

## BALTIMORE CHAPTER

August 2010

“What Every Leader Should Know About Real Estate”

Introduced as the Peter Drucker of corporate real estate, **Mahon (Sandy) Apgar, IV** quipped he was recovering his urban roots, having just relocated from Baltimore County into an 1880s home in Baltimore City’s Federal Hill neighborhood – heralding back to his days living Boston’s Roxbury area. Fresh from studying British new town planning at Oxford University, he worked for James W. Rouse during the summer 1967 and helped launch the Merriweather Post Pavilion in Columbia, Maryland. From this experience, Sandy claimed he learned from Jim the importance of persistence and to capitalize on unforeseen events. When asked today by young people and students about what kind of real estate job can they find during the economic recovery, he advises them to create their own since they can take risks and have the least to lose.

Recounting highlights in his real estate career of advising leaders of corporations and governments, he was the principal author of the blueprint for Saudi Arabia’s national urbanization strategy while at McKinsey and Company. Appointed in 1998 under President Bill Clinton to Assistant Secretary of the Army for Installations and Environment, he had global responsibility for the Army’s housing, real estate and facilities. Apgar worked with Congress to create and implement the Residential Community Initiative (RCI). Overseeing a pilot program in 4 locations, including nearby Ft. Meade, RCI transformed the Army’s portfolio of rental family housing by permitting the private sector to build and operate 16,000 housing units on Army installations. Today, close to 85,000 homes for soldiers and their families to live have been developed through forty five (45) partnerships in 23 states. Other services are picking up on this, and the next wave is military barracks with its half million beds.

Mr. Apgar observed that real estate in the United States equals about seventeen to eighteen percent (17-18%) of GDP, and in mature economies, about twenty percent (20%) of GDP. For most companies, he contends real estate is the largest or second-largest asset on the books, yet rarely is it seen as a strategic resource. Undergirding Apgar’s approaches are two fundamentals: a company’s business should drive real estate, not real estate driving the business; and booms and bubbles and busts are unavoidable. The only industry other than real estate that requires the art of the long view is oil exploration. He discussed his five (5) maxims of real estate and his template of 10 composite items to assess the performance of corporate real estate, known as the Apgar Real Estate Score. All are outlined in “What Every Leader Should Know About Real Estate”, an article in the November 2009 issue of Harvard Business Review, [www.hbr.org](http://www.hbr.org), Reprint RO911J.

As the former Chair of the Urban Land Institute’s (ULI) Corporate Real Estate Council & Maryland’s Real Estate Advisory Service, Sandy encouraged LAI to align itself with others in the industry like ULI to help guide policy makers and elected officials with a comprehensive real estate assets management program.

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