

Market Knowledge and Expertise Leave Hearth & Home Technologies with Warm Feeling for Real Estate Advisors

How Real Estate Advisors' Tim Smith led Hearth & Home Technologies to the perfect warehouse and distribution center, and then did more...

When Real Estate Advisors' Tim Smith sent out courtesy notices to his professional network that his office had relocated, he never expected it would lead to two very successful commercial real estate transactions. However, Tim's simple card reached Dale Soberg of Hearth & Home Technologies with impeccable timing. Having worked with Tim Smith before, Mr. Soberg knew Tim's industrial real estate expertise was exactly what he needed to consolidate Hearth & Home Technologies' manufacturing and distribution centers.

Hearth & Home Technologies had outgrown their 35,000 square foot distribution facility in Roseville, Minnesota. Further, the location of the company's distribution center nearly 100 miles to the south led to inefficiencies the company could no longer tolerate.

With Tim's notice in hand, Mr. Soberg dialed Real Estate Advisors' new St. Paul office and immediately hired Tim Smith to find a solution that would consolidate Hearth & Home Technologies' distribution and warehouse facilities in a location convenient to the company's corporate headquarters in a suburb southeast of the Twin Cities.

Tim carefully began to collect information on available properties based on Hearth & Home Technologies' unique needs. To effectively meet their distribution center needs, Tim needed to identify all properties with over 60,000 available square feet, 26' ceilings and easy access to interstates. His client's requirement that the facility be located in close proximity to corporate headquarters limited Tim's search further. Ultimately, Tim identified six properties meeting these criteria. Of these six, however, one property fit his client's needs uniquely well.

Using his extensive professional network, Tim gathered the latest competitive information on the six properties; information not readily shared publicly. Only then did Mr. Smith approach leasing representatives for the preferred location. Using his research to his advantage with the leasing agents, Tim began to negotiate aggressive lease terms. Hearth & Home Technologies needed 60,000 square feet, yet the configuration of the property yielded a space much too large – 74,000 square feet.

In order to create a winning deal, Mr. Smith relied on his experience and creativity to solve the problem. Studying architectural drawings of the property, Tim proposed a creative solution that required reconfiguring the space. His solution called for the creation of an entirely new entrance, but it would shave 8,000 square feet from the existing plan. Together with the property's leasing team, Tim Smith presented his solution to the building owner who, appreciating the stability and strength of Hearth & Home Technologies, agreed to make the alteration. Since the space was still a little larger than needed, Tim successfully negotiated a below-market lease rate that fell within his client's tight budget.

"I was impressed with Tim's knowledge of our needs and his ability to sort through all of the options in the market and present to us only those properties that really met our needs. But more so, his ability to effectively secure such favorable lease terms provided an extreme amount of value," said Dale Soberg.



Before they had time to celebrate this success, Mr. Soberg contacted Tim with another challenge. Hearth & Home Technologies discovered a short-term need for a smaller space in the northern suburbs while the company made the transition to their new facility. Since short-term leases can be difficult to secure, Mr. Soberg was not hopeful that Hearth & Home Technologies could find a space to suit their needs and tight budget. Tim Smith respectfully disagreed.

After another comprehensive property search, Tim identified one building that might fit. However, the space was a full 50% larger than his client required. Tim would need to negotiate an extremely aggressive lease, and also convince the landlord pay for tenant improvements to fit Hearth & Home Technologies' requirements.

After several spirited discussions with the building's leasing team, Mr. Smith secured the perfect deal. In the end, Tim Smith had secured a lease that completely met his client's needs. Hearth & Home Technologies not only received the space they needed, but half again as much. The lease negotiated by Tim Smith was a full 10% under his client's budget, and included all tenant improvements. Mr. Soberg concluded, "Having worked with Tim Smith on these two transactions, I can honestly say that I couldn't be more pleased with the success we achieved together."