

# Interview

## Knowledge, Service and Execution

An Interview with Bruce Mosler,  
President and Chief Executive Officer, Cushman & Wakefield



Bruce Mosler

**EDITORS' NOTE** Prior to assuming his current post in January 2005, Bruce Mosler served as Cushman & Wakefield's President of U.S. Operations and, before that, as Executive Vice President. Mosler is a leader in the global commercial real estate industry who has been involved in some of the largest and most complex real estate transactions in New York and major business districts around the world. He is an active philanthropist and the recipient of numerous business and civic awards and honors. He is Vice Chairman of the Intrepid Sea, Air and Space Museum, and is a member of the boards of the Police Athletic League, the Partnership for New York City, and Duke University's Trinity College, among other civic and charitable organizations.

**COMPANY BRIEF** Founded in 1917 and headquartered in New York, Cushman & Wakefield ([www.cushmanwakefield.com](http://www.cushmanwakefield.com)) is the world's largest privately-held commercial real estate services firm, operating 230 offices in 58 countries with more than 15,000 employees. The firm offers a complete range of services within four primary disciplines: Transaction Services, including tenant and landlord representation; Capital Markets, including property sales, investment management, valuation services, investment banking, and debt and equity financing; Client Solutions, including integrated real estate strategies; and Consulting Services.

### How are Cushman & Wakefield's various service areas performing in this economic climate?

Cushman & Wakefield is a diversified services firm serving the commercial real estate sector. So while we have clearly been affected by the challenges the sector is facing, our services have also been in strong demand from clients who are actively navigating the financial crisis and economic slowdown. In fact, many of our operating regions and service lines have held up well and even expanded. Our operations in emerging markets have continued to grow, and our Client Solutions group – which advises and manages the real estate portfolios of major corporations – has continued to attract clients seeking to capture our global scale and reduce costs. Overall, we feel that January marked the trough for our company in the commercial real estate services market. February was difficult, but March began to show the first signs of recovery. There has been a substantial amount of value destruction, both on the leasing side, where the markets came off 30 percent on average, and on the investment sales side, where we're beginning to see benchmarks pointing to a value destruction of up to 50 percent. So while the investment sales market may still have further to go, until you have liquidity back in the marketplace – specifically the ability to borrow – it's going to remain a challenging endeavor to do deals. We don't have substantial benchmarks on whether this up-to-50-percent destruction is where it should be, or whether it's going to continue to fall. I happen to think it's close to the bottom, but I may be in the minority.

With regard to our brokerage, there has been enough value deterioration on the leasing side of the market to cause tenants to begin to look around. This is an interesting time to negotiate more from landlords in capital expenditures, in free rent, and in the basic rent itself or to seek opportunities to renegotiate. Rents on New York City's major avenues have been reduced from the \$70 per square foot range to average rents in the \$50s. So if I were in the business of relocating, this is a time where I would lock in for a long-term position since our belief is that the market will start to recover again in earnest next year and reach a peak again sometime in 2011 or 2012. So our leasing and brokerage components are busy looking at what the strategic opportunities are for our clients.

In terms of our Client Solutions group, we are seeing the advantages of being a global company, where our clients have a single point of contact and a partner that can assist their businesses around the globe in gaining efficiencies. There are opportunities to take advantage of in this marketplace, and we see those in our Client Solutions area where we look at the entire client portfolio and evaluate the opportunities market by market, building by building. For instance, this is an interesting time to look at whether you should add to or extend your rights under the terms and conditions of your lease or to pursue broader agendas, such as consolidation to achieve greater efficiencies.

Another area of our business that has remained very strong is valuation or appraisal services. On a global basis, people are looking to reappraise individual assets and portfolios. Organizations like Cushman & Wakefield that can do that consistently on a global basis will be sought after to assist with the institutions and clients – both on the buy side and the hold side – who are looking to evaluate opportunities.

In the capital markets side of our business, we're seeing enormous opportunity in structured transactions like sale-leasebacks. Corporations looking to generate cash may have underutilized assets that are candidates for a long-term sale-leaseback type of structure. The marketplace is still open for deal structures such as these.

Panic is moving out of the system and stability is setting in. While people understand that there may be another shoe yet to drop in credit, the stress test results were very positive for the marketplace; \$75 billion is a manageable number for a number of these institutions. These institutions will either have to sell off assets or raise equity, but they're going to get through this in reasonably good condition. That's perhaps the single most important benchmark showing that the market is moving towards stability. More people are beginning to think that the market is close to reaching the bottom and indicating that inflation is a possibility since we're pumping so much money into the system. This leads to real estate becoming an interesting place again for people to invest their capital. We're going to see allocations for real estate increase in the not-too-distant future. There is a significant amount of capital despite the fact that financing is still a challenge in the U.S. There are financings for certain marketplaces around

the world, and activity is beginning to take off. In London, for example, we're seeing significant value destruction but financing is available and there are deals that are transacting now. That will replicate itself as the banks rebuild themselves here in the U.S. and put their toe back in the water.

So the U.S. is a target for investment. There is capital gathering on the sidelines, and people are beginning to feel that the value proposition is making more sense. There are a couple of trades one can point to where the original purchase price was \$800 to \$1,000 per square foot, and now the re-sales are being done in the \$300- to \$400-per-square-foot range. Over the long haul, that's an interesting opportunity, provided there are no hidden issues within those assets. So you can see light at the end of the tunnel from a macro perspective.

**Are key emerging markets like China and India faring better than others in this climate?**

From a pure investment sales standpoint, there are investors on the sidelines, and it's taken us the better part of almost 18 months for the market to adjust to higher cap rates and lease pro formas that aren't upwards only, as we had seen. The next cycle presents one of the most extraordinary buy-side opportunities that we've had in a long time. The value destruction is real. The opportunity to buy quality assets in gateway cities, with the adjustments that are going to be made, present upside potential that has not been seen in a significant period of time. In the emerging markets – which many people were looking to, either just to chase yield or more importantly because there is clear future opportunity in these marketplaces as they grow and mature – as rule of law becomes more transparent, there is significant reason to diversify your portfolio and to invest in the Asia region, specifically India and China. Having said that, because of what has occurred, coming back to Europe and the United States in the gateway cities, with 50 percent value destruction, there is a unique opportunity to be in mature markets at emerging market prices, and see the same and even more significant yields. So ironically, we've come full circle, and the capital is going to be geared towards these quality assets and quality locations, and to be terribly redundant in the gateway cities. That's what I see for the future; 2010 will present some of the most unique buy-side deals that we've witnessed in a long time.

**As a global firm in a time of economic crisis, how important is it to communicate to employees where the firm is going, and to make sure there's an understanding that things will work out?**

It's the all-important point. Employees have to have a sense that the company continues to have a vision for the future. Everyone understands that these are difficult times and employees in these times, when communicated with, tend to be the most responsive and willing to work with the company to ride through the difficult times. Even if you're limiting overtime or reducing the overall workforce, employees appreciate the fact that you're communicating with them honestly. What you have to do in these times is be candid and tell people that you're going to have to make some changes and

some difficult choices, but explain how you're going to position the firm to emerge from this in a better place than we went in. You have to be clear and direct and as quick as you can about the change you're going to make, so you can get on with focusing on business, revenue, market share, and the normal things that you would do under different circumstances.

**With its global scale, there are benefits for a firm like Cushman & Wakefield in this economy. Will the market we're currently dealing with bring consolidation, and will the small players be able to survive?**

The smaller niche players will continue to have a clear ability to perform and provide a valuable service to their clients, whereas the global players will continue to have an ability to consolidate regional players who have significant overhead but aren't quite in the global arena. You will continue to see consolidation, though it's going to be tempered by the need to right-size the business on a global scale to the future opportunities. All of us, including Cushman & Wakefield, have taken this time to look at our business after years of consolidation

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to ask where our clients are headed, where we should continue to invest, where we should not perhaps invest as much, and from a client perspective, discuss the services we must provide, now and into the future. Cushman & Wakefield has a view that to be a global player you must be in the flagship and platform cities. For us, today, that's no more than 50 to 55 countries, and on that basis, we want to make sure that we are providing a full range of service for our clients so that it's seamless, from one region to the next region, with the quality of people that you would expect to see in your local office.

**Is the messaging consistent globally or does it depend on the local market and what works with the local talent?**

It's fairly consistent when it comes to the range of service. Clearly, some markets will have unique needs, so we rely on our local leadership to make sure they're met. The differential between Cushman & Wakefield and others is that we want to make sure we have local leaders leading in local markets. Sanjay Verma [Joint Managing Director, Cushman & Wakefield India] one of our most capable leaders, has run India, built India, and grown India over the past 10 years, and beyond the fact that our market share speaks for itself, his position as a leader in that marketplace in our industry in that country is well recognized. And if we can replicate that everywhere around the world, then we consider ourselves a leader in the market.

**Cushman & Wakefield has been a leader in the green arena. How critical is that aspect of the business?**

Cushman & Wakefield is going to continue to look at sustainability as a core part of our business. The ability to recruit and retain the very best talent today is based on the fact that you're going to provide them a green environment. The single biggest focus of our relocation to our new world headquarters has been about being a LEED-certified space. The issue of sustainability is not just front and center for Cushman & Wakefield employees, but for our clients as well. So in order to provide the level of service that our clients expect, we have to be able to advise them through the issues of sustainability. We were the first real estate firm to have an MOU with the EPA, which represents a level of commitment to the next level with our clients, and frankly, be a leader in this field across the board.

**Young people today are also seeking out companies focused on corporate social responsibility and community engagement, and as a leader, you have been very focused on that. In these challenging times, how have those programs been affected, and how critical is it that you don't lose that as part of the culture of the firm?**

We won't lose it as part of the culture of the firm, because there is no intention for the mantra at Cushman & Wakefield to change, which says that without community involvement, you don't rise through the ranks of the organization. What has changed is that a number of charitable organizations under the current circumstances are challenged by the same issues we face in business, which is rising costs and falling revenues, and their revenues are in large part either government, corporate, or personally donated, and these are difficult times. But charitable organizations get through it. I sit on a number of boards, and I continue to believe that in order for someone to expand their horizons, to improve their skill sets, and to give something back when you've accomplished something, that working outside your organization with a not-for-profit is how you improve the community around you. And there is more opportunity now for people to donate their time, if not their dollars, because these organizations have lots of positions that they have had to let go and expertise today is one of the core issues, at the heart of the challenges that these charities are going through. So you have less of an excuse



today not to contribute your talent than you did before, and more of a reason to contribute your talent because many of these organizations just want your brainpower. And people who work at this organization are intellectually gifted and have more to give, so we expect more of them in this difficult time, not less.

**As a service business, where your human capital is key, has technology had a major impact, and do you worry that it will take away some of that human interaction?**

The way I learned my product years ago was walking building to building and going up and down each one of them. But what technology has done on a number of different fronts is allowed for a lot more efficient use of time. So today, people can bring buildings up on their computer screens and have a stacking plan, tenant by tenant, with the architects, and learn who designed the elevator cabs, and when the lobby was last renovated – all of that information makes them more efficient. What you don't want technology to do is to replace the personal face time, because the greatest success of business comes when you get to know your client beyond what their immediate business requirement is since, oftentimes, these things come back and touch how a business is set up and structured. So technology can be an incredible support to the face time, the dialogue, and the investment that you must make in each client.

**Cushman & Wakefield is heavily focused on providing knowledge research. How critical is that, and is it a key differentiator and what's made Cushman & Wakefield such a leader?**

Absolutely. Knowledge capital touches many different arenas, but the first is, the investment that we make in our people to become best in class is absolutely essential to us differentiating each and every one of our professionals from the competition. So when we have an opportunity for someone who has negotiated the most complex leases around the world to share his or her knowledge capital as to how he or she went through each clause, what the essence of each clause meant, and what the opportunities were, and how you negotiate around these things, that's extraordinarily important to bringing your people to a higher level as quickly as possible. Through Cushman & Wakefield's Learning Institute, we teach a broad range of topics from the latest and greatest innovations out there, to working with our own industry-leading professionals who can share their practical experience. We keep our own proprietary research at Cushman & Wakefield to interpret where markets are going, historically where they've been, but more importantly to identify trends that are taking place. We want people to have the best knowledge possible based on the most current information, and when you talk about trends, it has to be on the most current market comparables. Our best and brightest minds from around the world contribute to our online Knowledge Center at [Cushmanwakefield.com](http://Cushmanwakefield.com), where we share trends, research, and white papers based on real-time data our professionals are gathering and analyzing on a daily basis. That information disseminated makes our people much more powerful

when it comes to advising their clients. So we'll continue to invest in things that distinguish us and separate us from the competition, as long as we view it as something vital to the core of the business. At the end of the day, the reason we do everything we do is to make sure that our clients gain the benefit of what's transpiring on a real-time basis.

**From a leadership point of view, is it challenging in this down time to maintain a positive attitude?**

Sure it is. There are plenty of days where it's difficult, particularly when you know you're going to have to make difficult choices about your business. Having said that, when you look at everything in context, which is what a leader must do, you must take what is in front of you and contextually ask how you're doing. So you find lots of different levels and ways of comparison in order to appreciate the current challenge, like recalling that we have all experienced downturns before. And it's a leader's need and responsibility to point out to people that as challenging as it seems, it will get better. You must think beyond the immediacy of the situation, so when it's difficult for your people to get things done, the point that you want to drive home is that it's a great time to take business from the competition, to grow your market share, and to provide advice. In good times, it is more difficult to grow market share and to prove yourself to a client whereas in a difficult time, people are more readily accessible, so you can get to the people that matter quicker, you can make a difference for them, and you can gain a client for life.

**You have a very stable management team here that has been in place for a long time. If I was talking to some of them without you in the room, and I asked what it was like to work with and for Bruce, what do you think they'd say?**

I think consistent themes would be that I am highly energetic, because as a leader, you must be the first person to demonstrate that you are working as hard as you possibly can and showing the way, since nothing replaces hard work. They'd say I continue to push people to work to achieve the most that they possibly can. Most people would say that I put Cushman & Wakefield first and consider it an extended part of my family, which is vital for a leader. And most people would say that I like to be in the middle of the fray, so I'm an active leader. I don't try to manage from the ivory tower; it's not my style. Being removed allows you to make more difficult decisions in a more dispassionate way, but I choose to be in the middle of the decision-making, particularly on the business development side where a CEO can make a difference.

**As someone who is very engaged in the business, how challenging is it for you to turn it off?**

It's brutal. Great leaders know that to be great, you work at 130 percent. Being dispassionate means you separate out exactly what you're going to do and you allocate everything else and you don't engage. That's not my leadership style. I like a flat sort of model where you collect the thoughts of your leadership group and interpret those thoughts and ultimately you

take responsibility because you are responsible for the outcomes. But you pay a price as a leader for that. I probably spend 50 percent of my time on the road. I have two young kids and I don't get to spend as much time with them as I'd like to.

Great leaders also recognize that there's a point in time where you are less effective than more effective, and you have to know that point in time so that the business continues to grow. For 20 years, Arthur Mirante sat where I sit and each time reinvented the business to a higher level. There will be no more 20-year CEO's for Cushman & Wakefield. I'm in my fifth year and I think I've got more time to go because I have – good, bad, or indifferent – a strong vision for how Cushman & Wakefield will become the industry's leading commercial real estate firm of the future. There are businesses we'll be in in a couple of years that we're not in today, and there are businesses we're going to invest in in a profound way like client solutions; like raising the bar for appraisal around the world; like in the investment sales world where we were once very focused on disposition of assets, to where we'll be representing more people on a buy-side basis, to where we'll be doing more asset management, to where we'll have more governmental specific expertise. These are all new arenas that I expect Cushman & Wakefield to engage in, like Cushman & Wakefield Sonnenblick Goldman, which is our debt and equity financing side of the business and an area that is going to be increasingly part of the cadre of services that we have to offer every one of our capital markets clients. And we aim for Cushman & Wakefield to be recognized as the very best one or two in those global markets around the world where we can service our clients in that seamless way, rather than try to be all things to all people.

Even in these difficult times, we're defining our brand in a clearer way than ever before, so I'm excited about the future. We've talked about growth, and about continued consolidation, which will be more selective. This won't be a year in which you will see tremendous activity, but in 2010, 2011, and out years, you're going to continue to see activity as regional players look at their client base and say they are better served being on a global platform. And Cushman & Wakefield has an extraordinary culture. It's a people-oriented culture, it's a culture of sophistication and intellectual capital, and it's a culture that has begun to work together to make sure that our clients get the benefit of every aspect of our platform.

What also defines us is that we're not public. Our majority shareholder has brought a level of intellectual capital to the table with new ideas and new ways of doing business and access to clients that we've never really enjoyed. So we're able to think a bit more long term. Through the past couple of years, as revenues are challenged, we've all gone through some rightsizing. But at Cushman & Wakefield, we've tried to bear in mind how to make sure that our clients don't lose any of the core services that we need to provide them with, and how we position ourselves to come out of this in a much better place, both for our clients and for the organization. ●