



Florida Real Estate Journal

Established 1993
150 Third Street, S.W.
Winter Haven, FL 33880-2907
Phone: 863-294-2812
Toll-Free: 800-274-2812
Fax: 863-299-3909
Web: www.FREJ.net

Publisher
James E. Phillips, CCIM

Associate Publisher
Kenna Rogers

Editor
Robert G. Pitts
(rpitts@reni.net)

Managing Editor
Tom Dardenne
(tdardenne@reni.net)

Chief Financial Officer
Denise Harwell

**Creative and
Production Director**
George Byfield

Production Manager
Stephanie Richardson

Production Manager
Diane Traylor

Graphic Designer
Rex Wilson

IT Director/Circulation
Jay Hook

Correspondents
Susanna Barton,
Jane Bokun, Lynn Koller,
Hortense Leon,
Bridget McGrea,
Pat Muth, Elizabeth Pearce,
Andrea Sands,
Jennifer Thomas,
Larry Thornberry,
David Wilkening

RENI Publishing
Founder
Philip C. Dionne
(1942-2002)

President and COO
D. Joe Jensen

Florida Real Estate Journal is published by RENI Publishing, with its coordinating headquarters at:

**The Lanier Upshaw Building,
second floor, 150 Third Street,
S.W., Winter Haven, FL 33880-
2907**

For advertising and subscriptions, call 863-294-2812 or toll-free 1-800-274-2812. Subscription rates in the U.S. are \$110 a year, \$160 for two years or \$199 for three years. Single copies are \$10. Florida Real Estate Journal is published on the 1st and the 16th of each month by RENI Publishing.

Coldwell Banker Commercial president credits expansion to brand, business model

By Robert Pitts
Florida Real Estate Journal

For a company with nearly a century of commercial real estate experience, Coldwell Banker Commercial has come a long way in making that experience known over the last few years, according to the company's new president and COO.

Gross commissions are on the rise, said George Slusser, and a recent brand awareness study shows more people know about what the firm has to offer.

The survey — by Survey Sampling International and *National Real Estate Investor* magazine — found that Coldwell Banker Commercial was the company most frequently cited as having a strong brand presence. The company had a 93% level of unaided brand awareness among small business owners, and the brand's level of unaided awareness was 81% among developers and 78% among corporate occupants.

In addition, *Commercial Property News* recently ranked Coldwell Banker Commercial seventh in brokerage revenues nationally, and *Multi-housing News* ranked the company sixth for multifamily transactions. Annual gross commissions are up nearly 50% over a two-year period, with \$190 million recorded in 2002, \$224 million in 2003 and \$300 million in 2004, Slusser said.

Founded in 1906, Coldwell Banker was once focused solely on commercial real estate, Slusser said. In 1937, the company began to provide residential real estate services as well.

By the time Coldwell Banker was purchased by the giant Cendant Corporation in 1996, the commercial operation had been somewhat overshadowed by the company's tremendous growth on the residential side, Slusser said.

But Cendant never lost sight of the commercial operation and, in 1998, expanded the platform under both an affiliate and company-owned business model. The affiliate model, in particular, has allowed substantial growth in secondary and tertiary markets, Slusser said, adding that a push into major markets is now under way.

Slusser acknowledged that some in the commercial real estate field dislike the ties between the residential and commercial aspects of Coldwell Banker, but he said the company's goal is to be successful in both.

"We are what we are," he said, adding that Coldwell Banker's residential operation provides a great deal of synergy to the commercial side. Coldwell Banker has some 100,000 agents on the residential side and sells 50% of homes valued at \$1 million and higher, he said. Those customers often have interest in commercial property as well.

Clients first

Coldwell Banker Commercial's new-found success is based partly on the tools, technical support and systems available to its agents, Slusser said. With those advancements, however, has come the need to renew the company's emphasis on client service, he said.

With that in mind the company has embarked on a "Client 1st" service program which stresses the importance of quality relationships in Coldwell Banker Commercial's growth strategies, technology initiatives and business development efforts, Slusser said.

"As we get bigger, we need to do

more — but of higher quality," he said.



George Slusser

The franchise model

"Commercial real estate is one of the last industries that has not had a lot of consolidation," Slusser said, adding that works to Coldwell Banker Commercial's advantage because the company offers a solid platform to commercial real estate practitioners who want to be entrepreneurial.

Both the company-owned and affiliate business models have their strengths, Slusser said, but Coldwell Banker Commercial's recent growth is a direct result of strong affiliates working in tandem with company-owned offices.

For evidence that the model is gaining in popularity, one need look no farther than Sperry Van Ness, Grubb & Ellis and other commercial real estate services firms that are adopting the affiliate arrangement, Slusser said. The difference with Coldwell Banker Commercial, he said, is the level of corporate expertise that can be offered to franchisees, when needed.

Tech talk

While Coldwell Banker Commercial has had a longstanding relationship with the CCIM Institute, a new partnership allows the company to post its listings on the CCIMNet.com Web site, Slusser said.

The effort is part of the company's ongoing process to streamline data collection and distribution, and the Coldwell Banker Commercial system now allows agents who type information into their office databases to see it distributed automatically to such systems as:

- www.coldwellbankercommercial.com
- LoopNet.com
- CCIMNet.com

- Coldwell Banker Commercial MarketConnect
- CBNet

- agent profile profile pages

The Coldwell Banker Commercial Web site is being improved with enhanced office profile and agent profile pages, in addition to feature property placement. CBNet is the company's new networking platform, designed to improve communication between Coldwell Banker Commercial associates. It will include a high-quality presentation generator.

The MarketConnect system, which generates printed and electronic marketing materials, is being enhanced to provide blast e-mail capability and more property flyer options.

Other technology-based resources available to Coldwell Banker Commercial associates include online training through the company's Virtual University and the MarketU Business Card CD, which provides a multi-media presentation for clients.

About George Slusser

Coldwell Banker Commercial President and COO George Slusser holds a Master of Business Administration degree from the University of Georgia and began his career with Atkins, Green, Stouffer, Clark & Co., a full-service commercial real estate company based in Orlando. As a senior executive with Cendant Corporation, GMAC and Merrill Lynch Realty, his career has covered all aspects of the real estate and franchising industry. He has participated in more than 300 franchise sales and has been responsible for more than 150 acquisitions totaling more than \$15 billion in sales. Slusser is also the author of two books titled *Acquiring Profit* and *Acquiring Profit Implementation System*.

Slusser said access to the resources of Cendant allows Coldwell Banker Commercial to keep pace with technological advancements in a cost-effective manner.

The view ahead

Brokerage is Coldwell Banker Commercial's primary line of business, Slusser said, followed by leasing and property management. In the larger cities, brokers can afford the luxury of specialization, he said, but they usually have to be generalists in the secondary and tertiary markets.

The business volume of Coldwell Banker Commercial NRT, Florida's largest affiliate, was up 30% in 2004, and there seems to be no end to the generation of rooftops here, Slusser said. As long as that continues, the state can look forward to a strong commercial real estate market.

"I don't know what will stop Florida," he said.

In April 2002, Coldwell Banker subsidiary NRT Inc. acquired Arvida Realty Services in a \$170 million transaction that brought about 200 former Arvida commercial real estate agents into the Coldwell Banker Commercial fold. Now that the integration is complete, the company is looking for additional growth opportunities, and more acquisitions are possible going forward, Slusser said.

Tunnell to focus on institutional clients

Brian K. Tunnell, the former Southwest Florida regional director for Coldwell Banker Commercial NRT, was recently recruited to lead a new statewide initiative to capture more corporate and institutional business for the company.

As managing director of business

■ See COLDWELL BANKER, Page 20

Coldwell Banker Commercial honors Florida associates, offices

KISSIMMEE — Coldwell Banker Commercial President and COO George Slusser recently honored the following Florida sales associates and offices during the company's annual Global Commercial Conference at the Gaylord Palms Resort & Convention Center:

- No. 1 Associate: Richard Sommerville, Coldwell Banker Commercial NRT, Naples

- No. 1 Office: Coldwell Banker Commercial NRT, Naples

- No. 1 Company Globally: Coldwell Banker Commercial NRT — 13 metro regions

- The Spring Arcade Award: Coldwell Banker Commercial NRT

- No. 1 Regional Office: Coldwell Banker Commercial NRT, Southern Region

- Top Five Global Producers: Richard Sommerville, Coldwell Banker Commercial NRT, Naples

- Top Five Producers, Southern Region: Richard Sommerville, Coldwell Banker Commercial NRT, Naples; Jason Oakes, Coldwell Banker Commercial NRT, Panama City Beach; Brian Tunnell, Coldwell Banker Commercial NRT, Panama City Beach; Kathryn Clifford, Coldwell Banker Commercial Nicholson Williams Realty, Jacksonville.

- Mentor/Protégé Team of the Year: Kate Clifford/Patricia Owings, Coldwell Banker Commercial Nicholson Williams Realty, Jacksonville.

- Coldwell Banker Commercial Scholarship Program: Colton Bush, Jacksonville Beach (\$5,000)

ECONOMIC INDICATORS

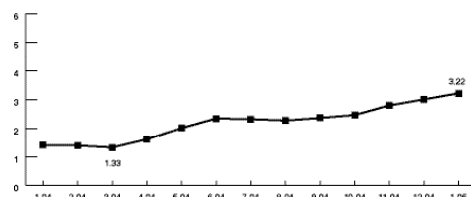


Chart: 12-Month LIBOR (%)
Source: www.freelunch.com



Chart: Prime Rate (%)
Source: www.freelunch.com

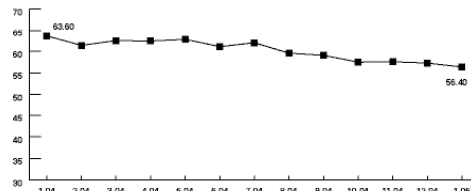
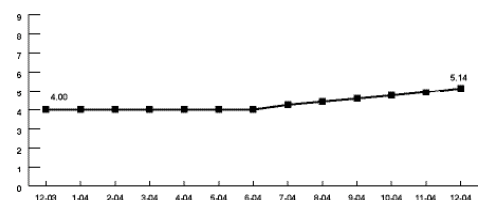
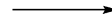


Chart: ISM Purchasing Managers Index
Source: www.freelunch.com

Chart: U.S. Leading Economic Indicators Index; 1996=100
Source: The Conference Board

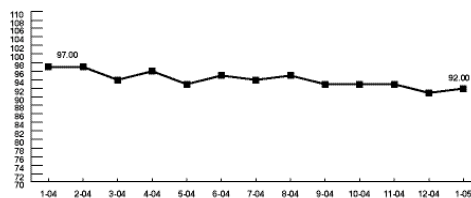
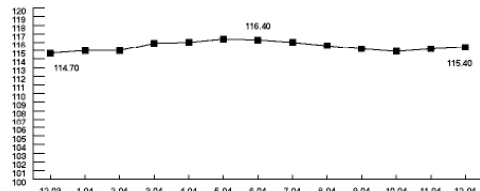
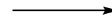


Chart: Florida Consumer Confidence Index; 1966=100
Source: University of Florida, Bureau of Economic and Business Research

Chart: U.S. Consumer Confidence Index; 1985=100
Source: The Conference Board

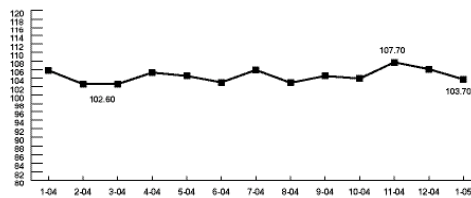
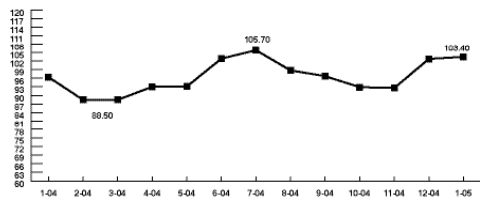
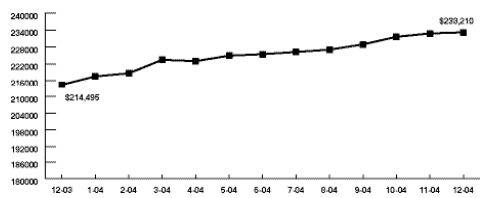


Chart: Small Business Optimism Index; 1986=100
Source: National Federation of Independent Business

Chart: Retail sales (excl. autos & parts, \$M)
Source: www.freelunch.com



LIENS

From Page 4

collecting their commissions by the time a deal hits the closing table.

Not so on the commercial side, where brokers can work for months on a deal only to have clients balk when it comes time to write the check. This almost always happens at closing, and brokers are often forced to reduce their fees to get the deal done.

Of course, they could take their clients to court, something that Bush advocated in his rejection of HB 461, but that option is not very attractive. Court proceedings can be very lengthy, tying up a large chunk of a broker's expected income. And they are often at a disadvantage against large corporations that may have a large staff of lawyers.

Bush expressed concern that HB 461 did not provide for disclosure of the lien potential to buyers, and he was bothered by the fact that the law did not provide for voluntary removal of the lien by the broker. These are legitimate issues that should be addressed.

The governor, in support of his veto, also mentioned that attorneys, title companies, appraisers and other facilitators of real estate transactions do not

receive preferential treatment in obtaining payment of their fees. That being the case, we should revoke the lien options already established in Florida law. By what logic do we draw the line for establishing a lien right at physical improvement of the property?

None, really. It seems clear that Florida's lien laws were established to protect the little guys — owners of small businesses who can ill-afford going to court in the event of a dispute over their services. What most people don't realize is that most real estate brokers, residential and commercial, are little guys and gals — working in small shops and having few resources for protracted court battles over commissions.

Jim Hochman, a real estate lawyer in Wheaton, Ill., told *The Tampa Tribune* that commercial real estate lien laws are used sparingly in other states because the threat of a lien is enough to ensure payment of brokerage commissions.

Such laws work in some 20 other states. There's no reason a commercial real estate lien law won't work here.

LAND

From Page 16

"This will be the biggest, if not the primary, entrance into Bexley Ranch," he said. "Marvin Rose (of Rose Residential Reports) described it as the ground zero of commercial

in the State Road 54 corridor. It reflects the faith that the housing market out there is so strong that the retail will follow very soon to serve that market."

COLDWELL BANKER

From Page 5



Brian Tunnell

development, he will work to capture a larger share of corporate and institutional deals valued at \$10 million and higher, he said.

Tunnell said recent studies show that some 80% of commercial real estate deals in the not-too-distant future will be institutional in nature. "We have to be at the table," he said, adding that Coldwell Banker Commercial in general — and NRT in particular — is suited to handle providing services for such large real estate owners. NRT operates in seven regions in Florida and has 280 commercial associates.

Tunnell continues to serve as

NRT's managing director of the Retail Property Group.

Coldwell Banker Commercial offices in Florida

- Coldwell Banker Commercial AI Group
- Coldwell Banker Commercial Ben Bates, Inc., Realtor
- Coldwell Banker Commercial Bishop Realty Associates
- Coldwell Banker Commercial Ed Schlitt Properties
- Coldwell Banker Commercial El. Grey & Son, Inc.
- Coldwell Banker Commercial Hartung & Noblin
- Coldwell Banker Commercial Highlands Properties
- Coldwell Banker Commercial JME Realty

- Coldwell Banker Commercial McGuinness Commercial Properties
- Coldwell Banker Commercial M.M. Parrish, Realtors
- Coldwell Banker Commercial Nicholson Williams Realty
- Coldwell Banker Commercial NRT
- Coldwell Banker Commercial Premier Realty International
- Coldwell Banker Commercial Ridge Properties of Central Florida, Inc.
- Coldwell Banker Commercial Schmitt Real Estate Co.
- Coldwell Banker Commercial Showcase
- Coldwell Banker Commercial Sun Land Realty Of Florida, Inc.
- Coldwell Banker Commercial Sunstar Realty Inc.
- Coldwell Banker Commercial Wikle Properties

PUBLIC SECTOR

From Page 4

for a 9.9% increase to \$643.9 billion. And this does not include Social Security, which will use up another \$583 billion, 4.4% more than the current year. Another huge chunk of change is the \$211 billion to be spent as interest on the national debt. (Yes, we spend about half as much on interest on the national debt as we do on

defense of the country.)

The Congress will now weigh in on the budget, but the result will certainly be a record for federal spending. Even with sizable cuts in domestic spending, the budget as submitted would produce a federal deficit of \$390 billion, slightly less than this year's record deficit.

Departments that would lose money under the proposed budget — and don't look for Democrats to hold still for this without putting up a fight — include the Department of Education, down 9.4% to \$64.3 billion, and the Department of Housing and Urban Development, down 5.7% to \$40.2 billion.