

Focus: Real Estate

Some real estate firms switch to represent only tenants

BY DANIEL DUGGAN
CRAIN'S DETROIT BUSINESS

After nearly 20 years of representing building owners and tenants looking for office space, Sam Munaco decided it was time to pick one or the other.



Munaco
Commercial Real Estate Advisors, leaving Southfield-based Signature Associates.

It's one of three recent moves in niche commercial real estate firms — working only with tenants and not doing work for building owners.

Influencing the move, Munaco said, were too many situations when a company looking for new office space wouldn't hire him because he also represented well-known office buildings such as the Comerica Tower in Detroit.

"I was getting conflicted out," he said. "And I was watching other firms take market share from me because of that."

Moving to the new firm, Munaco now only represents tenants. It's a niche that Advocate CEO Craig Braham sees as having growth potential in Detroit.

"We've been doing work in Detroit for seven years and have seen it as a market to grow into," he said.

One factor, he said, is the impact of the recent combination of two major national firms, eliminating a big part of the Detroit-area tenant rep service.

In June 2008, the Detroit market lost a major tenant-only presence when Dallas-based Staubach was acquired by Chicago-based Jones Lang LaSalle.

After the acquisition, there were three national tenant-only firms in the region: Chicago-based UGL Equis Corp., New York-based Newmark Knight Frank and Boston-based CresaPartners, which is organized as a joint venture with Southfield-based Plante & Moran PLLC as Plante Moran Cresa LLC.

Munaco said the number of non-conflicted firms has shrunk while the demand from companies, locally, has grown.

Also seeing that trend is Tim Jarzembowski, who joined Jones Lang LaSalle in the Staubach acquisition but quit to join Equis in early September.



Drake
Jarzembowski said he made the move because it's easier to sell services to companies when he is representing only one group.

Similarly, Lynn Drake left Equis at the end of August to form her own tenant-only firm, Troy-based Compass Commercial.

But firms that keep themselves focused on only one type of client

aren't able to offer all the services that clients need, said Ron Gantner, executive vice president for the Detroit office of Jones Lang LaSalle.

Gantner said Jones Lang LaSalle has retained nearly all of the Staubach clients after the acquisition, and the former Staubach brokers on staff have brought in new clients because of the firm's variety of services.

"This firm manages 1.7 billion square feet of space nationally, so we can bring in experts on a wide range of specific topics," Gantner



said. "Boutique firms have to outsource services like that."

"I'm seeing the industry go to full service rather than one singu-

Plante Moran Cresa has seen a strong increase in revenue through its tenant-only policy, says CEO Bill Lichwalla

lar service." Locally, Plante Moran Cresa has seen a strong increase in revenue through its tenant-only policy,

said CEO Bill Lichwalla. Gross revenue has grown from \$3 million in 2005 to \$7 million now.

He said he welcomes more competition in the sector as well.

"The Detroit market doesn't totally understand the difference between a full-service firm and a tenant-rep-only firm," he said. "With more competition, it's a positive in that there will be more people out there, helping people differentiate between the two types of firms."

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