Booth Takes Top Spot in UNC Real Estate Challenge

Armed with a creative and thorough analysis, a team of Chicago Booth students took home a $10,000 first-place prize in the 2010 UNC Real Estate Development Challenge. “This win reflects the fact-based culture at Chicago Booth,” said team member Michael Kalomiris, a first-year student in the Full-Time MBA Program. “Our proposal was supported by extensive research.”

Sixteen invited teams competed in preliminary rounds before six judges on February 19 at UNC Kenan-Flagler Business School. Four teams advanced. Later that day the final four made presentations in front of more than twenty judges made up of real estate executives from across the country, as well as a large audience.

The case involved a mixed-use development proposed for Alexandria, Virginia, just outside of Washington DC.

“Our job was to prepare a 20-minute presentation regarding our plan for the project that would be made to the principals of a $600 million real estate fund,” Kalomiris said. “The proposal involved understanding both the national and local factors pertaining to the project, and coming up with a comprehensive development plan that would allow the fund to achieve its target returns. We were being judged by some of the people who are currently working on the project, so it was very interesting to compare notes afterwards on how our proposal matched up with theirs.”

The Booth team was the only one who could answer the judges’ difficult question about the investment return structure. Team member James Larrick, a student in the Evening MBA Program, fielded that question. The Booth team had prepared an appendix slide that laid out investment return specifics.

“One of the judges asked us if there were any questions that we were worried about them asking, giving us credit that we’d covered so much of the case,” Kalomiris said. “We said no,” said William Davis, also a student in the Evening MBA Program.

Davis said the team was “really detailed on what you might call the macro-economic factor,” and focused on issues the developers were facing in the real world. “So instead of saying, ‘Oh, the risk is, it will be too high vacancy,’ or, ‘The risk is, it will cost a little more to build,’ we spent a lot more of our effort looking at the actual hang-ups of this particular project.”

A lot of those hang-ups related to the city of Alexandria’s issues with obtaining approval for developments, Davis said. “One item in particular that really impressed the judges was that we handed out a copy of the previous day’s Alexandria Times, highlighting an article that demonstrated the contentiousness of the site planning process.”

The Booth team found that the Alexandria project would be profitable, “which in this economy, surprised even our group,” said team member Aaron Veldheer, an Evening MBA Program student.

“We were creative in solving the problems presented by the case,” Veldheer said. “In overcoming hurdles presented to us, we thoroughly examined the assets we could use to bargain and we think we leveraged those assets better than other groups. We also were extremely detailed in our analysis.” That caught the judges’ attention. “The team “made a point in our presentation to show how the details fit into our grand scheme,” he said.

The win “shows that there is a very strong interest in real estate at Booth,” and that the initiative is gaining strength, Veldheer said. “It is a nod to Professor [Joseph] Paglieri [clinical professor of real estate], and all of his hard work and mentoring. It also says that Booth students are creative and poised, two must-have attributes of a winning team.”

Kalomiris said that in its presentation, the team “was able to implement concepts taken from the classroom and effectively apply them while analyzing the real-time case.”

—Mary Sue Penn