

IN PERSON

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Leveraged Market Knowledge

BY JIM CRONIN | BANKER & TRADESMAN STAFF WRITER

Avison Young sent waves through the local commercial real estate industry earlier this year when local industry legend Jack Kerrigan left Grubb & Ellis for the Canadian company, bringing members of his team with him. John Fenton is the managing director of the local Avison Young office that Kerrigan joined.

It was Fenton's real estate investment firm, Essex River Ventures, that Avison Young purchased to get a foothold in the Boston market. Fenton sat down with Banker & Tradesman to talk about the acquisition, describe Avison's approach to the area and his 2012 outlook.

John Fenton

Title: Principal and Managing Director, Avison Young

Age: 52

Experience: 21 years

Q: What was it that made you want to sell your firm?

A: At the end of 2002, I formed my own company. I had some really good luck buying and selling value-add properties. But after going through the recession, it became pretty clear to me that income diversity and diversity of services would be a better way to manage whatever storms we encounter in the future. So I wrote a business plan to try to align ourselves with a full-service company, and one that probably wasn't in Boston yet. After pitching a few companies, I was introduced to Earl Webb from Avison Young, who had joined the firm as president of U.S. operations, overseeing its expansion into the U.S. market. Earl came to Avison Young from Jones Lang LaSalle, where he was previously CEO of its capital markets group after serving as CEO of the Americas. I was introduced to him by an investor client of mine. I already had a business plan; and Earl was looking for someone to open up with in Boston. It was just sort of serendipitous. It took a year or so to get the groundwork laid, but there are now seven active brokers in Boston in addition to our new directors of asset management and project management. Hopefully we'll have more soon.

Q: Why did you want to sell your company to a firm that was not yet in the market?

A: That's where we felt we could leverage our market knowledge and insights and relationships the most. We could say to someone, "Look, this is a tight-knit community and we can help you gain access to this market and connect them to the right people to grow the firm with."

Q: How does Avison Young's approach differ from other firms that have been here longer?

A: We bring a solution that's tailored to the needs of the client. We're not just a leasing shop or an investment sales shop. If you need to grow your business and you need a building built for you on an adjacent site, we can permit it and build it for you. It's a completely diverse and full-service approach to the client's needs, as opposed to just straight brokerage.

Q: What are you expecting for the company in the coming year?

A: We have established a small presence in the last year, and expect to grow it dramatically throughout the entire New England market. We now have 15 people, which is three

times what we had a year ago. I would hope to have three times that by the end of next year, including 25 to 30 brokers. There's great opportunity for us to provide professionals with a place in a company that's growing. You can gain an ownership interest and have a seat at the table and help steer it with people who we think are best-in-class. We've established some strength in suburban brokerage so far, but we have a lot of work to do. We need to establish a presence in downtown [Boston] and Cambridge, so we're looking to fill the disciplines across all property types and markets.

Q: What about the local real estate market in 2012?

A: The Massachusetts economy has outperformed the nation as a whole for the last two years because of its concentration in science and innovation and technology and health services. I think that will continue to lead our recovery. But I do think that growth will slow. The market will continue to improve, but it will be gradual. People who own real estate that is underwater are going to start disposing of those assets, so there should be more activity – and there already is a lot more leasing activity in terms of gross volume. However, in terms of net absorption or growth in the market, it's not great, and I wouldn't expect it to be great in 2012. I expect it'll be a good year, but growth will be moderate.

JOHN FENTON'S FIVE FAVORITE MOUNTAINS TO CLIMB

1 The Bhontela Pass in the Bhutanese Himalayas; 16,112 feet – "Don't pass this one up."

2 The Himalayan Annapurna Sanctuary in Nepal, including Thorung La Pass; 17,769 feet.

3 Mt. Kilimanjaro; 19,341 feet.

4 Mt. Rainier; 14,411 feet.

5 Olympic National Park, including Mt. Olympus; 7,965 feet.