

EPISODE 954

[INTRODUCTION]

0:00:00.0 ANNOUNCER Welcome to the Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

00:00:24.000 Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today our guest is Martha Weidmann. Thanks for being on the show, Martha.

00:00:32.000 Martha Weidmann: Thanks for having me, Whitney. Happy to be here.

00:00:35.000 WS: Martha is the CEO and co-founder of Nine Dot Arts. The Nine Dot Arts team creates inspiring collections that not only present a visual narrative that connect people to places and client brands, they have also contributed more than \$35 million dollars to the creative economy since 2009, completing over 825 commercial real estate projects in 35 states and four countries. Martha, welcome to the show. I was sharing before the show, I don't think anyone on the show out of... What did we say, this is 950 something? You know, this show we'll talk about art and how that affects our commercial real estate. And, you know, maybe why we should be thinking about that in our mind or having somebody like yourself on our team. And so looking forward to the conversation, but give us some background on yourself and and just, you know, kind of build up to the conversation of art in real estate.

00:01:26.000 MW: Sure. So, my background is in art consulting and curation for commercial real estate, and I've been in this business for 12 years now. Actually going back 12 years at Nine Dot Arts and then in total about 15 years. And it's a very niche business but an incredible need, and it's a great way to bring value to the day-to-day business of real estate. My background personally is I am a trained artist, and I am a self taught businesswoman and real

estate investor. So, I have a bit of a unique perspective there, but excited to be with you today and share more with your audience about what we've been able to do and learn about bringing value to real estate through art acquisition.

00:02:14.000 WS: Nice. Well, I really don't even know where to start, honestly. You know, it's like, it's one of those things, it's like, if it looks right, you think, "Man, this is such a nice place, right?" But you probably don't go up and think, "Wow," you know, or figure out that Martha have put out there or, you know. I guess, unless it looks really bad or if you're going into a commercial building or whatever. But get us started a little bit on your industry, your niche, how you help commercial real estate investors.

00:02:38.000 MW: Sure. So, one of the things that we focus on is developing brand narratives and stories that can be told through art. So, we're looking to create engaging installations that are going to draw audiences and bring value to the property and help tell a story that's unique to this particular place and this particular time. And when you think about developing ROI, you know, for real estate, that could mean a number of different things. That could include shorter approval cycles, increased market value and recognition, faster sales or lease subs, lower turnover rates, higher community buy in, ongoing support. And a lot of developers have reported in places like you ULI, that faster lease ups, higher retention rates, and lower overall project costs have been a result of creative placemaking, right? So, art and culture and creative solutions to their project and property overall. So, one of the things that I'm here to share is just the fact that working with artists and bringing art into commercial development can bring significant value to the table in the form of social capital interest in the property, and things that are true real estate measurements and metrics for success that might not be being used by your competition.

So, if you really want to level up and differentiate and stand out in the marketplace, arts and incredible way to do that art, culture and creative place making are great way to make a statement and to stand out. And, you know, we could talk about what does that mean specifically, Martha? Okay so those are some, you know, interesting descriptions, but what does it look like in practice? So, for example, you might think of what it looks like to walk through the alley at the dairy block, real estate development in Denver. So, this is an entire block that was one particular developer, and they took that block and created a mixed-use property that has apartments, office space, retail, hotel, and they turned an alley that, you know, previously had

this history of a place where you didn't want to go into an attraction. So, they actually turned this into a destination where it used to be a...you know, it became an asset where it used to be a liability. And one of the ways that that was done was through an engaging art experience. I'll give you an example of what that means.

00:05:23.000 WS: You know that that's what I was going to ask, right?

00:05:23.000 MW: Yeah, right. Like, what does that mean in real life? Okay, so our team of consultants and curators came in, and we toured through all of the alleys in the city. And the places were all dark, maybe didn't have attractive smells. The sounds were great, they were echoey. And so, we worked to develop a public art plan, a creative placemaking plan that was going to shift the way you experienced the alley at the dairy block. So, when you're looking at an alley, you might find traditionally dark places that are spaces that people might not want to go to. For example in the Dairy Block that I was describing, there is a second story connector creating an even darker moment in the center of the alley.

So, the solutions there was an art installation on the underneath side of that second story connector. And the underside of that second story connector is a 100-foot long mirrored art installation and then dropping down from the center of the mirror is the neon sign that says, "HERE", and the R is actually upside down so it reflects into the mirror right side up. So, it's this attraction that draws you, "Come here." It's actually showing you where to go. And leading up to that center moment are a butter charms attached to the wall. And the butter churns reference back to the history of the building which was historic dairy. And the butter churns are cast in bronze. So, this bronze-cast butter churns sculptures. When you crank them and they're low enough for children to crank in summer, and adults can crank them, but even someone in a wheelchair, people can come through and crank these butter churns. And as you crank the butter churns, they play a piece of music from the Colorado symphony and they also light up. And then little lights on the wall direct you to the next butter churn with the next piece of music from the Colorado symphony. And they all draw you down towards the center of the alley where you see the mirrored installation, the "here" drop down neon sign, color from murals, and colored lights that brighten up and activate the space. So, where it was previously dark we added light. Where light was removed, we added mirrors to reflect. Where typically you had unattractive sounds, we added symphony. And so, there were all these elements of basically creating an unexpected environment and unexpected experience that just completely

transforms your perception of what the place is.

And so, now that entire strip in the dairy block alley is storefront. It's retail storefront. There are chairs and tables. It feels like a European alley where people are sitting outside at restaurants. And the artwork, I would say, is the main attraction point for the site because it helps it feel welcoming and safe. We even have different strategies towards the end of the alleys to let people know that you're entering a really exciting place and an exciting zone with what we call "landmark artworks." There's a giant milk splash on the side of the building and that giant milk splash installation sculpture is about thirty-feet high. So, you can see it as you're driving down the one-way street. So, that's the indicator you have arrived. And then we have moments of discovery along the way. And then another big landmark in the center with the neon sign. So, it's all about creating these different art typologies and being thoughtful and intentional and responsive to what's going to attract people to the space. What's going to add value to this location?

00:09:16.000 WS: I think you hit it with the first one where you said like unique place and time. And that was a great example of that. It was something very unique to that building and the history of that building. And that's something people are going to remember, right? So, you change all those things. What about...any experience with, you know, doing this in multifamily or any other kinds of real estate?

00:09:34.000 MW: Yeah. So, I can give you an example of a pretty unique project in multifamily. So, we've done a number of different properties and apartments and condominiums, but one that's really a more innovative approach, I would say, is the project we did with East West partners on a condominium deal right at the train station and the light rail stop for a Union Station. So, the main stops in town. And there's a condominium development with 334 units. And the way that this structure worked, is that there is a transfer fee applied of .05% at the sale and any future resales of the condominium units up above that goes to fund a 501C3 called Union Hall, which is an art and culture space that's in the retail ground level of the condominium building, and this art and culture space has created an engaging active area for the residents. It's a nonprofit Cultural Center that brings in poets authors and fashion designers, and we have an event called Sonic Palette where we have people bring in...it's a partnership with Vinyl Me Please... and they bring in albums to pair with the artwork that's on display. So, the artists pick albums that represent the art that's on exhibition. And then we have food paired with the music

and art. Food and drink paired with music and art. And so, it's this whole experience. So, it's all designed for the residents. It's brought this incredible amount of press and attention for the property itself as just as kind of like elevated space. And they're selling luxury condominiums. So, if you want to appeal to this, you know, high level audiences, high level market, at this point, it's an expectation that you are really bringing high level amenities to the space. And so, that one was a very innovative solution on how to bring an art and culture experience to the heart of the building.

00:11:38.000 WS: How should the listener, who say has a property right now, how should they account for, say, the cost of the investment of the art? How should they account for something like that? It's not something that we typically see on too many people's underwriting, right? But, you know, I guess be part of their marketing budget. But how do they calculate what that should cost?

00:11:56.000 MW: Well, we typically see it as part of FFE. And I'll give you the international standard for establishing art budgets. It's 1% of the construction budget. Now I know the reality is that doesn't always happen, but you need to allocate something. And so, start with 1% of the construction budget, get a consultation from an expert who can walk you through what's going to be best for the property that you have. If you're in multifamily apartments, you can realistically probably pull back off of that because you're just looking at public spaces. If you're doing a massive exterior work on the outside of the building, you're going to need every penny of that 1%. So, depending on what your objectives are, that's a good rule of thumb, good place to start. And then you can kind of scale up or down from that point. I would also say that when you are developing a budget, make sure that you have an expert that can guide you through it, who doesn't have, you know, an agenda, who's not trying to like sell you a particular artist or artwork. You can use someone who's representing you and your interest in the project to help you diversify how those funds are spent. It shouldn't all be going to one place or one artist.

00:13:12.000 WS: Is there a way to even calculate that return on that investment?

00:13:16.000 MW: It's a challenging thing to do and I would say that is part of my life's work - is to figure out how to calculate that return on investment. I can tell you that there are some statistics coming out that I think are really useful. For example, in ULI memberships, specifically in the Urban Land Institute, 91% of the members who, you know, those are real estate

developers and real estate influencers, they agree that art and culture add value to real estate projects. And 74% said that developers who are adopting the creative placemaking approach, really need additional quantified information to be able to present to stakeholders and investors, which is why we at Nine Dot Arts are producing the state-of-the-art report. We produced our first issue of this report in 2019 and surveyed about 250 business leaders in commercial real estate architecture and design. We are about to produce the 2021 state-of-the-art report, and that will actually go out to 15,000 to survey people from the commercial real estate, architecture, design, market spaces. And they're going to be answering questions to help us understand value and ROI. From the 2019 report that we put together, two thirds of the people surveyed said that they are certain that art adds enough value to pay for itself, noting that art can play a critical role in the making of memorable spaces and almost half said that artwork adds ROI beyond its cost. So, let me put this maybe a different way for you. So, when you think of your budget for the property, you've got FFE. You've got carpet, tables, chairs, some furniture, some light fixtures. So, all these items are necessities, right? And think of...Art really is a necessity at some point. You're going to have to have something interesting on the wall in some places. Otherwise it's going to look really stark and industrial, right? So, you need to have something.

Now your question is what is this something. You could choose to purchase a poster from a catalog, and you know, have that framed. You could go and like pick that online. Now, that choice will fulfill and check the box of artwork required in this location. But will it be bringing any value to the property? I don't know, probably as much as a, you know a carpet, finish, or a piece of furniture. But if you decide to invest in artwork from the local community or invest in artwork that is commissioned specifically for the site to create this custom experience, your brand narrative now elevates the artists who work on your property. Let's say you've got a dozen, and that's a small projec. You've got a dozen artists working on this project. They're all going to be posting about what they're doing in their studio and tagging your property. And then when it opens, guess who are going to be the first people to show up? Guess who's going to bring their friends? Guess who's going to tell the world about it? And when you put together your press release, this is a fun thing for the media to talk about. It's catchy. It's visual. It's got, you know, people and culture attached to it. And so this is a way to really breathe life, bring soul into your property in a way that other elements of design and architecture just simply can't do. This is a real human experience.

00:17:09.000 WS: I can completely see it. I mean, I can remember places that I've been, right?

Where they probably hired somebody like yourself, right? You know, where they created that experience. It's very unique to that, say, restaurant, or that town, or things like that where it makes it stand out to you. It's very memorable. So, I can definitely see the value in that and whether it's a, you know, a retail shop or whether it's multifamily, you want that tenant to have that experience, right? You know, when they come on to the property, especially in the leasing office or something like that, or even in a, say a model unit, you know, say you've decorated a model unit. You know, I could see needing lots of help from somebody like yourself to potentially think through some of those things. And I could see it making a big difference.

Are there any things around, say, maybe you can speak directly to a leasing office at a multifamily building? You know, maybe some common mistakes. You just talked about the difference, you know, buying that photo online without a frame versus...help us to think outside the box a little bit. It's not my specialty. I would have to hire somebody like yourself, but, you know, somebody that doesn't have the budget for that yet, what are a couple things that they should be thinking about?

00:18:11.000 MW: I'll think about local artists, right? That's a really easy place to start. Low barrier to entry. You can find local artists in almost any market. There are over 2 million artists in North America. So, there are plenty of people to choose from. It's just a matter of finding the right ones. Let's talk about walking into a space and what you experienced, right? So, you've got some people who come in the door and they're like, "Wow! I love the look of this space. This is really cool. What is this right?" What are the people on your sales team going to say? What's their pitch? What's their spiel? So when they walk into, let's say, Union Station, for example, they're going to give a tour, they're like, "Oh, let me show you around and you can, you know, you can stay here you can book a room, or lease a suite, or whatever the case may be. Let me give you a tour around." And then they'll take you up the stairs. They'll say, "Oh look, this is our series of the Cowboy Poets who came through this property, you know, 60 years ago and had their festival." And, oh gosh, well that's fun.

And so people see these little images of Cowboy Poets who had their festival, and they really attached to that story, right? So, then they start like thinking about the property in new ways, activating... It's actually activating different parts of your brain. And so your sales team is now becoming sticky through the stories that they tell. So, I will say, some of the artwork that we've placed, some of the collections we've put together and placed in properties, even multifamily to

hospitality to, you know, big urban land, land deals, any of the scale of these properties we work on, we'll put together a narrative, a story get the artists involved. And then once it goes to market, it's alive. And the narrative like becomes its own living being. And so you might come back... I've actually attended tours of some of the collections we've worked on years after they've been completed, and people are touring through and oh the stories have just become embellished and bigger and bigger than they were when we started, you know. So, it's really for the sales team particularly a way to show the differentiation of the property without being salesy. It's a way for them to just connect on a human level, to elevate the brand, and to drive this emotional engagement with your tenants.

00:20:40.000 WS: Martha, when someone reaches out to someone like yourself, is it typically when they get a property under contract or is it going to be a few years after they just can't figure out how they need to do?

00:20:50.000 MW: Yeah, I mean, let me give you maybe a couple of examples. If you have 60 acres to redevelop, and you need to figure out where the roads are going to go, figure out where the streets go first, and then we should get involved. So, you know, typically, if you're doing ground up, that is going to be around 40 to 60% SD. You want to know like the basic foundations of where your buildings are going and just roughly how big they are. And then we'll be able to work hand in hand with the design and architecture team to create these specific experiences based on what we know about traffic planning through the site. If you're getting a deal under contract, sometimes people want to get us involved to get just an early stage proposal, so that they can put their number into their financing plan. So I highly recommend that as well.

00:21:42.000 WS: No, that makes a lot of sense. Even something like, you know, you all knowing how the traffic flows through there, you know things like I may not have thought of that, you know. Or you all having an expertise around that. So it's neat to hear that side or you being involved that early on the benefit of that being involved in that early. So, anything else before we have to go to just a couple of final questions, about anything you will leave us with around this, the necessity of having art and how to increase the value of our property before we move on to a couple of final things.

00:22:10.000 MW: I think, really the main question is what happens if you don't do it.

00:22:12.000 WS: I'm sure there's many that can relate to that right now.

00:22:17.000 MW: You know, and thinking about it early on is so important because that's where the impact comes from. And to engage someone like us, it costs more or less to get us involved early on. You can bring us at the end or at the beginning. In the beginning, you're going to really maximize the value of having an expert on your team. You know, we're installing sculptures that need, you know, case ons that are going to go into the ground 14 feet deep. So, we're gonna have to like talk to the team to make sure we're not hitting a water main, you know. And we're going to be hanging a 500 pound sculpture from the ceiling and we're, you know, we need to make sure that we've got structural supports in there, and the RCPs lining up with where those sculptures are going to go. So, you, we can comment at the last minute but then our hands are tied on how much we can do. So, we can always help at the very end, but if you want the most of what we can do, early stage is best. You'll get the most value.

00:23:17.000 WS: Now that's awesome, Martha. I just think, it's like, you know, opening many people's eyes. I'm sure just the necessity of having somebody like you on our team to help, because that's it, you know. That the artistic side is not my gifting. That's for sure. So, that's where I can see the need for somebody like yourself, Martha. Tell me, are there any daily habits that you're disciplined about that have helped you achieve success?

00:23:36.000 MW: Hmm. I take a cold shower every morning to help me wake up and activate my brain. And I brush my teeth with my non-dominant hand, so I tried to like get my brain going in different directions, help keep my creative thoughts flowing early in the morning. So that has really helped to keep me alive and awake, especially during this time of working at home, needed that extra push.

00:24:01.000 WS: What's the number one thing that's contributed to your success?

00:24:04.000 MW: Good mentors. We've had mentors from a number of different industries including real estate and construction, and having someone who can bring an eye to business and help provide context to the creative work that we're doing has really helped us to amplify the voices of artists all over the United States.

00:24:24.000 WS: How do you like to give back?

00:24:25.000 MW: Well, of course artists are our big focus for giving back. So, I serve on the board of the Colorado Business Committee for the Arts. My partner serves on the board for Think 360 that's involved with arts education in public schools. And then during the COVID pandemic, we actually started our own artists micro-grant program called [INAUDIBLE], meaning everything is going to be okay, where we funded micro-grants to artists to do public displays of positive messages. And we actually had entries from all over the world. So, people from Europe to Central America, South America to the United States were hanging signs about spreading positivity during the time of the pandemic. And we submitted micro-grants and paid artists to do that kind of work all over. So, that was a fun project.

00:25:16.000 WS: Well, Martha, I'm grateful to have met you and had you on the show. I think it's an incredible piece of the business that most are unaware of, I feel. So, just thinking through the how art can increase the value of our properties. We need to know more about it and so I just think you've opened many of our eyes to that possibility in working with someone like yourself and the need for it, creating that you know unique place and time, that experience. It's so important for our clients no matter which part of real estate you're in really, whether it's retail or whether it's hospitality or multifamily. But tell the listeners how they can get in touch with you and learn more about you.

00:25:51.000 --> 00:36:41.000 MW: Yeah, you can find us at ninedotarts.com. That's ninedotarts.com. You can also find me on LinkedIn, Martha Weidmann. And my last name is spelled WEIDMANN. I'm always there. I look forward to connecting with you. And thanks again for having me on the show, I'll say we're not the right people for every project, but when you need us, you really need us. So, look forward to helping your team and bringing creative placemaking to the world and bring value where we can. So, thanks for having me on the show, Whitney. I really appreciate it.

[END OF INTERVIEW]

[OUTRO]

0:26:24.0 ANNOUNCER: Thank you for listening to the Real Estate Syndication Show, brought

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