

## **Recuperating Ritchie**

Mark Ritchie can attribute the revitalization of his real estate firm to building relationships and diversifying his portfolio.

By Becky Bergman

In 1987, Ritchie Commercial was a three-agent team that used old-fashioned dial telephones and a part-time secretary. The sleepy brokerage firm was collapsing and in need of help, like many other companies in the San Jose area.

When Mark Ritchie arrived in San Jose in January that year, his first challenge was to rebuild his father's neglected real estate office. And in so doing, he helped transform downtown San Jose into the powerhouse that supports Silicon Valley today.

As other brokers were closing shop and moving out of San Jose, Ritchie hunkered down and started cold calling potential clients.

"I'd get up every morning, call on people, and start talking about real estate, trying to make deals," he says.

It didn't take long. Within months, Koll Development signed Ritchie on to manage two of its downtown buildings. Since then, Ritchie has been involved in many more San Jose projects, helping significantly the downtown redevelopment.

Ritchie - whose name is synonymous with commercial broker activity in downtown San Jose - grew up on real estate. As a teenager, he spent Saturday mornings hanging signs and accompanying his father, John, on tours of commercial sites in the South of Market area in San Francisco. His mother, Sue Ritchie, works in the residential side of the industry. After he graduated from UC Berkeley with a bachelor's in economics and political science in 1979, Ritchie went to work with his mother at Hill & Co. in San Francisco, where he was responsible for renting premium apartments on Telegraph Hill and Nob Hill. His mother later opened her own firm in the mid-1980s, Ritchie-Hallanan Real Estate, becoming what her son calls a pioneer in the boutique residential market in San Francisco.

After Hill & Co., Ritchie did a short stint at the Pacific Union Co. marketing condos to investors at the high-profile Watergate Condominiums and Opera Plaza. Ritchie then left Pacific Union to pursue a brief career as a fashion model in Paris before returning to the states to work for Lincoln Property Co., where he leased nearly 1 million square feet of new space, including four high-rise office developments.

Just as Ritchie was contemplating a partnership with a development company that was going to build lofts in San Francisco, the market began spiraling downward. The San Jose office was particularly hard hit.

"I got to San Jose and the city was just a mess," says Ritchie. "And my dad's office was neglected. But I could see what the redevelopment agency wanted to do with downtown San Jose and I was excited about the opportunities."

Ritchie prospected for tenants, met with the landlords, and brought them as much business as he could.

"It's really the only way to earn respect," Ritchie says.

His efforts paid off. A year after taking over the firm, the San Jose Chamber of Commerce named him Office Broker of the Year. By 1996, Ritchie purchased the company assets from his father.

### **Working on Opus**

The Opus Center office tower in downtown San Jose is one example of what Ritchie has achieved over the past several years. The 16-story Santa Clara street project proved to be a landmark career deal for Ritchie, who handles the lease negotiations for developer Opus West Corp.

So far, Ritchie has leased roughly half of the building to Deloitte & Touche and Smith Barney. He declined to say what rates they paid, but he predicts he'll lease the rest of the building by the end of 2002 despite the economy's nasty hangover.

No one can deny that times are tough right now. In all of Silicon Valley, leasing activity was up to only 11.8 million square feet at the end of the year, far less than the 34.2 million during the same period a year earlier. Vacancy rates climbed to a 6-year high of 13% during third quarter 2001, according to a Grubb & Ellis report. And during the fourth quarter, downtown San Jose lease rates for office space started around \$3.26 per square foot, down from nearly \$5 a year earlier, according to a Cushman & Wakefield report. Currently, there is nearly 1 million square feet of available space in downtown San Jose.

The depressed real estate market and the state's energy crisis, along with the fallout from 9/11, have forced many companies to downsize their workforce and consolidate space. But Ritchie's business hasn't suffered that badly, he says. Ritchie's firm boasts 50 agents and \$5 million-plus revenue. Altogether, his firm manages about 2 million square feet of office, retail, and industrial space in the Bay Area.

It probably helps that he has been careful all along to diversify his portfolio. Ritchie didn't fill up on tech companies during the Internet boom when it would've been easy to do so. Ritchie is confident the numbers will turn around sometime this year. Although he says he's not looking forward to what the first part of the year may bring, he says that by the second half of the year, things should start looking up again.

But the 44-year-old also adds that he is patient and has a lot of time still ahead of him. "I think over the next 10 to 15 years, San Jose still has plenty of room for growth."