

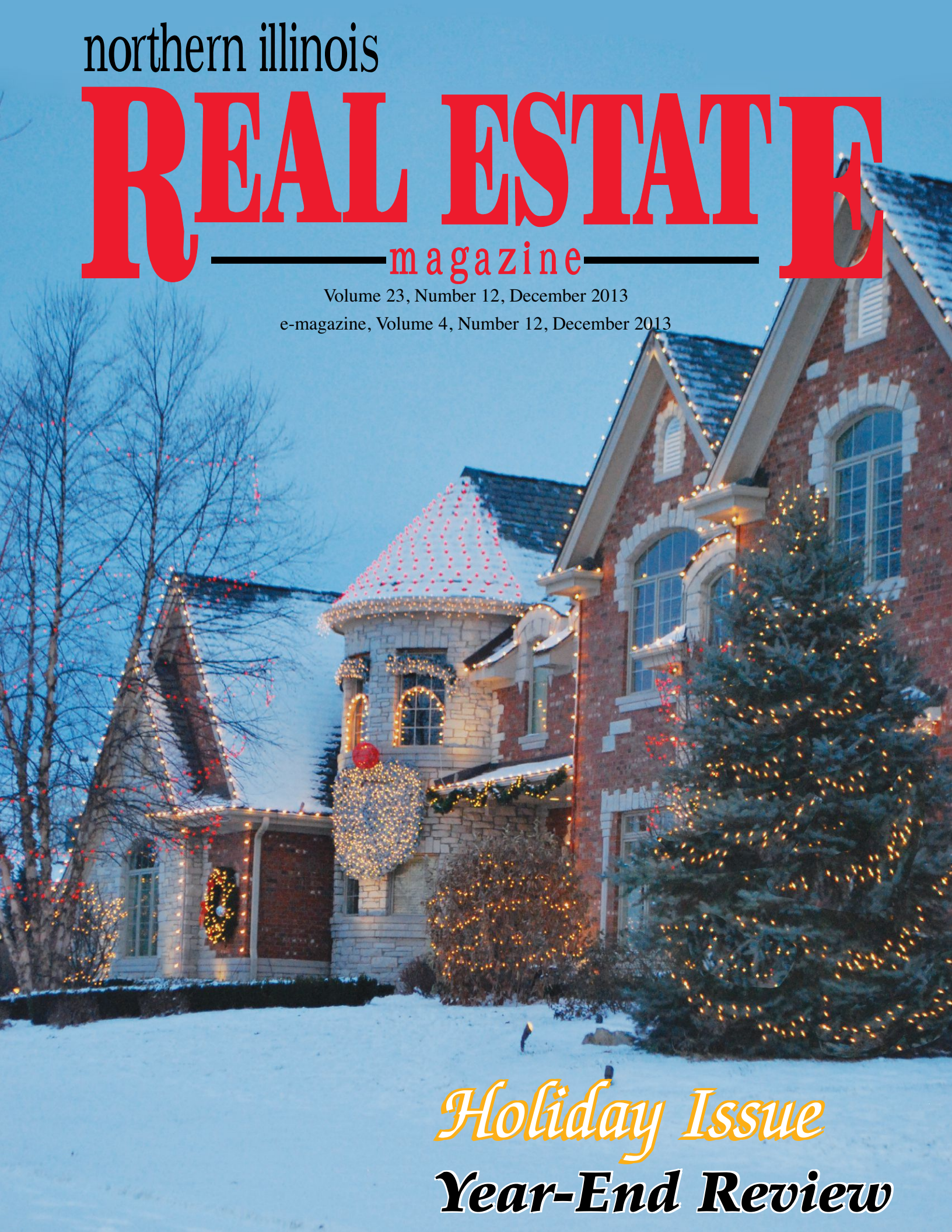
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Year-End Review

Co-Brokered Transactions: A New Trend?

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The long crawl back from the deep economic recession is in its fifth year. In the Chicago industrial real estate market new direct leases, lease renewals/ renegotiations, and property purchases and sales have returned across the board. According to recent published reports by area commercial real estate brokerages, the overall number of closed sales and leases increased substantially over those same levels in 2008, when most experts agree the recession started. But in an interesting twist, so have the number of co-brokered transactions; that is, sales or leases in which at least two different brokers of different brokerage firms have teamed up to represent one client in a given transaction. This situation is different than when a broker, licensed in one state but not licensed in another state, seeks the help of a licensed local broker in that other state for assistance on a property assignment or listing.

What's brought about this apparent trend? Is it a good thing, and if so, why? Is this trend here to stay? An overview of several examples reveals some interesting findings.

The Longstanding Client: In 1982, Steven Goode, SIOR, started representing Gold Eagle in its industrial real estate requirements. Over time Goode left mainstream brokerage and focused more on industrial real estate investment deals for his firm's own account. But Gold Eagle's needs remained, particularly on Chicago's South Side. Realizing that he didn't have the day-to-day market knowledge of that submarket, he teamed up with industry veteran, Sally Macoicz, SIOR, of Cushman & Wakefield, to service the client. Together on behalf of Gold Eagle they've closed three transactions, a mix of industrial sales, leases, and subleases. Goode credits Macoicz's familiarity with properties and owners on the South Side, her willingness to work cooperatively with a "friendly competitor," and Goode's ability to maintain the primary client relationship for the success of this partnership.

Mixing and Matching Markets and Relationships: Chris Curtis, SIOR, of Nugent Curtis Real Estate in Kankakee and Ed Wabick of Paine/Wetzel TCN Worldwide in Chicago have co-brokered three industrial property listings over a several-year period. In each case the properties involved were somewhat removed geographically from Chicago and closer to or within a market known and worked by Curtis and his firm. Curtis brought to the table his local municipal knowledge and relationships and ability to cover property listings in a more time-efficient manner. Wabick brought along his longstanding client relationships, which relationships he managed and maintained in each co-brokered situation. What's more, the client benefitted from greater marketing exposure: two firms worked simultaneously to promote each property listed and bring about a successful closing.

The Deal-Driven Relationship: Brian Carroll of Newmark Grubb Knight Frank had represented Reebie Moving & Storage in their pursuit to buy properties in the O'Hare market. Then Reebie had an opportunity to acquire Jackson Moving Company, a tenant in an I-88 Corridor building. Jackson Moving already worked with Kelly Disser of NAI Hiffman. Reebie wanted to explore moving Jackson out of the building to a smaller space. It made sense for Carroll and Newmark to collaborate with Disser and NAI Hiffman on Reebie's and Jackson's joint behalf as they explored alternatives. Ultimately, Jackson's landlord encouraged Jackson to stay in the building, thus bringing Reebie back to the negotiating table and closing the lease renewal. Both brokers served Reebie effectively and presently work together on the client's behalf to lease a 61,000-square-foot vacancy in the same property.

In the above scenarios several common themes prevailed: (1) the client is ultimately best served; (2) the broker with the original client relationship maintains that important relationship; (3) local market knowledge and municipal relationships; and (4) the brokers' willingness to work proactively and cooperatively in servicing common clients.

Time will tell if this is a positive but temporary response to challenging economic times or a trend with staying power!