

Alumni Highlight: Ian McKay



Ian McKay is a member of the Portfolio Management team at Clarion Partners. Ian manages projects for the firm's value-add and development funds.

Prior to Clarion Partners, Ian worked as a Summer Associate in the New York Development Group at The Related Companies in Manhattan. There, his responsibilities included acquisitions and deal structuring functions for multifamily and mixed-use developments.

Ian holds a Masters Degree in Real Estate Finance from Cornell University and BS/BA from Babson College. Ian is a member of ULI and the ULI Multifamily Bronze Council.

1. CAN YOU DESCRIBE YOUR CURRENT ROLE AT CLARION PARTNERS?

I am on the Portfolio Management team at Clarion Partners where I manage the day-to-day functions of various private equity funds, primarily those employing development and value-add strategies. Essentially, my team represents our clients/investors in the direct real estate investments made for a given fund. Among my responsibilities are devising the value creation plans for fund investments, working with Clarion Asset Management teams (and often a joint venture partner) to implement those plans, and communicating progress to investors.

2. WHAT CONSIDERATIONS GO INTO THE PORTFOLIO MANAGEMENT DECISIONS THAT YOU MAKE FOR CLIENTS?

Many decisions are functions of risk and return. Considering the path that affords the investor the greatest risk-adjusted return within an investment strategy is fundamental to a portfolio management role. My team often makes judgements about the condition of a market and a given property sector a year or two down the road—common timelines for delivering development or value-add investments to market. The natural corollary to “where” and “when” is “how,” and whether a given project would best be executed with a JV partner or in-house.

3. WHY DID YOU CHOOSE YOUR CAREER PATH/ WHAT LED YOU TO WHERE YOU ARE?

In my early career, I worked on the construction side of the industry and I always had a desire to conceive of projects rather than focusing on their physical execution. The Cornell Real Estate Program, now Baker, was the stepping stone for me to do that.

4. HOW ARE YOU USING YOUR BAKER EDUCATION? WHAT SKILLSET/KNOWLEDGE IS IMPORTANT TO BE SUCCESSFUL IN THE PORTFOLIO MANAGEMENT FIELD?

Portfolio management requires understanding and managing risk while manufacturing appropriate returns for that risk, all within a project management environment. It also requires the effective and continual communication of progress to investors. The Baker program steeped me in all things real estate, of course, but the academic environment allowed me to develop the specialized analytical and project management skills required in institutional real estate investment.

5. YOU WORKED IN CONSTRUCTION PRIOR TO COMING TO BAKER. HAS THIS BACKGROUND BEEN BENEFICIAL IN YOUR PORTFOLIO MANAGEMENT ROLE?

It certainly helped. I have found it advantageous to understand the critical construction controls of schedule and budget, and also how a project fits into existing infrastructure, the order in which it goes together, and the ability to visualize what is inside a wall or under a slab.

6. WHAT ASPECT OF YOUR CURRENT ROLE DO YOU ENJOY THE MOST?

One of most rewarding parts of my role is creating built environments that the markets demand and that people want to be in, whether they be highly productive in the case of office, highly functional as in the case of industrial properties, or more demographically focused as in multifamily. It is also gratifying to create value through an action plan, and on a more macro level, constructing a well-balanced portfolio of these types of investments and affectively communicating that strategy to investors.

7. WHAT HAS BEEN YOUR MOST MEANINGFUL PROJECT OR WORK-RELATED EXPERIENCE POST BAKER?

I had the opportunity to work on the repositioning of a Class A office asset known as ilo at Playa Vista, in Los Angeles, CA. For me it was a particularly interesting project because we managed the repositioning in-house, making the design decisions and overseeing the implementation directly,

versus through a joint-venture partner. I enjoyed the experience of being part of a team managing such a project and enjoyed seeing the positive market reaction to it.

8. WHAT REAL ESTATE TRENDS DO YOU EXPECT TO SEE IN THE NEXT 5-10 YEARS?

I believe we are in a very interesting time when the elements of the shared economy are intersecting with the traditional institutional real estate business, leading to opportunities for greater efficiency. Uber or other shared transportation services could lead to a time when less parking is needed and we will be considering how to repurpose structured parking, for example. The market is also demanding more flexible products. Take for example, the rise of flexible office products like WeWork, and apps like Breather that rent conference rooms on the fly. New companies tend to grow and shrink quickly, requiring flexibility. If a landlord spends a fortune in tenant improvements for a costly custom buildout, they will need a long, inflexible lease that may not fit the tenant's needs down the road. New companies tend to grow and shrink quickly, requiring flexibility. If a landlord spends a fortune in tenant improvements for a costly custom buildout, they will need a long, inflexible lease that may not fit the tenant's needs down the road. Building more flexible buildouts that can be reused by future tenants lowers the lead time and cost of re-tenanting, allowing the landlord to be more flexible—a win for both landlord and tenant.

9. WHAT IS YOUR FONDEST MEMORY FROM CORNELL?

Happy hour with friends on the terrace of CTB on any given sunny afternoon, followed closely by sailing on Cayuga.

10. DO YOU HAVE ANY ADVICE FOR CURRENT BAKER STUDENTS?

Stay creative, embrace change, and foster lasting relationships with your peers. I met some of my closest friends at Cornell, and it is a great network to leverage personally and professionally.

Ian's insights are his alone; he does not speak on behalf of Clarion Partners, LLC. This material is not an offer to sell or a solicitation of an offer to buy any security.