

Industrial broker of the year

Reading people, getting owner's perspective key to brokerage success

By Paula Widholm

One man came forward to receive the "Industrial Broker of the Year" award before more than 2,000 people at the 19th Annual Chicago Commercial Real Estate Awards Dinner March 15 at the Hilton Chicago.

However, recipient David Kahnweiler is quick to emphasize that the award is a tribute to the strength of the entire Colliers Bennett & Kahnweiler industrial brokerage group.

"Many of the transactions were done in concert with numerous brokers throughout the firm," said Kahnweiler, SIOR, chairman and CEO of Colliers B&K.

Contributions of Colliers B&K's research and marketing department also helped nab the award. "They've been invaluable in winning business," Kahnweiler said. "It's a huge credit to George Cutro who runs our research group. We disseminate and use the real-time information he compiles."



Kahnweiler

The award specifically reflects accomplishments made in 2006. Last year, Kahnweiler exceeded 4.25 million square feet in transactions valued at more than \$150 million. Key deals included the year's largest user sale in terms of square footage—a 600,000 square foot build-to-suit on behalf of Medline Industries in Libertyville. He also represented Duke Realty Corp. in an 805,000 square foot-lease to Kimberley Clark in Romeoville, the year's second largest lease transaction. He also advised Wm. Wrigley Jr. on the acquisition of the former Republic windows building on Goose Island and a 500,000-square-foot lease acquisition in Romeoville.

Looking back, 2006 was an extraordinary year in industrial for everyone. "You had market conditions that not only saw dramatically increasing property values but at the same time there was the dichotomy of rapidly reducing rental rates," Kahnweiler said.

"It was a remarkable time to be a broker in the business. It was an environment of both falling rental rates as well as falling cap rates, which resulted in a time where everyone ended up happy. We could get great long-term rental rates on behalf of tenants, and our landlords were able to capitalize on activity in the investment market and get great gains for themselves."

A look back

Kahnweiler joined his uncle Louis Kahnweiler at Colliers B&K in 1979 after graduating with a bachelor's degree in business from the University of Michigan.

"The first thing my uncle told me is that I need a strong mind and a strong stomach," Kahnweiler said.

While Louis Kahnweiler has been out

of the day-to-day business for 15 years, he still stops in the office occasionally and continues to be "a great mentor for the young and old guys around here," Kahnweiler said.

Mentoring has also been important to Kahnweiler's career. "I've had a number of mentors whose adages I've always followed," he said. "When I first got in the business, a mentor of mine said, 'the first thing you've got to do is go out and buy something whether it's a trailer or a two-flat or 12-flat. You need to understand a buyer's perspective and get an owner's perspective.'"

So, as a young, active industrial broker, Kahnweiler began buying two-, three- and six-flats in Lincoln Park and doing minor renovation work to them with his wife.

"It gave me a perspective on what empty units felt like and what the closing process felt like," Kahnweiler said.

"He is the consummate professional. He cuts to the chase. He represents his clients fairly and he has a great knack for getting the deal to the point where it can get done quickly."

—Andy James, senior vice president of Duke Realty

It wasn't long before Kahnweiler and his associates, with knowledge gained from their user-clients, began buying empty industrial buildings including those that needed rehab.

"Over 20 years ago you didn't have the market you have today," Kahnweiler said. "Now, there are literally hundreds of buyers of empty industrial buildings that need rehab. Twenty years ago very few people were buying empty industrial buildings, particularly those that needed renovation."

This experience "greatly contributed to my ability to represent clients," Kahnweiler said.

It's certainly a skill set long-time client Andy James, senior vice president of Duke Realty, appreciates. "I go to him when I'm looking at stuff to buy. You can bounce ideas off him."

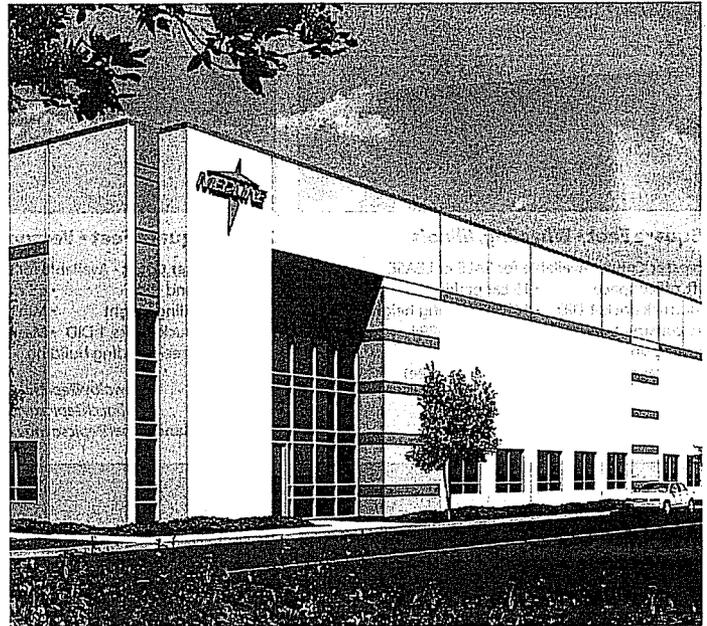
Another quality James noted was that Kahnweiler is "the consummate professional. He cuts to the chase. He represents his clients fairly and he has a great knack for getting the deal to the point where it can get done quickly."

Kahnweiler represents Duke on an industrial park in Romeoville.

"The first deal I ever did with David, he represented a tenant and the last deal we did with him, he represented our building," James said.

"He's definitely one of the top five industrial brokers in city."

Getting in that elite group comes from a mix of having an owner's perspective, on-the-job experience and an intuition



Medline Industries in Libertyville.

about people.

"I've always stressed that the client on a tenant rep assignment needs to live with the landlord in the future," Kahnweiler said. "The broker's job is to treat landlords both honestly and fairly. At the end of day, the tenant you're representing needs to live in that building. There's a fine line between representing your tenants as best you can and not alienating the landlord whose building they're going to occupy for the long term."

"In my opinion some brokers will beat up a landlord," Kahnweiler continued. "That doesn't mean it gets them a better deal, it's just how they go about doing it. It leaves some animosity between landlord and tenant. That's not how you want to start a long-term relationship between a landlord and a tenant. Our job is to be tough but equitable."

"Another adage Kahnweiler leans upon is that 'if you're comfortable with what you're asking for on behalf of a client then you're not asking for enough.'"

"You have to be in touch with your comfort zone and push it a little bit. It's also having a feel for the parties and the deal so that you don't alienate them and make them an adversarial in their long-term tenancy of someone else's building."

Lessons in sales

Kahnweiler said he knew nothing about industrial real estate when he started at Colliers B&K, but he did gain sales experience during his college summers.

"My dad sold industrial laundry equipment to universities and hospitals," he said. "For a couple of summers, I worked for him. My job was to travel around the Midwest to sell an ozone generator. At the time, it was a novel way to remove smoke odor from fire-damaged goods, in particular clothing. I was trying to sell this expensive piece of equipment to entrepreneurial launderers. I think I sold two, but it prepared me extremely well for cold calling and rejection."

Another experience that helped build

sales skills was fundraising. While the primary benefit of this job is raising money for others, Kahnweiler noted that it also teaches you the fine art of handling rejections.

"The irony of our business is that there are so many different ways to be successful," Kahnweiler said.

For example, some brokers can focus on a specific product type, or just on logistics or food-related companies or a particular submarket.

Kahnweiler said that he doesn't have specific focus, but he's customer-driven or client-driven. "On every transaction, I work with another Colliers B&K broker and not a defined team."

While the sophistication level and the specialties are increasing in brokerage, one thing remains the same. "There's virtually nothing that will overshadow a strong work ethic and a good feel for people," Kahnweiler said.

"People like to do business with people they enjoy being with. It's as important as knowledge of the business, the market, the product type and the statistics. The intangibles of getting along with people and enjoying who you work with makes people successful at the end of day."

Successful brokers also anticipate people moves. "That's why you'll often find former athletes in our business," Kahnweiler said.

"You want to be thinking ahead as to what your response will be to the myriad of possible moves by the opposition. A good gut for people is pretty essential."

Now, as chairman and CEO and one of 15 partners at Colliers B&K, Kahnweiler said his job is setting the direction for the company in brokerage. While he mostly leads industrial transactions, he's also a part of office, land and investment deals as well.