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# SIORs— Succeeding in Niche Markets Part II: Niches Come in All Shapes and Sizes

By Stephen Lewis



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Be it the profit motive, the desire to serve the community, or a combination of both, SIORs have become quite active working with churches and other non-profit organizations and in finding other niche opportunities that are often overlooked.

## Specializing in Church Transactions

For example, Matthew D. Messier, CCIM, SIOR, with the Trammell Crow Company in Orlando, has sold more than 1,500 churches in the United States.

“I make a good living, but it is also a ministry,” says Messier. “Because I am a Christian, when I help one church sell their property, a smaller one can move up [into it], and when I go to bed feel I pretty good about helping groups that are trying to do good.”

Because churches don't sell very often, and because they have tremendous emotion tied to them, making the decision to sell typically takes a long time. “We may talk for three or four years before they ever decide to sell,” Messier notes, “and, you have to shake the tree a lot until you find a buyer who has not just the need, but the ability to buy. It can be frustrating.”

Messier's competition can literally be every broker who is a member of a selling church, because they typically donate their

commission back. “But the problem is, how many have they sold? Do they really understand the church’s value, and can they help them sell it?” he asks.



**Belenchia**



**Dilworth**



**Krusinski**



**Messier**

Mailings are a large part of his marketing efforts. “We just mailed out 27,000 brochures,” he notes, adding, “You really need to specialize in this if you want to be good at it.”

**Joseph R. Krusinski**, General Associate, and CEO of the Oakbrook, Illinois-based general contractor Krusinski Construction Company and a member of SIOR, notes that the very special requirements of churches actually make business parks desirable locations. “Obviously, there are extended hours of operation, which may be a problem in a residential location but pose absolutely no problem in a business park location,” he notes. Assessment issues are “minimal” in a business park, as opposed to what may be required in a residential area in terms of landscaping and other amenities. In addition, many churches require significant outdoor activities, such as sports, which makes a large land site much more viable for this type of use. “Church zoning,” he adds, “often calls for a special use permit.”

A recent project in Libertyville, Illinois, is one example of how church-friendly business parks can be. “We did a 60,000 square-

foot building on an approximately five-acre site and had parking for about 300 cars,” Krusinski says. With the advent of mega churches, “We certainly see a new class of potential buyers, and what business parks build is very much upscale,” he says, noting that this creates new opportunities for SIORs.

### **Marketing to and Working with Non-profits**

As with any potential client, you need to understand their business, adds **Dennis Dilworth**, SIOR, who is with the Southfield, Michigan office of Colliers International. “But you must remember you are dealing with organizations that do not have the same business orientation as standard business clients,” he warns. “Some of them have never seen a lease or a purchase agreement, so you’ll need to educate them.”

Dilworth relates a recent experience where he was contacted by a school district. “They wanted to sell six acres of surplus land and did not have a clue where to start,” he recalls. “I had to take them through the most mundane essential steps, such as, ‘You have to establish a fair market value, advertise the property’ and so on.”

Because of these many challenges, says Dilworth, “One of the first things I want to figure out is, is it worth the money? They may not, for example, recognize the timetable [that has to

be met], and you’ll have to keep driving the deal yourself.”

However, he adds, “I’ve done a lot of hospital work, and it’s been fairly lucrative.”

### **Brownfields: A Unique Opportunity**

Locations that are identified by the government as “abandoned or under-utilized sites that are contaminated, potentially contaminated, or thought to be contaminated” seem hardly the kind of property that would get a broker’s juices flowing, but Brownfields can offer exciting business opportunities for SIORs. Just ask **Elizabeth Belenchia**, CCIM, SIOR, of Carroll Properties Corp., Spartanburg, South Carolina, who first learned about Brownfields at an SIOR conference in 1996.

“I happened to know of a location in a small town—a 228,000 square-foot building on a 70-acre tract that had been abandoned for six years,” she recalls. When she returned from that SIOR meeting, she contacted the state and a few environmental engineers, and she ultimately wrote the state’s first Brownfield pilot grant proposal. “The town was granted \$200,000 and contracted with me to manage the pilot,” says Belenchia. “I managed to leverage the \$200,000, brought in more than 70 people, and \$2 million of in-kind services,” involving local universities and others, and obtaining additional grants. Belenchia completed the pilot in 2000 and has moved forward to develop strategies for marketing, financing, and insuring Brownfields for re-utilization. She has also served as an expert witness for contaminated properties.

“As an SIOR and as an experienced professional, I was able to bring more to the process than others might have,” she notes.

Belenchia also shares her knowledge of Brownfields with other industry organizations and as a FIABCI member, she is writing a book on the subject to benefit the FIABCI Environmental Foundation.

“This [Brownfield re-utilization] is an opportunity; these sites are no longer being ignored, and they can now get into the stream of commerce,” says **Darlene Marsh**, an attorney with Greenebaum Doll & McDonald PLLC, Nashville, Tennessee, a General Associate SIOR member with a good deal of experience with Brownfields. “There is a tendency among some corporate owners with large portfolios to ignore properties that may not actually be contaminated,” she notes. “Instead of investigating and finding out what’s really there, however, they mothball them and fence them in. What we see happening now is a real push to require investigation and accurate accounting for those contingent liabilities.”

“The Sarbanes-Oxley bill is of particular importance,” Marsh says. “In order to accurately portray the financial status of your company,” she explains, “you now have to go in, at least, and do a minimal investigation and show it on your balance sheet. Accordingly, we will see a different attitude by owners on how to handle these properties.”

## Small Properties: Big Profits?

Small investment properties can be a source of profit for SIORs, asserts **Kevin C. Geenty**, SIOR, The Geenty Group, Branford, Connecticut. “There’s definitely a niche there and if someone finds a niche that’s not being well-served in their market, they will have less competition,” Says Geenty.

The key, he notes, is volume. “The situation with investment properties is, if I had 15 good ones today they’d all be in contract within 30 days,” he asserts, adding that his firm deals with properties less than \$2 million.

“So many people are looking for tax-deferred exchanges today,” he says. “The guy who was your plumber or carpenter—and not just your surgeon or your attorney—is in the market. These people have disposable income now, and they are looking at real estate.” For example, last year my company sold a 20,000 square-foot strip center for \$2 million. “My daughter sold one for \$325,000—a small center, with five tenants; all you need is \$60,000, \$70,000 cash,”

Geenty observes.

One of Geenty’s keys to success is a comprehensive database. “It has all of the investors’ names and phone numbers,” he says, “and any time someone calls looking for property, I add them in the database.” This method paid off recently with a 15-unit condominium property. Twelve units were developed but never sold (five were residential and seven were offices). “We listed it on a Friday morning at 10:30,



Cochran

Geenty

Marsh

Osborn

after working for a year to get the listing,” Geenty says. “By the next Wednesday we had three contingency-free offers; ultimately there were seven offers—one at more than the asking price. We sold it for \$50,000 higher than the asking price.”

## Keep on Truckin’

**Lester E. Osborn, CCIM, SIOR**, of Piedmont Properties/CORFAC International, Charlotte, North Carolina, has turned his prior business experience into a unique real estate niche—transportation-related properties. “Prior to my life change into the real estate world, I was in the trucking business,” he explains.

Typically, he deals either in dock warehousing, where freight is transferred from one truck to another, or in larger facilities, where trucking companies typically look for a small amount of office space (2,000-6,000 square-feet) plus yards of anywhere from two to 20 acres, fenced and graveled.

Containers have become a large part of his business. “We have major problems with ships out in the ocean that can’t get in because the ports are full,” Osborn explains. “In Charlotte, containers are taken inland by train and clear customs when they are ready for delivery.”

One particularly attractive aspect of this business is that the same buyers and sellers are active in a number of different markets. “Their real estate requirements are always the same, whether in Atlanta, Charlotte, or Birmingham so it’s easy to get business in another area; one deal will often lead to another. It’s all about the relationship—doing more

business with fewer clients” says Osborn.

While he admittedly has specialized experience, Osborn suggests that anyone can learn to pursue this niche. “Yes, I can walk the walk,” he says, “but you can see who the players are in your market, start cold-calling, put your own data together, read periodicals like *Transport Topics*, and figure it out.”

To market himself, Osborn sends out an inventory sheet every quarter. “It includes what’s available, maybe some new trends in the market, or a requirement that I’ve not been able to fulfill; I e-mail blast a lot of these people with new listings,” he says.

## Consultants Are Part of the Team

Being a consultant has a number of bonuses, not the least of which is the fact that you will always get paid, notes Maura Cochran, CRE, SIOR, of Bartram & Cochran, Hartford, Connecticut. “I started out as a tenant rep broker, which led me to realize that you can get paid for sure on assignments, versus being paid on spec,” she observes. “When people have their checkbook out and make you part of their team, they really make you part of the team.”

Brokers get paid only if there is a transaction, she continues, “and there’s a whole world of real estate out there that’s not transac-

tion-related.” It could involve, for example, helping a municipality figure out how to attract business. “This is very much the chartered surveyor model; you make a little bit on everything,” Cochran explains. “Our income stream is much more level [than that of a commissioned broker].”

A lot of her marketing is by word of mouth. “We laugh that we have a ‘Take a lawyer to lunch’ program,” Cochran says. “Since we bill like they do, they become your allies; we market through other professionals.”