



Powered by Clickability

## Brokerage Juggernaut in the Making?

Jan 1, 2009 12:00 PM, By Ben Johnson

No one could accuse FirstService Williams Commercial Real Estate CEO Mark Jacom of being shy or subtle. In announcing the sale of a majority interest in the former GVA Williams brokerage firm to Toronto-based FirstService Corp., Jacom boasted, “It is my strong belief in five years time we will be the number one global real estate company in the world.”

Such bravado is often part of the sell when it comes to New York's real estate insiders. But in this case, Jacom's claims likely have a better than 50-50 chance of being realized. He has guided the 80-year-old firm since 2006. Backing Jacom's all-conquering claim was a hefty sum of Canadian capital from a virtually unknown company north of the U.S. border.

FirstService Corp., which trades on the Nasdaq Stock Market under the symbol FSRV and on the Toronto Stock Exchange under the symbol FSV, has its roots in several small companies, including a pool maintenance business founded by Jay Hennick in 1972. Over the years, Hennick turned the hodgepodge into a full-fledged real estate firm with three main subsidiaries: commercial real estate, residential property management and property services.

Today, FirstService Commercial Real Estate, with 186 offices in 36 countries and more than \$1 billion in annual revenue, is the fourth-largest global services player by annual revenue behind CB Richard Ellis, Jones Lang LaSalle and Cushman & Wakefield. The division includes controlling interests in Colliers International, FirstService Williams, Cohen Financial, PKF Hotel and Hospitality Consulting, PGP Valuation Inc. and MHPM Project Managers.

In residential property management, its FirstManagement Partners is the largest manager of apartment communities in North America, while TFC is North America's largest provider of property services through franchise and contractor networks. Altogether, FirstService generates about (US) \$1.9 billion in annual revenues and has more than 17,000 employees worldwide.

### Decentralization model

The company's strategy is to buy dominant stakes in major real estate firms, keeping management in place and tying their compensation to future profitability. It is a platform that FirstService has been building for several years, most recently evidenced by the purchase of an 80% stake in Boston-based Meredith & Grew, a leading ONCOR network affiliate, in September 2007.

But FirstService was lacking a key ingredient — a New York headquarters. “Williams was one of the better options out there,” says David Gold, an analyst with equity research firm Sidoti & Co. in New York. “Long

term it probably winds up being the right move for FirstService.”

For its part, GVA Williams had built a full-service firm with more than 160 real estate professionals and offices in Manhattan, New Jersey and Connecticut. In 2008, it advised on more than \$3.4 billion in sales, leasing and capital market transactions, and manages over 16 million sq. ft. of commercial property.

In February 2008, FirstService Williams represented Colgate-Palmolive in renewing its 537,500 sq. ft. lease in Midtown Manhattan. “We won that account in a way that shows we understand what corporations and landlords and tenants need,” says Jacom. “We used to not beg, but scratch, to get an appearance in those types of presentations. But now when there is a major [real estate] requirement in New York, we are going to be considered a major player.”

With the FirstService Williams acquisition, FirstService has its “global gateway” to more business. “From an industry standpoint, this absolutely changes the landscape in the commercial real estate industry,” says Doug Frye, chairman of FirstService Commercial and chairman of Colliers International.

“What makes us so excited is we have common equity in a decentralized platform,” says Frye. “We think this is a model that will gain momentum not just in the real estate market, but in business in general as a result of the world being flat and becoming more and more flat as time goes on.”

---

**Find this article at:**

<http://www.nreionline.com/strategies/corporate/brokerage-juggernaut-making/index.html>

Check the box to include the list of links referenced in the article.

2008 Penton Media, Inc. All rights reserved.