

Big changes keeps Colliers moving forward

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The times have been a' changing at Colliers in San Diego recently. Currently most of the office is in boxes, but not because the company is shutting up shop, but because it is expanding.

Six months ago, Colliers Macaulay Nicholls (CMN), the largest entity within Colliers International, sold a majority stake -- 70 percent -- to FirstService Corp. (Nasdaq: FSRV).

The resulting injection of cash and equity opened a number of doors for the company, including acquisitions. And they didn't hang around. In November, CMN bought a majority stake in Colliers Seeley International Inc., a Los Angeles commercial real estate firm with 12 offices, 138 brokers and an annual revenue of approximately \$60 million.

The purchase was billed as one of the largest and most strategic acquisitions in CMN's history. Sitting in his office in La Jolla, San Diego Senior Managing Director James Zimsky praised the purchase saying, "Strategically [it] makes a lot of sense because now we have offices from basically San Diego to Seattle in the United States."

Zimsky, who also serves on the firm's Western Regional Advisory Board, added that the FirstService takeover has encouraged the San Diego branch to move into new product lines, such as appraisals and financial services, in the near term future.

The property management section is also being beefed up, with Phil Covington, formerly president of Sequoia Real Estate Services, recently hired as the new managing director of real estate management services in San Diego.

Oh, and the office is in the process of a major refit and remodel. Zimsky characterizes the remodeling as a "new face for the company." It will see around 37,000 square feet on the ground floor turned into a conference center and a new staircase will be added from the first to the second floor. Ultimately, different service lines will have different floors in the building.

But Zimsky is clear that the office is not going to move away from its core commercial business. "I think what we are trying to do is not trying to be jack-of-all-trades," he said. "We are trying to do what we do best, which is brokerage and brokerage services."

Colliers San Diego is currently ranked fourth in the latest *Daily Transcript* sourcebook list of commercial real estate brokers, which is based on local gross sales, behind Burnham, CB Richard Ellis and Grubb & Ellis|BRE Commercial. Burnham topped the list with a reported \$2,455,000,000 in local gross sales in 2005 to Colliers' \$1,739,313,488.

But one thing Zimsky stresses is that Colliers has a smaller number of staff and brokers -- although they are currently looking to recruit more brokers -- than any of the other big three. According to the latest *Transcript* figures, Colliers has 94 employees, compared to 231, 200 and 170 respectively for the other three. These four companies are clearly set apart from the other operations in San Diego -- all of the other companies on the *Transcript's* list have less than 30 employees and reported less than \$600,000,000 in sales last year. But what separates Colliers from the other three?

"We are a little more quality versus the quantity," Zimsky explained. "If you look at our offices our brokers have what we call semi-private offices, there are no doors on the offices but there are offices for the senior brokers. We just feel that allows them to do their business a little bit different, and in a different way. We want them to run their own business."

In CMN's internal U.S. rankings the San Diego operation has been named Top Performing Office -- based on revenue and profitability -- for the last five years, something Zimsky puts down to a combination of the health of the marketplace here and the experience of his brokerage staff. "It is all a relationship business," Zimsky said. "It is relationship, it is service and knowledge. It is having quality people."

Zimsky argues that successful brokers actually work with very few clients but the relationship, trust and loyalty that it builds benefits both the client and the broker.

"If you look at the number of deals that we do, as opposed to the number of deals that some of our competitors do, we usually do one of the least amount of deals, but our volumes are higher. So that tells you that we are working on bigger deals."

Some of these big deals are particularly in the biotech and defense markets. Zimsky refers to these as "stealth deals."

"We represent some very big tenants and have done some very big deals that the tenants don't want those deals revealed, they don't want the terms and conditions revealed, so we fly in stealth mode, he explained. "We do a lot of that."

Personally, he is not involved in any brokerage deals, saying: "I am here as an assister, a service or a tool the brokers can use to help them make deals."

He credits his diverse background, which includes 10 years in the development business and another decade at CB Commercial (now known as CB Richard Ellis).

"I can answer some questions, do performance for them and do things so other broker managers can't do, just because of my experience," he said.

CMN makes a big play in their promotional literature about the interconnected nature of the offices, and Zimsky is keen to stress that is not just PR. He references as an example a referral from Colliers Washington, D.C., to the office representing Lockheed Martin in over 150,000 square feet of office lease transactions in San Diego during the last three years.

But what Zimsky is perhaps most enthusiastic about currently is the inaugural Colliers Cup, based on the format of the Ryder Cup. Pairs of brokers and clients from each country where Colliers operates will compete at Marbella, Spain, in October for the Colliers Cup. The company hopes it will become an annual event to showcase the international reach of the organization and enhance its relationships with its biggest clients.

There will be no favors though -- all U.S. pairings will have to qualify on merit -- so expect to see Zimsky practicing his swing on a golf course near you.

He is personally committed to Colliers, noting that two of his sons are currently working in the office as a broker and analyst respectively.

"I want to see the office and the company move ahead for them," he said.