

What's Next is What's Now for Next Realty

Firm Celebrates 10 Year Anniversary



As Andy Hochberg was finishing his run at the helm of Sportmart, the business his family built and then sold in 1997, rarely a day went by when he wasn't asked, "What's next?" So when he finally determined his new direction — a commercial real estate firm — it was only natural to name it Next Realty.

While building Next Realty to where it is today — a firm that owns and manages real estate valued in excess of \$375 million in nine states and the District of Columbia— Hochberg has remained focused on "what's next" by keeping his eyes open for new initiatives that will expand business, grow the company portfolio, improve its properties, serve its clients and provide investors attractive investment returns.

Through its evolution, Next Realty has become a truly diversified real estate firm: one that owns, manages and develops retail centers and land, one that represents the interests of clients through leasing and acquiring real estate, and one that consults to owners of parking facilities to help them maximize value.

During Next Realty's earliest days, Hochberg operated the company alone from a one-man office in Chicago's north suburbs. Eventually, he called on a colleague in the industry, George Galloway, to join him and to establish a presence in the Mid-Atlantic states. Galloway and Hochberg had worked together several years earlier when Galloway was a tenant rep broker handling Sportmart's expansion. Through this teaming, Next was able to expand its playing field, both geographically and operationally, as tenant and landlord representation capabilities were added to the firm's repertoire.

Over time, as the company grew and opportunities for new business emerged, Next added Robert Caplin and Marc Blum as principals, each with a discipline and a focus that added to Next's expertise and ability to serve the needs of clients and investors.

"It's important to keep in mind that we built the firm one person at a time, one relationship at time," Hochberg said.

There are a number of affiliated entities for the company's varied business lines:

- Next's Washington, D.C., affiliate, Next Realty Mid-Atlantic, features an extensive third-party leasing and tenant representation business.
- Next Realty Development, based in Northbrook, IL, develops neighborhood and category-dominant retail and mixed-use projects.
- The Chicago brokerage division, Next Realty Midwest, focuses on land acquisition and in-fill/adaptive re-use opportunities for both retail and residential development.
- Next Parking, LLC nationally seeks to acquire parking properties to add to the Next portfolio.
- Next Parking Solutions, with offices in both Northbrook and Washington, DC, consults to public and private owners to provide tools to maximize the value of their parking properties.

"It has been an interesting and very fulfilling 10 years, a period of many highlights for the firm," Hochberg says. "We bought our first retail property, a development parcel in Fort Wayne, Ind., in 1998; officially opened our second office in the Mid-Atlantic in 1999; and acquired our first parking garage, 200 West Randolph in Chicago, in 2002."

Parking becomes a focus in 2002

Only four years after it was launched, Next Realty acquired its first parking property, a 500-space parking garage located at 200 West Randolph in Chicago.

Since that first acquisition, the company's parking division has acquired assets in four national markets and owns 10 structures that encompass more than 8,500 spaces. It now looks to extend its market share to reach both coasts, with parking opportunities currently being considered in an additional three states and six new cities.

"Parking is a fascinating real estate niche," says Robert Caplin, executive vice president and principal of Next Parking, a division of Next Realty. "It's an operating business as well as a way to control core downtown sites, and you can affect your business every day. That's a sharp contrast to retail centers, where as if they are leased, there is not a lot you can do except take care of your tenants and plan for the future. With parking garages, you are constantly reacting to the market."

Targeted properties, in Chicago and nationwide, include existing, new and proposed garages; self-park and valet; urban and off-airport; surface lots and structured garages; mixed use development; and joint venture partnerships.

In addition to being an owner, Next Parking also offers consulting services to private and public owners of parking facilities nationwide to help them maximize the value of their properties.

"I never imagined in 1998 that as a firm we would find a niche in parking," Hochberg said. "But it has been important to the success of the firm to remain entrepreneurial to adjust our vision for what Next Realty is capable of becoming."

Distressed Opportunities in 2008

Next's acquisition and development teams have experienced the cyclical nature of real estate and financial markets and have maintained a conservative approach to real estate investing through changing economies. This experience allows the firm to take advantage of market opportunities. The size of the company allows it to respond quickly and swiftly with new initiatives.

While many view the current economic climate as a glass that is half empty, Next has turned it into an opportunity. Earlier this year it began an effort to actively and aggressively reach out to owners and lenders that may have distressed properties (notes or deeds). According to Marc Blum, another principal in the firm, Next is actively seeking properties in five general categories:

- Retail properties in major metropolitan markets nationwide
- Stabilized properties
- Properties requiring repositioning or renovation
- Struggling construction loans on new retail developments
- Vacant land with retail or residential potential

When talking about this new initiative, or any other offers to acquire property, Hochberg says, "People will always ask, 'will you close?' and 'do you have the money?'"

"People have come to know our reputation as a large player for smaller deals, and an aggressive player for larger deals," he said. "As a firm, we couldn't be happier with that assessment."

Happy with the assessment, and looking ahead to what's next.