

Shihadeh, Marcus & Millichap On Pace For Record Year

The way Regional Manager Tom Shihadeh sees it, the most recent successes that the Boston office of Marcus & Millichap (M&M) have enjoyed can be directly attributed to the hard-working team they've assembled since his arrival in Boston 19 months ago. "Our success is an ultimate byproduct of hard-working agents and I want to emphasize the role they've played in our growth," professed Shihadeh.

It is a humbling perspective since Shihadeh's promotion to Boston as regional manager took place in late 2019 after a massively productive stint in the Marcus & Millichap New York City office, where his former team consistently orchestrated 100 transactions for over \$1B in each of the past six years. It was that rigorous success that led to his current opportunity, and a return to the region for the Pennsylvania native who graduated from Boston University less than a decade ago.

However, Shihadeh's past prosperity would not guarantee what the Boston market could deliver; certainly not given the timing of his arrival - just two months prior to the spread of COVID-19 and the beginning of what would be a nationwide shutdown - delivering fear to businesses, the financial markets and most assuredly, commercial real estate.

"COVID is a loaded word that carried and continues to carry, immense emotional and personal stress for many in our office with families and loved ones highly susceptible to the virus. Finding ways to be supportive and lighten the mood in areas that go beyond just business was very important ... The goal was to make contact, find an inroad to creating a relationship and stack up as many of those as possible for life on the other side of COVID," Shihadeh recalled upon the earliest of tasks he was engaged in.

"Things were chaotic; we were in damage-control mode," Shihadeh recalls regarding the regional Boston agents dealing with their personal lives while focusing on the needs of their clients, who were facing situations of tenants failing to pay; as the number of people collecting unemployment checks coupled with the relocation of workers exiting the city threatened the economic future of owners and their buildings.

Fortunately for Shihadeh and his team, that fear was mitigated (at least transiently) when stimulus money began flowing in from the federal government. In fact, only one of 30 deals that the Marcus & Millichap team worked on fell apart during the pandemic, according to Shihadeh. "The pandemic was a health crisis, not a financial one," so it's not a parallel comparison to 2008," he contends.

It was after a relatively short pause that the company's phones began to ring again. Shihadeh says their sweet spot for the region is in the \$1-\$30 million range, which he says dovetails well with the needs of the current market. Many owners in their 60s and older in the area are looking to sell. "Our total new listings are up by 129% year over year within our office and our total closings are up by 57% year over year."

Facing capital gains taxes on any earnings, and expectations that a slowdown is inevitable in any market, owners assessed the situation and then responded to the needs of investors - they sold. "The economy is running with a tailwind and there is a lot of capital on the sidelines, which leads to a supercharge of activity ... there are capital gains taxes no matter what but the anticipation is that they're going up which is motivating people to consummate a transaction this year," asserts Shihadeh.

Shihadeh says the regional office sales activity should double 2019's total and the expectation is for 200 closings this year; New England has already booked \$1.05 billion in investment sales activity across the region, and 100 closings, much of it originating from the Boston office, according to him.

When Shihadeh came to Boston he felt he had the experience to lead but he was facing a team of people he was unfamiliar with while managing in uncertain times, which only deteriorated as the pandemic spread across the state and the country. "Our focus (initially) was to keep our communication as frequent and consistent as possible ... for us, it was all about big picture, small victories, and moving the ball forward wherever the 'available inches' were that week. I really credit our agents for rising to the challenge -they never stopped working, never stopped pushing and they found solutions to problems."

Shihadeh conveys there is a nice balance throughout all asset classes for the team and within the deals to date - which he attributes to its overall success. Including in recent trades and first reported in Real Reporter most notably is a \$54 million trade of Bedford Marketplace, a deal orchestrated by Senior Managing Director, Jim Koury. The veteran Koury himself has closed over \$100 million since March and over \$4 billion in Shopping Centers throughout his career; a milestone Shihadeh attributes to Koury's experience and reputation of excellence.

Meanwhile, well-known industry retail sales extraordinaire and Senior Vice President L.A. Drinkwater is completing an impressive closing assignment of a two-tenant Walgreens and Mattress Firm in Saugus for \$12.25 million, while 2020's M&M Top Agent Adam Cohen dispatched the sale of a Salem, NH Speedway gas station for \$8.9 million. Shihadeh says the office has also recently completed self-storage trade led by Senior Associate (and top producer) Harrison Klein - closing a \$30.35 million portfolio, one of 14 deals consummated by Klein and the team in 2021 alone.

And certainly, the office is no stranger to making multi-family deals throughout Greater Boston via the duo of Evan Griffith and Tony Pepdjonovic. Year-to-date in 2021, they've already arranged nearly 30 closings. A few of their recent transactions include a multi-family portfolio in Davis Square, Somerville for \$8 million, a mixed-use portfolio in Malden for \$8.7 million, and 183 units in Amesbury for \$26.5 million.

Meanwhile, Shihadeh relays the goal for the team is to keep the momentum going into the fall and finish the year ahead of the previous - and all prior years, with a focus on furthering his support to agents and originators. "Again, it's all about the agents first and I work to support them in that capacity. We'll keep pushing, find solutions ... and we will continue to grow and be successful," Shihadeh portends.

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