



Steve Bergsman is a freelance writer in Arizona and author of several books. His latest book, "Growing Up Levittown: In A Time of Conformity, Controversy and Cultural Crisis," is available on all e-book outlets.

By Steve Bergsman

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How to Get Started Working International Deals

Whether you own a small, tenant-rep firm, toil for a big international brokerage, or simply belong to a loose confederation of commercial real estate companies, the most important part of working the international trade is the utilization and trust of an existing network. That network can simply be other members of the Society of Industrial and Office Realtors or the existing corporate network if you are part of companies such as Jones Lang LaSalle or NAI Global.

"The key is knowledge, not only of your client, what the client wants, and where the client wants to relocate, but also knowledge of the new venue," says **Dennis Yeo**, a managing director with Colliers International in Singapore.

The only way to get that knowledge is through local sources. If you are part of a network, then these sources effectively represent you and your client elsewhere around the world.

"When you do international," says Yeo, "the problems become more complicated. The relationship you have with your other offices then become as important as the relationship you have with your client. It's imperative they do a good job, because if they don't then you could lose your relationship with the client."

It also works the other way around. For instance, when an associate broker in the United States needs help in your overseas market. Recently Yeo did some work in Singapore for the U.S. publishing house, John Wiley & Sons. The job was a referral from the Colliers office in New York.

The skill-sets needed for international business are knowing the local language, laws, and marketplace, says **Matthew Leguen de**

Lacroix, SIOR, FRICS, a managing partner with DTZ in Geneva, Switzerland.

Despite being a relatively small country, Switzerland is home to about 1,000 corporate headquarters. De Lacroix sees a lot of U.S. and European companies. Contacts often come through the SIOR network, which he assiduously works to maintain by going to conferences and keeping up with the friendships made at these gatherings.

"I was in Chicago this past October at an SIOR conference and met with two different companies, one of which had ongoing work in Switzerland but was unsatisfied with its local broker," De Lacroix recalls. "We gave them an option for representation."

The big stumbling block going into a new international market is the language and local laws, De Lacroix adds. "Even for European firms this is a problem because the laws are different in Madrid than Geneva. You wouldn't be able to effectively advise someone without that local knowledge. In Geneva, we understand the market and tenant laws, but we are not lawyers. So, you also need to be able to put together the right team to complete a deal."

Depending on where your clients want to be in the world, local market factors, and rules and regulations, can either be intimidating to the outsider or strangely recognizable.

In Singapore, Yeo notes, "the work is very similar to the United States. In fact, we have adopted some of the best practices that came out of our U.S. teams dealing with tenant representation and transaction terms. The terminology we use is even similar.



Contributing SIORs



Mike Broomell, SIOR



Matthew Leguen De Lacroix, SIOR, FRICS



Scott Mulligan, SIOR



Dennis Yeo,

However, the biggest difference is that in the U.S. leases are long; in Singapore, leases are for two or three years.”

In 1992, **Mike Broomell, SIOR**, came to Indonesia to do work for the Trammel Crow family. He is now a managing director for Colliers International in Jakarta. Twenty years ago, the commercial brokerage business was wide open, which, to Broomell, meant that there was room to introduce best practices.

“When I first came to Indonesia in 1992, hardly anybody in Asia was doing tenant representation,” he remembers. “There were some firms doing it, but the business was very small and usually the firms were paid by the tenant. So, one of the things I started here was implementing the U.S. concept of tenant representation, which I thought made sense in this environment. This was a fairly opaque market and I was told tenant representation would never work, but it caught on fairly well. After the economic crash of 1997-1998 in Indonesia, most new real estate development stopped but there was still a continued need for a tenant rep business.”

Even with that success, Broomell cautions against national chauvinism. “People in the rest of the world do things differently and look at things differently than in the United States,” Broomell says. “The one mistake I see with people coming here is thinking that the American way is the right way. This is a different culture and different history and you have to adjust to a new way of looking at things.”

Recently, **Scott Mulligan, SIOR**, a partner and broker with Ellington Tenant and Facilities Services in Toronto, worked with a global technology company that needed offices in India.

“This was a company we had been trying to get into Toronto,” says Mulligan, “and once we were in agreement there, the company said it needed these other offices. That was something we handled, but we had to spend a lot of time figuring out who the best brokers in India would be and then educating our client how the market works there as there are some very interesting nuances in that market that makes it different from other places in Asia.”

If a broker hasn’t done a deal overseas before, Mulligan says, it can be complicated.

“When people get started in international business they get very gung-ho without taking the time to find out how the deal will unfold due to the idiosyncrasies of the foreign venues,” Mulligan explains. “The first thing they need to do is find out how deals work, how deposits get done, what security can be had, terms, fees, etc, before you even start the process with the client.”

Mulligan adds that having an SIOR as a tenant rep in a foreign city is a wonderful asset, although this kind of service is much more prevalent in North America than elsewhere around the world.

From an overseas viewpoint, the message is really not much different. If you are in North America and



“If you are not helping your client with all their needs, including international, then your competition is.”

have a client coming to Asia, you need to find a trustworthy associate with knowledge of the local market.

“In Japan, you need to know the language, because English is not a second language here, and you need to understand the local customs and laws which are very different here,” observes **Jim Fink, SIOR, MBA**, a senior managing director for Colliers International in Minato-ku, Japan. “Also, how people think and negotiate is different.”

Japan is very a old and established market with a deep set of customs and practices, Fink adds. “Language, practices, and currency (yen) are different. The way buildings are measured for lease, fee structures, tenant and landlord rights, taxes and charges on common expenses are all different and have to be explained.”

Not only does Fink have to spend a considerable amount of time with the client, helping them to understand the market, but he must also spend a fair amount of time helping the head office understand the people, planning, and expectations.

In making an overseas deal, Fink has three rules of order:

- 1) Ask clients what needs they may have overseas;
- 2) Discover how you are going to get resources for clients overseas because you are not going to do the work yourself;
- 3) Make sure the clients are educated about the market and that what is being proposed makes sense.

Gabriel Silverstein, SIOR, president of Angelic Real Estate in New York, has done deals in 17 foreign countries. He too, has a few rules for international business:

- Make absolutely certain from the start you have a local partner. Being part of the SIOR network helps tremendously as does being part of a corporate network. “Whether it’s someone from your own network or an SIOR, they better be on board from day one,” Silverstein attests.

- Understand that local real estate expert may not be enough. Someone from the local, legal arena might be needed as well. “In developing countries, what we take for granted as legal framework doesn’t always exist elsewhere,” he notes. At one time, Silverstein in the middle of helping a client in China sell a building, had to deal with the Chinese govern-

ment, which was flirting with the idea of taking the building for itself.

- Don't expect the same level of commissions you get in the United States. "Leasing pays a significant fee in the United States," he relates. "It does not work that way in most foreign countries."

- Understand the local compensation structure and get your client to understand that early on.


According to **Chris Cuff, SIOR, MCR**, executive director of Colliers International in Shanghai, the three questions every broker should ask a multinational client are:

1) "I just did an office deal with you, when can I do another?"

2) "Is there another service I can offer, like industrial, consulting or valuation?"

3) "Where else in the world can I help you?"

Cuff also adds, "when you are dealing with multinational companies, everyone is banging on the door, but you can set yourself apart when you talk about multiple product types and multiple geographies. If you are an industrial guy from Chicago, you can talk about Chicago warehouses, but a lot of guys can do that. However, if you tell the corporate real estate guy, 'hey, I see you are considering a downtown office, I can put a team together to help,' or 'I see you have office around the world, I have a team that can help you there.' It's one-stop shopping, solving a lot of problems for the real estate guy."

As Collier's Fink observes, "If you are not helping your client with all their needs, including international, then your competition is." 



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Chris Cuff, SIOR, MCR



Jim Fink, SIOR, MBA



Gabriel Silverstein, SIOR