

| FEATURED ARTICLE

DEFINING

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SERVICES

By Steve Lewis,  
Sponsored by SIQR Foundation

In the scope of history, 30 years is just a whisper, but from the perspective of CRE, it is an eon. Before Trammell Crow introduced a revolutionary vision of serving corporate clients in the late 1980s, the term “Corporate Real Estate” generally conjured up an in-house executive with companies like McDonald’s who was responsible for site selection.

Crow changed all that. “The idea was to take the burden of cost off the corporate group,” explains Paul Waters, SIOR, CCIM, CRE, FRICS, Chief Operating Officer of Denver-based Integra Realty Resources, Inc. “That real estate was not a core [function], but overhead, and you could outsource it to a service provider.”

But even the visionary Mr. Crow would probably not recognize CRE today. NACORE, which at one time was the “home” of corporate real estate, has long merged with IDRC into CoreNet Global, and the services and activities that are now deemed to fall under “Corporate Real Estate” have expanded far beyond what were classically known as “real estate services.”

JLL, for example, includes in its list of services the following:

- Business and Economic Incentives
- Consulting
- Energy and Sustainability Services
- Integrated Facilities Management
- Headquarters
- International Consulting
- Lease Administration
- Occupancy Planning
- Project and Development Services
- Relocation Management
- Tenant Representation
- Transaction Management
- Workplace Strategy

CRE today is strategic, expansive, and diverse – with perhaps as many definitions as there are companies. Firms like JLL, CBRE, and others offer this wide

variety of services “under one roof,” as it were, while other companies spearheaded by a single individual or a few partners provide a similar menu of services by developing a network of the “best of the best” across the globe – often crediting their success to the resources available through SIOR.

After some initial successes, Waters notes, corporations did turn “inward” once again in the mid- to late 90s, but once they returned they have never looked back. Susan Stann Airst, Co-Founder and President at Exceedant | Real Estate,

a firm that provides online real estate auction marketplaces, as well as commercial and residential advisory services, cites the following reasons why corporations favor outsourcing:

- Improved Customer or Client Experience
- Increased Internal Productivity
- Big CRE Data Access
- Flexibility
- Efficiency
- Peace of Mind

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- Freeing Up Internal Resources
- Improved Risk Management
- Tax Breaks
- Lower Regulatory Costs

## A Variety of Approaches

The definitions of CRE offered today by SIORs are as varied as the visions they have for themselves and their companies. For example, David P. O'Neill, SIOR, MCR, Founder and Group Executive Managing Director of Hanna Commercial Real Estate in Cleveland, says that generally speaking CRE is "an out casting of transaction functions corporations use that serves as a one-stop-shop organized around evaluation management, facilities management, and transaction management. Basically, we hire the brokers in that realm around the world and manage the process." However, he notes that those services have evolved into more of an asset management realm, coordinating A&E, environmental, financing, and ground-up development.

"Our company would be the real estate department for any corporation," adds Diana Whisenant, SIOR, the managing director for Hanna Commercial Real Estate.

One of the challenges today is that the range of CRE services is "pretty vast,"

says Grant Pruitt, SIOR, president and managing director of Whitebox in

Dallas. For example, he shares, in helping a large corporation move its headquarters from one state to another, he had to do site selection, including figuring out where to be for the employee base and then finding the site; starting to negotiate terms, and applying for municipal incentives (which included a local broker). Then, when it appeared that buying a large high-rise was the best option, thoughts turned to debt structure, project and construction management, and leasing.

"Corporate services works out as being the quarterback for all real estate functions for one company," says Pruitt. "We make sure the symphony plays what the artist intended."

"My practice is CRE focused around tenant representation, brokerage, transaction management, and real estate advisory services," adds David J. Burden, SIOR, MBA, principal of Corporate Solutions with Colliers International in Chicago.

"In corporate real estate services you're acting either as an excellent broker or tenant rep – that's one way to look at it," says Howard Greenberg, SIOR, president of Howard Properties, Ltd., White Plains, N.Y. "The other way is as

an outsourced real estate department for that company."

"Well, as the saying goes, 'Ask 10 people the same question and you will get 11 different answers,'" responds Jacob Cowles, SIOR, managing partner, advisory specialist and director, Corporate Real Estate Services, with Landmark Advisory Services in Montreal. "In my view, [Corporate Services] is essentially a basket of activities that play a vital role in **supporting** the user's core business operations."

That role, he continues, can include:

- Analytic/Strategic Services
- Cost Containment/Portfolio Optimization Services
- Sustainability Services
- Site Selection Services
- Transactional Services
- Physical Management Services
- Legal Services
- Lease Administration Services

## Making it Work

Just as SIORs each have a clear vision of what CRE means to them, they are equally clear on the keys to their success. For John Salsberry, SIOR, advisory specialist and co-founder of Axiom Advisory Group in Rochester, Mich., it comes down to two things: Providing strategy, implementation, and construction services as a package; and viewing everything from a client perspective. "We do what is best for the client and know we will have longevity and a re-occurring source of revenue from those relationships versus doing a one-off transaction and then looking for the next one – which may be more to the provider's benefit," he explains.

"You tie every event and every practice to Key Performance Indicators," adds Waters. "If you meet those every year and show the corporation all these buckets you've met, that's best practices."

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"I'm an enormous proponent of SIOR," says Pruitt. "To me that's the most important facet to my business and our ability to service these accounts. SIOR is my network; I sell these as the best-in-class boots on the ground in every market—3,200 across the world."

Pruitt notes that while he has worked for one of the "big three" and now has an independent boutique, he is "partial to the way we do it," but again acknowledges that would not have been possible without SIOR.

"The coolest, most flattering complement was from a client's real estate director, who said the SIOR guys "are really, really, really talented," and that theirs has been the best service they had ever gotten. "They have allowed me to offer the 'big-boy' experience in a customized boutique environment," Pruitt concludes.

"Establish trust," Burden advises. "Say what you're going to do and then do what you say." He cautions that one should make sure those goals are realistic, although they can be aggressive. "Some people in the industry will over-promise and under-deliver; I try to do the opposite," says Burden.

He also advises to always look for simpler ways for clients to make decisions. "A lot of people over-engineer their analysis," he says. "I try to make it intuitive and easy to follow."

"Really understand the client and the particular needs and real estate objectives," adds Greenberg. He notes that he represents two law firms that even at times serve the same clients but have very different objectives.

"One says 'I want build; if it's not the prettiest thing — it's OK — as long as it's the prettiest deal,'" he shares. "Then they have a direct competitor who wants an 'A' building and is willing to put cash into it."

Understanding those differences and then translating them to the local broker is critical, he continues. "Who is the best person personality-wise and skillset-wise to fit with my customer?" Greenberg poses. "After all, my client will likely go out on a local inspection with that broker."

"We're unique in that we are independent, so we can partner with best in class, as opposed to being a single-silo company like CBRE or JLL — but there's not any difference in what we do," says O'Neill. In addition, he says, "We were really the pioneers in creating efficiencies like a portal database; you can't measure it if you can't manage it."

Whisenant adds, "A lot of companies do not have real estate resources in-house, and we do it all. They hire us because they've grown exponentially, and lost control of their assets."

Cowles cites his key success factors as follows:

- Providing a diverse service offering
- Offering a single point of contact
- Accessibility
- Communication, communication, communication
- Taking on the small stuff
- Performance measures
- Processes
- Technology

"Ultimately, any corporate services offering needs to be adapted per user to align with their workplace strategy and overall enterprise-wide strategic objectives," he adds.

Cowles continues his summary with the following observation: "In my

view the traditional brokerage model is facing disruption — you can see it with the amount of rebates that are getting thrown around now, especially in the office markets. This is indicative of

brokers being viewed as a commodity where the lowest bidder wins. The broker (or brokerage) who fails to develop an extended service offering, or at least a very strong and trusted network that can be easily leveraged, is exposed." ▼



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