

CRAIN'S DETROIT BUSINESS



Brent Virkus' career as a financial adviser has shifted into a career as a real estate developer.

Triton goes from advising to developing

Brent Virkus has evolved from financial adviser to real estate investor to developer.

Tucked in a downtown Rochester bungalow that was converted into an office, Virkus and his staff at Triton Cos. are working on deals that are primarily out-of-state. The focus is on finding residential and other prospects in parts of the country that attract baby boomer population growth such as Arizona, Florida and Hawaii.

Triton started in 2002 as a financial adviser to high-net-worth individuals. Then it developed a focus of linking those individuals with real estate developers who needed investors. Now, Triton is pursuing its own developments. Southfield-based Redico L.L.C. brought Triton into several projects as an investor. Triton also has been a partner with Brighton-based RBS Cos. on deals.

Virkus worked as a financial adviser for Merrill Lynch and UBS Paine Webber before launching Triton.

He said he has adapted the business as needed, but at one point it was more abrupt: He had to clean the slate and start over in 2005. The company had operated under Triton Capital Management and offered broad financial advisory services in addition to real estate, although real estate was generating most of the revenue. He fired 12 people who specialized in selling life insurance, mutual funds or other products.

He decided then to drop his license as a general securities dealer and pursue more risky — but potentially more profitable — investments.

"When the bear market hit, it became very evident to me nobody knew what they were doing. ... The stock market people who still performed were hedge fund people." In the traditional financial advisory business, Virkus said, products had been "incredibly commoditized."

"We needed to find better ways to get (clients) to invest their money."

When consulted about the best plan for future investments, Virkus' clients were interested in real estate. Initially, Triton worked on real estate syndication on behalf of other developers to attract investment. After working on group investment deals, it has branched out to lead its own projects.

Examples of projects with Triton as a major investor or developer include the Genoa Business Park in Brighton, Novimed medical office in Novi, office properties in Arizona, a retail center in Edmonton, Alberta, Canada, and apartments, office buildings and condominiums in Hawaii, Virkus said. Triton is a minor investor in other projects, such as the Royal Park Hotel in Rochester and a Kohl's store in Greeley, Colo.

In March, Triton and RBS bought the Gold Bank Plaza in Sarasota, Fla., a \$52 million deal including the acquisition and expansion plans. The site includes office, parking and vacant parcels for residential or other use. For the first expansion, Triton is evaluating whether to develop a 147-unit condominium project or a smaller number of condominiums and a high-end hotel, he said.

Virkus estimated Triton investors have contributed a combined \$55 million in equity to projects. Meanwhile, the company now has a pipeline of about \$500 million in development in the works that it is managing, he said. Besides individual investors, Wall Street firms are now investing as well.

"We're nimble, and we can change," Virkus said. "Now Wall Street is courting us."

Client Stephen Fagan became a partner in the business as it refocused on real estate, and advised Virkus during the process. Fagan, 52, left as a senior vice president at Compuware Corp. in 2000 and now lives in England, traveling regularly to the U.S. Fagan said he spoke bluntly to Virkus about trimming staff when it was time to do so.

"The first thing I said to him is, 'You better sack everybody because you're the only one doing any work,'" he said.

Virkus is a good salesperson, a lateral thinker, and is good at finding deals, Fagan said.

"He's very clever at finding opportunities," he said. "He asked me to come and have a look at (the business). I made my recommendations and I just got sucked into it."

Fagan said it's been fun and interesting to get involved with a company that is small and dynamic and able to adapt from mistakes, similar to Compuware's early years.

Brian Stoy, RBS' President, said he's been a partner with Triton on several deals because he is impressed by the young, talented staff led by Virkus.

"He's a closer," he said. "He gets the deal done."

Virkus said he wants to expand, but never wants Triton to become extremely large. He used the analogy of growing from a rowboat to a sailboat to a gunboat, but avoiding evolving into an oil tanker which is harder to change course. The company has seven employees right now, six in Michigan and one in Florida. It plans to add four to five staff members this year, he said.

Eric Siegel, vice president of investment services at Trammell Crow Co. in Southfield, said he considers Triton an evolving, up-and-coming real estate company.

"They're getting some traction in the market," he said.