

# Idle Properties Hurt Bottom Line Results

*An energy company in Houston was vacating a 60-acre property that included a 600,000 square foot mixed-usage facility which they had owned for years. The property was located next to a university looking to step up its research in the energy industry. Actio Corporate Asset Advisors stepped in, creating a master plan that began with the company renting the property to the university. Over time, the university acquired the entire site to create the energy research campus wanted.*



**M**ichael Katz is a principal of Actio Corporate Asset Advisors, based in New York City. The firm provides real estate solutions and asset advisement to corporations and investors. “We bridge the language gap between the corporate world and the real estate world,” said Katz, who has over 20 years of experience in repackaging surplus and underutilized corporate facilities.

Typical clients are long-established industrial companies transitioning to new platforms for manufacturing and distribution that can keep pace in today’s world. “In making that change, they often have legacy real estate or real estate-related challenges in getting out of that old footprint,” said Katz.

Changing the way corporations think about these assets is a common challenge. Often, people in the corporate world have little or no experience in managing real estate assets, and

sometimes take a very short-term outlook. “We look at what it actually costs to keep these properties. Corporations tend to spend more owning idled properties than any investor would spend. Not acting is a bad strategy,” explained Katz.

Actio helps corporations recapture the value of their real estate holdings by providing a wide range of services throughout the life cycle of the property – including portfolio review, site selection and acquisition, optimization during operation and disposition. “We want our clients to be informed owners or informed sellers before they make any real commitments. The common thread along the way is that we try to use real estate as an enabler to solve corporate challenges, and not become an impediment.” Katz believes that “some of the largest obstacles to executing strategies, especially for the surplus properties, often come from the company itself. High book values, unrealistic environmental parameters

and expectations, and deferred maintenance are examples of factors that impact the portfolio that the corporation controls.

When selling a property, one important consideration is a thorough understanding of what is happening in the community around it. Identifying all the stakeholders is imperative, according to Katz. Business leaders, chambers of commerce and economic development professionals should be involved early on in the process. Listening to their perceptions of the current situation and how they see the future of their community is important. If the sale of the property can help them toward their goals and they understand the benefit to their community, local cooperation is much more likely and sets the stage for a more seamless transition for the corporate seller.

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