



CCIMs'

# Big Fat

Deals

The office sector dominated this year's largest member transactions.

by Stephen Rangel

The year 2015 was a standout for CCIM members with 54 percent indicating a year-over-year uptick in transactions in CCIM Institute's 3Q 2015 *Quarterly Market Trends Report*. Almost one-third of the 267 deals reported to *Commercial Investment Real Estate's Deal*

Makers column in 2015 were \$10 million or larger. Those CCIMs who closed the biggest deals discuss the secrets of handling large transactions and what the future holds for next year's deal-making.



**CIRE: What advice would you give other CCIMs interested in developing and closing big deals in their market?**

**Adriana J. Rosillo, CCIM:** Take excellent care of your clients and stay on top of their mind! We signed a large lease over the summer with a long-term client. As they grew we assisted with the process and then it was time to consolidate all the little leases. The result was a 85,000-sf relocation.

**Lawrence J. Harwood, CCIM:** Stick with what you're good at. Larger deals evolve from long-term relationships that start with the small and midsized deals.

**R. Craig Coppola, CCIM, and Andrew Cheney, CCIM:** Don't undervalue partnerships. Large deals that you may not have the ability to complete on your own are more likely to go your way if you team up with someone who has the experience running large transactions. You'll eventually gain enough experience to do these on your own.

**Jill Rasmussen, CCIM:** Bring solutions and ideas to your clients, understand your market niche, and have a creative approach to real estate usage and assets as well as development and overall cost savings.

**Reid Bennett, CCIM:** Collaborate with those that have strengths in various stages of the deal. CCIMs are great with collaboration and if these deals are across state lines, work with another CCIM or trusted adviser with boots on the ground.

**David E. Gilmore, CCIM:** Be on the lookout for deals that must be sold. Watch the bankruptcy cases in your market, read the regional paper for deals that are advertising for proposals to list or sell, and look for opportunities with government agencies.

**James Resha, CCIM:** As CCIMs, we need to remember the excellent education that we have received and utilize it. Look for and encourage opportunities for collaboration with other CCIMs who are in your market by being involved in local chapters and looking for opportunities to network and build relationships with other designees.

**CIRE: What is the greatest challenge to closing big deals?**

**Jacoby:** Large deals require large slugs of equity and debt. The pools diminish as the deals get larger.

## Total CCIM Deals Reported in 2015 CIRE Deal Makers

# of Deals	Type	Total
56	Office	\$841.2 million
32	Industrial	254.9 million
58	Retail	447.0 million
24	Multifamily	232.3 million
21	Mixed-Use	521.4 million
35	Land	210.5 million
20	Specialty	223.4 million
6	Hospitality	49.8 million
15	Financing	232.4 million
267	Total Deals	\$3.0 billion*

\*The 267 transactions comprising this total involved approximately 400 CCIMs, which represents about 3 percent of the total CCIM membership.

**Rosillo:** Scarcity of quality product, in this case, class A office space within the submarket specified by the client.

**Cheney and Coppola:** Selling the future. Big deals require big capital and belief that the asset will perform.

**Jill Rasmussen, CCIM:** Finding the right buyer, increases in the interest rate, and other economic and market influences.

**Zylberglait:** Understanding the intricacies of transactions including underwriting details, market conditions, and knowing the clients' motivations.

**Bennett:** Bankruptcy court was the most challenging aspect of this transaction. Our auction team is well versed in this arena so the hurdles were cleared along the way.

**Resha:** Patience. Big deals take time to negotiate and work through the due diligence that is critical in representing any client. Expect the unexpected. Keep a cool head and the end in sight in order to keep the deal progressing.

**CIRE: What market forces are at work right now to provide big deal opportunities?**

**Jacoby:** There's still large availability for

debt and equity markets to do large deals.

**Harwood:** Real estate fundamentals are strong and in particular, the interest rates are at historically low levels, thereby increasing success with any deal.

**Cheney and Coppola:** Tenants want projects with walkable amenities, and capital is chasing these projects. Mix in an improving economy, and the right projects in the right place will create big opportunities.

**Rasmussen:** User monetization of assets and increasing investor demand.

**Zylberglait:** Ample equity and debt in the marketplace and real estate being considered an asset class of choice both for institutional as well as private party investors.

**Bennett:** The market is flooded with many well-capitalized investors and those with funds need to deploy capital.

**Gilmore:** The opportunity in this specific case was provided by a debtor that was convicted, sent to prison, and filed for Chapter 7. While we do not wish this fate on anyone, it nevertheless provided an opportunity to sell the property. Bankruptcy occurs in all markets and CCIMs must be vigilant in searching for them.

**Resha:** Not only has the lending market



reopened but there are significant opportunities from foreign investors that are interested in purchasing U.S. property.

#### **CIRE: What's the key to being involved in big deals?**

**Jacoby:** Teamwork. It's easier to do big deals when you have the efforts of a unified team.

**Harwood:** Being involved with big borrowers. Consistent networking within the right circles is a start.

**Coppola and Cheney:** Relationships, experience, and process: Relationships to establish trust, experience to advise your clients through the nuances of a deal, and a sound process with a resourceful team to manage the details that go into a large transaction.

**Zylberglait:** The key is demonstrating a strong skill set and track record.

**Bennett:** The team approach. At Sperry Van Ness we are constantly in collaboration across the nation, and this particular deal involved five advisers and support staff.

**Gilmore:** We put together a team of specialists in apartments, accelerated marketing, and bankruptcy sales. The key is certainly in the team.

**Resha:** A broker needs to first check their ego at the door for any transaction but especially for larger ones. A significant paycheck can easily turn the focus to the money as opposed to the need to represent the client. In this case, John Hsu and I have the common bond of both being CCIMs. It was a huge comfort knowing that I wouldn't have to spend much time explaining the needs and requests of my clients.

#### **CIRE: What does the future look like for closing large transactions?**

**Jacoby:** Good, in the near term.

**Harwood:** In the short run, large transactions will continue to be closed on a consistent basis. In the long run I believe a downward trend will prevail as investors take a defensive posture in light of when the next recession will happen.

**Rosillo:** Acquisition and disposition are very promising as long as the Fed continues to keep interest rates low.

**Cheney and Coppola:** Bright but steady—with slowly rising rental rates and an improving economy, we should see even

larger transactions as the cycle progresses.

**Rasmussen:** Good. Institutional investors and REITs are looking to increase their portfolios and rates are still low. The issue will be finding good product.

**Zylberglait:** As more equity and players get into the marketplace, there will be a higher volume of larger transactions, primarily from the private-party sector and international capital.

**Bennett:** As long as interest rates remain low and we continue to see extremely high occupancy rates in multifamily, the future looks great. There has been a significant shift

in the renter nation with millennials following suit. When the pendulum switches back to home ownership, multifamily might begin to see a shift in occupancy.

**Gilmore:** The future looks great for most property types in the current rising market. Buyer and lender confidence is increasing every day. Sellers are listing and closing large transactions based on current market opportunities or specific challenges like bankruptcy.

**Stephen Rangel** is communications coordinator at CCIM Institute.

## **2015'S BIGGEST CCIM DEALS**

**Douglas Jacoby**, CCIM, with a partner  
Colliers International, Boston  
**\$280 million** office and retail sale

**Jill Rasmussen**, CCIM, with partners  
The Davis Group, Minneapolis  
**\$116 million** medical office portfolio sale

**Adriana J. Rosillo**, CCIM, with two partners  
Pointe Group Advisors, Coconut Grove, Fla.  
**\$75 million** office purchase

**R. Craig Coppola**, CCIM, and **Andrew Cheney**, CCIM  
Lee & Associates, Phoenix  
**\$58.4 million** office sale

**Alex D. Zylberglait**, CCIM  
Marcus & Millichap, Miami  
**\$57 million** land sale

**Kenneth Ormsby**, CCIM  
Ezcorp, Austin, Texas  
**\$50 million** office lease

**Lawrence J. Harwood**, CCIM  
Q101Lutz Financial Services, Birmingham, Mich.  
**\$46.5 million** refinancing of a retail power center

**James Resha**, CCIM, of Sperry Commercial in Irvine, Calif.,  
**John Hsu**, CCIM, and **Dalerie Wu**, CCIM, of STC Management,  
Whittier, Calif.  
**\$43 million** retail and office purchase

**Jeff Hoffman**, CCIM  
Cushman & Wakefield/The Boerke Co., Milwaukee  
**\$41 million** build-to-suit food processing facility sale

**Reid Bennett**, CCIM, Sperry Van Ness, Chicago, and **David E. Gilmore**, CCIM, Sperry Van Ness/Gilmore Auction, Kenner, La., with four partners  
**\$37.3 million** bankruptcy estate sale

