



# CAFTRITZ INTERESTS



## Development Firm Seeks New, Transformational Projects

Cafritz Interests Ready to Take on Complicated Jobs with Big Results

*By Stephanie Kriner, Editor*

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Whether confronted with the challenge to reposition an underperforming retirement home or transform an aging commercial building into fully leased, Class-A assets, Cafritz Interests brings expertise and creativity to every job it takes on. The Cafritz team's proven ability to make even the most daunting of projects a success can be seen across the United States, as well as in the D.C. area, where the firm is active in the ownership and management of offices, hotels, restaurants, residential buildings, senior living facilities, student housing and industrial buildings.

"We're looking at higher end projects that take into account our significant experience in planning and working on complicated jobs that have a lot of moving parts," said Melanie Domres, senior vice president, adding, "We're not operating in a vacuum as a developer. We are experienced at having a lot of parties at the table with many different agendas, and we know how to incorporate all those agendas into a plan process



Hotel Monticello

while also coming up with the project that we know will succeed."

In company literature, Cafritz Interests describes itself as one of the Nation's most resourceful and accomplished real estate developers, with proven success in property development, ownership and management. The Cafritz team has a mission to actively seek projects that allow it to create value and transform development markets by redefining property use, upgrading facilities and providing enhanced management

with on-site services.

Currently, Cafritz is working on the biggest project of its history. Known as the Ski Time Square at Steamboat, the project calls upon Cafritz to meet the city of Steamboat, Colorado's vision of an ambitious urban renewal plan aimed at updating the ski area's facilities and heightening the resort community's competitiveness in the region. "The Steamboat project is typical of our value-add approach to real estate," said President Steve Peer. In this project Cafritz

identified a growing demographic in Baby Boomers looking for second homes. Then the firm searched for a way to meet this demand and found a major resort with over 1 million skier visits annually but with antiquated 1960's and 1970's buildings. While others had failed to notice the potential of these aging properties, Cafritz knew that those buildings were just waiting to be demolished for redevelopment. The firm purchased 11 adjacent low-rise buildings comprising almost a

third of the existing base area in a ski-in ski-out location for what amounted to under \$100 per square foot and will replace those with new high-rise vacation condominiums and a retail village selling for over \$1,400 per square foot. The total project will have a sale value of almost \$1 billion. "You will find this approach in everything we do; identify an opportunity that others have overlooked and apply our expertise and capital to bring positive change to the community we enter," Peer said.

Domres added, "It's a billion dollar sellout culmination of everything we've done – high end residential, hotel and retail; it's a tremendous mixed use planning effort." Cafritz acquired the Ski Time Square property from Ski Time Square Enterprises. The entire 600-square-foot property will be redeveloped as retail, whole ownership luxury condominiums and fractional ownership condominiums. The ski-in, ski-out property totals approximately seven acres of land at the base area of the Steamboat Ski Resort. Through its subsidiary Potomac Hospitality Services, Inc, Cafritz is also actively seeking to expand its work of buying, building and

renovating in the hotel market. "We believe that this is a good time to be building and buying hotels, and the hotel supply pipeline is something we are pretty comfortable with," said Aaron Katz, president of Potomac Hospitality Services and executive vice president at Cafritz.

The firm, which has been in the hotel business since the 1970s, is currently renovating its Virginian Suites hotel in Arlington, and is also in the process of converting a student housing building on Michigan Avenue in downtown Chicago to a Comfort Suites hotel. The Company plans to begin construction on one other D.C.-area hotel and one hotel in Pennsylvania within the next 18 months.

As a full-service real estate development company, Cafritz Interests continues the legacy of the Cafritz name in Washington, DC, where Morris Cafritz first began developing residential properties in 1919. Morris became the city's most prolific developer during the mid-20th century.

Morris' son Conrad Cafritz, a real estate developer and entrepreneur with more than 40 years of experience, joined his father's firm, The Cafritz Company, after



River Inn

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graduating from Yale University in 1960. He soon established his own company, known today as Cafritz Interests, as well as the affiliated Potomac Hospitality Services. Under the leadership of Conrad (Chairman and CEO), Cafritz has overseen several of the Washington region's most successful projects, including the modernization of 1775 Eye Street and the repositioning of the landmark Washington Harbor complex in Georgetown.

Conrad Cafritz oversees a development and management practice that now encompasses office, hotel, retail, residential, and industrial properties throughout the United States.

Under Cafritz's leadership, Cafritz Interests has grown steadily into a diverse, full-service real estate development company, owning as many as 120 properties at one time, representing a value of over \$1.2 billion. He has overseen the development of numerous commercial office buildings and thousands of residential properties. A pioneer in modern hotel man-



Riverside Business Center



Quincy Hotel

agement concepts, Cafritz was a leader in the development of the all-suite concept in Washington, D.C. and converted several traditional apartment buildings into full-service, extended-stay facilities.

In 1988, Peer, a real estate executive with nearly 25 years of experience throughout the United States, joined the firm as pres-

ident of Cafritz Interests. Since then, he has directed many of the company's most notable development and renovation projects in a number of diverse markets. Peer was drawn to the firm for its commitment to contributing to communities, and said this quality is what has made the development firm so successful. "For me, over the past 20

years that I have been with Cafritz Interests, what has made this such a special place to work is the Cafritz tradition of giving back to the community, not just through the various foundations and charitable trusts of the Cafritz family members but also through the development activities we have pursued. Conrad Cafritz's vision has been to view our developments as contributing to larger communities rather than only as a way to earn a profit. Because of his vision we have been able to attract and retain a great team of professionals that love what they do and bring intellect and heart to their work and to our office," Peer said. A good example of this commitment to building communities is Cafritz's 850,000 square foot Security West Building in Baltimore, according to Peer. The Cafritz team has served the

4,000 employees of the Social Security Administration for 20 years, adding over \$60 million in renovations. "At this project we created ways to fund extensive renovations with a fixed rate lease to better the work environment for those who process the country's social security claims. Our development activity at Security West has been profitable for Cafritz Interests and has also improved the quality of life for the federal employees who work there and, through their increased productivity, has improved the claim process for social security beneficiaries all around the county. Our team members are very proud of their efforts and of their relation with their client," Peer said.

Each and every Cafritz project, both past and recent, reflects

the firm's hallmark: superior design and construction. Over Cafritz Interests' long and successful history as a versatile real estate enterprise, the firm has developed extensive expertise in a wide range of services. **The Cafritz team is skilled and experienced in such services as:**

- Development
- Due diligence and condition assessments
- Market evaluation
- Finance
- Asset management
- Property management
- Leasing
- Sales

Cafritz credits its long list of services and successful endeavors to its talented leadership team. In addition to its CEO's 40 years in the business, the rest of the Cafritz executive team brings a wealthy mix and depth of development, construction,

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operational and financing experience to the table. As a result, Cafritz doesn't only have the flexibility to tackle a wide range of projects; the firm, which is always looking for new properties, also has the uncanny ability to spot and transform once unpromising properties into sound investments.

"We have a good eye for what is a good investment, and are not willing to gamble on highly speculative deals," Domres said. Once the company takes on a new investment, its work is far from over. "We work those deals very intensely with a lot of high level attention on the part of the senior team. We are very focused on adding value," Domres said.

An example of the kind of quality work produced by Cafritz's talented team includes a premier apartment complex for Marquette University students in Milwaukee. The 50-year-old building was a dilapidated medical office building in a blighted area outside Marquette when Cafritz identified it as a potential investment.

After purchasing it at a bargain price, the firm worked to have the property rezoned to Residential. Then, using the bones of the old building, the firm transformed the property into state-of-the-

develop smartly. As a result, the investment was even better than we had hoped," Domres said.

And Cafritz won't enter into a venture unless it is confident of making a profit.

One such property started out as a run-down and abandoned carpet and floor manufacturing facility in Allentown, Pa. "Most people would've seen it as a dilapidated manufacturing facility rife

well," Domres explained simply. Only a firm as successful as Cafritz could make the development business look so easy.

While boasting an impressive list of big projects, Cafritz still maintains a hands-on approach to business. "Despite our large successes, we are a small office so we provide our vendors, home purchasers and communities with individual attention. Tenants are all able to contact us to have their problems and concerns addressed," Domres explained. As a result, Cafritz has become one of the most trusted firms in the business.

Meanwhile, a combination of strong leadership, experience and a talented team of employees have allowed Cafritz to expand its capabilities beyond the average firm's. The current success of Cafritz's hotel company, Potomac Hospitality Services, is just one example of how the firm's talents have fueled its success. "We've got a strong team and a deep experience base. Our leadership team has experience with both independent and branded hotels, and we understand how to create a unique guest experience. For our independents, that means infusing the hotel with

some personality. For the branded hotels, it's about leveraging the power of the big brands and knowing how to get things done through the franchise companies. This knowledge combined with our team's very disciplined approach to maximizing performance has fueled our success," Katz said. In other words, Cafritz has what it takes to make its clients happy, regardless of their needs.

As Cafritz looks to the future, the company plans to continue pursuing more hidden treasures to develop and manage, both in the hotel market and elsewhere. Katz said, "We've got capital so we're looking to grow. We think there will be a number of good opportunities on the horizon" Domres added that Cafritz will continue to expand in other areas too: "We view the current situation in the market as opportunistic for firms like ours that have their own equity to invest and we also believe that we'll be able to enter into even more deals. As always, we will be open to new ideas, and open to venturing into new markets. We're looking for value-added opportunistic deals and are not going to leave any stone unturned."



320 N. Michigan Ave.

art student housing that reflected contemporary trends in college residential complexes, including four-bedroom, two-bath units; lounges; and comprehensive systems to support technology, security and life safety. Last year, at the height of the market, Cafritz sold the property, now known as 2040 Lofts, and was able to return a significant profit to the owner. "We were able to buy low and

"We're profit driven and quality driven. We like to work on interesting deals – deals that might not be apparent to groups that concentrate on one product type," Domres said. As a result of this drive to spot the profit potentials that others often miss, Cafritz seems to create magical results with all the properties it touches, often turning forgotten buildings into moneymakers.

with old building issues, but we saw the possibilities in the building," Domres explained. The firm quickly identified Allentown as a strong industrial warehouse market and decided to capitalize on that fact. "We knew that we could succeed by turning the facility into an industrial warehouse because we could charge rents below the market and still make money and compete

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