



Stephen B. Siegel

EDITORS' NOTE Stephen B. Siegel joined CBRE in 2003 with its acquisition of Insignia/ESG. Prior to the acquisition, Siegel was largely responsible for masterminding the expansion of the firm nationwide as well as in Europe, Japan, Hong Kong, China, Thailand and Latin America. Throughout his distinguished career, he has arranged transactions for some of the nation's most prominent corporate clients and law firms including Hess Corporation; Fried, Frank, Harris, Shriver & Jacobson LLP; Stroock & Stroock & Lavan LLP; MetLife, and Cerberus Capital Management.

COMPANY BRIEF CBRE Group, Inc. (www.cbre.com:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (in terms of 2012 revenue). The Company has approximately 37,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. CBRE offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting.

What is the secret to the success of CBRE?

CBRE has successfully managed to put together the pieces of a global services platform. I can't think of a gap in the components that are necessary for a competent commercial real estate services professional to utilize on a worldwide basis. We have every service covered in a substantial way, so there's depth to them.

Were you surprised by the severity of the recession? Where are we in terms of real estate recovery?

This was the perfect storm financially. The recovery has not been quite as rapid as the decline, but the resiliency of the U.S. economy, and New York in particular, was rapid considering

The Power of Personal Relationships

An Interview with Stephen B. Siegel,
Chairman-Global Brokerage, CBRE Group, Inc.

the depth of the dive. We have come back to where there is a significant amount of business, albeit less than before. In New York, rents have started to go up again; leasing velocity in 2011 was one of the most significant ever.

In 2012, it was a little slower, which had to do with uncertainties like the election and fiscal instability. Economically, people were wondering what was happening and if there would be significant change post-election, so they were holding back even if they were tight for space and their earnings were good.

I see the economy improving, but I anticipate slower growth; people will tighten their belts.

Is the U.S. still a key growth market for CBRE or will most of the growth come internationally?

For years, the goal was to balance growth around the world. Today, we are significantly international, but the U.S. will be the most substantial on a percentage basis. There is also room for growth in emerging markets that continue to urbanize within their countries.

Over the past 8 to 10 years, there has been a trend for the young recruits that are the future of most major corporations wanting to live and work in Manhattan, Chicago, Los Angeles, Boston, and Washington. Just about everybody believes that they need to have a presence in an urban environment to grow their business. Therefore, there is a lot of growth left in the U.S.

Do you anticipate that pricing will come back to previous levels?

For a while, we're going to see more modest growth. Until a variety of confluences come together at the same time, we're not going to have more aggressive growth, but the pricing hasn't changed permanently.

We'll see economic growth and growth in more mundane matters like rent, and we will see it in this decade.

What specifically makes New York so resilient and helps the city lead globally?

It is the gateway to the country. If you want talent to grow your business and service your clients, New York is the place to be. The infrastructure is already there; it's where the nucleus is for just about every type of business.

However, the resiliency relates to the businesses that tend to grow more rapidly after a downturn.

How far do you go in providing technology while ensuring that you don't lose the human contact?

It's a product of training; emphasizing that while you should use every aspect of technology available to you to communicate and serve your clients, you should never lose that person-to-person relationship that makes the client comfortable. There are a lot of people that understand technology only peripherally, so they want to count on their service provider.

What creates that comfort zone is the personal relationship: what I'm bringing you and promising you is the support of this entire organization, the analysis – financial and otherwise; the depth and breadth of everything that is available for you to consider; and the reporting we do for a facilities management assignment for a national or international account where we service locations worldwide. You can tap into your computer and know exactly what is happening at every location within minutes. But someone from an international company has to be able to reach out to a single point of contact and ask what's going on, and that person should be able to get an answer.

How close is the coordination among the different service areas at CBRE?

It's important to have a seamless feel. In a company with 34,000 people and operations in more than 60 countries, there is a gap from time to time. But the good thing about this company, is that when there is a gap, communication regarding it is considered and responded to quickly and the parties involved get together and sew up the seam.

Is there a good understanding of how critical real estate is to the success of New York and other major cities?

It's understood in New York. The Mayor's rezoning proposal in the district for Midtown East primarily is an extraordinary effort to create new product – we have a lot of product here that is more than 50 years old and while you can probably do something to the inside, in terms of greening these buildings and making them LEED-certified, you can't do the job necessary to ultimately make them efficient; in some cases, parts of Europe are far ahead of us in that effort.

That means that when Europeans come here, maybe they won't establish the base as significantly as they would if they had the kind of facilities they wanted.

So the need for creating a more modern, efficient real estate supply is critical to perpetuating the importance of this region. ●