

Creating a Lifestyle

An Interview with Neil Rubler,
President and Chief Executive Officer, Candlebrook Properties, LLC

EDITORS' NOTE For the past 15 years, Neil Rubler has been responsible for directing and overseeing real estate investments and development projects, with an aggregate value in excess of \$5 billion, across the multifamily, hospitality, office, and retail sectors. Rubler also serves on the Executive Committee of the Wharton Real Estate Center, the Board of Directors of the Real Estate Board of New York, and the Cornell University Council. He graduated magna cum laude with a B.A. from Cornell University and received an M.B.A. from The University of Pennsylvania's Wharton School of Business.



Neil Rubler

COMPANY BRIEF Candlebrook Properties (candlebrook.com) is a leading developer/owner-operator of apartment properties throughout the northeast, and partners with a host of major institutional investors to implement its value-added strategies. Through its Letter9 affiliate, Candlebrook is also one of the country's largest operators of student housing properties, with locations at major universities nationwide.

Where do the various Candlebrook businesses stand today and what opportunities do you see for the future?

We're still in the multifamily business in a variety of sectors: one is the conventional business, which we're still active in. Recently, we have been hard at work on our project in King of Prussia, Pennsylvania, which is nearing completion. It is a 641-unit rehab where we are taking a nice building with great bones and turning it into something extraordinary.

We have remained very active with our student housing business and are very focused on building our Letter9 brand. We view this as adding a lot of value to the student housing marketplace where we don't see an inherent brand leader and where there is room for one.

Most recently, we made our foray into the affordable housing business. We just closed our first acquisition, which will be a gut rehab of an older property that serves about 140 affordable housing residents in New Jersey. This is exciting because it gives us the opportunity to do everything we do well in terms of bringing together a great construction and rehabilitation program with great management, on behalf of

families in need. We're looking hard for new opportunities, although it's a very challenging investment climate. Pricing is lofty and returns are low, and people are not underwriting risk appropriately. We're being very patient.

On the other hand, on an operating basis, it's a great market – our properties are full and rents continue to climb, so it has been a good time to focus on the performance of our existing portfolio.

Has the project in Pennsylvania gone as you envisioned?

When we initially bought the property, we thought we'd do a middle-of-the-road rehab.

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We got into it though and saw a greater opportunity. Because it was a renovation project, we didn't have to deliver it all at once, so we started with construction on the first building and decided to take it upmarket a bit.

Once that first building was completed and it leased up quickly, we realized we were on to something. Five buildings later, each

successive building has brought something new, innovative, and interesting to the overall project. All of it has been targeted at the luxury segment of the market and we're certainly the best in the market in terms of amenities and product quality.

When you use the word "luxury," are you mostly referring to amenities?

It always starts with the units, and the level of finishes that we select are the best quality to be found in a rental apartment anywhere with European cabinets, hardwood floors, and top-end appliance packages.

The biggest differentiating factor we have is on the amenities side, which doesn't mean just the physical amenities, but also the experiential or lifestyle-oriented amenities. Today, it is more important than ever to build the right sense of community within an apartment property. People are increasingly interested in finding ways to interconnect. They're spending more time at home and in the common areas of buildings, so overlaying the physical amenities with opportunities for social interaction has been huge.

Does that community focus carry through to Letter9 as well?

Absolutely. We're not presently in the business of constructing student housing properties, so we can't take credit for their design. Where we can differentiate ourselves is in creating a lifestyle at our properties that truly enhances our residents' college experience and hopefully leaves them convinced that they should spend their college years in a Letter9 property.

How hard is it to provide a good product at a strong value when it comes to affordable housing?

These are early days for us, and we're just starting construction. I'm just beginning to figure out how to improve the overall living experience at the property from a resident application lifestyle perspective.

We have lots of ideas. We might be able to build a community garden, where our residents could grow their own fresh vegetables. We did one in King of Prussia and it's been a hit. I would love to do something like this at our first affordable housing project.

When it comes to finding opportunities today, is the current difficulty part of the cyclical nature of the business?

The only thing that is completely dependable about our industry is that it's cyclical. ●