

Specialized Brokerages Create Client Service, Market Share

There was a strong opportunity for a specialized real estate advisory firm when T3 Realty was formed. As with most successful companies, customers and some potential customers were asked what they thought of the idea. Following strong, positive feedback from the technology community, T3 was launched.

Today, the firm is more strongly positioned for continued rapid growth and increased market share in the firm's focus area. Larger competitors will continue to exist and thrive, but, the firm's focus has resulted in superior client service which is the cornerstone to its success story.

As in many service industries, corporations — users of commercial real estate — have increased their demand for specialized experts. What does this all mean to the commercial brokerage industry? It provides an excellent opportunity for specialization and avoids any potential for a conflict of interest. Unlike most traditional commercial real estate services companies, 'I'll only represent corporate users — tenants.

In other words, you cannot be 'all things to all people.' Leading commercial 'real estate firms of the future will be focused companies, or will have niche-focused teams. T3's niche within the commercial real estate brokerage industry is likely the best of breed in working with emerging growth and technology companies and venture capital firms on all aspects of their real estate and facilities needs. Just like certain service providers who are now technology leaders, such as Silicon Valley Bank and a few technology-focused law firms, T3 sought to add value and a novel approach to real estate advisory and brokerage services.

On the investment/ownership side, some real estate investment and development firms have done well with focus and specialization. Some have focused solely on developing shopping centers, some on multifamily, some on office, and others on industrial and other types of properties. Now, the commercial brokerage industry is catching up with specialization.

In addition, with recent corporate accounting irregularities and greater scrutiny of conflict of interests with corporate decision making, some are questioning the potential of a conflict of interest when both tenants and landlords are represented by the same brokerage firm. On the residential side, there are stricter laws regarding disclosure of dual agency and this may carry over to the commercial field.

Specialization allows T3 to offer independent advice to tenant clients. The firm is not landlord adversarial — after all, in each deal landlord cooperation is needed — but someone cannot be “best in breed” at representing both landlords and tenants. That is why the firm de to serve just one client base: not landlords, riot retail, not industrial and not distribution/warehouse clients.

Also, the commercial brokerage industry is changing from strictly geographical-based knowledge to industry focus and expertise. The days of proprietary information within internal databases on available space are over. Everyone has access to the same commercial database with all information at one’s fingertips. In many ways, like in residential real estate, information regarding available space and market data is becoming a commodity.

This trend started many years ago in residential real estate with the advent of the Multiple Listing Service system. In commercial real estate companies like COSTAR are providing open access to market information. In addition, many clients of T3 demand a deeper level of information regarding available space and its potential applicability to their specific research or industry. It is not enough anymore to simply list available office spaces for a client

A defined client group allows better service, especially in times like these. True value is created when times are tough. It is easy to look good when the market is on the rise. but in tough times, the level of commitment and dedication needs to be high. It is much easier to acquire space and grow a company than it is to retrench and review real estate as a portfolio and cut Costa.

T3 also stayed on the cutting edge of the latest product lines offered to its client base, including lease administration, operating/real estate tax reviews, facilities outsourcing firms, etc. A specialized firm is entrepreneurial by nature, especially, a firm founded in 2001.

The traditional “generalist” brokerage firms will continue to exist and in many cases thrive because of the quality of some of their people; however, T3 Realty will continue to rapidly grow market-share in its niche. While there are many profitable areas of commercial real estate that T3’s competitors will continue to excel in, the firm’s strategy is to grow its market share and continue to build the brokerage and advisory firm of the future to serve technology clients better. The firm doesn’t want to be “all things to all people”. We want to provide strategic real estate advisory and brokerage services to “only technology” companies.

Roy Hirshland is president and Mark Cote is managing director of T3 Realty Advisors in Waltham, a strategic real estate advisory and brokerage firm exclusively focused on venture capital firms and technology companies.