

COVER STORY

AN ENTREPRENEUR AT HEART

A conversation with Jeffrey Frieden,
executive chairman and co-founder of Ten-X

By Sanjay Mundra, CEO of SVN Hotels



Ten-X is a platform for buying and selling residential and commercial property from anywhere. It's the only real estate platform that allows buyers, sellers, and brokers to search, list, and transact properties completely online.

Frieden serves as the executive chairman for Ten-X, which he co-founded in 2007. Almost \$53 billion in real estate has been sold on the Ten-X.com platform to date, and Frieden has led the company in its transition from a traditional auction company into a technology company leveraging its extensive real estate and auction expertise.

Sanjay Mundra: Tell me a little about yourself, Jeff.

Jeff Frieden: I was born and raised in Anaheim, California, and went to Loara High School, and then Cyprus College for a year. At that point I started down the entrepreneurial journey and couldn't find time for school. I'd say I'm an entrepreneur at heart, and I have a passion for the real estate industry.

Sanjay Mundra: What was your first business venture?

Jeff Frieden: My partner Rob Friedman and I opened up The Stereo Connection in Anaheim in 1980. We were the first to introduce Korean electronics to Orange County, California. Everything was Japanese back then—Sony and JVC. No one knew who Samsung even was. We were the first to offer a 19-inch color TV at \$199. At the very beginning, there were 100 people lined up to buy TVs. We sold out of everything. We took the money we made and bought more. We got a line of credit from Samsung and many other vendors. The next thing you know, we opened store number two, three, four, and five. All were in Orange County and one in San Diego.

Sanjay Mundra: Would you share a story that defines who you are today?

Jeff Frieden: I'm not sure if this really counts as a story, but through much self-reflection over the last few years I have come to the realization that kindness is a language that everyone understands and responds to. As they say, you get

much further with sugar than salt, and I integrate that into my life every day.

Sanjay Mundra: What is the best piece of advice someone gave you in your early days? What advice would you offer someone now?

Jeff Frieden: Build your business on the assumption that 95 percent of people will do the right thing, and don't worry about the other 5 percent. Be transparent, be honest, and work hard.

Sanjay Mundra: How did the idea of creating Ten-X Commercial and Auction.com come about?

Jeff Frieden: After the Resolution Trust Corporation crisis and early '90s recession, the opportunity to do something unique in the real estate industry became very clear to us.

Sanjay Mundra: What made you decide to transition from the traditional auction company into a technology company? When and why did this make sense?

Jeff Frieden: U.S. CRE has a global appeal, which led me to the theory that the world is flat when you move everything online and utilize technology to expand your reach of that global audience. We brought Auction.com online in 2007 and then launched our commercial division in 2009.

Sanjay Mundra: Were there any struggles along the way?

Jeff Frieden: I'm a real estate

entrepreneur, not a tech entrepreneur, so I had to find the best and brightest in Silicon Valley to fill that gap. The challenge was integrating our real estate culture with our tech culture to build one cohesive company culture.

Sanjay Mundra: What part of your job do you enjoy the most?

Jeff Frieden: Talking with customers and building new products with our product and engineering teams.

Sanjay Mundra: What do hotel industry leaders need to know about the Ten-X platform?

Jeff Frieden: Hotel industry leaders need to know that Ten-X Commercial is a technology and data-powered platform that streamlines transactions for hospitality properties and more. Whether someone is selling, buying, or acting as a broker on a deal, the Ten-X online platform brings transparency, efficiency, and intelligence to every transaction. Our three transaction solutions—Offer Select, Live Bid, and Managed Bid—provide flexibility while also increasing the certainty of close. Plus, we bring a global investor database of qualified buyers to every deal.

Sanjay Mundra: What has been the most exciting thing, for you personally, thus far in the history of the company?

Jeff Frieden: Rob and I were employees one and two, so it's been exciting to watch the company grow to more than 1,000 employees nationwide





Ten-X transacted and closed properties

TOP: Double Tree South Bend, IN
BOTTOM LEFT: Corporate Center, FL
CENTER RIGHT: Douglas Corporate Center I and II, CA
BOTTOM RIGHT: Park Plaza Senguin Hotel Chop House, TX

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-Jeffrey Frieden

while also bringing on great investor partners such as Stone Point Capital, Starwood Capital, Google, and Thomas H. Lee Partners.

Sanjay Mundra: Has it been difficult to win people over to the idea of online real estate transactions?

Jeff Frieden: As with any new technology, there were some early adopters and some who need time to make a change. When we first launched the commercial transaction platform in 2009, we had some immediate interest from our institutional investors as a way to efficiently transact distressed properties. Since then, our platform has grown and we now handle more non-distressed properties than we do distressed. The flexibility and efficiency Ten-X brings to the selling and buying process has really resonated with buyers, sellers, and brokers, and as a result, we've seen a large increase in our customer base. Once a buyer, seller, or broker tries our platform, they become a repeat customer.

We have a great example where a broker recently had a client with a portfolio of properties that had been on the market for over a year. The broker team had successfully used Ten-X before, so they suggested their client try our marketplace. Working together, we transacted and closed the entire portfolio of properties in record time—helping the client and their broker team meet their business goals. As a result of their experience with our platform and our team, the client and broker are planning to bring another

portfolio of properties to our marketplace.

Sanjay Mundra: Do you see recent or prospective changes within the hospitality industry as affecting the role or success of Ten-X?

Jeff Frieden: Based on our recent research, hotel room rates and RevPAR hit new highs at the beginning of the year, which is surprising as the market is at a very mature point in our economic cycle. However, looming supply additions and rising interest rates are generating some market concern. With Airbnb's continued expansion and other uncertainty factors, I expect we'll see some additional changes in the hospitality market throughout this year and next. What's interesting about Ten-X is that due to the way our platform has evolved and grown, we are uniquely positioned in the hospitality industry, regardless of what happens in the coming years. With our global reach, we are able to "make the market" for each property in our marketplace by intelligently targeting and matching qualified buyers. Our transaction solutions provide certainty of close and visibility into accurate market pricing for stakeholders. As a result, we will be able to provide an efficient transaction solution for our hospitality investors, no matter what changes may or may not come to the hospitality industry.

Sanjay Mundra: Can you share the current state of the company, along with what's coming in terms of pipeline?

Jeff Frieden: From what I can share, I'd say that Ten-X Commercial is doing well in our vision to lead the digital transformation that fundamentally changes the way CRE is bought and sold. We've transacted more than \$18 billion in commercial real estate since we started. We've recently launched our new dashboard that provides unparalleled transparency and insight into buyer interest and activity for properties currently available on our platform. Now sellers and brokers who have a property on our marketplace can see the progress of marketing activities and its associated reach, and where interested buyers are located on a map view powered by Google. They can also review offers, buyer information, and much more. We have many exciting things in the pipeline that will further streamline the transaction process and onboard more buyers, sellers, and brokers. We're looking forward to sharing more details in the coming months.

Sanjay Mundra: What will the future of Ten-X look like, and what steps are you taking now to get there?

Jeff Frieden: It's always tough to say with any certainty, but I am confident that we're going to continue to make great progress on our strategic plan for the year. We're investing in our data science and tech teams to continually build tools that further the ways our platform can automate and streamline the transaction process. Everything we do is designed to empower our customers.





Ten-X transacted and closed properties

TOP: Saint Charles Townhomes, MD
BOTTOM LEFT: 11 Leased Condo Units, FL



Ten-X offices

MIDDLE RIGHT: Ten-X Silicon Valley office in San Mateo, CA
BOTTOM RIGHT: Ten-X Headquarters in Irvine, CA

What is Ten-X ?

A platform, a process, and the information and tools that allow anyone to buy and sell real estate online—where almost \$53 billion in residential and commercial real estate has been transacted, with almost \$9 billion transacted in 2016 alone.

Actually two businesses: Ten-X Commercial and Auction.com.

A website that attracts potential buyers from around the world, with more than 21 million visitors across more than 137,000 properties listed in 2017.

The platform used to facilitate the largest verified ecommerce transaction in history, based on current Guinness World Records information: The \$96 million sale of Manhattan Towers, a two-building, 309,734 square-foot office property in Southern California.

If we're successful with everything we have planned and what we're building now, I think we'll continue to be a leader in fundamentally transforming the way commercial real estate is bought and sold.

Sanjay Mundra: What are your expectations for the commercial real estate market in general—and hotels in particular?

Jeff Frieden: We continue to be in the second longest running economic expansion since World War II. Recent volatility and rising interest rates will likely have an impact over time, but the labor market is still growing, wages are rising, unemployment remains low, and consumer spending is up 2.8 percent according to recent Ten-X data. A growing labor market and rising wages have sustained strong demand for the hospitality sector specifically. We're seeing some continued highs in consumer spending on hotels and motels, particularly as consumer tastes shift toward experiences. Last quarter's growth drove RevPAR up 4.2 percent year over year to a new peak. We do expect to see some regional changes as the year progresses due to new supply additions in key markets like New York, Miami, or San Francisco for example. Overall, based on 2017 data and early Q1 figures, I suspect that 2018 will be relatively flat across the board for hospitality transaction volume.

Sanjay Mundra: What do you think your industry's biggest challenges will be in the next decade?

Jeff Frieden: The real estate industry—and the CRE industry in particular—are at a very interesting time in terms of tech adoption and new technologies. Last year, global venture capital investment in real estate tech start-ups swelled to roughly \$12.6 billion, signaling that the industry is no longer as tech-averse as it's been in the past. Just as tech fundamentally changed the travel industry, I predict we'll see some drastic changes in commercial real estate over the next decade, which will in turn create some challenges. Some of those challenges could be regulatory, some could be the growing pains of technology solutions and companies, and some will be challenges that will likely stem from adopting and learning new technologies. Despite the potential challenges, I believe that new innovations in the CRE space will be exciting and will create new opportunities. **HT**



ABOUT THE AUTHOR

Sanjay Mundra is CEO of SVN Hotels, an international hotel brokerage firm headquartered in Raleigh, NC, and created by Sperry Van Ness International Corporation, a commercial real estate brand which generates more than \$10 billion in transaction volume. Mundra has been involved in the hospitality business for more than 30 years.