

# A Global Platform

**An Interview with CB Richard Ellis's  
Chris Brooke, President and Chief Executive Officer - Asia;  
Anshuman Magazine, Chairman & Managing Director - South Asia/India;  
and Darrell Stanaford, Managing Director - Russia**



Chris Brooke

**EDITORS' NOTE** *Chris Brooke assumed his current post in July 2009 and is a Chartered Surveyor with almost 20 years of experience in the real estate services industry. Brooke has held a number of senior positions within CB Richard Ellis. Previously, he was President and CEO of CB Richard Ellis in Greater China, where he had been responsible*

*for the development of the Greater China business operated by CB Richard Ellis, which now comprises 16 full-service offices throughout Mainland China, Hong Kong, Macau, and Taiwan.*



Anshuman Magazine

**EDITORS' NOTE** *Anshuman Magazine was instrumental in setting up operations for the CB Richard Ellis practice in the Indian sub-continent, and has been involved in disinvestment exercise for a portfolio of 26 government-owned hotel properties, privatization of airports, and various other infrastructure projects. He has led CBRE in providing effective real estate solutions for a range of projects across India, including IT Parks, Special Economic Zones, Industrial, Commercial, Housing, IT/ITES/BPO, Retail, Entertainment, and township projects.*

*for the development of the Greater China business operated by CB Richard Ellis, which now comprises 16 full-service offices throughout Mainland China, Hong Kong, Macau, and Taiwan.*



Darrell Stanaford

**EDITORS' NOTE** *Darrell Stanaford has been working in the Russian real estate market for more than 12 years. From 1996 to June 2000, he worked at The Western Group ONCOR International, including as the company's Managing Director from December of 1998. In July 2000, Stanaford joined CB Richard Ellis together with the industrial and property*

*management groups of The Western Group. In the Russian Market, Stanaford has managed land, warehouse and manufacturing assignments for Kodak, Nestlé, Honeywell, and United Parcel Service.*

**COMPANY BRIEF** *CB Richard Ellis Group, Inc., a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2008 revenue). The company has approximately 30,000 employees (excluding affiliates), and serves real estate owners, investors, and occupiers through more than 300 offices (excluding affiliates) worldwide. CB Richard Ellis ([www.cbre.com](http://www.cbre.com)) 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. CB Richard Ellis has been named a BusinessWeek 50 "best in class" company for three years in a row.*

## Would you provide an overview of CB Richard Ellis' business in your region?

*Brooke:* CB Richard Ellis has an extensive platform in Asia, with offices in all of the major real estate markets within the region. Within the Asia business unit, as operated by CB Richard Ellis (excluding Japan and India, which are operated as independent business units), we operate 30 offices in 10 countries and have just over 3,000 employees. We also have extensive operations in both Japan and India. The markets in the Asia business unit within which we have a significant presence include China, Korea, Hong Kong, and Singapore. Within all of our offices in Asia, we provide a full range of real estate services including research, consulting, leasing, sales, and management.

*Magazine:* CB Richard Ellis was the first international real estate consultancy to enter India. We began operations here towards the end of 1994 and, today, we are one of the leaders in the business. We provide a wide range of services from corporate real estate services, project management services, property and facilities management, valuations, government and corporate development consultancy, property marketing and investments, and capital market services. A majority of our corporate clients are large American multinationals. We also provide services to Indian corporates, developers, and various government bodies and

institutions, as well as private equity players and international financial institutions.

Ours is the most experienced team in India, with best relationships across the real estate industry, and is approximately 1,600 strong. We have offices in seven major cities and a presence in 30 cities across India. We have been involved in some of the largest and most prestigious advisory assignments in the post-liberalization era in India. During the past 15 years, CBRE has successfully provided effective real estate solutions for a diverse range of projects across India, including office development, industrial, housing, retail and entertainment, IT parks, special economic zones, and logistics and warehousing.

*Stanaford:* In Russia, CBRE is a full-service business that has been operating for over 15 years. We advise both local and international clients on a wide range of projects and interests. For example, we provide facility and property management services on close to eight million square meters of space, for major landlords such as Deutsche Bank and occupiers including Bloomberg and JP Morgan. We provide a full range of project management services, from handling tenant improvements to supervising the permitting and construction of major projects such as a 25,000-seat hockey arena. We have advised many international investors in relation to Russian opportunities, including Ivanhoe

Cambridge, KanAm, and Wells Real Estate Funds. To our international occupier clients – such as Citi, John Deere, General Motors, Google, and Lilly – we provide industrial and office tenant representation services. A significant portion of our revenues also come from major Russian corporations such as Rosneft and VimpelCom, and we have done IPO and annual valuations for major local developers like PIK and RosEvro Development.

## How has the global economic downturn impacted CB Richard Ellis' business in the region?

*Brooke:* As in other parts of the world, we experienced a very challenging period in Asia in the latter part of 2008 and the first half of 2009 as a result of the global financial crisis. However, as a result of the introduction of financial stimulus packages by the majority of the governments in Asia, as well as the fact that a number of countries are exporters of commodities, a number of markets have demonstrated strong resilience to the global downturn, and we have begun to see some positive signs in terms of increased levels of both economic and real estate activity in the region.

The most prominent proponent of this economic recovery has been China, but we have also seen a number of other countries such as Indonesia, Malaysia, and Vietnam demonstrate strong resilience during the first three quarters

of 2009. In addition, market activity in locations such as Hong Kong and Singapore has recovered more quickly than anticipated, driven primarily by the residential sector, within which transactional activity has been encouraged as a result of low interest rates and high levels of liquidity.

In terms of our business operations in 2009, we have continued to perform well in areas such as asset management, corporate outsourcing, project management, appraisal, and consulting throughout the economic downturn, with the key negative impact being upon our leasing and sales business. However, it has been encouraging to see increased levels of leasing and sales activity in the third quarter of 2009.

*Magazine:* The global economic downturn, like anywhere else, impacted the real estate market in India and, in turn, made our business challenging this year. However, as we have a well-diversified business and income stream, we have been able to not only sustain most of our businesses but have shown growth in some of them, such as our property management business.

*Stanaford:* The global economic downturn only hit Russia at the end of last year, but its effects were rapid and severe, dramatically reducing the volume of occupier and investment transactions. Fortunately, CBRE's business in Russia is highly diversified, so parts of our business, such as our contracted property management business, has continued to perform strongly in the downturn and has been a stabilizing factor for us this year. We have used this market as an opportunity to take on more asset management contracts to support banks and investors that are seeking to actively manage their assets and preserve their value through these challenging times. We have helped both landlords and tenants proactively adapt to the changed market conditions. We are also assisting international manufacturers whose projects are moving forward despite the short-term instability. For them, Russia remains a very attractive long-term market with more than 140 million consumers.

#### **What key markets offer great opportunities for CB Richard Ellis in your area?**

*Brooke:* Given the geographical and cultural diversity in Asia, as well as the fact that economies across the region are at varying stages of development, each market offers a slightly different opportunity from the perspective of the real estate services industry.

Hong Kong and Singapore are both mature markets within which we need to have a significant presence to service both regional and international companies, as many companies are headquartered in these locations. The offices in these cities therefore undertake local business as well as act as hubs for regional activity across both North Asia and Southeast Asia.

China clearly offers the most significant growth opportunity going forward, and we anticipate that we will continue to grow our business in China in line with market demand. We also see opportunities in Korea in terms of both local market expansions, as well as in assisting Korean-based companies and institutions with their global real estate needs.

In Southeast Asia, we anticipate that there will be additional opportunities for us to expand in emerging markets such as Vietnam and Indonesia, as well as within more established economies such as Malaysia.

*Magazine:* The three main markets are Mumbai, Delhi, and Bangalore.

Mumbai is the financial hub of India. It has one of the highest office rentals in the world. The city has a dynamic economy and with the real estate market expanding, our business will continue to see opportunities here in the future.

Bangalore is one of the most prominent outsourcing and IT destinations globally. With over 500 companies operating out of the city, an expanding population of young, skilled professionals, a new international airport, an expanding residential and retail market, and weather similar to that of California in the U.S., it offers exciting opportunities for our business.

Delhi is the national capital. Surrounded with four rapidly growing townships, together it is called the National Capital Region (NCR). This region has seen some of the most significant economic growth in the recent past. Due to the Commonwealth Games being hosted next year, infrastructure projects such as the metro/subway system, expressways, and power projects have been implemented in a relatively short period of time. The NCR region attracts top talent and various industries/businesses, in turn providing ample opportunities for our real estate services.

#### **What is the scope of the CBRE operation in your region, and what is your outlook for your particular market?**

*Brooke:* CB Richard Ellis has 12 full service offices in China which are located in Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Chengdu, Hangzhou, Qingdao, Dalian, Wuhan, Shenyang, and Chongqing, and within which we employ approximately 700 staff. In addition, we have project offices in an additional 10 cities, all of which primarily focus upon property management activities. We therefore have a comprehensive office network across the country, from which we deliver services to both domestic and international customers.

We remain positive in terms of our outlook relating to the Chinese real estate market. There is strong underlying demand for residential property due to ongoing urbanization and increasing levels of affordability resulting from continued economic growth within China. The retail sector is also underpinned by continued growth in domestic consumption as income levels increase and consumers begin to spend more on retail, leisure, and entertainment activities. While both the office and industrial/logistics market have encountered significant challenges as a result of reduced demand and increased supply in 2009, we believe that both of these markets will be supported by a combination of international and domestic demand in the medium- to long-term.

It has also been encouraging to see the ongoing development of the real estate capital markets in China in 2009, which we believe is critical to the creation of a long-term sustainable real estate sector in China. As of October 2009, regulations were relaxed to allow domestic insurance companies to invest in real estate, and a number of initiatives are being pursued with regard to the introduction of domestic REITs in China. In addition, various domestic institutions and trust companies are now looking to establish RMB-denominated real estate funds. All of these initiatives are expected to result in the development of a more institutional real estate

market in China and are also a strong indication of the increased sophistication that is being introduced within the real estate sector in China.

*Stanaford:* We represented VimpelCom – a leading Russian cell phone operator and the first Russian company to be listed on the NYSE (1994) – in leasing its 330,000-square-foot Russian HQ. For AIG and Deutsche Bank, we have expanded our facilities management contract for their 2.2 million-square-foot Pushkino Logistics Park into full asset management. We also represented Ivanhoe Cambridge and Europolis in acquiring the Vremena Goda luxury shopping center this year in the largest single investment transaction in the history of the Russian market. Another key win was advising Wells REF in establishing a joint venture on the Dvintsev Business Center, an investment of close to \$100 million.

#### **What are your key priorities for CB Richard Ellis' business in your region as you look to the coming year?**

*Brooke:* While it would appear that the majority of economies in Asia are likely to see positive growth in 2010, there is still an element of uncertainty as to the timing of any full recovery of the real estate markets across the region. We are therefore adopting a relatively conservative approach as we look to our business activities in 2010.

As in other parts of the world, we will be focusing on the growth of our corporate outsourcing and asset management capabilities in Asia in 2010, with the objective of increasing business in these areas. We will also be looking to strengthen our service offering in the retail sector of the market, given that we anticipate strong growth in this area in 2010 and beyond, as well as to increase our market presence in relation to both the investment sales and real estate finance areas of the business. We will also be seeking to grow market share in key locations such as Singapore, Hong Kong, Shanghai, and Beijing, as well as to grow our business in Korea.

In addition to these market-related initiatives, in 2010, we will also be focused on maximizing efficiency and productivity across the business via a number of refinements to our shared services platform in Asia. We believe this will be a critical success factor in Asia going forward, as our business continues to grow, our service offering becomes more sophisticated, and the needs of our clients throughout the region become more complex.

*Magazine:* Our key priority is to continue to provide the best-in-class service to our clients as the Indian economy is expected to grow by at least 6.5 percent (GDP) in 2010. We will strive to further strengthen and increase each of our existing businesses and specifically focus on expanding our capital markets business, valuations, services to the retail industry, and landlord representation work. India is one of the few countries in the world which will see millions of people shifting from rural to urban areas for the next couple of years and therefore will provide exciting opportunities for our real estate services business.

*Stanaford:* Our priorities for 2010 are to continue to evolve our services in order to help clients complete their adjustments to the changed market environment and capture the unique opportunities that have arisen, and will continue to develop, as Russia turns the corner on the downturn. ●