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SILVER LINING: Joe Lewis, owner of Orchard Commercial, said his company has lost some business to foreclosure but picked up 1 million square feet from lenders who have taken possession of property.

Orchard Commercial fruitful with creative thinking, cash

BY DAVID MILLS

Joe Lewis is not the type to just sit around and let a struggling real estate market drag his property management business down.

"You've got to make things happen," said Lewis, the owner of Orchard Commercial Inc. "You need to go the extra mile."

That's what Lewis has done the past year as a weak real estate market has produced a rash of foreclosures, sending the commercial vacancy rate over 20 percent.

Leasing vacant space has become the ultimate challenge for property management firms in 2010. So Lewis used some innovative thinking and cash in the bank to turn things around.

Pacific Plaza Shopping Center in Fremont had a hair salon shut its doors in 2008. The space sat vacant for more than a year when the tenant next door also decided to close up shop.

Rather than bemoan the loss, shopping center owner Orchard Commercial remodeled the hair salon, hired a manager to run it and reopened shop. This activity encouraged another shop owner to lease the adjacent space for a frozen yogurt shop.

In another example of creative management, Orchard worked with Comet North America that wanted 13,000 square feet at Valley Business Center in North San Jose. But the landlord, Invesco Real Estate, could not afford the level of tenant improvements requested by Comet, which was looking for manufacturing space for its semiconductor opera-



tions. Orchard worked with Comet and a construction company to come up with the needed improvements, and Invesco got a tenant.

These projects are examples of how Orchard has remained strong in a troubled market. The company manages 8.5 million square feet with an estimated value of \$1 billion. That includes 489 tenants in 153 buildings in the Bay Area.

That's only slightly below the 9 million square feet Orchard had a year ago. Lewis said they have lost some business to foreclosure, but in the past six months they have also picked up 1 million square feet from lenders who have taken over possession of property.

Orchard has also hired 10 new employees, increasing its work force to 55. Lewis said most of those

workers are engineers and technicians who can help with renovation work like that done at Pacific Plaza.

Lewis said his company still uses a collaborative approach with its clients. He also still employs separate divisions that handle all aspects of property management including construction, leasing, maintenance and day-to-day operations.

"We have all these pieces of the puzzle working together," Lewis said.

Duncan Walker, a senior asset manager at Invesco Real Estate, has worked with Lewis for 10 years and currently has two properties managed by Orchard Commercial.

He said the company's honesty and straightforward approach has given it a solid reputation in the industry.

"They are absolutely top notch. They have a great understanding of the market," Walker said. "Their transparency and integrity is of the highest level. They always act with the property owners in mind."

Walker also credits Lewis' flexibility and innovation for keeping Orchard at the top of its game.

"Joe doesn't hesitate to lead. Whatever is happening in the market, he tries to stay ahead of it," Walker said.

Orchard Commercial also does a significant amount of charity work, including providing a trio of college scholarships as well as contributing to the Family Giving Tree's school backpack program.

"We want to leave the world a better place," Lewis said. "It's part of the company's culture."