



Last updated: December 11, 2009 03:19pm

C&C Jumps Into Property Mgmt. with RiverRock

By Brian K. Miller

SANTA CLARA, CA-Cornish & Carey Commercial/ONCOR International, a 75-year-old Northern California brokerage firm with 250 agents in 12 offices is now offering property management through a joint venture with RiverRock Real Estate Group, a six-year-old Santa Ana, CA-based West Coast property management firm led by John Combs that has 10 offices and 12 million square feet under management, mostly in Southern California. The joint venture, known as C&C RiverRock, wants Northern California alone to come close to that total within two years.

C&C chief executive Chuck Seufferlein says the partnership fills out the suite of services provided by C&C's Asset Advisors Group to a growing number of institutional clients, including banks. With RiverRock, C&C's Asset Advisors Group, which assists clients, lenders and special servicers with troubled assets, will now be able to provide clients with a more holistic solution, he says.

"Especially when addressing distressed assets, these clients prefer a single company who can support the full cycle of a property transaction: property management, marketing and repositioning, leasing, through the eventual execution of a sale," Seufferlein says. "With the introduction of C&C RiverRock's property management services, C&C is now able to [deliver] these...services through a single point of contact."

Combs, formerly the head of Insignia ESG's property services division, tells GlobeSt.com that the 50-50 JV launches with more than 2 million square feet under management, most of it contributed to the partnership by RiverRock in exchange for C&C contributing to the capitalization of the JV entity and providing marketing and office space. The JV provides property management for a fee (typically between 3% and 5% of gross rental revenue) and the JV partners will split the profits, he says.

"It allows us to have a footprint where our current clients already have product that we are not yet servicing because we weren't in the market," he says. "In addition to organic growth from existing clients, the JV also gains RiverRock an audience with future buyers."

C&C RiverRock's property management program includes tenant services, building operations and maintenance, service contract management, lease administration, property accounting and financial reporting. Related a la carte services include preparation of annual operating budgets, variance analysis, preventive maintenance, energy conservation programs, and fire-life-safety system development and maintenance.

Rebecca Rogers, a 14-year property management veteran now with RiverRock will head C&C RiverRock's operations. She will be based in C&C's Walnut Creek office. The business plan calls for the JV to be managing 10 million square feet in Northern California within 24 months.

The JV with C&C replaces a previous Northern California partnership with Alamo, CA-based shopping center developer Alamo Group. "The old one was successful but we wanted to have a brokerage partner who had a number of offices, that had the footprint that we are trying to grow in," Combs says.

In June, when RiverRock opened two new Los Angeles offices, Combs told GlobeSt.com that property management is counter-cyclical and that current conditions represent an opportunity for the firm to expand even further. Downturns generate more business for property management firms for a variety of reasons, including building owners' heightened focus on operating costs and tenant retention.

In addition, downturns eventually produce property sales to new owners who are often looking for a new property management company, he says. And while property sales in the current downturn remain sluggish, Combs and other industry experts expect transaction volume to increase in the coming months and years, creating opportunities for management firms to win business from new owners.

"We've been pitching together and winning assignments in advance of our joint venture," Combs says. "It's a stronger pitch not being just an alliance but true partners."