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BEYOND THE BUSINESS CARD

GIVING YOU THE BACKSTORY BEFORE THE FACE-TO-FACE MEETING

RICHARD ALLEN

TITLE: Chief executive officer
COMPANY: The Allen Group

Richard Allen, chief executive officer of San Diego-based office and industrial development firm The Allen Group, comes by his entrepreneurial streak naturally.

Allen's parents started five different businesses in a 21-year span, ranging from candy distribution to paper cup manufacturing. After graduating from Bowling Green State University in Ohio in 1971, it was the paper cup business that brought Allen to California in 1985 and Visalia in 1986.

The paper cup business was sold three years later and the Allen family got into real estate. During the early '90s, they had capital to invest at a time when others did not. They bought empty industrial buildings in Visalia, fixed them up and sold them.

The Allen Group built up a very large portfolio of office buildings and eventually sold the assets to Los Angeles-based real estate investment trust Kilroy Realty Corp. Allen turned his attention to distribution centers and single-family homes in the Central Valley.

The homebuilding business was sold in 2001 to San Diego's Corky McMillin Cos., allowing The Allen Group to focus on building large master-planned industrial parks next to major inter-modal rail facilities.

While Allen maintains a home in Visalia, he lives most of the time in San Diego County's Rancho Santa Fe community with his wife Jane. The two have been married 37 years, but have been together for more than 40 years since high school in Ohio. Their son Luke works for The Allen Group as the company's California Development Coordinator.

What intrigued you about logistics real estate?

I had developed an industrial focus early on in Visalia and maintained that. It was ongoing since we sold the cup business back in '85. I had come across a project in Shafter, the International Trade and Transfer Center.

As part of my due diligence, I visited the Alliance Project, Ross Perot Jr.'s project in Texas. The ITTC was adjacent to the Burlington Northern Santa Fe railroad and there was some talk about inter-modal development. What was driving customers to the Alliance Project was the inter-modal center.

The ITTC ended up evolving from 150,000 square feet to more than 1 million square feet. Those buildings needed to be — and the tenants wanted to be — located next to where these thousands of containers of goods were coming from.

How is your business changing as fuel prices and the economic slowdown impact trucking companies accessing major distribution centers?

Interestingly, as fuel prices go up and the economy becomes more challenging, that really has been helpful to us. We have a 1.1 million-square-foot facility in Kansas City and we're talking to a nationally known company that is receiving the majority of their goods from overseas. They are in 16 different facilities in the Kansas City area. Now they have to be more efficient because the margins are being squeezed. They're looking at relocating to a 1.1 million-square-foot facility near the new inter-modal Burlington Northern Santa Fe project. As fuel prices go up, it becomes more and more important to locate these mega facilities close to where the goods are coming in.

What do you see as the biggest opportunities and challenges for commercial real estate in California?

The capital markets are the biggest challenge right now and the economy. The recession that is occurring, if that's how we're now describing it, has caused everybody to pull in their horns. The shortage of capital is making it difficult for everyone to do business.

What non-real estate experience is in your background that you find yourself drawing upon in your real estate work?

I was fortunate to grow up with my parents starting five different businesses. The one thing I learned in that process is the key to business is hiring the right people. You hire the people with the experience and skills to do the work. If you have a better team you're going to do better.

What is one thing people should know about you before doing business with you?

I think the thing we have really prided ourselves on is honesty and integrity and being able to do a deal on a handshake — kind of the old school of doing business. It's

not all about making money. We've been fortunate enough to do good business over the years and we are well-capitalized, but it's more important to us to take care of our clients and our employees and maintain our reputation that we have built up over the years.

If you weren't doing this, what would you be doing?

My problem is I have the same problem my father has and that is a propensity to go out and start other businesses. If I weren't in the real estate business, I have about three or four other ideas for businesses that I'd go out and start.

Where do you like to vacation?

My wife and I really enjoy riding our bicycles. I really wanted to ride my bicycle across America. I asked my wife to drive the car behind me and she said she wanted to do it with me. We rode from San Francisco to Portsmouth, N.H. (in 2000). We've been talking about doing it again next year because we both turn 60, but I have to take a couple months off to do it.

I ride my bike to and from work every day. I like to ride my bike, but I also don't have a driver's license because I have poor vision.

If you could have any super power, what would it be?

I wouldn't want a super power. Super powers would be pretty scary and I'm not sure I'd want that responsibility. I wouldn't like to play God. I wouldn't like to have the responsibility of making the decisions that go with that power.

If I had a super power, I would want it to be the ability to make people happy. If you could wave a wand and do that throughout the world that would solve every problem that ever existed.

— Interview by
Mandy Jackson

