Marlow America

OVERVIEW

The Missing Seat

Why family offices need a real estate point person on their side of the table

Most family offices are well run. The investment team knows public markets, the CFO knows the numbers, and the family's lawyers and accountants are first-rate.

Real estate is a different matter. Few families want to own and operate buildings themselves, so most invest passively, alongside experienced operators or through funds. Some have made a handful of these investments, and others have decided it's time to build a meaningful allocation.

Either way, the work usually lands on someone already in the office, a CIO or an analyst. That person is capable and trusted, but isn't a real estate professional and often has little background in alternatives. The family knows this, and the open question is what to do about it.

Why real estate is different

A capable generalist can manage a public portfolio well. Prices are visible, research is plentiful, and a mistake can be corrected tomorrow.

Real estate held passively works differently. The capital is committed for three to five years or longer, often in substantial amounts, and it can't be sold when a view changes. The family doesn't run the property; the operator or manager does. So the outcome depends almost entirely on decisions made before the money goes in: the strategy, the choice of operator and the terms.

> *For a passive investor, the decision to invest is the one that matters most, and the hardest to reverse.*

America isn't one market

For international families, the United States is usually the natural place to start. It's the largest real estate market in the world.

That scale is also the challenge. America isn't just New York, Los Angeles and Miami. It's hundreds of metropolitan markets, each with its own economy, population trends, regulation and supply, and thousands of operators competing for capital. Opportunities exist across the country, but they aren't equal. A capable operator in the wrong market, or a good market at the wrong moment, can undo a sound plan.

Seeing those differences takes someone who has invested across the U.S., not someone who knows it from a distance.

Everyone at the table is selling

A family office with capital to invest is never short of opportunities. Sponsors bring their funds and deals, and brokers and bankers bring theirs. Many are knowledgeable and well intentioned.

But every one of them is selling, and the family is the buyer. A sponsor is paid when capital is committed and keeps earning fees for as long as it stays. A broker is paid when the transaction closes. Neither is paid to say “this doesn't fit your plan” or “not now.”

Without a specialist of its own, the family office relies on the people across the table to explain the opportunity, frame the risks and set the terms. The allocation gets built one offer at a time, shaped by what was presented rather than by what the family set out to achieve.

The usual answers

Families in this position typically weigh three options.

Hire a full-time head of real estate. For a family with a large, permanent real estate programme, that's often the right call. For most, it means a senior salary, months of recruiting and a role that may not need to be full-time, all while competing for talent with a fast-growing number of other family offices.

Engage an advisory firm. The major accounting and advisory firms now offer real estate services to family offices, delivering a defined scope of work with a team behind it.

Carry on as before. The internal generalist keeps handling real estate, supported by the sponsors and brokers who bring the deals. It costs nothing up front, and it's also how the problems described above begin.

A seat, not a service

There's a fourth option, and it differs from the other three in role more than in size or price.

A fractional head of real estate fills a seat rather than delivering a scope of work. It's a senior position on the family's team, engaged monthly, covering the four steps of a real estate programme.

Assess. Defining the family's vision and goals, how real estate can help achieve them, and where the family stands today.

Plan. A written strategy covering the right route, allocation, markets and structure, along with the discipline to hold every decision against it.

Invest. Thorough due diligence on the property, the operator or manager and the terms, with the family represented in every negotiation, and site visits made by someone who knows what to look for.

Oversee. Asset management across all of the family's real estate in one consolidated view, working with the family's CIO, lawyers and accountants so that every adviser is pointed at the same plan.

Where Marlow America fits

Marlow America gives a family office what it's missing: a point person for real estate. That's one senior U.S. real estate executive on the family's side of the table, responsible for its real estate interests as a member of its team.

The role takes whatever shape the family needs. Where there's no investment team, I lead and direct the family's real estate programme, working directly with the principal. Where there's a CIO or investment team, I work alongside them as their real estate specialist. And as the family's programme grows or changes, the role changes with it.

Three things make the role valuable.

Alignment. I'm compensated by the family alone, never by a sponsor or a transaction, so my only interest is whether an investment belongs in the family's plan.

Flexibility. The engagement can be as focused or as broad as the family needs, from setting a strategy to leading the full programme, and it can widen or narrow as circumstances change.

A team member, without the hire. The family gains a senior member of its team without a search, an HR process or the commitments of employment.

I'm based in Israel, in the same time zones as the families I serve across Europe, the Middle East and Asia, and as the wealth managers, lawyers, accountants and other professional advisers who work with them. I take on a limited number of mandates at any one time, and I lead every one of them personally.

Request a consultation

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