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Exclusive

Managing Operational Costs And Boosting Productivity

APRIL 8, 2016 | BY NATALIE DOLCE

CHATHAM, NJ—Find out how the corporate real estate landscape requirements have changed in recent years in this **EXCLUSIVE** two-part Q&A on the subject.

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Mike Witko, principal of the Garibaldi Group/CORFAC International

Part 1 of 2

CHATHAM, NJ—GlobeSt.com recently chatted with **Mike Witko**, principal and **Jerry Moore**, executive managing director of the **Garibaldi Group/CORFAC International**, based here in Chatham, NJ, on corporate real estate requirements and services. The team discussed how the landscape has changed and shifted to more in-depth consultative services and how there is no substitute for market knowledge and data collection

GlobeSt.com: What are national and multi-national corporations looking for in outsourcing elements of their corporate real estate requirements?

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Mike Witko: Corporations are looking for a comprehensive strategy to reduce operational costs while enhancing the culture, productivity and mission of the organization. Benchmarking, lease administration and transaction management are vital to portfolio optimization which we see as top priorities when considering outsourcing. There is no substitute for market knowledge and data collection and many corporations want to minimize the in-house costs to try and remain current in all facets of overseeing the portfolio. This in many cases includes limited investment in technology and personnel. Depending upon what in-house resources exist from a personnel perspective as well as the diversity and size of the portfolio (owned, leased, type of real estate – industrial, retail, headquarters etc.); the offering and implementation of services such as supply chain management, identifying government/community incentives, project and construction management, lease management and financial services to name a few. Communication is key to providing excellent service and it often means being in touch with different department heads. For example, a financial services client of ours that was growing rapidly and expanding its real estate footprint significantly required us to be in frequent communication with not just the real estate and facilities department but also HR and the CFO.

GlobeSt.com: How has the landscape changed in recent years, and what are some of the services they are demanding that perhaps were not part of earlier programs?

Jerry Moore: Corporate real estate services have historically centered on transactional events such as tenant representation and asset acquisition via commission-based brokers. In the past decade there has been a shift to providing more in-depth consultative services such as lease administration, portfolio strategic planning, financial engineering, M&A due diligence, and identifying governmental incentives. This evolution has been driven by the demand from corporations for continuous improvement from their vendors via formal supplier relationship management processes and ever-evolving service level agreements. For example, our firm recently provided consultative services for project management, procuring state incentives and financing of a 1.2 million-square-foot manufacturing plant expansion in Troy, Ohio. This was a time intensive 12 month project that required multiple professional disciplines (construction, incentives, finance) that typically would not be provided by a traditional commercial broker. By servicing these needs via a consultative agreement we were able to serve as an adjunct to the CRE management team and help deliver comprehensive and integrated services that supported the project objectives.

GlobeSt.com: Are there times when clients create a sense of urgency for corporate real estate services?

Witko: Frequently, though perhaps the best illustration of urgency is when a client has targeted another firm for acquisition. A thorough examination of the real estate assets and leasehold obligations of the company being acquired needs to be discovered and reported upon quickly to provide the client with a clear picture of the firm they are planning to buy. The required assessment can be compounded when the real estate is in multiple venues and especially if the portfolio of property types are diverse, such as a mix of office, manufacturing and retail.

Check back with GlobeSt.com in the next day or so for part two of this discussion where, among other things, the team discusses which of the numerous service specializations associated with “corporate services” are in greatest demand now, and why.



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Natalie Dolce, national executive editor of GlobeSt.com, is responsible for working with editorial staff, freelancers and senior management to help plan the overarching vision that encompasses GlobeSt.com, including short-term and long-