



George Sacks, left, brought in real estate veteran Peter Reed, right, as a partner in January. Reed has 25 percent equity in the firm, but by 2011, he will have full joint ownership.

MARK FREERK

A NEW GAME PLAN

Real estate veterans join forces to expand firm, focus on management

BY DARCIE LUNSFORD

George Sacks still shakes his head when he thinks of that day in 1996 when the phone service was cut off at his fledgling real estate brokerage in Boca Raton. At least he can laugh about it.

He had to trundle over to Sears at Town Center at Boca Raton – where the phone company had a satellite office – to pay the \$1,800 he owed.

“I had to stand in line with all the deadbeats who didn’t pay the phone bill,” he said.

Once back in his car, Sacks buried his face in his hands and questioned his decision a year earlier to give up his longtime executive post with real estate giant Cushman & Wakefield to start his own company.

But, he hung in there and his Commercial Florida Realty Partners caught the wave of dealmaking and corporate expansion that washed over South Florida in the late 1990s.

By 1999, Sacks had built a well-known boutique brokerage generating more than \$3 million in revenue a year. He then sold the brokerage to Grubb & Ellis, serving nearly four years as the national brokerage’s top South Florida executive.

There are days when Sacks still questions his decision to sell Commercial Florida Realty Partners, but not his decision to become an entrepreneur.

“I think you reach a certain point at national

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firms where there is nowhere else to go,” he said.

Sacks launched Commercial Florida Realty Advisors in 2005, after riding out the name embargo and non-compete terms of his Grubb & Ellis contract.

When he restarted, Sacks’ focus was operating a small portfolio of office and industrial assets that he had an ownership stake in.

Then, the bottom began to fall out of the commercial real estate market and exposed the sea of opportunities being churned up by the nation’s foreclosure and distressed property storm.

In January, Sacks brought on real estate veteran Peter Reed, a former colleague, as a partner. Reed’s equity in the company, now at 25 percent, ramps up to full joint ownership by 2011.

Reed, who worked with Sacks at both the original Commercial Florida and then at Grubb & Ellis, was most recently senior VP with Jupiter-based developer Rendina Cos.

Sacks and Reed’s new game plan is to expand the 10-employee firm into third-party management and leasing, with a focus on serving lenders and institutional investors that wind up with distressed assets.

“I think that there is a tremendous opportunity and that is why we teamed back up,” Reed said. “Our goal is for George and I to service clients with

a small team of professionals behind us.”

The marketing strategy is a simple: sell themselves, their experience and their owner-is-always-in operational platform.

“We are not really brokers; we are an extension of the ownership,” Sacks said. “We want to increase our fee income by expanding leasing and management.”

Tom Hotz, a broker with Coconut Creek-based developer Butters Construction & Development, said the strategy of targeting landlords in need of having properties repositioned with a hands-on management platform is a smart one.

“They are looking for brokers that can spend a lot on their properties and not just put a sign out,” he said. I think their timing is perfect.”

Currently, the firm manages 660,000 square feet in Palm Beach and Broward counties. And with the leasing deal pipeline nearly dry due to the tough economy, it’s the fees from managing these properties, paired with a focus on doing more smaller lease deals that is sustaining the firm, Reed said. And it is not just landlords that Commercial Florida seeks to serve. The firm is also launching a tenant representation practice.

Annual revenue has remained largely flat, at about \$500,000 a year, but Sacks said the goal is to grow the business 20 percent by the end of 2009 through expansion.

“Obviously, this is a transition year,” Sacks said. “Our biggest problem right now is finding the [staff] support behind us.”

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THE CHALLENGES

- Taking the leap of faith to become an entrepreneur.
- Positioning the firm to compete for deals against much larger competitors.
- Working with struggling tenants in this economy.

LESSONS LEARNED

- Create a solid business plan, and stay focused, but flexible.
- Monitor cash flow diligently.
- Don’t let daily operational struggles, like collecting rent from tardy tenants, sidetrack you from achieving your broader business goals.