

Housing Slump Takes Toll on Brokerage

By Mark Mueller

Irvine-based O'Donnell/Atkins, California's largest and best known land brokerage for much of the past decade, is winding down most operations amid the ongoing real estate downturn.

The company, which brokered more than \$1 billion in yearly land sales at the peak of the housing market, is in the midst of "significant downsizing" and isn't going after new business, according to Chief Executive Mackey "Mac" O'Donnell.

The brokerage—which made its name selling raw land across Southern California to homebuilders and master developers—is focusing efforts on wrapping up deals already in the pipeline, O'Donnell said.

Getting those transactions through escrow should keep the company's operations going at least through the start of 2009, he said.

O'Donnell/Atkins, which had nearly 70 employees at several offices a few years ago, has pared down to just a handful of people. The company has seen the exit of top brokers and executives during the past month or so.

Cutbacks among commercial real estate brokers have become commonplace. But a shuttering of O'Donnell/Atkins—if it occurs—would be the first example of a local brokerage closing its doors because of the ongoing market upheaval.

At the peak of the housing market, the company ranked as high as No. 6 among Orange County commercial real estate brokerages by transactions, according to the Business Journal's annual lists.

Deals Fall

The Business Journal estimates that O'Donnell/Atkins worked on about \$750 million in transactions in 2007, down about 50% from its high.

Other brokerages are expected to see more drops in business as fewer deals are getting done and those that are getting done are complicated by loan issues.

"There's constipation in the marketplace," said Paul Grover, managing partner of Irvine-based consulting firm Strategic Land Advisors.

There still are qualified buyers for land, according to Grover. But sellers—including lenders and Wall Street investment banks—often aren't ready or able to get deals done, he said.

Adding to the complexity, "the people in control of land today are not the same people who were in control" a few



O'Donnell: company "significantly downsizing"

years ago, said Grover, who left O'Donnell/Atkins after 12 years to start Strategic Land Advisors about a year ago.

2008 "was a year of homebuilders selling off inventory," said Norm Scheel, principal for Irvine-based land brokerage Hoffman Co. "For 2009, you will see banks selling off inventory."

Hoffman, which has about 13 brokers, has focused for much of the past year on re-establishing relationships with banks to prepare for sales of distressed land and developments.

"For almost any deal that closes these days, the lender is involved, whether it's a short sale or (a foreclosed property)," said Tom Reimers, president of Irvine's Park Place Partners Inc., which along with Hoffman stands to be one of the largest land brokerages in the area after O'Donnell/Atkins' downsizing.

Alums

Reimers was the former executive vice president of O'Donnell/Atkins. He and a group of brokers joined Park Place last month.

Park Place's Irvine office has focused on land sales in the Inland Empire. The company plans to beef up its OC presence, Reimers said.

Mike Hunter, another former longtime O'Donnell/Atkins broker, will be heading up much of the company's business development in OC.

O'Donnell/Atkins was created in 1992, amid the last big downturn in the housing market. Cofounders O'Donnell

and Craig Atkins, the company's chairman, worked together at Costa Mesa-based developer Warmington Co.

Atkins confirmed last week that the brokerage is downsizing, but said the company wouldn't end operations altogether. He said his focus is on starting a development company with another local real estate executive.

Among local developments, the company brokered land for projects such as San Clemente's Talega housing development and Bosa Development Corp.'s condominium towers in Irvine.

SunCal

O'Donnell/Atkins' slowdown comes at a time when its onetime biggest client, master developer SunCal Cos, also is in survival mode.

The brokerage handled a number of SunCal's largest deals, including San Clemente's 248-acre Marblehead Coastal project, which sold for about \$200 million in 2005.

The two companies stopped doing business together about two years ago, near the start of the downturn in real estate land prices.

About 20 SunCal projects, including Marblehead, filed for bankruptcy protection last month, following the implosion of the master developer's largest financier, Lehman Brothers Holdings Inc.