proptech and climatech tools, to help prove out the business case through energy, efficiency and cost savings.**

“Companies we invest in make life for owners and operators more modern, efficient and easy,” explained McGeory. “For this, climate tech and proptech is the same thing.” For example, “Have AI help determine the right battery capacity.”

- 3. For ESG and other governance areas, diversity in leadership is not a nice-to-have, but rather a business imperative.**

That applies to female representation at the top, and as a way for younger voices to be heard. “With more diverse views we have better decisions,” said Gilmartin of MAG Partners. “Women create and see value in communities. We invest in people to invest in projects. Women are also excellent at juggling and collaborating. Putting women into board rooms is good governance but we need to see women advancing or it is a hopeless endeavor. I am a squeaky wheel in the boardroom. But it takes time. As for the next generation, I always say – bet on the rookies.”

- 4. Smaller developments are easier to get done. In New York City, we will need more incentives to get to scale.**

“Being under 300 units allowed us to convince lenders we had the runway to complete before the 421-A deadline, but that wasn’t the challenge,” explained Gilmartin. “It was in the way the capital stack was put together. Our buildings are now fully capitalized, and we will finish them well within the timeline. These will be great contributions to the city’s housing crisis. But it should not have been so difficult,” she added, lamenting the fact that housing affordability is at a 40-year low. “I’m quite flummoxed... real estate math is pretty dumb. If we wanted to do the thing that makes the most money, we build condos. Condos are an allocator of high real estate costs.” The city needs “an easy-to-understand affordable housing program that pencils,” she said. “I don’t think unions are necessarily the gating issue. It’s about people thinking developers are laughing all the way to the bank...and that if they just built more affordable housing, it would be that simple...It’s going to take time, and I don’t think there’s a light at the end of the tunnel this year.”

- 5. But we should not shy away from big visionary projects.**

“My company really does ‘hard.’ I said, ‘Let’s look at the hard stuff outside New York City,’” said Gilmartin. Her chosen ‘big bet’: a 14 million square foot tract of land on the water in Baltimore, where MAG Partners opened 1.1 million square feet of office, retail and residential. “I have so much love for Baltimore. It’s gritty, similar to what I love about Brooklyn, and has an unbelievable community. The quality of life and cost of living are incredible. All the fundamentals are there,” she said. Best of all getting things done was far easier than it would have been in New York City. “The land use at our site is permissive. Our regulations allow us to build what you want where you want when you want. When you live in New York, the answer is ‘No.’ It might eventually be ‘Maybe’ and ‘Yes’ but it’s always ‘No’ out of the gate,” she said.

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