THE FORUM 100

By Jennifer McCandless

The industry's leading companies in the brokerage, ownership, finance and development arenas

IT HAS BEEN A ROLLER COASTER of a year for commercial real estate.

The beginning of 2007 had the makings of a blockbuster, starting with the closing of the $38.3-billion purchase by the Blackstone Group of Equity Office Properties Trust. The flow of mega deals continued through spring with a partnership between Tishman Speyer and Lehman Brothers buying apartment REIT Archstone-Smith for $22.2 billion.

But as the temperatures heated up in the summer months, the market started to cool down. The days of cheap financing ended as the fallout from the subprime residential mortgage crisis carried over into the commercial arena. Lenders began pulling back on deals perceived to be risky and brought underwriting standards more in line with their comfort zones. The resulting credit crunch triggered widening spreads and rising interest rates. In the CMBS market, new loan originations dropped and it became difficult for pool sponsors to sell the bonds at a profit. REIT stocks also took a bit of a tumble as investors backed away from anything associated with real estate.

Sales also decreased. According to Real Capital Analytics, the number of investment deals dropped by 25% in September and the data provider expects to see a similar decline in October activity once results are posted. "More properties fell out of contract in September than were put under contract. No new privatizations and few large deals have been announced since mid-August. However, deals are still happening and momentum is slowly returning as investors adjust to the new pricing regime," RCA noted.

The credit crunch has many in the industry taking a bearish view of the market for the next 12 months. However, despite this seemingly uncertain environment, a recent report by Prudential Real Estate Investors points out that real estate fundamentals are relatively healthy, noting that additions to new supply are under control, mortgage delinquency rates remain near historic lows and both debt and equity capital are still available. Prudential analysts predict that industry should weather the turmoil in the credit market fairly well, the CMBS and CDO sectors will come back and liquidity will return.

Today, the US commercial real estate market is worth approximately $5 trillion, according to the Real Estate Roundtable. It comprises roughly four billion sf of office space; 13 billion sf of industrial property; almost six billion sf of retail footage; 33 million sf of rental apartments; and 4.4 million hotel rooms. The industry generates nearly one-third, or $2.9 trillion, of the US GDP and creates jobs for more than nine million Americans, relates the Roundtable.

And like any other major industry, commercial real estate has seen its share of ups and downs. Those companies that moved with the times, that found as many opportunities in the down cycles as in the upturns, will continue to not only survive but to grow.

For the first time, REAL ESTATE FORUM has ranked the industry's top 100 companies in the brokerage, finance, development and ownership arenas. The rankings were determined based on statistical information provided by the individual firms. We looked at four general categories–number of offices, number of employees, last year's revenues and projected revenues for 2007–plus two that were sector specific. These data points were calculated to determine each company's overall score.

Since we can't measure a brokerage firm against developer or an owner to a lender, we did an apples-to-apples comparison and kept the categories separate. For each industry sector, we are spotlighting 25 firms and of those, we have profiled the top five companies.(*For expanded coverage of the firms and the entire roster of nominees, please visit www.reforum.com/forum100*) And as the numbers bear out, these companies truly are leaders in their respective industry segments.

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No. 1

CB Richard Ellis

Brett White
President and CEO
2006 Gross Revenues: $4 billion
2007 Projected Revenues: $5.6 billion
Number of Transactions in 2006: 60,650
2006 Transaction Value: $224.6 billion
Number of Offices: 300
Number of Employees: 24,000

This Los Angeles-based company has grown significantly over the course of its 101-year history. Over the past decade, CB Richard Ellis was responsible for a number of headline-grabbing acquisitions, most notably its 2003 purchase of Insignia Financial Group and last year's $2.2-billion deal for Trammell Crow Co. Company president and CEO Brett White says acquisitions such as these, as well as its organic growth, have made CBRE what it is today. Also, the implementation of an integrated global platform has helped the company meet the needs of its clients worldwide, the executive adds. Earlier this year, CBRE announced an ambitious plan to become carbon neutral by 2010. "The insights we are gaining through this process are being put directly to work for our clients–through energy efficiency programs at the properties we manage," White says. "With more than 1.7 billion sf under management globally, we have the opportunity to make a material impact on the environment and on our clients' bottom lines." A *Fortune* 1000 company, CBRE went public on the New York Stock Exchange in June 2004 and was named to the S&P 500 Index in 2006. The company specializes in strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; and investment management.

No. 2

NAI Global

Jeffrey Finn, President and CEO
2006 Gross Revenues: $750 billion
2007 Projected Revenues: $800 billion
Number of Transactions in 2006: 41,000
2006 Transaction Value: $42 billion
Number of Offices: 375
Number of Employees: 8,000

Started by Gerald Finn in the late 1970s under the New America Network banner, NAI today is a collection of independently owned commercial real estate brokerage firms with offices in 55 countries worldwide. The Princeton, NJ-based organization manages over 250 million sf of commercial space and provides a range of brokerage, advisory and property services. In 2005, NAI added capital markets and global advisory solutions to its service offerings. It recently launched a new venture to provide retailers and shopping center developers such services as site selection, acquisition and disposition representation, valuation and project management. The company was one of the first to jump on the technology bandwagon with the creation of RealTrac, a web-based transaction management program. Office and industrial deals dominate NAI's business, making up 30% and 31% of its activities, respectively. Retail deals account for another 20%.

No. 3

Cushman & Wakefield

Bruce Mosler, President and CEO
2006 Gross Revenues: $1.5 billion
2007 Projected Revenues: $2 billion
Number of Transactions in 2006: 18,689
2006 Transaction Value: $85.7 billion
Number of Offices: 215
Number of Employees: 12,500

After being founded as a property management company in 1917 by J. Clydesdale Cushman and Bernard Wakefield, the firm became a full-service real estate business in 1976 after being bought by the Rockefeller Group. Earlier this year, IFIL Group, the investment entity of the Agnelli family, replaced the Rockefeller Group as the majority shareholder by acquiring a 71.5% stake in the firm for $625 million. And in June, C&W acquired real estate investment banking firm Sonnenblick Goldman, giving its capital markets platform a major boost. The company began its global expansion in 1998 by purchasing an ownership position in European firm Healey & Baker and has since gained stakes in companies throughout Asia, South America, Australia, New Zealand, Singapore, Mexico and Canada. At present, its brand can be found in 55 countries. The firm specializes in sales and leasing brokerage; business and real estate consulting; client solutions; property, facilities and project management; capital markets; investment banking; investment management; debt and equity financing; and valuation services.