Managers

Growing On All Fronts

The top six third-party managers added contracts both at home and abroad

By Debra Hazel

Editor's Note: Chain Store Age's 24th annual survey of Fastest-Growing Managers measures new domestic and international third-party management and leasing contracts obtained during the preceding calendar year (2012).

Last year's numbers were such that we couldn't limit our annual Fastest-Growing third-party managers listing to a top five; a sixth was added because the contract totals were that close.

The tallying took time, as *Chain Store Age* received near-record-level submissions. From the intake, it is clear that growing via the 3P route is part of the shopping center owner's standard expansion formula.

2012 Fastest-Growing Third-Party Managers		
CB Richard Ellis	Los Angeles	16,891,038 sq. ft.*
Jones Lang LaSalle Retail	Atlanta	14,377,231 sq. ft.
Mid-America Asset Management	Oakbrook Terrace, Ill.	10,460,476 sq. ft.
Madison Marquette	Washington, D.C.	7,172,585 sq. ft.
CBL & Associates Properties	Chattanooga, Tenn.	6,323,813 sq. ft.
Fameco Real Estate	Conshohocken, Pa.	6,136,315 sq. ft.

*Management-only contracts; leasing contracts add 70 million sq. ft.

Source: *Chain Store Age* research and company reports

1. CB Richard Ellis

Going global is a key to growth for CBRE, which landed 17 million sq. ft. in management-only contracts, and 70 million sq. ft. worldwide in leasing contracts globally last year.

The largest single contributor to the total is the 2.2 million-sq.-ft. Puerto Venecia in Zaragoza, Spain, the largest mall in the country. Owners British Land and Orion Capital Managers' Orion European Real Estate Fund III refer to the project as a "shopping resort," said Ana Colom Monfort, retail management director in CBRE's Barcelona office.

"You can spend the whole day," as the project also includes an ice rink, pre-selected music and more to create a specific ambience, she said.

The company also is involved in Morocco and Poland. Yet the brand remains consistent, said Todd Caruso, senior managing director, Americas, CBRE Retail Agency Service, Bannockburn, Ill. "You would think that as you talk to counterparts in Asia and the Pacific that there would be a totally different way of representing the brand," Caruso said. "And sure, there are separate nuances from country to country. But all our associates share our core values: respect, integrity, service and excellence."

Deciding where and when to open a new office is a matter of opportunity, though Caruso is intrigued by one emerging market. "I'm looking forward to building our agency business in South America," he said. "That's pretty promising."

2. Jones Lang LaSalle Retail

In a sense, two is the charm for second-ranked Jones Lang LaSalle, which added 14.4 million sq. ft. of third-party contracts last year.

The company's growth comes from a series of dualities: offering the benefits of a global company with local teams, operating in both large and small markets, and serving both enclosed and open-air centers.

"It has to do with not only the management of these assets but having the local brokers," said Greg Maloney, president and CEO, Retail, Americas, Atlanta. "We need the on-the-ground experts. The two go hand-in-hand."

A number of years ago, JLL added managing open-air projects to its traditional mall expertise, resulting in significant growth. Now JLL is adding a third retail category: urban locations. "We aim to be the best in the market, and to be in the markets our clients want to be," Maloney said.

That includes markets that many might consider secondary or tertiary, which many retailers may have neglected during the Great Recession. But there was, and is, plenty of opportunity in smaller municipalities.

"The recovery was focused on the biggest cities, coastal cities. Big cities get all the play," Maloney noted. "But what about Albuquerque, N.M.?" >

Managers

3. Mid-America Asset Management

Investments can take a bit of time to pay off, and third-ranked Mid-America Asset Management's opening of an office in West Bloomfield, Mich., just a couple of years ago is now seeing results.

The Wolverine State accounts for nearly 2.6 million sq. ft. of the firm's 10.5 million sq. ft. of new assignments in 2012.

"This is a pretty good market for regional and institutional investors," said Michelle Panovich, a principal of Oakbrook Terrace, Ill.-based Mid-America. A few of its large-portfolio clients had made acquisitions in the area.

In addition, several of Mid-America's partners are from Michigan, "so we feel strongly about it in a different way," Panovich added.

Even so, that expansion follows Mid-America's philosophy of opening satellite offices after working with local businesses. The company opened an office in Milwaukee after doing business with professionals in the area. More expansion is possible, as long as it meshes with Mid-America's strategy.

"We definitely are open to doing it, if something presents itself," Panovich said. "Our brand is one we're proud of, and we want to make sure it's working in every market. We want to make sure that we're giving the utmost service."

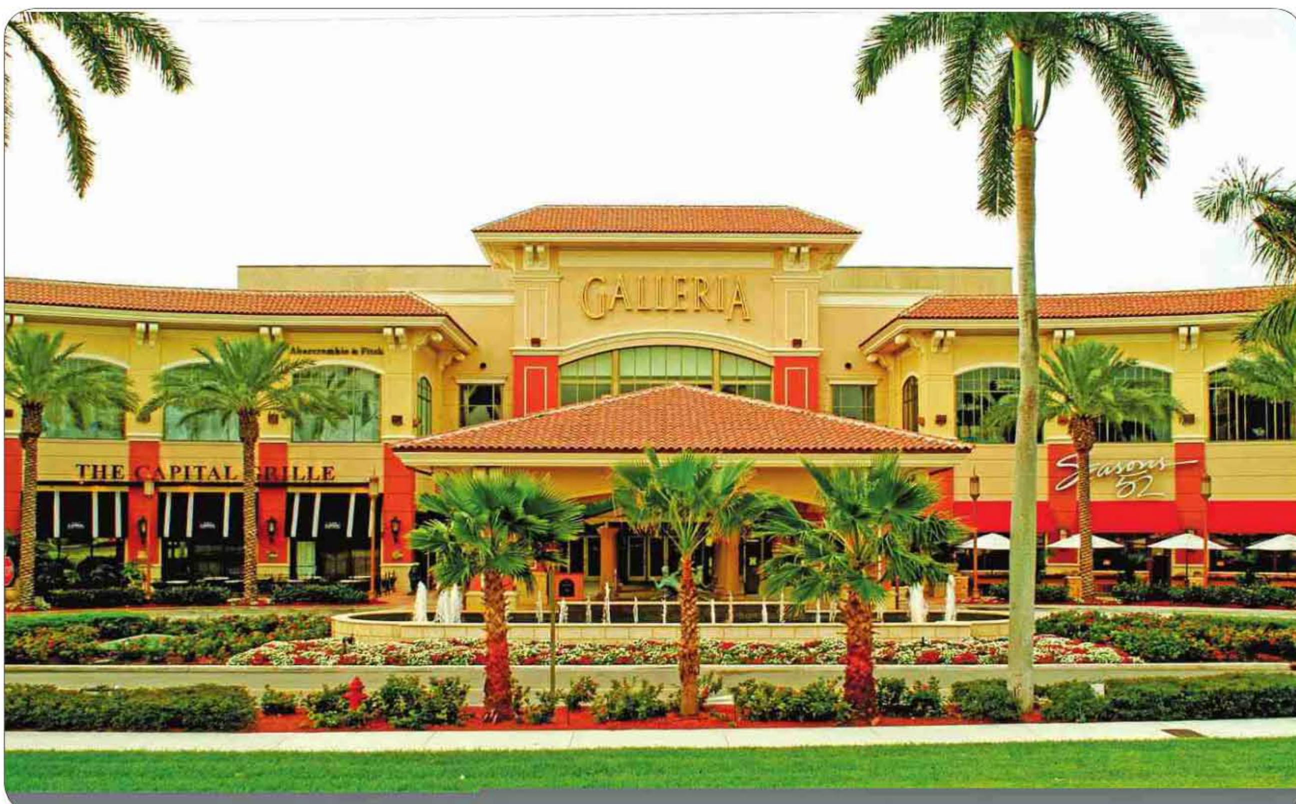
4. Madison Marquette

Fourth-place Madison Marquette, which signed 7.2 million sq. ft. of new contracts, is growing by defying conventional wisdom. While other firms are looking to expand their client bases, the Washington, D.C.-based company is choosing to specialize.

Of course it helps when you're asked to manage and perform all services for a portfolio owned by Centro and Westfield.

"We are a full-service company, and that is a trend in our industry," said Tom Gilmore, executive VP of Madison Marquette Retail Services. "Most clients like all of the services in one shop. And for us, there are much greater efficiencies."

To optimize that service and efficiency, the firm is narrowing the types of assets and clients they work with. "The industry is tough, very competitive," Gilmore said. "The larger players who work on tight >



Perennial 3P powerhouse Jones Lang LaSalle picked up the management contract for the 969,000-sq.-ft. Galleria at Ft. Lauderdale among its 14.3 million sq. ft. of new third-party business last year.

margins need a lot of product. We made a strategic decision two years ago to focus on the assets in our wheelhouse."

The company also prefers to do more work with a select group of clients, and has "gotten more disciplined in the types of projects," lest the company lose what makes them special, he added.

5. CBL & Associates Properties

Relationships are the key to third-party management for CBL & Associates Properties, which placed fifth with 6.3 million sq. ft. of new contracts by taking on the management services for six Starwood Retail Partners malls last year.

Because the company is still extremely active in development and acquisition (it placed fifth on the Fastest-Growing Acquirers list for 2012 and is also listed among *Chain Store Age's* Top Developers this year), third-party management is a logical extension to utilize all of its skills and resources, said Alan Lebovitz, senior VP asset management for Chattanooga, Tenn.-based CBL.

"We've always had third-party commitments and relationships," Lebovitz said. Rather than form a separate division for such deals, the company has a decentralized approach that does not distinguish between CBL's centers and those owned by others.

"One of our selling points is that we treat your mall like we treat ours," Lebovitz said, adding that the properties CBL takes on to manage and lease are similar to those it acquires and builds.

And the company plans to continue to take on compatible properties as the situations arise, he added. "We definitely feel there will be opportunity."

6. Fameco Real Estate

Local knowledge and skills have helped sixth-ranked Fameco Real Estate remain strong, say its leaders. The Conshohocken, Pa.-based firm added 6.1 million sq. ft. in new contracts last year.

"Knowledge is power," said Lawrence R. Zipf, president of Fameco Management Services Associates.

Now that knowledge even is helping other major management companies.

"Years ago, you had landlords that would not consider outsourcing leasing," said Adam Kohler, principal of Conshohocken, Pa.-based Fameco Real Estate. "Now, leasing departments have been downsized." The result is that some of the largest owner/managers in the industry are opting to have their in-house staff focus on national tenants, and retaining Fameco for more localized efforts.

No. 1 Fastest-Growing 3P Manager CB Richard Ellis picked up "shopping resort" Puerto Venecia in Zaragoza, Spain, as one of its major assignments last year. At 2.2 million sq. ft., Puerto Venecia is the largest mall in the country, and was the single largest contributor to CBRE's weighty total.

"As there are less and less national deals, there have to be more and more local deals. Anything to do with food does well," Kohler observed.

And it doesn't hurt to be in the mid-Atlantic, particularly Fameco's hometown of metro Philadelphia. "We are seeing concerns about the refis. There is some restructuring going on," but less so nearby, Zipf said. "Philadelphia didn't experience the high peaks, so we're not seeing distressed assets."

For a breakdown of new third-party contracts obtained during 2012 for each of the companies in this article, visit chainstoreage.com/community.