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THE ANATOMY OF A DEAL

SIOR MEMBERS SHARE SECRETS TO SUCCESSFUL TRANSACTIONS

BY AMANDA MARSH

In April 2015, global lottery business GTECH—a long-time client of Colliers International’s Las Vegas office—acquired gaming company IGT and all its global assets, merging the companies and consolidating operations.

The new company decided it no longer needed its entire Las Vegas campus, planning to move the manufacturing component north to a 1.2 million-square-foot property it owned in Reno. The plan: sell the campus and find 175,000 square feet of office space in Sin City instead. It hired a Colliers team to list the campus, comprising senior vice president Susan Borst, SIOR; executive vice president Dan Doherty, SIOR; senior vice president Taber Thill, SIOR; and senior vice president Ryan Martin, SIOR.

Panattoni Development Co. purchased the property in December 2015, with bigger redevelopment plans in mind—and the complicated transaction soon became a sale with a 15-year lease-back of the 222,268-square-foot office component to IGT, then the subsequent sale of the office portion IGT occupied to Griffin Capital Co. for \$66.5 million in December 2016. The Colliers team

is now leasing the second building for Panattoni, which includes warehouse and manufacturing space, as well as a former cafeteria space that has been converted to gray-shell construction for an office lease.

The multi-faceted deal, which won the 2016 SIOR Award for Largest Dollar Volume Member-to-Member Transaction, is a prime example of how SIOR professionals work together to successfully complete a deal.

It all started in the transaction’s infancy, during which Colliers had to compete for the assignment.

“To win, we felt it was critical to have experts in each discipline on the team,” explained Borst, who along with Doherty, is an industrial specialist. Thill and Martin specialize in office, while each person on the team had significant experience with investment sales. Given the structure the team proposed, the presentation provided, and the experience and knowledge of the team members, they won the assignment.

“We also made sure we were prepared ahead of time to handle a sale-leaseback

we saw coming,” Doherty added. “We had to staff the team for any avenue the assignment might take with specialists who would put it on the right path. That’s why we had such a large team.”

To have a successful team that size, it was critical that someone focused on leading, as well identifying and leveraging each expert’s unique skill set, Thill said.

“Managing the team assignments, expectations, schedules, and communication is key to a great team and a smooth transaction,” he said. “Susan is the point of contact with our client and assembled a team based on trust, chemistry, and expertise.”

At one point, the team was running three different transactions. Even though IGT was the original client, Panattoni became another client due to the sale-leaseback, Ryan added, who noted the team had to regroup and focus on the landlord and investment side for the new client. Being able to blend is key in multiple tasks, he said.

The SIOR platform also gave the team an additional boost.

Harnessing SIOR's Team Portfolio Tool

Daniel Smolensky, SIOR, and Michael Jeppesen, SIOR, are fans of SIOR's Team Portfolio Tool, an online platform developed by IBG that allows professionals—independent or not—to build teams nationally across the entire SIOR platform and visually introduce clients to those team members through bios and headshots.

"Once, we showed our client the Team Portfolio Tool and the team members we picked—and it just so happened that they already knew some of the brokers," Jeppesen said. "We know that each team member, no matter the expertise or specialty, will be the same caliber as us. For instance, we've brought ESRP president Damian Rivera, SIOR, out of Dallas on to assignments to talk to clients about labor and demographic studies."

"Having a visual adds a human element to better illustrate to our clients who we're partnering with," Smolensky added. "It's not just lip service—we actually know the SIOR professionals on the ground."

"All of us are SIORs, which means clients know we're credible," Doherty said. "As an organization, SIOR provides a good marketing platform, and [SIOR Connect] was one of our best avenues for putting the transaction out there. We sent it out to the network every two to three weeks."

"Our experience, education, and training with SIOR increased our understanding of the best way to approach this complex transaction," Borst added. "You look at the giant deals promoted in SIOR's e-blasts and during the annual awards, and you see they all have one thing in common—the people who execute these deals put together solid teams within SIOR to complete them. Without those examples, I'm not sure we would have staffed such a complex team for the assignment."

Caldwell Companies senior vice president Bill Ginder, SIOR, and senior vice president Keith Edwards, SIOR, also work together as a team within their Houston-based office. Ginder has transacted millions of dollars' worth of deals with one particular client, but some of the deals are industrial buildings—his specialty—while others involve land, which is Edwards' forte.

"I would have made twice as much if I handled the deal by myself, but in order to take care of my client properly, I know it's best to work with Keith and split the commission," he said.

What messes up teams is everyone worrying about the money, he continued. However, he nor Edwards worry about that, because they both know teaming up is what makes them successful.

The Power of a Global Network

Commercial real estate professionals do not need multiple SIORs within their office to replicate Colliers' and Cadwell's

successes. Enter SIOR's Independent Brokerage Group (IBG), a network of highly qualified, independent SIOR brokers across the world who collaborate, share information, and enhance business opportunities for members.

Taurus Modal Group principal and founder Daniel Smolensky, SIOR, is a proponent of IBG, which allows him to tout SIOR as his global platform despite a smaller local presence.

"When we talk to clients or pitch business, we represent ourselves as part of the SIOR global network," he said. "So when we have an opportunity anywhere outside of Chicago, we know there's an SIOR on the ground whom we can trust to handle a project with utmost professionalism and execution capability."

Conversely, IPG Commercial Real Estate president Michael Jeppesen, SIOR, a Salt Lake City-based broker—partnered with Smolensky when client Varex Imaging, a medical supplier, approached his firm about a Chicago requirement.

"When an SIOR like Michael Jeppesen calls me, I know it's very important," Smolensky said. "I like to call it my Bat Phone, like how Commissioner Gordon used to communicate with Batman. That call is top priority, with all hands on deck, no matter what size or how difficult."

Jeppesen worked with Smolensky to quickly put a building under contract. Unfortunately, the building was wrought with environmental issues the client could not handle.

"We tried, but just couldn't get over the challenges," he continued. "Dan did everything he could. Because of that, we are close to another deal for Varex, even though the first location didn't work out. It just goes to show that even with deals that don't go so well, the power of SIOR is huge."

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Fellow SIORs have also been a wealth of information, even when not partnering on a deal—sometimes the call is to help figure out a solution to an issue with a client or transaction. Jeppesen, for instance, has tapped into the expertise of RM Friedland Commercial Real Estate Services senior vice president Steven Kornspun, a New York City-based SIOR who is also an industrial specialist.

"What you have to deal with in Utah is not always the same as what you might find in New York City or Chicago," Jeppesen said. "Having those viewpoints from different places in the U.S. and around the world is very powerful."

Likewise, Seattle-based Kidder Matthews senior vice president and partner Patricia Loveall, SIOR, once called Jeppesen for an opinion of value. There wasn't a listing opportunity or transaction involved, yet she told him there might be one down the road.

"Within a week, IPG turned around what she needed, and it made her look like a superstar to her client," he said.

Many SIORs represent companies throughout the world with multiple locations, and Kornspun pointed out they cannot possibly visit or research every spot their clients are seeking to move to expand. He will even call upon other SIORs when these clients are seeking properties in Brooklyn or Long Island, despite these locations' proximity to his markets of Westchester and the Bronx.

"I know the SIOR will have intimate knowledge of his or her market, and it saves me time," he said. "They know what's on the market or what's coming available, even if it hasn't been listed yet. Having someone with this intimate knowledge is like having someone right next to you in your office."

Ginder explained that when he refers a deal to another SIOR, he trusts his client will be taken care of. Similarly, if he is working on a deal with another SIOR, he knows they will take care of each other.

Recently, a client with whom he worked for 15 years passed a building and saw cars outside. As it happens, Cushman & Wakefield vice chairman B. Kelley Parker III, SIOR, and director Coe Parker, who is currently pursuing his SIOR designation, were showing the building. Ginder's client stopped and looked at the building with the duo, even though Ginder was not with him and the Parkers were not aware the client already had representation.

"But when the client mentioned my name, they said they would be happy to work with me on the deal," Ginder said. "Many non-SIORs wouldn't have done that. We will look after each other. At the end of the day, we're all in this to make money, but more importantly, we want to do it the right way. Trust and confidence is how we make a good living." ▼

CONTRIBUTING SIORs



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