

# ZOM's Greg West on the Secrets to Apartment Development

## Greg West on How ZOM Living Became A Leading Builder

ZOM Living, led by CEO Greg West, is steadily increasing its footprint across the U.S. The Orlando-based company has developed more than 23,000 units since 1977 and is currently working on some 5,400 apartments in Florida, Texas, Chicago, the Carolinas and the Mid-Atlantic.

West spoke with *Multi-Housing News* about the company's investment and development strategies, the rising demand for senior living communities, what today's renters are looking for and the outlook for the market.



Greg West

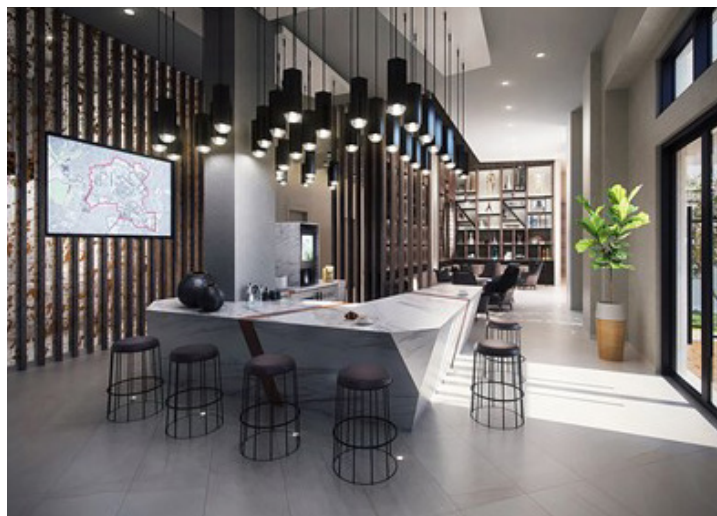
### Can you give us some background on your career at ZOM Living?

I've been with the company for 24 years. I worked just briefly for a couple of years outside of ZOM so basically my whole career has been here. I started working on the West Coast of Florida initiative and managing development and (after success) in that role, went on to manage the development business across the entire state of Florida. And now I manage the entire company.

### What's an example of a favorite project you've worked on?

Back in 2004, we developed a project in Tampa called Madison at SoHo. We had to assemble 11 different owners to aggregate a piece of land and figure out how to fit a project that was in a transition point between an established and emerging neighborhood. We also had to find a design and (reach) consensus with the stakeholders in the area about what we were doing.

It was a really challenging process putting the site together and getting it arranged and financed. It was all very early in my career as well, and a moment that gave me confidence that even when things on the surface seem impossible, with enough determination and hard work you can accomplish things you didn't expect.



Completed in 2020, Hazel SouthPark is a six-story luxury property located in Charlotte, N.C. The community features 203 units, 14,000 square feet of retail and 9,400 square feet of amenity space. IMAGE COURTESY OF ZOM LIVING

### How would you describe ZOM's investment strategy?

The company is 43 years old and we spent the first 20 to 30 years syndicating investment through a network of wealthy individuals and small institutions. We would develop, operate and then sell multifamily projects, typically to U.S. domestic institutions. We executed on that model all the way through the Great Recession of 2008 and as we started building again in 2010 and 2011, a few things happened.

The amount of leverage that was used for development went way down, but the company became more and more urban in what we were doing. So the capital scale of the projects got bigger but the amount of equity capital needed went way up and was beyond the capacity of the syndication networks that we traditionally used.

But at the same time, a lot of the institutions that bought the properties we built really liked them, and we started building a reputation as a quality developer among those institutions.

The company has shifted over the last 10 years to an institutional investment platform where we partner with large domestic and international institutions on a project-by-project basis. Sometimes our partners are build-to-own strategists where they build these assets with the idea of owning them for the long term, but sometimes we have partners that prefer to sell them, so we do that as well. Since the Great Recession, we've capitalized and closed 39 development projects under this new model. That encompasses a little over \$3 billion in value.

### What does the company's development pipeline look like?

We bought a portfolio of development sites in Phoenix and Scottsdale, so we'll be breaking ground on five projects in that market through the first quarter of 2022.

We also have a pipeline in all the cities that I mentioned previously, but besides our market-rate rentals, we also have our senior housing division—ZOM Senior Living. We have three of those under construction now, all in South Florida: Coral Gables, West Palm and Wellington. Our strategy is to build high quality in senior housing. Most of the developers in that space are health-care oriented and not housing-oriented. Our plan is to be housing-oriented and partner with quality health-care providers to give the best of both worlds to our residents and provide that housing in a place that has some pedestrian value.

Most senior housing is a suburban campus, somewhat isolated. A lot of seniors are still driving, but also value the idea that they can walk from their home to a restaurant or grocery store and don't have to rely on transportation. Over the years we've developed a lot of urban housing, so we are going to apply that skill to the senior space and grow that platform across the existing geography we have with conventional market-rate.

### Can you share some details on these five projects ZOM is working on in Arizona?

In Scottsdale, the location where we will have two projects is across the street from the Fashion Square mall. We're always very excited to be in urban places and that location checks that box for sure. What we're starting to think about now is: How should the rental housing that we provide change in a post-COVID environment? I think ultimately people are still social animals and want to be close to places like recreation, restaurants and entertainment.

There has been a lot of talk in the industry about reducing common areas and not having as many opportunities for people to interact. But I think the opposite. I think people still value amenities and common space. Even before COVID, we were providing a lot of places for people to work within the communities—conference rooms, private offices and coworking spaces where people can work (outside of their apartments).

Now, as we get through COVID, people will go back to the office but they will continue to split their time (and work) from home more. I see a lot more demand for that type of amenity so this Scottsdale project is where we are going to (upsize) the scale of offices and conference rooms we'll be offering to our residents.

### What are some of your goals for the firm over the three to five years?

I feel like in every case we have room to penetrate the markets that we're in, in a deeper way. Every market we are in now has a strong potential for growth over the next five years, so we are going to focus on those places. We might consider geographic (expansion) but I think that's not necessary for us to achieve our goals.

Growing more into the senior housing business is also important to us. We see demand in the high-end luxury segment of that (market) now, but the Baby Boomers are going to be aging into that housing product over the next five years or so. We want to have experience and product on the ground that is ready to take advantage of those trends.

Our most important resource is always our people and we have a strong (preference for) training and promoting from within. That's always on my mind and a priority to make sure we are mentoring young people in our company and facilitating their growth. Our philosophy and focus on a high level of design and quality sets us apart. The best (way) to deliver that level of quality is with people who grew up with that philosophy ... and believe in it as strongly as I do.



*Situated in downtown Fort Lauderdale, Las Olas Walk offers residents access to a resort-style pool, outdoor bar and lounge and coworking spaces.* IMAGE COURTESY OF ZOM LIVING



*The mixed-use MiLine Ludlam Trail in Miami is adjacent to the soon to be redeveloped Ludlam Trail that will be converted into a linear park that spans 6 miles. The project will be developed in three phases, the first of which will be completed in 2022.* IMAGE COURTESY OF ZOM LIVING



## What are some qualities you believe makes ZOM one of the country's top development firms?

We see it with the way that our properties perform against their most immediate comp sets in their submarkets. If we deliver a level of design that gets people excited and stirs their emotions a little bit, they are always willing to pay more to have that be a part of their living experience. It doesn't cost us incrementally more to do that, it just takes more dedication and focus on the development process—and the returns are enormous.

I think our investors gravitate towards us because they are confident that's what we will deliver. The average customer who rents from us might not know who we are or recognize the name of the company that developed the property, but they do react to the way the property makes them feel. If it makes them feel special or excited, they will pay more to live there and probably stay longer as well. All that leads to higher returns and extended loyalty with our investors.

## What is your outlook for the multifamily market?

The Great Recession in 2008 was a tremendous shock to the housing business (compared to other sectors of real estate) and multifamily rental housing had very low defaults. It weathered that event quite well, better than anyone expected it to. Now we're on the other side of a global pandemic, and again, multifamily was impacted, but very moderately. We're more than a year from the beginning of the pandemic and virtually every market has fully recovered (to pre-pandemic) conditions.

The investment community clearly has recognized the resilience of the multifamily space and we see more capital interested in this space than we did in 2019. I think that trend will continue because the risk profile of the space has been proven and tested in very extreme ways recently. Its performance compared to other real estate asset classes, with the exception of industrial, has been far superior. Multifamily and industrial are going to be the favorite asset classes (of) investors for decades to come.

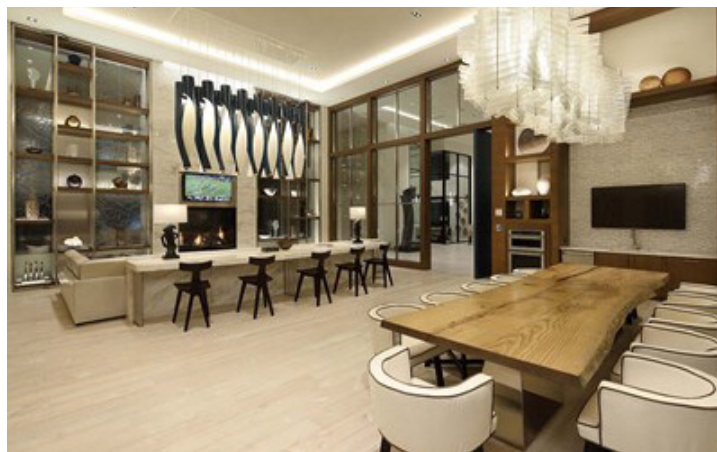


*In January, the firm entered the Arizona market by purchasing four parcels totaling 33 acres. Two of those are located in the North Phoenix area where 600 apartments will be developed at a property dubbed Hazel Desert Ridge.*  
IMAGE COURTESY OF ZOM LIVING

## What do you think are the most important features and factors today's renters are looking for?

The ability to have a place to work from your community is number one. It was important before COVID but more important now as people will be splitting more time between the office and home. In addition, location will always matter. The suburbs have performed better in recent months compared to urban places, but people are social by nature and interested in gravitating back to them. The suburbs have always been popular, and as Millennials age and have families, they will want to leave urban places and gravitate toward the suburbs.

As far as amenities, it is best not to get too gimmicky with what you offer. We try to set our focus on a core group of the most important amenities and do them all extremely well, rather than make a long list and have them watered down as a result.



*Situated on a 4.7 acre site with over 750 linear feet of direct waterfront in Tampa Bay, the community offers a private marina with boat slips, an aqua lounge and paddle board and kayak launches.* IMAGE COURTESY OF ZOM LIVING

People care about fitness and having a facility to use on property, and being able to get rid of that gym membership is a huge value-add. You've got to provide a fitness club-quality facility on your property. The pool amenities, even in colder climates, have always been super-important to people and you need to have a resort-style luxury with your pool. Coworking, as well, has newly become the third most important amenity.

When you get beyond that, I think it comes down to conveniences in your lifestyle—having the property be able to accept packages when you aren't there, providing access through an electronic form. Even at the beginning with the leasing process, being able to do that virtually. Having this technology and implementing (it) inside the homes to control features—I would put that in the top five as well.