

Weekend Interview: The CenterCap Group Co-Founder Deb Smith

March 18, 2022 | Catie Dixon, Bisnow Managing Editor (<https://www.bisnow.com/author/catie-dixon-154>) (<mailto:catie@bisnow.com>)

This series (<http://www.bisnow.com/tags/c-suite-spotlight>) gets into the heads of the decision-makers of CRE, the people shaping the industry by setting investment strategy, workplace design, diversity initiatives and more.

Deb Smith has been a big name in real estate capital markets for years, particularly in the world of commercial real estate mergers and acquisitions. From working M&As at Lehman Brothers until 2007 to co-heading CBRE Global Investors' M&A division to co founding and now co leading The CenterCap Group, Smith has been involved in more than \$100B in M&A and restructuring transactions.

It is a far cry from where she thought she would be growing up. Smith was born in a dairy farming community in rural Australia and didn't even think about going to college until a high school teacher planted the idea. The dramatic pivot in her life taught her at a young age not to get too caught up in a big plan and instead be ready to adjust as scenarios play out.

The CenterCap Group is a boutique investment bank specializing in real estate and, uniquely, it is run by three women. Smith heads the firm's strategic capital and M&A and execution efforts. The firm of 10 tries to stay ahead of competitors by focusing on contrarian deals — it advised on multibillion-dollar retail and coworking deals in the last year, when the pandemic was causing many to step back from those assets.

The following has been lightly edited for style and clarity.



Bisnow: Tell us about your leadership philosophy and what experiences, words of advice or mentors shaped it along the way.

Smith: There are a few things that are important to me — introspectively, they are rooted in my own career evolution — personal responsibility and accountability, meritocracy and teamwork. The CenterCap Group is an advertisement for these three cornerstones, and all three are tied together. I believe people should be given the same opportunity and be empowered and measured based on their own capabilities. When the chips are down, you are going to be thankful that you have the best people around for the task. Smart people are the backbone of our company. That is powerful. That goes hand in hand with taking responsibility for your own actions. I was given some great advice as a junior banker — I can help you with building your career, but it's yours, and only you are responsible for it. No one else. I firmly live by that ideal. Lastly, teamwork. I love team sports for all they stand for. Most importantly, a team is only as strong as its weakest player. The weakest player can mean different things in different contexts, but in the context of banking, it means you have to work with others around you, communicate, have a clear understanding of goals and what it takes to productively and efficiently achieve those goals — together.

Bisnow: How has the role of CEO/business leader changed over time especially when considering the early days of your career to now?

Smith: I can only offer thoughts from our journey from startup to where we are today. Over time, my responsibilities have become a lot less micro and a lot more macro. When we had a smaller company, I was more involved in the granular workings of the day-to-day. No one else was around! As the company has grown in scale and success, it has become increasingly more complex. That is translated into focusing more on strategy, growth and big-picture considerations and less on the minute details. I suspect for some this is not an easy transition. What we have tried to keep hold of is the team and staying connected to them. Keeping them in the loop as to what we are doing and why, checking in to see how they are doing, and staying engaged in our teams across our various business lines. It's very dangerous to pursue any other path, as employees like to feel they are adding value, and that is hard to deliver on if they operate in a vacuum.

Bisnow: What will the role of CEO look like in 10 years?

Smith: I am not sure the role will change that much. CEOs will continue to need incredible foresight and strategic vision, but probably most importantly, they will need to be adaptable. If the pandemic taught CEOs anything, it was that nothing is for certain, everything is subject to change, and what a CEO thought was a good plan either needed some major tweaking or a complete overhaul as the pandemic unfolded. I think uncertainty is a new normal. So, CEOs need to run with it. Adapt and be able to switch gears in response to change. I think leaders who are stuck in their ways, or become so focused on certain issues, will find themselves relics of the past with a mindset that is no longer relevant. Risks and opportunities; the ability to see around corners will create winners and losers. Static thinkers will have no home.

Bisnow: Was leading a company always a goal for you? If so, why?

Smith: I didn't even have plans to go to university — let alone actually attend one! We are all creatures born from our own upbringings and experiences. I grew up in a dairy farming community in rural Australia. University was not a topic of conversation in our house. Ever. Then it was — courtesy of a great teacher I had in high school. The fact that I am here today, having built a successful investment bank with two amazing partners is beyond anything I could possibly have comprehended 35 years ago. My takeaway from it? Don't get too caught up in what you think should be and just let life play out. See where it takes you. Life is full of opened and closed doors. The ability to tell the difference, grasp opportunity when it presents and turn each opportunity into something — that's what sets leaders apart. Today, we are focused on our company being the most prolific boutique investment bank in our space in the country. I believe we are the only female-founded and operated firm with our service offerings in our space already; so, we aim higher.



Bisnow: What has been your biggest mistake as a leader?

Smith: This is a little bit of — where should I start? As I tell my colleagues when they begin working with us, if you are going to make a mistake, try and keep it a little one — the bigger ones are so much harder to fix. I think I have made a lot of little mistakes, hopefully none of the latter! On a serious note, I think I am probably too conservative, not willing to take as much risk that is expected of an entrepreneur. When we began the business, we took no outside money, we were young and fearless, and in our 30s with small children at home. Could we have gotten bigger faster with some outside help? Probably, but we just didn't want to take the risk of giving up control, losing our identity and not being able to really do things our way. I also had grown up without a lot, so I have a heightened sense of appreciation for money and being overly thoughtful and deliberate with what to do with it. No regrets, though. What is it they say — it takes 10 years to become an overnight success? Well, we have blown through our wildest expectations and are truly excited about the future and what we can do.

Bisnow: Has your thinking changed about the workplace between 2019 and today? How? What will your office strategy be moving forward?

Smith: Great question. Different firms have handled the pandemic differently. I don't think any are right or wrong, just different. For us, we set up the firm to be remote workstations, as dealing with travel schedules in the early days required dynamic logistics. Thus, shifting entirely to a remote work system during the pandemic wasn't too challenging for us. We made the decision to reopen our offices in July 2020 for employees to return to work. Everyone who wanted to return to the office could return and enjoy an office life. What we found is that making some adjustments to workplace organization, we could function quite well in our office, and employees were generally happy to be back and have some socially distanced interaction. For new employees, this turned out to be the right call for us, as new employees welcomed the communication and access to information flows — both of which are inevitably compromised by remote work life. That said, that's us. As a broader macro trend, I suspect office life will not return to the way it was pre-pandemic. As a nation, we have now institutionalized work flexibility, remote office locations and throwing some understanding behind work-life balance considerations. It is tough to go backwards. While I think it unlikely the status quo of working from your kitchen table will be the norm, the concept of remote work and flexibility are concepts that are here to stay. How companies choose to balance them will be individualized. I'm not sure there is black and white on this one. Just different shades of gray.

Bisnow: There is a massive conversation underway regarding advancing more people of color and women into the C-suite. What are you doing to address those voices and that movement within your own organization?

Smith: We are a women-owned firm, and as I said before, I have two amazing business partners — both women — who continue to blow me away every day with their talent and knowledge. That said, I look around the industry and don't see a whole lot of women in C-suite seats. How did we get here, and where did they all go? Good questions. I think the answers are complex, and long-term sustainable change can't be about quotas, benchmarks and mentoring. What I do know, given I have my own slew of children, is to suggest that we need to start earlier in our education process — middle school and high school — and encourage women and minorities to educate on financial literacy and the possibilities and opportunities out there for a finance career. While we look forward to the end of our workday, talking to our children about what we do and being open to questions is another great place where we can all make real change. I think plenty of people think finance is a male-dominated space — and it is. But I don't believe it is closed to possibilities for those wanting to explore this career path.

Bisnow: What do you think about the recent focus on sustainability and climate change? Is it overblown? Insufficient? Is your company tackling climate change in any way or taking it under consideration in your planning?

Smith: This is a huge topic and it's complex. Many institutional investors think climate change will be the next major disruptor — I think it's a generalized view and is probably processed differently by different people. From an investing perspective, Urban Land Institute and Heitman, in a recent report on climate change, noted that leading investors are turning away from short-term opportunities with strong near-term fundamentals to focus on the long-term implications of the connections between migration, climate risk and resilience. This is where the United Nations Sustainable Development Goals (SDGs) are particularly helpful in framing the analysis, of which climate action is one goal. The UN links these goals to sustainable development more broadly. There is also a plethora of data analysis, information and reports that tackle specific issues related to climate change as well, such as the recent analysis conducted by First Street Foundation on flood risk. Their research suggests many more homes and businesses have a greater severe flood risk than previously understood. From our perspective, an area we have been spending a bit of time is social impact investing, which incorporates ESG initiatives into investor performance goals, and attaching targets to meeting them. We started talking about social impact investing quite some time ago when it wasn't as prominent, and we now have a very active advisory practice that works with clients on developing ESG-related strategies, programs and targets within the framework of best practices and overall business growth and development. We have definitely seen a significant increase in the importance of sustainability in conversation with our clients. There is a lot to do; and there is a lot that we can do to meet the challenges driven by climate change.



Bisnow: What is something CRE gets wrong in your eyes?

Smith: Well, when we signed our new office lease a couple of years ago, we had to courier over the paper versions to the landlord. Wads of paper. Any other industry would think that's crazy. Given how much our firm works with technology-related companies, we thought it was crazy. But it's a symbol of the real estate industry. It has traditionally been very slow to change or adopt technology. That said, we are at a critical turning point. We deal a lot with real estate technology firms, and they are forcing change. Many of them are outsiders coming from other industries and look at the disparities in real estate, and they are bold and creative. They have a sheer determination to shake things up and exploit the opportunity for real change. Nothing is off-limits. From 3D printing buildings, GPS tracking that knows more about your ritual shopping habits than you do, robots and drone technology that meet fulfillment needs to being able to search, view and execute an apartment lease within 48 hours without ever stepping foot in a leasing office or speaking to a live person. That's just to list a few. The possibilities are mind-blowing. Technology is here, and it is changing the entire risk-reward equation. Companies that don't embrace it will eventually be left behind. It's truly exciting to be part of the industry's evolution.

Bisnow: What asset class or location will perform best over the next five years? Why?

Smith: I think extraordinary things are happening in the Tampa, Florida, region right now. It was a red-hot market in 2021, and more residents and businesses are looking to call Tampa home — Zillow ranks Tampa as its hottest housing market for 2022. Florida Atlantic University research data shows that Tampa Bay is growing significantly faster than Miami, and the local population could grow more than 16% in the next decade. But it's not just the single-family home market that is worthy of more discussion. There are interesting developments going on in the apartments, industrial and flex office spaces too. Whether it is tech entrepreneurs looking for an alternative to Silicon Valley, small businesses looking to take advantage of a friendly business environment, corporates looking for an alternative to the Northeast or logistics players planting last-mile supply chain hubs. I recently traveled the I-4 corridor from Tampa to Orlando, and the amount of activity going on is impressive.

Bisnow: What book, article or TedTalk meant the most to you? Why?

Smith: I have lots of favorite books, apps and blogs, just depends on the context. I recently enjoyed *Billion Dollar Loser* by Reeves Wiedeman, which chronicles the rise and fall of WeWork. Lots of takeaways from this book.

Bisnow: What is your all-time favorite TV show? Why?

Smith: I don't really have a favorite TV show, so let me offer up what comes first to mind — my youngest son came home from school the end of last year talking about a guy named Bob Ross. I had no idea who it was, and my son looked at me with horror and, with an exaggerated disapproving stare, said, “What do you mean, you don't know who Bob Ross is? Everyone knows Bob Ross.” Turns out, almost everyone — not me. So, I googled Bob Ross, and it turns out he was an instructional painter with a TV show, *The Joy of Painting*, that ran in the '80s/'90s. I have been hooked since I watched my first episode. It is mesmerizing to watch.

Bisnow: How do you spend your Saturdays?

Smith: Nothing beats the Wall Street Journal Weekend Edition and a nice cup of tea in the peaceful silence of our kitchen — and I mean the paper version. Yes, I know it's old-school because who uses paper anymore? My own ritual. Early weekend morning, no one is up, not even our dog. We have a crazy, chaotic house, and the silence is just magical. If I am lucky, I actually make it through two cups of tea and the whole way through the paper. I look forward to it every week ... and then the chaos starts ...

Contact Catie Dixon at catie@bisnow.com (<mailto:catie@bisnow.com>)

See Also: Nature Views, Waterfront Access And A Focus On Wellness: Meet The New Type Of Suburban Office Space (</philadelphia/news/office/seven-tower-bridge-arep-studiob-112262>)

Related Topics: C-Suite (<https://www.bisnow.com/tags/c-suite>), C-Suite Spotlight (<https://www.bisnow.com/tags/c-suite-spotlight>), Weekend Interview (<https://www.bisnow.com/tags/weekend-interview>), The CenterCap Group (<https://www.bisnow.com/tags/the-centercap-group>), Deb Smith (<https://www.bisnow.com/tags/deb-smith>), Deborah Smith (<https://www.bisnow.com/tags/deborah-smith>)