



Alter Group Alters its Name

by Barbra Murray

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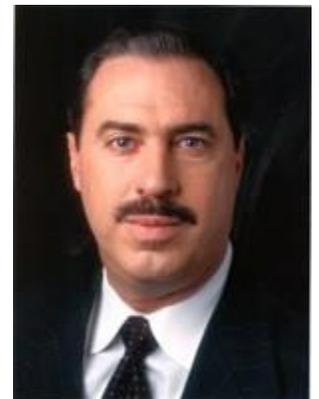
The noted national commercial real estate development firm known as the Alter Group is now Alter, a leaner name for a leaner and faster company.

The name change goes hand-in-hand with a major rebranding of the 61-year-old company. “When we were the Alter Group, we were in multiple markets, we had multiple business lines so we were really a group of companies. And now being just Alter, we’ve become leaner, we’re a lot more selective, we’re in fewer markets by intent, we’re doing a lot more flexible deal structures,” Richard M. Gatto, executive vice president with Alter, told CPE.

Alter has shifted its concentration to its core Class A products: office buildings, as well as master planned mixed-use projects and medical facilities through its Alter+Care healthcare affiliate. It’s a sign of the times; things have changed since the big downturn. Gatto noted, “Big development firms in particular have really recovered in different ways. Credit markets are functioning but they’re nowhere near what they used to be. The development of office properties is starting to happen in the urban areas but it’s still very slow in the suburban markets. In general, there’s kind of a change in the office usage and all the firms like ourselves competing in that.”

Alter is certainly staying at the forefront of the office-sector evolution, and office users know it. The company created homes for the likes of Google and Salesforce.com in Chicago. Michael J. Alter, president of Alter, noted in a prepared statement: “Today, our mission again follows corporate America’s greatest need—to recruit and retain the best and the brightest at a time when there will be a projected shortfall of 5 million skilled workers by 2020. Alter directly addresses this by creating buildings and spaces that power productivity, knowledge transfer, engagement and innovation.”

Laser-focused on the office sector, the streamlined Alter has left behind its involvement in industrial product. The company in no way disparages the industrial sector—Alter has certainly done its share of million-square-foot warehouse buildings and the like over the years—but it’s



just not the right fit anymore. “It’s more of a commodity building; it doesn’t need the development experience and construction prowess. It’s just a slightly easier more vanilla product to build than an office building, so we felt that our talent would be better served by concentrating on office,” said Gatto.

Also gone is Alter’s construction business. Clients coming to Alter are no longer obligated to use Alter construction services; the company will now rely on third-party contractors on its projects. The vertically integrated model had placed the company in the not-always-productive position of serving two masters. “Now you come to Alter, we can either build a building for you in a joint venture utilizing a construction firm or we’ll use your contractor or we’ll do it for you. We’ll lease it to you; we’ll sell you the land,” Gatto explained. “We have a more investor mentality now so that we’re being flexible. We’re being service-oriented to the client rather than trying to take the client and put them into a vertically integrated system.”

So it’s a new day at Alter. “We’ll look at doing land sales, we’ll look at doing buildings for people on a fee basis—all of those things that when we were a vertically integrated group we never considered doing.”

However, it wasn’t just the real estate climate that inspired Alter’s name change; there were internal factors involved as well. The company has evolved since the 2008 passing of its founder, William A. Alter. “We’ve had some generational transition since then; we’ve had a little bit of a leaner, slimmed-down version of the firm so it makes sense to kind of reawaken or rebrand based on some of those things, too,” Gatto added.