

Getting To Know You



By Shankar P.

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Toshiro Sato can tell the time in New Jersey, Los Angeles, Tokyo and Thailand by glancing at the four dials on his Croton watch. Sato, a senior director at the real estate services firm CB Richard Ellis (CBRE) in Saddle Brook, needs the information as head of his company's newly created Japan desk. His job is to service the real estate requirements of Japanese companies, many of whom make their U.S. headquarters in New Jersey. Sato is part of a growing drive by real estate firms to build strong franchises among ethnic groups. At Trammell Crow in Florham Park and Princeton, Vice President Nick Kim handles Korean, Chinese and Japanese clients. At Cushman & Wakefield in East Rutherford, director James Yamauchi specializes in Japanese companies. Elsewhere, Erik Kaiser, principal and founder of mortgage lender REMI Capital in Hoboken, assiduously cultivates the state's Hispanic market. "Most of the large mortgage finance companies really have a lot of older, white people working this market who don't really have a connection," Kaiser says. There's good reason for this focus on ethnic markets. Hispanics make up 13% of New Jersey's population and are the state's fastest-growing ethnic group. Asian companies have major operations in New Jersey and New York and many are expanding and need more real estate. Sato points to his target market of 192 major Japanese-affiliated firms based in New Jersey and another 473 in New York. "The soft economy in Japan and operational relocations to Asia— particularly to China— has led to surplus space in their real estate portfolios," says Sato, 40, who was born in Japan and came to the U.S. in 1996. He recently helped a large Japanese electronics company sublet a block of 180,000 sq. ft. in northern New Jersey. Dorothy Chuang, a CBRE vice president who runs the firm's China desk, has more than 4,000 Chinese firms in her database. Her largest client is the Taiwan-based shipping giant Evergreen Marine, which has U.S. headquarters in a 315,000-sq.-ft. Jersey City building it owns. Last October she brokered the \$2.7 million sale of a Jersey City warehouse owned by Hong Kong's Magaschoni Apparel Group. Chuang brings to CBRE a keen understanding of how the Chinese approach real estate. "They prefer to own rather than lease," she says, adding that in Taiwan, the home ownership rate is more than 80%. "If you own real estate, you are considered rich." Patrick Murphy, who heads CBRE's New Jersey operations, plans to set up Hispanic and Indian desks. And he's working

with Edward S. Gordon University in New York City, the firm's inhouse training operation, to develop courses to help brokers understand the different ethnic markets. Knowing the language is just the start of what it takes to connect with ethnic clients. For example, you don't slide business cards across the table when meeting Japanese executives. You walk up close and present your card and carefully read the one you're handed. "Formality and respect is important in dealing with Japanese executives and you must know 'Keigo,'" says Yamauchi of Cushman & Wakefield, referring to an honorific form of the Japanese language. Another key term is "ringi," which refers to the bottom-up style of Japanese consensus building. "You don't call the president of the company directly," says Yamauchi. "You need to go through the proper channel to reach the right executive or you get shut out. If you are going through a sales transaction, you have to be patient in getting the approvals." Yamauchi, 54, is brokering the sale of a 350,000-sq.-ft. building in North Brunswick for Permacel, an industrial tape unit of Japan's Nitto Denko; Permacel is relocating part of its operations to Lakewood and Wisconsin. In recent years Yamauchi has helped Japan's Ono Pharma move from Lawrenceville to Hackensack and Kyorin Pharmaceuticals set up its U.S. office in Glenpointe. Kim of Trammell Crow speaks Korean and a smattering of Mandarin. Over the years he has met with executives at each of the 200 Korean and 130 Chinese companies in his database for New Jersey; they occupy nearly 15 million sq. ft. in the state. "I have to show my face every once in a while," says Kim, 41, whose workday runs from 6:30 in the morning to 11 at night. "Just e-mails won't do." While American clients prefer luncheon meetings, Asians like to do business over dinners that can extend into late nights. And watch those titles. "It's okay for me to call the chairman of my American company by his first name," Kim says. "But if Mr. Lee is chairman, I have to call him 'Chairman Lee.'" John Oh, 45, a first vice president at CBRE in Manhattan whose turf includes New Jersey, is another Korean specialist. "You have to understand Confucian thought, you have to respect age," says Oh. "You shouldn't offend your clients before their juniors and sometimes, you have to bow. And you have to also know how to entertain; there's a lot of drinking involved." Oh spent 12 years with the Korean conglomerate Samsung before joining CBRE five years ago. He's currently helping Samsung Canada sell its Toronto headquarters and is working with Korea's L.G. Electronics as it expands its U.S. headquarters in Englewood. "John Oh is bilingual so he's helpful to our company," says J. H. Seo, senior manager at the U.S. headquarters of Samsung Electronics in Ridgefield Park. "We need people like Mr. Oh for the speed of response. Upon request, he also corresponds with us in e-mails in our language." Samsung Electronics has 300 employees at Ridgefield and at a call center in Mount Arlington. At REMI Capital, Kaiser, 34, divides the Hispanic market into segments. "It's not a straightforward market," he says. "You have a lot of different types such as Cubans, Mexicans, Puerto Ricans and Columbians and can't lump them into a single category." As a group, the Cubans are the best-educated and wealthiest Hispanics with a strong propensity to own property. Hispanics make up half of REMI's mortgage finance business and Cubans comprise half of that. Puerto Ricans form the second-largest group of Hispanic clients, accounting for

some 25%. Kaiser says Hispanics are extremely brand loyal, and word of mouth counts a lot with them. "We actually stopped advertising on radio and TV because we couldn't handle the volume," he says. "We want to convert them from renters to homeowners," Kaiser says of his Hispanic customers. "They need handholding in understanding credit scores, down payments and the like."

Benjamin Rodriguez, 62, found it helps to have a mortgage financier who not only dealt with him in Spanish, but also guided him through the loan process. A Puerto Rican who retired last year as housekeeper at a Manhattan nursing home, Rodriguez bought a two-family home in Jersey City last July. He admits his credit scores were not great, but a REMI Capital sales representative found him 100% financing for the \$275,000 home. Rodriguez chanced upon the firm's advertisements on a Spanish TV channel and called up. Leo Genese, REMI's vice president who heads the Hispanic marketing effort, knows the ingredients of a deal. "Many of them generally make the decision on emotional considerations," he says. "A typical American shopper would go use the Internet and go to great lengths to save a quarter of a percentage point." A key aspect of dealing with ethnic markets is understanding how different groups regard business. "They are much more focused on the overall economics of the transaction and discounted cash flows, as opposed to the impact of a transaction on earnings," Linda Dow, an executive vice president at CBRE, says of Japanese customers. "You can tweak deals to make them look good from an earnings perspective, but the overall economic appeal may not be good. The Japanese take a longer-term view of things." Last October Dow's team helped Japan's Daiichi Pharmaceutical relocate and expand its U.S. headquarters from Montvale to a 141,000-sq.-ft. office in Madison. She earlier worked with Danish pharmaceutical company Lundbeck when it bought a 150,000-sq.-ft. building in Paramus and leased 40,000 sq. ft. in Ramsey. "Everybody does the math the same way and the metrics are the same," says Dow. "But it is important to understand the different emphasis they place on those metrics." Lundbeck wanted to make sure that its employees got enough light at their work stations, a legal requirement in many European countries. "Those buildings are designed as rectangles with atriums that allow light everywhere, and a lot more amenities such as common spaces," she says. "They may not be the most efficient buildings, but everybody gets light and space to circulate." Not all ideas are exported to the U.S. In Sweden, says Dow, many large companies have saunas in their buildings, a perk largely unknown to American business. Dino Piccini, president of DTZ Staubach Tie Leung in New York City, divides his time between the U.S., London, Hong Kong and India. His firm is a joint venture between DTZ, a real estate services firm in London and Staubach of Dallas, which has a Murray Hill office. Piccini advises on deals for the joint venture partners. "You have to rely on the old-boy networks in some of these foreign countries," he says. "If you want to find availability of space, you have to really dig into the market and call each owner; sometimes, they won't tell you." That contrasts with conditions in New Jersey, where finding space is easy and the trick is to win the trust of the ethnic clients who want it. | email shankarp@njbiz.com

Five top hispanic/latino markets Total Hispanics
Major Groups City and Latinos Puerto Rican Cuban Newark 80,622 39,650 2,962

Paterson 74,774 24,013 858 Jersey City 67,952 29,777 1,860 Elizabeth 59,627
12,989 7,069 Union City 55,226 7,388 10,296