

Developer chose real estate career over mountain biking

BY BARBARA E. HERNANDEZ
EAST BAY BUSINESS TIMES CONTRIBUTOR

When the corporate job that lured him from Minneapolis to the West Coast disappeared after only six months in 1998, Joe Ernst found himself at a crossroads. Should he become a mountain biking guide in Hawaii or continue working in the real estate business?

"I got pretty close to taking that job in Molokai," he said, his eyes taking in the passersby on Broadway and 20th from the first floor of the former I. Magnin Building. "I sometimes wonder what would have happened."

Now a partner and development manager with SRM Associates in Oakland, Ernst, 41,

SRM Associates
Business: Commercial real estate developer
Headquarters: Oakland
Founded: 1992
Founder and president: Steven Meckfessel
Employees: 14
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had decided 10 years ago to work in real estate and that SRM would be a good fit. Its founder, Steven Meckfessel, wasn't so sure.

"I had to call and pester him for about six months before he agreed to meet with me," Ernst said. After the talk, Ernst was offered a job and has stayed with the company for a decade.

Ernst's past experience as a bond manager, investment banker and vice president of corporate development for companies like Norwest Investment Services Inc., Cargill Financial Services Inc. and Piper Capital Management, all in Minneapolis, prepared him for his present job, he said.

He enjoys planning the logistics of a project, working with all stakeholders and planning thoughtful solutions to possible problems. "There's the building element, the financing, the equity partners, the design team, construction team, the tenants and then the (municipal) governments," he said. "It's a whole



Stephanie Secret | East Bay Business Times

Joe Ernst managed development of The Waterfront at Harbor Bay Business Park in Alameda.

variety of contact."

While Ernst enjoyed working in finance, he's more excited about working in real estate.

"I liked investment banking, but there's no tangible product," he said. In real estate, "you can see, touch and feel your work."

Ernst is probably best known for managing the development of The Waterfront at Harbor Bay Business Park, a 100-acre development featuring Peet's Coffee & Tea's new LEED gold-certified roastery and the North Loop Center, now in its second phase of seven buildings.

Because his typical day is spent prioritizing tasks and heading off trouble, Ernst admits to doing as many tasks as possible himself. With only eight principals in the office, most of the work can't be delegated, but he's not that interested in delegating anyway.

"Blame it on my Midwest upbringing, but I believe that sometimes if you want something done right, do it yourself," he said.

John McManus, an industrial broker and senior director with Cushman & Wakefield in Oakland, acknowledged that Ernst does take charge of a project.

"His command of details is second to none," McManus said. "He has such good control of his business and the project that there are no surprises."

Ernst said that he believes his biggest strength is maintaining his integrity in dealing with teams or residents.

"It's about having a good name and doing what you say you're

going to do," he said.

McManus, who worked with Ernst since 2003, as both a listing agent and buyer's agent, said that Ernst is one of the best developers he's worked with.

"His word is golden," McManus agreed. "If he says something, it happens. He's wonderful to work with as a partner."

Some of Ernst's latest projects include the Esplanade at Harbor Bay Business Park, a campus for small businesses in Alameda and the Oaks Business Park, a 144-acre park with zoning for light industrial in Livermore.



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He starts projects by creating objectives for everything, including green building and profitability, a combination which in the current market is becoming more challenging. Now he must factor inflation into the project and higher costs for materials and labor.

Ernst said that today's market is more uncertain than in the recent past but the East Bay has weathered economic hard times well.

"When I first got into this business they said challenging markets occur about once every 10 years," he said. "You just have to sell a lot harder and get buyers comfortable with buying decisions."

Ernst said the East Bay's future looks bright. He expects it will become a haven for businesses escaping expensive rents and increased regulation in San Francisco. Finance, biotech, manufacturing, research and development are all possibilities, he said. Although manufacturing losses will probably continue as more businesses outsource work to countries around the world, he expects more-specialized labor will take its place.

"The economy will continue to grow and diversify – the same qualities that created the stability of the East Bay," he said.

As for the mountain biking gig, Ernst consoled himself with cycling and guiding snow camping trips for the Sierra Club. The camping had unexpected results when he met his wife, Chris, a physical therapist, on a camping trip.

The couple hiked across Patagonia and New Zealand and want to trek the Himalayas, a trip inspired by reading "Three Cups of Tea: One Man's Mission to Promote Peace One School at a Time," by Greg Mortensen and David Oliver Rein.

When not taking in the East Bay by bike or listening to Seattle grunge on his iPod, Ernst is also the project manager for the renovation of his 1919 California bungalow in Alameda, a long-term labor of love for him and his wife.