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EXCLUSIVE: NYC's Emmes Ramps Up Western Expansion

By: Bob Howard



NEWPORT BEACH, CA-The New York City-based Emmes Group of Cos., which entered the Southern California market with its \$160-million acquisition of an office building in Irvine last year, has hired longtime Southern California commercial real estate executive Robert Shibuya as managing director to lead the firm's western expansion. Shibuya, who most recently was North American COO for London-based DTZ Holdings, tells GlobeSt.com that Emmes will be looking for value-added acquisitions,

including both properties and debt, and will provide asset management services for clients including institutional investors and financial institutions.

Emmes, which will be seeking office, retail, industrial and multifamily assets, will focus initially on California, including markets in Los Angeles, Orange County, the Inland Empire, San Diego, San Francisco and the Silicon Valley. Shibuya points out that Emmes is a fully integrated asset manager, meaning that it directly handles the leasing, property management, construction management and other facets of asset management.

Richard A.C. Coles, managing principal at Emmes, says that the New York City-based company sees "vast opportunities for growth throughout the western region," where it will look to increase its presence throughout multiple western markets, product types and additional service lines, including third party asset management and debt solutions.

Shibuya says that Emmes will not only acquire properties but will also acquire debt with the intention of controlling properties. In addition, he says, Emmes can provide advisory and asset management services for lenders who have taken back real estate or who are evaluating their options on assets. He says that the potential to add value to assets in today's market often lies in financial restructuring. "A lot of what is impacting an owner's ability to execute is the debt structure, so we can bring in new equity and restructure the entire capital stack and enable the asset to meet the market," he says.

Emmes entered the Southern California market last year with its acquisition of the Michelson, a landmark 532,000-square-foot office building at 3161 Michelson Dr. on the Park Place campus in Irvine. Emmes bought the property for \$160 million from Los Angeles-based Maguire Properties, which spent more than \$250 million to build the 19-story office tower and sold it to reduce debt.

The New York City-based company will be looking for institutional-size deals, typically \$10 million and above. The company is interested in core assets, Shibuya says, but "by definition we are an opportunity and a value-added investment adviser, so our clients generally seek our expertise in generating returns that are higher than that of a core investment," he adds.

Shibuya explains that the Michelson office building, for example, "clearly is a core asset in terms of the quality and location, but we acquired it with some vacancy in a market that was obviously going through some distress, and so by definition, that is a value-added investment that could become a core investment." The Michelson was 60% occupied at the time Emmes acquired it, according to a GlobeSt.com report at the time.

Emmes generally underwrites its assets on a five-year hold, but Shibuya says that if the company likes an asset and thinks it will continue to perform well over the longer term, it will hold beyond five years in some cases. Shibuya, based in the Emmes office in Newport Beach, says that the company will scale up its staffing levels as required as it builds its portfolio and enters new markets.

Shibuya, before his post at DTZ, was a managing director and principal with Trammel Crow, where he was responsible for overseeing the company's leasing and investment sales business in the US, which included more than 600 brokers who generated \$400 million in revenue in 2007. He also was instrumental in establishing Insignia ESG's western region operations from the mid 90's through 2003, creating one of the region's largest commercial property management and brokerage businesses with an 80 million-square-foot portfolio and 200 brokers.

Emmes, on behalf of its affiliated entities, capital partners and investors, has acquired and managed more than 35 million square feet of retail, office, industrial and multifamily property types. The company's current portfolio includes nearly 10 million square feet in 19 states.