

Commercial Real Estate Today: Barry Saywitz Of The Saywitz Company On 5 Things You Need to Create a Highly Successful Career in the Commercial Real Estate Industry Today

An interview with Aron Weiner



You need a strong work ethic and moral compass- As mentioned above, it is important to have a strong work ethic and to work smart and efficiently. In the commercial real estate industry, most brokers or investors do not work for a salary. You are working for the benefits of completing a transaction whether that be for a commission or for obtaining the property and increasing the value. More is not necessarily better than less, smart is definitely better than not.

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The commercial real estate industry is a dynamic and challenging landscape that offers enormous potential for success. However, it requires a unique blend of skills, knowledge, and aptitude to truly excel. How does one establish themselves in such a competitive field? What does it take to consistently rise to the top in commercial real estate? How does one rise above the headwinds that are challenging the commercial real estate industry today? In this interview series, we are talking to commercial real estate professionals, brokers, investors, leaders of Real Estate Firms and Real Estate Investment Trusts (REITs), as well as anyone who's found significant success in this industry. As part of this series, we had the pleasure of interviewing Barry Saywitz.

Mr. Saywitz has over 25 years of experience in the real estate industry and is CEO of The Saywitz Company. The Saywitz company is a commercial real estate

brokerage, investment, management and consulting firm headquartered in Newport Beach, California.

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Thank you so much for joining us in this interview series! Before we dive in, our readers would like to learn a bit about your origin story. Can you share with us the backstory of how you got into the real estate business?

I did a real estate internship in 1988 before my senior year in college at UCLA for a commercial real estate brokerage company. The broker that I interned for also went to UCLA and was only a few years older than me, she was very successful, and the market at that time was extremely hot. She was a go-getter, and the commercial real estate industry was booming so it seemed like an exciting time to get involved in commercial real estate. After I graduated college, I accepted a position as a golf and tennis instructor for Club Med in the Bahamas for a temporary assignment for a period of 6 months. Once that was completed, I relocated to Newport Beach, California, and began working for a commercial real estate brokerage company in Orange County in October 1989. Unfortunately, the entire commercial real estate market crashed in November 1989, so it went from a very exciting time to an extremely difficult time in a very short period.

Can you tell us about your company and what makes it stand out?

The Saywitz Company exclusively represents tenants and users of commercial real estate. What makes The Saywitz Company different than the typical commercial real estate brokerage or consulting firm is that we exclusively represent tenants and users. What this means is that we have no conflict of interest with any property owner, or any landlord or any property

manager, and therefore, we can provide complete unbiased expertise to our clients. Our goal and objective is to get our clients the best deal at the most advantageous terms and conditions, and at the same time help them satisfy their real estate needs and requirements. Additionally, unlike a typical commercial real estate brokerage firm where there are a number of brokers all acting individually on their own individual basis, The Saywitz Company provides a team approach combining expertise of multiple individuals to better service the clients. We also have a network of commercial real estate partners in more than 100 cities throughout the United States and Canada to provide local market expertise wherever our clients needs may be.

Can you elaborate on some of the significant challenges you faced in your real estate career and how you managed to overcome them?

I have seen numerous ups and downs and different cycles in the commercial real estate industry not only in the late 1980's and early 1990's, the dot.com to dot.bomb, the Great Recession from 2007 until 2010, and everything in between. Those ups and downs in the commercial real estate market required our company to be able to structure transactions for our clients based on not only their needs and requirements, but the market conditions at that time. Additionally, from a personal perspective, I also own an investment company that owns more than 100 commercial properties including office, industrial, retail, and multi-family properties throughout Southern California. Certainly, one of the most challenging times was The Great Recession from late 2007 until late 2010. At this time, the property values had declined significantly, rents had declined significantly, lending was at a standstill, and there were numerous challenges with owning and operating commercial real estate properties. It was a difficult economic time and required creative refinancing of properties, loan modifications, and

restructuring of leases to be able to work through all of the issues at that time.

What are the 3 things that most excite you about the industry now and why?

The 3 things that excite me the most are the opportunities to be able to pick up the phone or send an email and make an introduction which could turn into a real estate transaction and/or making money. There is an opportunity every day to come to work and create a value and work on different transactions. The second excitement is the closing of the transaction where you actually either save your client money, make a deal where all parties benefit, including yourself, and feel a sense of accomplishment for your efforts. The third thing that excites me about the real estate industry is the flexibility which allows you to be able to work at your own pace and your own hours and not necessarily have a direct boss to report to on a daily basis. While everyone has a certain structure, there is far more flexibility in the commercial real estate industry than in many others.

What are the 3 things that concern you about the real estate industry and why? What can be done to alleviate those concerns?

The 3 things that concern me the most about the real estate industry is obviously the volatility of the real estate markets and the economy as a whole. There is not much that anyone can do as these trends in the market are dictated by factors beyond anyone's individual control. Things like Covid, supply chain, inflation, interest rates, and taxes, are all things that impact people's decision making relative to the commercial real estate industry, and then ultimately affect the transaction volume and the value of properties. The second is the uncertainty that comes from this volatility and the pull-back that tends to happen with people's decision making when there are

changes in the real estate market. For example, in an up market, people should believe that the market is continuing to increase and should make transactions sooner rather than later. However, some people choose to wait thinking that the market will get softer and then wind up paying more at the end of the day. The converse of that is also true, in a declining market where people think that the market will continue to get softer and they should string out their negotiations which creates more work and less closings. The third concern is always dealing with people that are unsophisticated, unprofessional, and unethical. While we take every effort to avoid dealing with those people, there is no doubt there are a certain number of those people in the world, and we make every effort to try and avoid them at all costs. There is nothing that can be done to change people's behavior other than try and mitigate the exposure or protect yourself as best you can.

If you had the power to put in place 3 changes to improve or reform the real estate industry, what would you suggest?

The three changes that I would propose to implement in the commercial real estate industry would be full disclosure with regards to the brokerage fees, as to who was being paid and by which parties and what amounts. This way there would be no confusion and no potential for unethical activity by not disclosing how much someone was being compensated. The second, is that I would implement a state law to protect commercial and residential real estate brokers who show clients or potential clients opportunities, to preclude them from going behind ones back after the opportunity had been presented, and making a deal without them. The third would be the increased technology and availability of information, which I believe is already taking place today. The modern multiple listing services and vast information that is available on the internet takes all the guess work of basic information that is available to the public away from the real estate

professionals and gives that information to the average individual. There is good and bad with this in that the individuals then believe that they become market experts because they have this information and the fallacy with that is that it is not the information that makes you an expert, it is what you do with that information and how you use it to your best advantage which still requires the necessity for expert real estate assistance, and professionals to assist you in your real estate transactions. I believe this is an ongoing evolution and continues to change all the time.

How has technology changed the commercial real estate industry and how do you foresee it shaping the future of the sector?

As I mentioned above, the access to information is really the key issue that has changed the commercial real estate industry in addition to the ability to track market volatility, historical data, and trends in the market that simply did not exist 20 or 30 years ago. The sharing of this information in real time allows individuals and companies on both sides of a transaction to be able to assess market data and property data, to make decisions much more quickly. This aids in speeding up the timeline of making a transaction and also bringing all parties in the transaction up to speed with whatever due diligence or property information is needed or desired.

What is your plan to survive the current market and stay alive until 2025?

I do not believe it is the question of staying alive until 2025. 2025 will be here before we know it. The issue here is that companies that are at the forefront of planning ahead for their own business needs and also examining where the market trends are, will be far more successful in the long term. This goes back to long-term strategies that are implemented between our company and our clients to help them plan 2 or 3 years in advance. Real estate

transactions are typically not made in the short-term, they are made for the long-term and should be looked at accordingly. There is no question that there is volatility in the overall economy, with inflation, the stock market, interest rates rising, CAP rates rising, and disconnect between buyers and sellers. Managing these expectations and navigating the current economic environment will be the biggest challenges in the next 12 to 18 months until we get to 2025. That is not to say that transactions will not get done in that time frame, but they will be limited to those transactions which are of necessity. I believe that those parties which need to make a transaction will continue to do so but those parties that don't need to sell their property or buy a new one, will be far more picky and more analytical, and will be slower to react over the course of the next year or two.

For a young person who would like to eventually make a career in commercial real estate, which skills and subjects do they need to learn?

We train young people all the time and have done so for the past 30 years. Unfortunately, I did not have a specific mentor to be able to tell me the ups and downs of the real estate market and what to expect or to guide me on many of the transactions on a day-to-day basis. It is for this reason that we make a great effort to ensure that the younger folks within our organization have ample training and support from senior members of the firm. For those individuals getting into the commercial real estate market, it is important to learn as much as possible and get exposed to as many different scenarios as possible while still having a senior broker or mentor to be able to go to for advice. One would hope that the mentor would be providing sound and solid advice not only with regards to the market, ethics, but also helping to teach them along the way. The other skill that is an absolute necessity in a commercial real estate industry is to have a good strong work ethic. Those people in the commercial real estate industry see the results of

what they put in. The greater effort and the more efficiency of your workday will produce far greater results than those who are unproductive or do not work as hard.

When evaluating deals or opportunities in real estate, what are the most important factors you look for and why?

On the brokerage side, we look for transactions where people have to make a deal. This would involve companies that have an upcoming lease expiration and therefore, they will have to either renew their lease or relocate in a finite period of time. The lease expiration forces a timeline for decision making. In the acquisition side of things, we look for people that have a motivation to sell when we are buying properties. This would include estate sales, a breakup of partnership, a breakup of a marriage, or a specific determination by the seller to want to or have to sell the property. Those transactions that do not have motivated parties have a tendency to not make it at all or to drag out forever. As we all know, time kills deals in real estate and your time is worth money, and therefore, the more time you spend on the transaction while you are not getting paid, the opportunity cost is either gone or greatly diminished.

Can you share a story with us about the hardest deal you made that ended up successfully for you?

There is no question that I have been involved in some very complex and difficult transactions. Many of those have involved Wall Street players, publicly traded companies, difficult high net worth individuals, and unethical players. However, the most difficult transaction that I was involved with was one that personally affected my own real estate portfolio during the Great Recession. It was in 2008 that I was forced to renegotiate

approximately 50 loans on commercial properties that we owned all at the same time in an effort to stave off bankruptcy and address the rising interest rates, changing lending environment, and other economic factors in the recession. Having never done this before and never experiencing the negativity and stress involved with not only dealing with large financial institutions but also with declining property values, negative cash flow, and multiple negative factors in the economy, it was an extremely stressful time. None of the five major banks that I was dealing with would agree to talk to me or adjust or modify any of the loans unless there was participation from all of the lenders. This required multiple negotiations constantly over a period of a number of months. Long story short, I was able to successfully negotiate deals with all of the five banks simultaneously and retain all of the properties that I owned. This also involved solving a number of lawsuits and outstanding open balances, repairing my personal credit, and getting the company and the properties back on track. At the end of the day, all of those properties today are stable. They all have new lenders in place and the property values are significantly higher than they were at the time. I would never want to have to go through that again nor would I wish it on my worst enemy.



Based on your personal experience and success, can you please share 5 things you need to create a highly successful career in the commercial real estate industry?

One, you need a strong work ethic and moral compass- As mentioned above, it is important to have a strong work ethic and to work smart and efficiently. In the commercial real estate industry, most brokers or investors do not work for a salary. You are working for the benefits of completing a transaction whether that be for a commission or for obtaining the property and increasing the value. More is not necessarily better than less, smart is definitely better than not.

Two, you need to surround yourself with good people for a good sounding board, good advice, good expertise, and obtain as much information as you can. The key to a successful negotiation is information and to be able to use that information to create a “win-win” for both sides. The more information that you have, the better off you will be and surrounding yourself with good and smart individuals to help you use that information will make you a better broker, investor, etc.

Three, while it is important to take some risks in the real estate industry, it is also important to make sure that you stay within your comfort zone. Those people who make unintelligent deals based on the promise of the future value of the property, have the greatest risk of exposure should something go wrong. They don't say “Buyer Beware” for nothing. It is important that you do your due diligence and that you make intelligent assumptions with regards to whatever real estate investment that you have, and as a broker that you convey the risks and rewards to your client so that they can also make intelligent decisions.

Four, surround yourself with a good team — This could mean a good partner, co-workers, bosses, the company umbrella as a whole, your wife, husband or significant other, parents or friends. Commercial real estate is a stressful industry, and it is important to have people around you to be able to vent to or to toss ideas around to help try and either control your emotions, make smarter decisions, and ones that are not rash or emotional.

Five, be a good networker- Commercial real estate, like many other industries, including the entertainment industry, sports industry etc., is a function of who you know and not what you know. It is important to have good connections and good contacts not only to be able to tap those for expertise when needed, but also for referral business, whether that is done

through charity organizations, networking groups, personal relationships, or social events. It is important to be well-rounded and always to be looking out for new acquaintances and making connections. This will ultimately lead to greater knowledge, expanded social networks, and ultimately turn into deals and money. There is no networking organization that I have ever joined where I did not create a real estate transaction or some type of event that turned into additional money or income from it. Sometimes these things come naturally, and other times you need to work at it.

Do you have 3 things you would advise a new real estate professional to avoid?

1. Avoid unethical people
2. Avoid negative energy
3. Avoid people who tell you you can not do something. Everything can be done with time or effort, or money, or any combination of the above.

What advice would you give to another real estate professional about improving the work culture, building team morale, and helping each employee thrive?

I would advise any other broker that all of these things are an absolute necessity and that by helping other people become successful, you will be more successful yourself. Not only is it a personal satisfaction to help other people be successful, but you will be rewarded exponentially not only in your own business, but in the praise of others and self-satisfaction of helping others in need. Much better to be part of a team than to be the lone horse.

What is your favorite life lesson quote?

The best quote we use around our office is, “It’s better than a poke in the eye.” What this references is that something is always better than nothing and it is better to make some lemonade out of the lemons than to be left with nothing. There are many instances that we incur all the time that relate to this quote, and while it may not be earth shattering or enlightening, it is relevant in many aspects of what we do on a daily basis.

If you could start a movement that would bring the most amount of good to the most amount of people, what would that be?

The movement that I would create would be to somehow require full disclosure in real estate transactions. This is just not the case in today’s market, and I am not sure how that happens. However, it is a nice thought to shoot for. If people treat others fairly, only good can come from that.

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Readers can follow us at www.saywitz.com for the brokerage company or at www.saywitzproperties.com for the investment portfolio, or they can contact us at 949-930-7500, or follow us on LinkedIn, Facebook, Twitter, etc.

This was very inspiring. Thank you so much for joining us!



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