



better tools. easier to use.

[Get Started >](#)

[GO](#)

COLDWELL BANKER COMMERCIAL

February 23 2008

Browse Back Issues

Select an Issue

Merge, Die or Thrive?

By Daniel F. Miranda

Apr 1, 2007 12:00 PM

SAVE THIS
 EMAIL THIS
 PRINT THIS
 MOST POPULAR



It's no secret that the commercial real estate services industry has become an increasingly global business. As large brokerage organizations continue to consolidate and expand, small and mid-sized brokerage firms are banding together in networks such as NAI, Colliers and ONCOR. Yet many large and small independent firms are defying this trend by accentuating their in-depth market knowledge and specialized expertise.

In fact, industry giants control only a small part of the corporate real estate services industry. According to CoStar Group data, CB Richard Ellis now commands approximately 10.5% of the \$24 billion U.S. commercial real estate services market. Its principal competitor, Cushman & Wakefield, controls about 3.4% of the U.S. market — leaving a hefty amount of business for smaller services organizations.

Two divergent models

Some global corporations prefer to outsource nearly all real estate functions to a single global services provider, or a very small circle of global providers with offices where the corporation operates. In contrast, other corporate real estate departments choose service providers on the basis of specialties.

As a result, two divergent business models are taking shape in the services industry — the global services corporate model and the independent super-regional firm. For example, global corporations such as Kellogg's, Walgreens and Ingersoll Rand, selected HSA Commercial Real Estate because of its Midwest focus.

Insider's market knowledge

Historically, independent firms have been perceived as the superior resource for street-level market knowledge, perhaps because these firms are not distracted by share prices or bloated bureaucracies.

Technology now gives these street-savvy firms even more of a competitive edge. With the advent of Web-based listing services, such as CoStar and LoopNet, any firm can access market data without a major capital investment. Many trade associations also offer online market data and proprietary e-mail lists that speed up information flow and deal making.

In addition, some super-regional service providers have staked out successful niches in specialty areas. For example, HSA has developed expertise in such sectors as medical office development, management and leasing; not-for-profit consulting; and management and leasing services for banks and retail chains.

When National City Bank was launching its Chicago expansion in 2003, it chose to work with HSA's retail brokerage team because of the firm's track record in the key communities in which the bank desired a presence.

Multiple disciplines, solutions

NREI's Most Popular

- » Housing Woes Threaten Broader Economy: Report
- » Moody's reports decline in U.S. property values
- » Former CBRE Leader Launches Online REIT
- » A Not So Great 2008: Emerging Trends Report

Commercial Real Estate Finance

sponsored by Pacific Security Capital

Resources and Services

- Capital Markets Center
- Retail Tenant Directory
- Best of the Best

Developments

- Industry News
- Green Building News
- Area Reviews
- Executive Q&A

Property Types

- Office
- Multifamily
- Retail
- Industrial
- Hotel
- Mixed-Use
- Seniors Housing
- Classifieds

Editorial Calendar	Newsletter
Bookstore	Q & A
2008 Editorial Calendar	

Subscribe Today!

GLOBAL REAL ESTATE MONITOR

GLOBAL REAL ESTATE MONITOR

Finance

- Net Lease/1031 Exchanges
- REIT Updates
- Investors
- Capital Markets
- CMBS

Strategies

- Property Management
- Corporate Real Estate
- Technology
- Tax Issues

Commentary

- First Word
- Financing Today
- Money & Real Estate
- Tax Notes
- Washington Wire
- National Multi Housing Council
- Mortgage Bankers Association
- Brokerage Insights
- Landmarks & Leaders
- World Beat
- Last Word

Technology

Related Links

- Retail Traffic
- Industry Associations
- Data Points

Super-regional brokerages have also proven adept at bringing together multiple service disciplines under one roof and leveraging these expert resources to provide multi-faceted solutions to clients. In a 150-person firm, it is easy for land acquisition and development experts to collaborate with leasing, management and investment brokerage staff — it's a matter of simply walking across the hall.

Cross-functional collaboration is one reason HSA was able to help Chicago Commons, a social service organization, reduce operating costs by more than \$300,000 annually through strategic real estate management.

In organizations with far-flung operations, it's not uncommon for one department to be completely unaware that some other service team is even part of the company. Some large brokerage firms maintain operational silos or compensation structures that keep different departments from wanting to partner together on behalf of a joint client.

Seasoned counsel preferred

In many global services organizations, junior-level trainees do the lion's share of client work while their superiors bring in new business. In contrast, boutique and super-regional firms tend to have a high proportion of senior to junior staff.

Take a look at the membership of Chicago's Association of Industrial Real Estate Brokers (AIRE), and you'll see any number of firms — some sizeable — in which senior professionals play a hands-on role in client engagements. As a result, clients enjoy constant exposure to value-added strategic advice and ideas that only seasoned professionals can provide.

The flat management structure and compact size that help super-regional firms foster interdepartmental collaboration also enables such firms to provide a fast response and speedy service delivery when clients seek assistance.

So bigger is not always better. Nimble and service-focused independent brokerages are surviving, and thriving, even as industry globalization continues.

Daniel F. Miranda is president of HSA Commercial Real Estate, a full-service real estate firm active in the brokerage, management and development of office, industrial, retail and healthcare properties.



2007 Commercial Real Estate Industry Calendar

- Show names & dates
- Show locations
- Links to show Web sites
- Outlook reminder downloads

Sponsored by:



Ads by Google
<p>Real Estate Brokerage Find Real Estate Brokerage Firms. The Online Business Directory. www.business.com</p>
<p>157+ Chicago Fixer Uppers Better than Foreclosures, HUD Homes Buy with \$0 Down and Bad Credit. www.MyHouseDeals.com/Chicago</p>
<p>Executive Search Find Top Talent Real Estate and Construction www.morgansullivan.com</p>

[Want to use this article? Click here for options!](#) © 2007 Penton Media, Inc.

[Back to Top](#)