

business

THE VIRGINIAN-PILOT | PILOTONLINE.COM | 09.28.07

“ It’s got a very strong economy, a very good quality of life, a diverse population, the economy is broad and the climate is good. That’s why our company wants to invest here.”

R. Donahue Peebles, on the opportunity to invest in Hampton Roads



MICHAEL KESTNER | THE VIRGINIAN-PILOT

R. Donahue Peebles of the Peebles Corp. was in town to talk at Norfolk State University and promote his book, “The Peebles Principles.”

A DEVELOPER OF PRINCIPLES

Earning praise

The Peebles Corp. weighed in at No. 10 on Black Enterprise magazine's Top 100 list of industrial/service businesses last year.

By Michelle E. Shaw
The Virginian-Pilot

NORFOLK

A South Florida developer showed cursory interest Thursday in Virginia Beach's proposed convention center hotel.

R. Donahue Peebles, chairman and chief executive officer of the Coral Gables-based Peebles Corp., said his company is "more than capable" of doing the project.

The developer was in town to talk to Norfolk State University students and faculty and to promote his book, "The Peebles Principles."

The Peebles Corp. is said to be "the largest African American owned commercial real estate development firm in the country," according to the corporate Web site. It has a \$4 billion portfolio of luxury hotels, high-rise residential and Class A commercial properties and developments under way in Washington, D.C.; New York; San Francisco; Las Vegas; Miami Beach and the Florida Keys, according to promotional material.

Before the D.C. native took the stage, he answered a few questions for *The Virginian-Pilot*.

Q. How do you know you are the largest black-owned real estate development firm in the country?

A. I guess I'm relying on Black Enterprise magazine. And there is a small circle, in terms of who does ground-up development. There are a couple of firms that are doing a larger volume than us that are private equity firms. They manage someone else's money. But in terms of a company that's owned by an African American and wholly owned by an African American, ours is the largest.

Q. Based on what you know about Hampton Roads, what is your perception of the area as a place for minority developers to invest?

A. I think the Hampton Roads area is a great place to invest in general. It's got a very strong economy, a very good quality of life, a diverse population, the economy is broad and the climate is good. That's why our company wants to invest here.

See INTERVIEW, PAGE 3

INTERVIEW | Fla. developer looking at several local sites

Continued from Page 1

Q. Any particular projects?

A. I know Virginia Beach has a convention center and they're looking to have a convention center hotel built and an Oceanfront hotel built, so we're going to look at those. We're also going to look at a few other properties in the area as well.

Q. Is it the role of municipalities to recruit minority developers for projects?

A. I think the government ought to go out of its way to try to rebalance the inequities of the past. Also, if you look at the real estate boom we just finished and look at the tremendous amount of wealth that has been created, look at how few women- and minority-owned businesses have been a part of that. Now why is that? It is one of two reasons. Either because we're not capable, which I don't buy, or there's a system

that doesn't provide equal opportunities. The reality is the system doesn't provide equal opportunities. Not equal opportunities to development opportunities or equal access to capital and financing. So the government should look to make development projects in their communities as diverse as their communities are.

Q. What is the role of the developer in that scenario?

A. To do a good job on the project, to make it successful and to create other opportunities for other small minority-owned businesses.

Q. Locally we recently had an African American developer, Robert L. Johnson, pull out of a project. How will that affect the pool of remaining African American developers who have the ability to step in?

A. One of the important things to remember is there

are very few opportunities where minorities are going to have access to a major project. When that happens, those opportunities should be somewhat protected. Now, someone like Bob Johnson, one of the richest people in the country, he's got a unique status among business people. So, he made a business decision, essentially, to pull out of a project, because he thought it wasn't in the best business interest of his company. You can't fault that, and that's normal business.

Q. A lot has been said about availability to capital being a barrier for minority developers. Assuming that is true, what are other barriers?

A. I think the barrier to capital is definitely there, and there are a couple of things that go along with that. There is a financial structure that development deals are done by. Up until now, major development deals have been financed through Wall Street.

And for the last five to seven years, that's been almost the norm, where both on the debt side - which is your typical mortgage amount - and then the equity side, it was all coming from private equity funds on Wall Street. They're looking to do large transactions with minimal problems so they can continue to resell their loans. Therefore, they focus on projects in the hundreds of millions of dollars with experienced developers who have done those hundreds of millions of dollars projects. That alone blocks the small- or mid-size minority developer who's looking to grow their business. Then you add the other elements of having access to the relationship, being the victim to low expectations, not being perceived as competent and that makes things very difficult.

Q. Do you think you'll ever see the day when the color of money is the only color that matters?

A. I think it will be a long time, but we're getting closer. Each year I'm in business I see a bit of a change and I think part of that is that people are accustomed to seeing me in business. I think the color of someone's skin matters in how they're treated by society and it is the same in business. I think some people will never change, but society in general will continue to change.

Michelle E. Shaw, (757) 446-2667,
michelle.shaw@pilotonline.com

Paid Advertisement

Hampton Roads

MONARCH DECLARES STOCK DIVIDEND

Monarch Financial Holdings, Inc. (NASDAQ:MNRK), the parent of Monarch Bank, announced their fifth stock dividend in the Company's history. The Board of Directors, at their September 18, 2007 meeting, declared a 20% stock split, to be effected as a stock dividend. This 6-for-5 stock split equals one additional share for every five shares owned, and is payable November 1, 2007 to shareholders of record on October 10, 2007.

MONARCH
FINANCIAL
HOLDINGS 

6-for-5 stock split