

COMMERCIAL INVESTMENT

Real Estate

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BIG BOX BREAKUP

Retail experts puzzle out
shrinking store footprints and
excess space.

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Strong Room
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Hotel Sector

CRE Bubble?
Lenders Speak
Out



Independents' Day

Small size matters, so does flexibility, agility, and personalized service.

by Sarah Hoban

It isn't just wanting to be your own boss — although that's part of it. And it isn't just the wish to break free of a big, bureaucratic reporting structure — although that's part of it, too. And it isn't just wanting to keep more of what you earn — although that's a very big part of it.

In fact, commercial real estate professionals who have chosen to work in their own businesses can cite multiple reasons why the independent life works for them. But it's not just a question of hanging out your shingle. Factors that enter into it include the local market, individual specialties, and the ability to master a variety of skills — not all of them pertaining to real estate.

Nimble Response Time

Most agree that a prime advantage of being independent is the ability to move quickly. "The difference is being nimbler, more flexible, and agile as far as the market goes,"

says Thomas McConnell, CCIM, managing partner at Redwood Realty Advisors in Hasbrouck Heights, N.J. "If we need to change a policy or approach on a property, we're not governed by fitting into a box and having canned responses to the market. We're able to adjust quickly." Redwood Realty Advisors, a 15-agent firm, started in early 2015, and it's about to open a second office in Manhattan.

John V. Propp, CCIM, concurs. "Often I'll deal with some of the larger brokerage firms, and it may not be unusual to wait two or three weeks to get responses back," says Propp, president of John Propp Commercial Group in Greenwood Village, Colo. The timing, he says, can come from "the firms having multiple individuals working as a team. The people you talk with aren't decision makers. A lot of time things have to go through an attorney to get to the client. Things can sit on a desk. But if I need something done, I just do it."

The ability to respond quickly, he adds, "can be a competitive advantage, especially in a hyperactive market." If a deal comes in that needs urgent action, Propp says he's easily able to call on the other two brokers in his office, as well as his assistant, to shift gears and work on the matter at hand.

"When we go out for listing presentations, we tell people that if you sign the listing today, you will be on the market in less than 24 hours. We will have your brochure done, we will have you on all the databases, we will have the photos taken."

But speed isn't the only client advantage. Independent brokers say they promote their ability to provide more personalized and in-depth service to clients.

"As a business owner, if I take on an assignment, I can devote more time to it, because I'm keeping more of the money that comes in," says Alan Doak, CCIM, principal at Proveras Commercial Realty in Ottawa,

Ontario. "That's a very simple way to put it. I'm spending much more time on a strategic assessment and getting to know the business better. We'll execute the actual brokerage, but we'll also remain involved during a construction project and even assist people to find commercial movers. We do this at no additional cost to the client, because we're not paying heavy licensing fees to a multi-national corporation."

Propp also notes that clients like the increased accountability that a smaller firm can offer. His services include property management, "and I can't tell you how many prospective tenants like knowing that the agent who promised them everything is going to be there if that promise doesn't come through," he says.

What Sets You Apart

A market can often determine the scope of an independent business. Bobbie Lorraine Mastracci, CCIM, started her company, Phoenix West Commercial in Avondale, Ariz., in 2012; by this spring, she'd added six more brokers. The firm's specialty isn't a sector but a geographic area. While the company has listings throughout Arizona, it's focused primarily on the West Valley area of Phoenix.

"Our tagline is 'Adapting our service plan to accommodate our clients' needs,' she says. "We don't care if you're a huge corporation or a mom-and-pop. We're not dictated by sector — we can work in industrial or partner up in a mixed-use development. What's important is giving our clients the attention that they need and deserve and adapting to what they need." Working with a small firm, she says, means "you don't become just a number."

A local geographic focus also means a community focus, says Mastracci. "We sit on boards; we raise money for our community. Whenever we take on a project, whether it's a development, a sale, a lease listing, we're always keeping in mind the community first. We think about how is this going to affect our community: Is it going to be a right fit? And living here, owning a business here, going to church here, having our kids go to school here — we're very well-known and respected in the area. That makes a big difference."

McConnell started Redwood Realty



THE CCIM ADVANTAGE

One important marketing boost for independent firms is the CCIM designation, for its value in networking and access to information. John V. Propp, CCIM, president of John Propp Commercial Group in Greenwood Village, Colo., says his longtime involvement with CCIM has "has certainly raised my profile in the industry and given me a lot of respect," he says. "Big and small brokerage houses understand the CCIM designation and respect it. I get referrals nationwide and locally because of the designation. I highly recommend it to people."

When Bobbie Lorraine Mastracci, CCIM, president of Phoenix West Commercial in Avondale, Ariz., started working in commercial real estate, "I saw the importance of the CCIM, so I hammered it out in one year," she says. "It was more than education — it's networking and building relationships as well." She went on to graduate from the Jay W. Levine Leadership Academy and is active in local and regional activities. At the Levine Academy, she says, she met people from around the world — "business friends that I'll have forever. That definitely helps your business grow, because you get referrals."

CCIM Institute provides tools that CCIMs can use to promote their CCIM affiliation. At CCIM.com/membersonly/marketing tools, CCIMs can download the CCIM logo to use on their websites, business cards, and email signatures. They can also link the logo to CCIM.com/about-ccim/what-is-a-ccim, which explains the value of using a CCIM for commercial real estate related services. Keeping an updated profile on FindaCCIM.com is another way for CCIMs to network and promote their expertise to a broader audience of potential clients.

because he saw a void to fill in his suburban New Jersey market. "The real estate business in the New York metro area has always been a pretty busy place, and the local firms had been around for decades before the national firms thought they needed a presence there," he says.

He'd been at a large national firm for almost 10 years, and "a lot of times it seemed like I was handcuffed and not able to adapt and adjust quickly. At the same time, the smaller firms I was competing against were just local to the point where they were almost unprofessional. I saw an opportunity to get between the two."

Neighboring markets can boost business as well. Lexington, Ky., is a tertiary market, but it's within 80 miles of two larger markets, Cincinnati and Louisville. So when Stephen Bean, CCIM, first started marketing Haymaker/Bean Commercial Real Estate when he joined it in 1991, he gave presentations to companies in both of those cities as well as his own. The approach has worked well for him; the distance, he says, is just enough that companies in the larger markets often refer Lexington-based transactions to the firm.

On the other hand, for Steven Graul, CCIM, it was not the local market, but his

area of expertise that drove him to start Innovative Concept Associates. While he's based in Reston, Va., and does some work in the Washington, D.C., metro market, his clients are typically less determined by geography and more by his specialty. He'd had experience in the restaurant industry and got into commercial real estate in the early 1990s. He combined the two when he started ICA in 1997, and now serves clients nationwide as "an outsourced director of real estate for expanding restaurant companies. Our job is to get them from being a local/regional multi-unit company to a bigger dance floor." He helps plan expansion strategy, engages local representation in target markets, and gets involved negotiating the transactions.

Building the Team

Another appealing aspect to being independent is the chance to shape the culture and personality of the firm. "With a larger firm, I think a lot of the agents get easily lost and just become bodies," says McConnell. "Here, our goal is to foster these folks — we really care about each other. We're very selective about who we bring in, and we could probably be larger than we are, but we're looking to grow certain people. And we move in sync as one team."

Mastracci also believes in the power of a team culture. "What was most important to us wasn't necessarily their experience, it was more our culture," she says. "Our motto is 'A rising tide floats all boats.' We share all of our information, we have a shared database. Everything we do is 'we' and 'us.'"

With creating a culture, though, comes responsibility, says McConnell. "If you're looking to grow," he says, "understand that you have to truly care for the folks within your organization. There's a huge responsibility that goes along with having folks under the same roof as you. Folks who are here are like my family. Their success is extremely important to me, and I go to bed with that every night."

Human resource issues are part of a larger category of challenges cited by many independents: The business of running a business. It's important, says Propp, "to work diligently to make sure I'm not mired in the business aspects that keep me from doing

real estate. You have to juggle the money-making real estate activities with administrative business activities and make sure that you're doing the right amount of each."

McConnell agrees that back office matters can be time-consuming. "We have it pretty nailed down now," he says, "but in the beginning we were dealing with leasing space and building it out, and that was taking us out of the world of brokerage that we were accustomed to. That was a challenge. Now we're moving into an additional office in a different state and we're going through the process of making sure we're properly licensed in that state, along with the construction."

Bigger firms also have an advantage when it comes to getting their names out. "I think marketing is probably more difficult for a smaller, independent firm," says Bean. "Larger firms have the revenue to advertise, and from a national basis, they're just more well known."

Technology and the internet have made some of those tasks easier, but there are also more of them to think about. "It requires you to get smart. I've learned how to maintain my own website," says Graul. "When you're independent, you become much more self-sufficient," adds Propp, "There are firms where the brokers would never do their own brochures. They've never done it in the past and they wouldn't really know best how to do it. I can do that if necessary. And you get more accuracy that way too — you're not sending things back and forth."

Those interviewed for this article counsel a well-thought-out plan for real estate professionals considering a move to an independent brokerage. "Don't fear the leap," says Doak, "but it takes probably a year of planning, at least. The hardest part is thinking up what sort of brand you'll have — even coming up with the name of the company can be a significant bottleneck." And, adds Propp, "be very organized. I have checklists for checklists."

But managed right, small can be mighty. "David and Goliath come to mind," says McConnell. "David brought down Goliath with confidence, speed, and accuracy. That's a thought I walk around with."

Sarah Hoban is a business writer based in Chicago.