

## Southland Real Estate Giants to Merge

**■ BROKERAGES:** Coldwell Banker will absorb Fred Sands' operations. Combined firm will dominate upscale market.

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TIMES STAFF WRITERS

Southern California's No. 1 and No. 2 real estate brokerages announced Friday that they are joining forces, creating a real estate behemoth with 113 offices and 5,700 agents working in communities from Santa Barbara to San Diego.

Coldwell Banker Residential Brokerage and Fred Sands said they have completed the deal and that Sands' operations, except for 40 franchise offices, will move entirely under Coldwell Banker's roof. Franchisees will have the option of selling to Coldwell Banker or continuing to operate under a license that allows them to use Fred Sands' name.

The combined company would have 18% of the Southern California market and annual revenues of about \$16 billion. Terms of the deal weren't disclosed, but by most business measures it appears that Coldwell Banker acquired Fred Sands.

The Fred Sands name will be phased out of the combined company over the next 60 days, said Bob Becker, president and chief executive of NRT Inc., a company owned by Cendant Corp. and Apollo Management. Cendant, whose affiliates sell one of four homes in the U.S., owns Coldwell Banker, Century 21 and ERA.

The agreement marks the end of a chapter in a storied 31-year real estate career for Sands, the scrappy son of a New York caddy who built his company largely on the cachet of million-dollar home sales to celebrities on Los Angeles' affluent Westside.

"It's time for a change," Sands said. "I married a few years ago and I have a 4-month-old child. I want to do things a little differently now."

Sands, 62, will become vice chairman of the combined company and will not be involved in its day-to-day operations, assuming instead a planning and marketing role. Sands' firm is the last large independent brokerage in Southern California. His predecessors, including longtime rival Jon Douglas Co., succumbed years ago to a consolidation wave sweeping the real estate industry.

A perfectionist known for running a family-style operation, Sands leaves a lasting legacy on the competitive Southern California housing market.

"Fred's been a guiding light of the industry,

the greatest real estate marketer Los Angeles has ever seen," said Mike Glickman, president of Mike Glickman Realty in Encino. "He's touched every real estate agent and real estate transaction for 30 years."

Sands managed to stay afloat during the significant downturn in the housing market in the mid-'90s while many of his competitors sold their companies.

"I look at his ups and downs," said Tom Dunlap, branch manager for Prudential John Aare Realtors in Beverly Hills. "His sheer tenacity during the recession—he hung in there and fought and built an amazing company."

Coldwell Banker, on the other hand, perpetuated much of the consolidation here in the last few years, buying numerous firms—including Douglas' assets—in Northern and Southern California.

A bid by brokerages to create a one-stop shop where consumers can get mortgage, title and other services under the same roof largely fueled this consolidation trend. Brokerages are also increasingly concerned about the impact of the Internet on the market, and see larger operations as a way to protect profitability.

Coldwell Banker approached Sands about six months ago and suggested the companies merge, said Lloyd Greif, president and chief executive of Greif & Co., the investment banker who represented Sands. Sands was skeptical initially, Greif said, but over time became more comfortable with the idea of his operations being run by Becker.

The deal includes Fred Sands offices on the Westside, in the San Fernando and San Gabriel valleys, Westlake and Santa Barbara and includes his New Homes Group, International Estates division, International Relocation and Corporate Services division and the Fred Sands School of Real Estate, among other services.

The combined firm would dominate the market in the region's most lucrative residential areas, including the Westside, where it claimed a 53.5% market share from July 1, 1999 through June 30, according to Real Data Strategies, a Fullerton-based market research firm. The combined company said it will sell four of five \$1-million homes in the Southland.

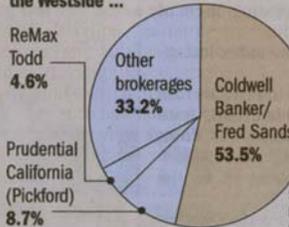


Fred Sands, in a file photo, will see his name gradually phased out of the new company. Los Angeles Times

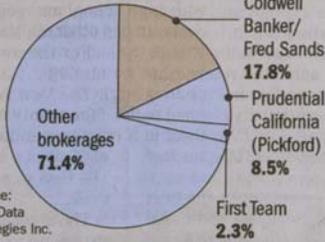
### Sans Sands

Coldwell Banker Residential Brokerage and Fred Sands, the No. 1 and No. 2 real estate brokerages in the Southland, are merging. This will create a real estate powerhouse that will dwarf competitors in many of the area's most lucrative housing markets.

The combined company will dominate the Westside ...



... and rank first in Southern California.



Source: Real Data Strategies Inc.

Los Angeles Times

In the San Fernando Valley, the combined company will have a 22% market share, which dwarfs its nearest competitors, Prudential California Realty and Re/Max Valencia, which had a 4.0% and 3.9% share from July 1, 1999 to June 30 this year, respectively, according to Real Data.

Becker and Sands said the combined operation will be beneficial for both consumers and agents. It will provide buyers access to more listings, and sellers with a greater number of buyers to look at their homes, Becker said. It will give agents hefty technical and marketing resources.

But after previous acquisitions in Southern California, some agents rejected the large-company culture and opted instead for one of the region's remaining boutique real estate firms.

"After the last merger on the Westside, I got five good, full-time agents," said Jack Pritchett, co-owner of Pritchett-Rapf & Associates in Malibu. "Lots of agents don't like the corporate thing; they lose more control."