

# Dogged Determination Leads to Unusual Lease Deal

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**A**lthough commercial real estate is a people business, brokers should not disregard Earth’s other inhabitants when looking for lessees. In the case of Terence P. Coyne, CCIM, the perfect tenant turned out to be man’s best friend.

Coyne’s interest in the commercial real estate industry was piqued by his father’s parking management company, which he eventually sold but kept ownership of the real estate. “Since there is only one good job in the parking business, and my dad had it, I asked my dad what job would teach me the [commercial real estate] business. He advised me to become a broker,” Coyne says. He worked for a Chicago real estate company for a few years and then relocated to Cleveland, his hometown, where he is now a senior vice president at Grubb & Ellis.

Through the years Coyne has been involved in many diverse and interesting real estate transactions. However, he never dreamed that one of his most memorable deals literally would be for the dogs.

## **Barking Up the Wrong Tree**

The Berry Pipe Co., one of Coyne’s longtime clients, owned a 7,700-square-foot manufacturing building on Cleveland’s near east side, a predominantly residential area. Coyne had represented the Berry family in the acquisition of the property, “a former United Parcel Service facility, which had been purchased by a recycling company and very poorly maintained,” he says.

The Berry family extensively renovated the building and won several awards for rehabilitation and landscaping from a local development corporation. After three years the company outgrew the property and hired Coyne to sell it near the end of 2000.

However, the building’s awkward layout and location bordering an elevated railroad presented selling obstacles, as did Cleveland’s adverse market conditions at the time. “It became obvious that I had to look beyond tradi-

tional users for this space to make something happen,” Coyne says.

He conducted “the usual marketing — a sign, fliers, LoopNet, open houses,” which drew many interested parties, including an auto body dealership, a laundromat, and other small-space users. Unfortunately, they all wanted to lease the property, but the Berry Pipe Co. “wanted to cash out [of the property] and invest their dollars elsewhere,” Coyne says.

One of Coyne’s mailers attracted a day-care operator who proposed renovating the property into a day-care facility. The company originally wanted to lease as well, but eventually signed a contract to buy the building for \$215,000. Yet problems began to litter the path, and the day-care operator ultimately was unable to obtain proper financing.

“The Berry Pipe Co. and I were quite disheartened as we watched my perfect deal fall through, and I again was stuck with selling a manufacturing building that no manufacturer wanted,” Coyne says.

## **Working Like a Dog**

For the next 18 months, Coyne extensively marketed the property to no avail. Cleveland’s economy was “in full downturn and showed no signs of recovery in the near future,” he says. “Time after time, prospective clients said that they would like to lease the space but were not willing to buy it.”

The overwhelming interest in leasing the property gave Coyne an idea. He approached the Berry Pipe Co. with an offer to buy the building for the same terms as the day-care operator’s contract. He enlisted a local redeveloper who specialized in repositioning properties as his partner.

“It was obvious that there was a future for this building, but it was only a matter of time before we would find out what that future would be,” Coyne says. He embarked on another ambitious marketing campaign, but this time he positioned the building as a “for-lease” property.