

Working through a tough economy



Brian Burralli
Cullinan Properties



Suzanne Williams
Cullinan Properties



Ray Fogg Jr.
Ray Fogg Corp. Properties



Terry Coyne
Grubb & Ellis



Steven Chaben
Marcus & Millichap



Andrew Morris
Summit Realty Group



Thomas Moses
NAI Kaw Valley Commercial

by Dan Rafter, Editor

How local commercial pros are getting through 2009

When working on this issue, my publisher and I decided it was time to try something new. We wanted to find out just what our readers, the men and women of the commercial real estate industry, were doing to survive 2009, a year that by all accounts was shaping up to be one of the worst that brokers, developers and builders could ever hope to experience.

So we asked these commercial pros what steps they were taking to make sure that they would survive the real estate slump.

We heard back some interesting theories and strategies. It's our hope that you'll learn something new from what these pros had to say. We also hope that you'll take heart from the insistence by all of the people with whom we spoke that this real estate slump, no matter how terrible it is, will come to an end. A better market awaits; We all just have to get to it.

Brian Burralli, marketing manager, Peoria, Ill.- and Chicago-based Cullinan Properties

People are more cautious in this market. But people are looking to the future, too. In general, as people are talking, they are looking toward 2010 and beyond, and making decisions for the future.

One of the ways of dealing with this kind of market is to go old school. We are doing more cold calls. We are really trying to instead of just putting ads out in newspapers and magazines be more interactive with people. If we are using a direct-mail piece, we'll do followup calls. We're always talking to people now. We are trying to break down the initial barriers that people have in a market like this. We're getting people more information about the feasibility of doing projects.

Suzanne Williams, real estate representative with Cullinan Properties

We are doing a lot more cold calling in person. Over the last five years, we had all gotten used to picking up the phone and calling the national retailers. Those deals were easy to get done. As of now, though, you do have to show your face and meet people in person. You have to shake their hands and develop a relationship to get deals done.

It's a lot more legwork. Deals are slower in coming. They are definitely out there, but you have to work harder than ever for them.

Ray Fogg Jr., president of Cleveland's Ray Fogg Corporate Properties

I wouldn't say I'm doing anything

differently, but we are paying closer attention to executing better. We always are trying to pay attention to our tenants. We always want to know right away if a tenant of ours is having trouble. We also want to know right away if a tenant is doing well and needs more space. We are talking, then, to our tenants all the time. This is a time to watch your properties more closely than ever.

We are very closely managing our cash and our banking relationships. We are continuously looking to expand our banking relationships. Being in Cleveland, we know better than anyone just how many consolidations and changes are coming to the lending market. Cleveland is the home to National City Bank which has been purchased by PNC. With that, we are paying close attention as individuals are moving back and forth among institutions. We're maintaining good relationships with the individuals we already work with and trying to build new relationships all the time.

We are not putting our heads in the sand and sitting on the sidelines. What comes with a time like this is also opportunity. We intend to be well-poised coming out of this market to grab the activity we are certain is coming on the backend of this downturn. Cleveland is a very pro-business town. The state of Ohio, as well as Cuyahoga County, is very committed to the redevelopment of our

urban core. We are committed to that, too. And we are looking forward to coming out of this downturn stronger than ever, and in a prime position to be a major part of this redevelopment.

Terry Coyne, senior vice president with the Cleveland office of Grubb & Ellis

I am still very busy, even in this market. But I also have a couple of people on our team that spend a lot of time focusing on our marketing efforts. I have people focusing on the Web site, on advertising in the newspapers. This seems to have built a brand. That has certainly paid off in a market like this.

If we didn't do this, if we didn't have people focusing on the Web site and on marketing, I think we'd have been left behind with the way things are going in this market.

Steven Chaben, first vice president of Marcus & Millichap's Detroit office

I'd say that we are doing a lot of things differently in this market. We're not taking anything for granted, that's for sure. We know it's a market that requires some staying power. You have to form as consultative a relationship with your clients as you can. You have to help them matriculate through some choppy waters, so that our relationship with our clients will be that much stronger as we turn the corner and get into a more enjoyable market.

The people today who are thinking about what business is going to look like 9, 12 or 18 months down the road, and what they can do today to lay the groundwork for that time, are the ones who will receive a windfall coming out of this cycle.

Andrew Morris, principal of Indianapolis-based Summit Realty Group

The old adage about real estate's three key words being location, location, location no longer holds true. In this environment, the three key words are relationships, relationships, relationships. Now more than ever, every company that is in real estate, whether as a tenant, an investor, a lender, a developer or a building owner, they are not content with their current circumstances. They are seeking advice and creative thinking on how to make it better. They are looking for advice on how to make the pain go away, and on how to take advantage of whatever opportunities there are in this market.

If you can give them that advice, you will certainly cement your relationship with them.

This is the best environment in the world to sustain current relationships and create new ones that will pay off in the long run. You have to get through this market, and then, when the cream rises to the top, those relationships come back to us when those clients are ready to grow again. I have a calendar with inspirational

quotes on it. One of my favorites is from Einstein: He said that it's not that he's smarter than others. It's just that he stays with problems longer. That is the key. You have to stay with the problems longer in this market.

Thomas Moses, senior vice president with Topeka, Kansas-based NAI Kaw Valley Commercial

A market like this always calls for getting back to the basics. You have to make the phone calls. You have to do the basic prospecting business. There are a lot of people out there who need additional assistance. There are possible REO properties. There are those who are considering downsizing or relocating. There are facilities that have additional vacant space and need help in marketing them. That is the type of activity that comes about during these times. Getting this business is all about pounding the pavement a little harder.

You have to maintain good relationships with your clients. You have to give them the best service you can. You have to treat them as you would like to be treated yourself. Sometimes you do free services or give out free advice. You hope it pays off later.

We've been through this kind of market before, and we'll make it through again. I've seen it worse. We will come through this. There will be opportunities, and there are opportunities, in a market like this.