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THE PEOPLE BEHIND
THE DEALS IN THE NY
REAL ESTATE SCENE

MARCUM LLP

RISING IN REAL ESTATE

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A LOOK AT MARCUM'S REAL ESTATE RISE

By Claude Solnik

Real estate has been on a roll in the New York metropolitan region and much of the nation, helped by low interest rates and a rewrite of the tax code. Amid a changing landscape from taxes to transactions, Marcum LLP, one of the nation's biggest accounting firms, has emerged as a go-to firm and a major player in the industry.

Marcum's rise in real estate is part of a bigger growth story: in 2019, Accounting Today ranked it 15th in the nation. Crain's New York ranked it among the biggest accounting firms in the New York metropolitan area, at No. 6. Its offices stretch across the globe from California to Florida to Boston, and internationally to China.

The growth of Marcum's Real Estate Group is a largely untold story. The firm has been unlocking opportunity for real estate firms, adding clients and advising real estate developers and owners.

"Location isn't everything," Daniel Vitulli, national partner-in-charge of Marcum's Real Estate Group, said. "The right advisor matters."

Many firms are deciding Marcum is "right" for them, whether it's for assurance, taxes or other transaction advice. Clients range from some of the nation's best-known real estate owners, REITS, institutional investors and banks to families.

"When interest rates are low and cap rates are low,

it's good for real estate and the ability to attract funds through debt or capital," said Dennis Pellecchia, a partner in tax and business at Marcum. "Because rates are so low, there are a lot of investors with liquid capital looking to put it to work in the real estate area."

Marcum has been growing as it reaches across much of the nation. Small firms can't easily advise on deals dispersed nationwide. Marcum provides national scope and local expertise.

"We have a lot of gears for local developers in our cities and regions that also work for national and international investors and property owners. We can be a developer's back office or their auditor. We can assist with everything from structuring a purchase through exit planning," said Edward Reitmeyer, a Real Estate Group member focusing on tax and business services. "We have sponsors and institutions. That gives us a unique perspective that requires us to look locally with a national eye."

A Hands-on Approach

Marcum's size brings benefits, providing one-stop shopping for real estate clients. Smaller firms lack resources, while partners at the nation's biggest often delegate work to junior associates.

"We have a much more hands-on approach, especially on the partner level," said Kurt Koegl, a partner in Marcum's New York City office. "A lot of times at the Big Four, the partner doesn't work on the accounts day to day. Managers and senior managers run the show. There's a lot of

partner contact here."

Marcum serves REITS, funds, families, joint ventures and others, spanning offices, hotels, self-storage, arenas, multi-family, strip centers, malls, airports, industrial spaces and more.

"A lot of our clients don't want to carry the overhead of a world-class real estate tax department inside the organization," Reitmeyer said. "They get to use us and our world-class knowledge and experience when they need it."

Vitulli said clients "love that we're experts in each of the different areas within real estate." Marcum brings experience to every assignment, which has become even more crucial in a more complex real estate industry.

While technology can provide information, the firm's experts provide insight and help find ways to use data to make decisions.

"If you don't have somebody looking at the numbers after the computer crunches them to make sense of them, you can end up with some very material errors," Pellecchia said.

While some accounting firms assign accountants with general expertise to real estate, Marcum's Real Estate Group advisors typically focus on this sector full time.

"Our clients appreciate the depth of knowledge of the

people working on their account," said Marge Filippelli, office managing partner of Marcum's Roseland, New Jersey, office and a member of the Real Estate Group. "The people who work on real estate in Marcum are dedicated to real estate. They don't do other things in the year."

On the Cutting Edge

Marcum's advisors have helped companies save large sums of money, being ready when rules change as with the Tax Cut and Jobs Act of 2017. When Opportunity Zones were created, Marcum helped restructure an existing deal to take advantage of tax benefits.

"We've been on the cutting edge," Reitmeyer said. "We were probably one of the first closings in an Opportunity Zone fund."

The firm also was among the earliest to help convert a mortgage fund to a REIT, enabling it to reap tax benefits. "That's a gigantic win for a client," Koegl said. "There's a tremendous tax benefit."

Some of Marcum's experts have worked at real estate companies, so they understand both sides. Reitmeyer was president of Wynnewood Financial Partners, a consulting firm to real estate developers and investors, and chief financial officer at Wynnewood Development, a real estate development firm.

"We have a very empathetic eye to the developer," Reitmeyer said. "We understand the problems, the pressures, what investors want."



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Marcum’s far-reaching resources let it meet tight deadlines, putting more staff on accounts where time is of the essence.

“They have year-end deadlines for reporting,” Vitulli added. “Whether it’s for tax purposes, K-1s, fund reporting requirements, SEC reporting requirements or lender requirements.”

Marcum’s Real Estate Group also serves as a resource for clients of others at the firm regarding real estate.

“We have our own clients,” Koegl said. “We’re also a resource for other partners who didn’t start as real estate clients, have real estate as an ancillary need or are doing a one-off deal.”

Real Estate Referrals

Marcum’s rise in real estate comes from the firm’s reputation in this sector. Clients spread the word.

“We get a lot of referrals from our clients because of the job we’re doing and because we meet our deadlines,” Filippelli said.

Other trends in real estate are opening the door to tax credits. As old warehouses are renovated into cool, new spaces, Marcum taps historic tax credits. And the firm is brought in with purchases and sales.

“It can be based on the market,” Vitulli said of time-

frames to hold properties. “If they get a good offer, even if the plan was to keep it for five years, they may end up only keeping it for a year.”

As another sign of Marcum’s growing presence, the firm organizes real estate conferences at locations such as Boston, Philadelphia and New York.

“It lets everybody see which way the industry’s headed to make sure they’re not an outlier,” Koegl said. “The forums bring together our clients, potential clients and leaders in the industry. It gives them a chance to hear what everybody’s thinking.”

Marcum LLP is one of the largest independent public accounting and advisory services firms in the nation, with offices in major business markets throughout the U.S., as well as select international locations. Headquartered in New York City, Marcum provides a full spectrum of traditional tax, accounting and assurance services; advisory, valuation and litigation support; managed accounting services and an extensive portfolio of specialty and niche industry practices. The firm serves both privately held and publicly registered companies, as well as nonprofit and social sector entities, high net worth individuals, private equity funds and hedge funds, with a focus on middle-market companies and closely held family businesses. Marcum is a member of the Marcum Group, an organization providing a comprehensive array of professional services. For more information, visit marcumllp.com.