

Five questions with Tom Stern

BY TIM BRYANT • STLtoday.com | Posted: Friday, December 23, 2011 12:10 am

An economic recovery that seems to never quite arrive. Skittish lenders and companies hesitant to take on new office space. Credit market volatility over commercial, mortgage-backed securities.

Against this gloomy backdrop, what are commercial real estate leaders to do?

For Tom Stern, the answer is to buy a competitor. In November, Solon Gershman Inc. Commercial Real Estate, where Stern is president, completed its acquisition of Coldwell Banker Commercial's Management Division. The combined firm increased Gershman's property management portfolio by 30 percent.

Coldwell Banker Commercial's principal managing member, Gregory Nooney Jr., and Bruce Brophy, Coldwell Banker principal, joined Solon Gershman. Twenty Coldwell Banker employees moved to Solon Gershman's office in downtown Clayton.

Under Stern's direction, the company now manages more than 150 commercial properties with 7.5 million square feet of office, retail and industrial space.

Solon Gershman's acquisition of Coldwell Banker Commercial's Management Division came six years after it took over Follman Properties. By adding Burt Follman, once a Gershman intern, that deal bolstered corporate continuity — a final wish of Gershman's founder, Solon Gershman, who died in 2003.

Stern's wife, Karen, is one of Gershman's two daughters. Stern has worked for Gershman Commercial since graduating from college in the 1960s.

"I married the boss's daughter," he said.

As company president, Stern now runs the commercial real estate business from his corner office at the firm's office in Clayton.

How did the Coldwell Banker Commercial deal come about?

We've known the principals of Coldwell Banker Commercial for many, many years and have been friendly competitors. During a lunch conversation, the idea of combining forces was discussed. Over a period of months, it came to pass that we were able to acquire their management portfolio as well as a number of their experienced brokers.

Did the performance of the St. Louis commercial real estate market in 2011 match your expectations a year ago, and what's your outlook for 2012?

I think 2011 was somewhat disappointing. It was a profitable year for us but not to the extent we had budgeted at the beginning.

We're cautiously optimistic for 2012. I think that we all anticipated that the recovery from the downturn would be more rapid than it has been. So we've taken a longer view of the recovery than we did previously.

After four years of recession or slow growth, when do you predict recovery?

A large number of our tenants are small businesses, and they are struggling to obtain financing for inventory and to expand their businesses. And so we need some help from financial institutions for those tenants. We think that the return to normal is probably two to three years away.

Given that St. Louis builders are generally cautious, how will that attitude play out over the next five to 10 years?

I think any new construction that we see will be tenant-driven. Financing will be available only for projects that have tenants committed to occupy that space. It says "Show Me" on our license plates. That's the way our market works. People don't tend to buy off of renderings. They want to see the building going up before they're willing to commit.

What advice do you have for Joe Reagan, who will succeed Dick Fleming as president of the Regional Chamber and Growth Association?

I would say to work more closely with the commercial brokerage community, instead of trying to do their jobs for them, which is what the RCGA has tried to do before. I think (he also should) try to be more cooperative with the county and city economic development offices, as Mayor (Francis) Slay has suggested.