



## 2010 GLOBAL PERE AWARDS

Last year was a year of transition, as many firms and individuals struggled to adjust to the new realities of the global real estate markets. It was enough to make even some of the biggest players in the industry throw up their hands in defeat. Yet, for those with savvy and discipline, 2010 proved to be a year of opportunity.

So, which firms, individuals and deals stood out from the crowd in 2010?

In an attempt to answer that question, we solicited nominations from the readers of *PERE* and PERENews.com and then had them vote on a slate of five finalists. And vote they did, in the thousands.

If there was one trend to emerge from this year's voting, it was that the industry is starting to see a changing of the guard. Although several industry stalwarts managed to win awards again this year, the races were much closer than in years passed and the competition was coming from new upstarts and the next wave of private real estate investors.

**GLOBAL** INDUSTRY FIGURE OF THE YEAR

**1. Barry Sternlicht, Starwood Capital Group**

"A good crisis is a terrible thing to waste," Barry Sternlicht recently told a real estate conference. And when it comes to 2010, the founder of Starwood Capital Group can't be accused of wasting opportunities that came his way. Investing several billion dollars of equity, his firm was a big player in distressed loans and assets, particularly in the US. However, it was Sternlicht's international ambitions that were of note during 2010, not least due to the fact they will set the stage for the firm's deal flow in 2011.

Brazil, of course, was one highlight for Sternlicht after the firm opened an office in São Paulo, led by the founders of Sollers Investimentos, Rodolfo and Vitor Senra, and Starwood's acquisitions professional Ryan Hawley. With a booming middle class, demand for real estate in the country is rising with Starwood expected to source deals alongside local partners across all real estate sectors, as well as make entity-level investments in real estate operating firms.

Europe also is expected to become a bigger part of Starwood's deal flow this year, with Sternlicht eagerly eyeing the region's banking system for more transactions. The chief executive officer said he remained "calm" about European deals in 2010, but



**Sternlicht:** agnostic internationalism

he sees more exciting opportunities in the near future as the financial sector

starts actively dealing with its legacy loan portfolios.

However, what is perhaps most interesting in Sternlicht's success in clinching the title of Global Industry Figure of the Year for the second year running is that his nearest rivals hail from parts of Asia where Starwood is not expected to tread anytime soon. Despite many of Starwood's rivals wanting to break into the Chinese market, Sternlicht has remained cool about the country's real estate prospects, not least owing to the fact rules and regulations can change – sometimes overnight – and that real estate supply can alter dramatically as government bodies authorise massive developments. Instead, he kept much of his Asia attention in 2010 on India, where the firm has maintained its presence and where Starwood is hoping to expand its investments.

For Sternlicht, there is a secret to the firm's success in international investing. "I think it's being agnostic," he explained to a recent gathering of real estate executives. "There is no emotion when investing abroad."

**NORTH AMERICA** INDUSTRY FIGURE OF THE YEAR

**1. Barry Sternlicht, Starwood Capital Group**



**Sternlicht:** great time for cautious investing

Barry Sternlicht may have led Starwood Capital Group in investing billions of dollars in pools of troubled loans and distressed properties last year, but the founder of the Greenwich, Connecticut firm was still cautious when it came to the asset class in 2010.

Amid uncertainty over US economic growth and future growth in the real estate sector, Sternlicht was quick to warn against the concerted push for core assets in prime markets last year. With cap rates for some deals plunging below the 5 percent mark, he questioned how investors were underwriting such transactions. "It's a little like 2007, when cap rates were plunging but cash flows weren't rising," he told PERE, adding that caution would be needed when investing in 2011 and 2012.

Despite the circumspection, 2010 was still a great year to be investing in real estate in the US. For Starwood, troubled loans, including mortgage portfolios from regional banks, were among the firm's key acquisitions, with one highlight being the October purchase of the mortgage for the Viceroy hotel resort on the Caribbean island of Anguilla. Purchased for \$122 million, Starwood snapped up the loan after lender Citigroup cut its losses. With an original face value of \$380 million, the deal is just one example of why Sternlicht has been named North America Industry Figure of the Year.

**NORTH AMERICA** FIRM OF THE YEAR

**1. Starwood Capital Group**

When it came to closing deals in 2010, there was no one real estate sector that Starwood Capital Group preferred. In fact, other than distressed, there are few other words to describe the Greenwich, Connecticut firm's playbook last year. From pools of troubled mortgages to the acquisition of foreclosed office properties, Starwood kept its mind open when investing.

For many, though, Starwood's affinity with the hospitality sector shone through last year, despite making up just a third of the firm's activity. Armed with \$2.8 billion of equity from its latest global opportunity and hospitality vehicles, Starwood was a presence in the sector.

Capital wasn't just flowing from Starwood's private funds, though. The REIT, Starwood Property Trust, also was a big originator and acquirer of hospitality debt, originating a \$138 million first mortgage for the reconstruction of the Hyatt Regency in New Orleans, which closed down in 2005 following Hurricane Katrina.

Of course, Starwood's attraction to hospitality wasn't just restricted to asset-level equity and debt deals. In 2010, the firm was probably best known for its entity-level play for the Extended Stay hotel chain. The firm ultimately lost out on that deal, but that has done nothing to dampened Starwood's appetite for the sector. One of the firm's first deals in 2011 was the acquisition of an office property in New York for \$72 million with plans to turn it into a hotel.