



## Be in the flow to be in the know about local real estate market

By **MARK READ**

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We are all painfully aware by now that flawed intelligence can land us into a quagmire. In a classic case of seeing what you want to believe, Jason Hughes uses a misquotation of the CB Richard Ellis mission statement as his jumping-off point into a house-of-cards argument against my company. In his recent *Transcript* editorial "Does one size fit all in commercial real estate?" (March 20) Mr. Hughes, a competitor who represents only tenants, implies CB Richard Ellis does not apply the same attention to its representation of tenants as it does to landlords. In fact, CBRE's mission in San Diego (and elsewhere) is "to become the trusted adviser to owners and occupiers of commercial real estate."

Mr. Hughes, like many niche players in real estate services, panders to fears that conflicts of interest exist when a broker represents both sides in a real estate transaction. However, in the event that CBRE brokers are on opposite sides, they follow very strict fiduciary duties that are codified in existing law and CBRE policies. These duties require our professionals to immediately and proactively disclose all client relationships to all parties involved.

We are also a leader in training, including ethics and compliance programs, and our procedures and educational materials (such as our Legal Reference Guide) are the most comprehensive in the industry. Additionally, CBRE maintains a vigilant system of management oversight, including a chief compliance officer empowered to conduct independent investigations of any allegations of wrongdoing.

How have clients responded during our more than 100 years in business?

The proof is in our results. Nationally, CBRE works with more than 85 percent of the Fortune 100 on tenant-related services-evidence that the most sophisticated tenants with demanding and varied real estate needs choose CBRE time and time again. Over the past three years combined in San Diego County, CBRE has achieved a dominant 27 percent market share (nearly double our nearest competitor) of the total number of tenant-representation assignments over 50,000 square feet. Plus, our recent acquisition of the Trammell Crow Co. provides even deeper resources and additional tenant relationships both locally and nationally that bode well for the future growth of our tenant business.

Clients choose CBRE because of the breadth and depth of the services we offer. With distinct lines of business that specialize in tenant services, landlord services, asset services, valuation, capital markets, consulting and investment advisory services, the synergy created by these specialized business lines results in a much clearer view of the entire market. Market data -- not fiduciary information -- generated by our brokerage, asset services and valuation groups is a huge benefit to our tenant advisers and provides a competitive advantage that a local, one-dimensional company simply does not have. Consequently, CBRE's leadership in both tenant and landlord representation gives an unmatched perspective on the market, from pricing expectations for a single floor in a single building to tenant demand across an entire segment. As a result, CBRE is able to give its clients better advice through access to a higher level of information.

It is also important to recognize firms that only represent tenants are not free from potential conflicts of interest. Often they may be working for two tenants competing for the same space, particularly in a tight real estate market. In addition, while representing a tenant, Mr. Hughes' and other "tenant rep-only firms" fees are paid by the landlord. And, when a sublease is offered by Mr. Hughes' tenant client, his representation of the sub-landlord equates to dual agency.

Ultimately, our clients and the market will decide which value proposition is stronger. CBRE welcomes the competition. As one of our senior officers likes to say, "You have to be in the flow to be in the know."

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