

Interview

Peebles's Plans

**An Interview with R. Donahue Peebles,
Owner, Chairman, and Chief Executive Officer, The Peebles Corporation**



R. Donahue Peebles

EDITORS' NOTE *In addition to working in his current post, R. Donahue Peebles speaks nationwide and has addressed the Columbia University Graduate School of Business, the Wharton School, the University of Miami, Florida International University, Johnson & Wales University, 100 Black Men of America, the Harvard Business School African Alumni Association, and the American Hotel & Motel Association's Annual Conference. A best selling author of The Peebles Principles (2007) and The Peebles Path to Real Estate Wealth released last month, Peebles was awarded an honorary doctorate from Johnson & Wales University.*

COMPANY BRIEF *Headquartered in Coral Gables, Florida, The Peebles Corporation (www.peeblescorp.com) is the country's largest African American-owned real estate development company. The company oversees a national real estate development portfolio worth more than \$4 billion. The company's development projects include office towers; luxury hotels, condominiums, villas, and other residential developments; city centers; and mixed-use complexes in major cities including Miami, Las Vegas, New York, San Francisco, and Washington, DC.*

What is the current range of The Peebles Corporation's business, and what is your outlook for growth?

Today, we are in a half dozen cities in the U.S. We started off as office building developers

in Washington, DC, and we evolved with the marketplace, eventually entering the hospitality sector in Florida. Then, we evolved our hospitality expertise into residential expertise.

The first area of growth for us is gaming in Las Vegas, but we're also looking at gaming opportunities in Maryland and St. Croix, where we could also do hospitality and golf. That would be our first venture outside the U.S. International development is on the horizon in the Caribbean and probably Latin America.

Are you focused on building brand awareness for the overall Peebles name or for your individual properties?

I've tried to give each of our projects its own identity, especially on the residential side. We're building a brand focused on quality. We deliver an innovative product that provides a high level of services and amenities in outstanding locations, and we're a company that delivers what we say we'll deliver. We've been approached by a major international hotel company to start a super luxury hotel brand of our own. We think our clientele are sophisticated, informed, and well-traveled, and they are looking for an individualized experience and for intimacy. For brands to be successful in the long term, they have to grow, but they can't diminish in exclusivity. So we want to offer the best of both worlds.

How do you develop a unique hotel, particularly in Las Vegas?

In Las Vegas, one would think that everybody has tried everything, but the reality is, they haven't. On the super luxury level, Las Vegas has very few options. The typical hotel size in Las Vegas is 3,000 rooms or more, which doesn't offer intimacy. So that's where we see opportunity. We're constructing separate buildings with no more than 1,300 hotel rooms. By Las Vegas standards, that is an intimate experience. People come to Las Vegas for entertainment, conventions, and corporate conferences; more than half of the city's visitors go there for nongaming purposes. The upscale customer who comes for alternative purposes needs to be reached, and that means the high level of product, services, and amenities one would find in New York, San Francisco, or London, as well as the intimacy one would expect from a high-end hotel. No one has done that in Las Vegas, and that's where we have an opportunity.

What is your outlook for the growth of the mixed-use property concept?

Mixed-use urban development is here

to stay, and we'll see more of it in places like New York, California's Bay Area, Atlanta, and Washington, DC, because of the high-cost, inconvenience, and inefficiency of commuting. We are one of the few national midsize developers that are developing multiple product types. We built our company on geographic and product diversification, which allows us to layer our risk, provide the right product for the right market, and go to markets with the greatest opportunities.

When can we expect the real estate market to take a turn for the better?

We have about 4.5 million homes for sale in America. Based on the current consumption pace, that's about 11.25 months of inventory. Oil prices are taking buying power out of American consumers' pockets, but we may see the light at the end of the tunnel in 2009.

Is giving back important to you both personally and as a business person?

I think I should be viewed as not just a business person but as a community leader and proponent, and part of that starts with making the environments where I do business better. That requires me to invest time and money in the communities in which we do business. That is a part of the foundation of our company. We try to give new companies and entrepreneurs the opportunity to build their businesses as well.

Is entrepreneurship being lost in the U.S.? Are you optimistic the drive toward innovation is still there?

America is the best place for entrepreneurs. It's the greatest country in the world, and it presents the greatest opportunity to its citizens. In developing nations around the world, there will be lots of entrepreneurial opportunities, but they are generally confined to a smaller group of people. American entrepreneurship is available to everyone. A lot of things have already been done, so one has to be a bit more creative and provide a better product. Also, the market is very quick to react, and it's a very efficient environment. We also have the opportunity to export our know-how around the globe.

In creating your company, did you ever imagine it would achieve such success?

No. I didn't see it coming. After putting up my first office building in Washington, DC, did I envision that I would build a \$2 billion project in Las Vegas? No. That's a long journey. I now own a hotel in the same city where my grandfather worked as a hotel doorman. That says how great of a country this is for an entrepreneur. ●