

Professional Management

**An Interview with Mitchell E. Rudin,
President and Chief Executive Officer, New York Tri-State Region, CB Richard Ellis Group, Inc.**

EDITORS' NOTE *Mitch Rudin oversees all the business and operating functions for CBRE's operations in the region. He has significantly improved the region's operating margins since assuming this role and led the region to profitability every year, including in the past two years, the most tumultuous the industry has seen. While doing this, CBRE's market dominance in Tri-State has continued to expand.*



Mitchell E. Rudin

Among Rudin's other corporate activities, he is a member of CBRE's Diversity Committee and executive sponsor for the African-American affinity group. He is also Chair of the firm's global law firm practice group. He was previously President – Brokerage Services, for CBRE, and held a similar position at Insignia/ESG as President of U.S. Transaction Services, until CBRE's acquisition of that firm in 2003. Rudin also ran the transition team for Insignia/ESG in connection with the merger with CBRE. Before joining Insignia/ESG, Rudin was a partner at Tishman Speyer Properties. He was formerly an attorney with Davis & Gilbert, where he practiced real estate law.

COMPANY BRIEF *CB Richard Ellis Group, Inc. (www.cbre.com) is a Fortune 500 and S&P 500 company headquartered in Los Angeles. The company has approximately 29,000 employees (excluding affiliates), and serves real estate owners, investors, and occupiers through more than 300 offices (excluding affiliates) worldwide. CB Richard Ellis 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.*

Were you surprised by the speed and severity of the economic crisis, and where are we in terms of the real estate market coming back?

Virtually everyone was surprised by the depth and severity of the crisis when it hit. Starting in June 2008, we anticipated a downturn. We started to manage into a declining economy, and that enabled us to avoid many more precipitous steps.

Now we're somewhere in the bottom of a flat U, so we don't foresee a further decline and

we're seeing modest improvements, depending upon which segment of the market that you're in. It's going to bounce along the bottom for awhile.

How challenging is it to differentiate in this space, and how do you define that differentiation for CBRE?

It depends on the market segment that you're looking at. On the one hand, if you're somebody who has global requirements, then a global footprint is important, and ours is not only significantly larger, but best in class in almost all major markets and business lines.

On the other hand, if you're somebody who has a building to lease and manage in New York, or an occupier who has a specific requirement, we have several points of differentiation: the strength and depth of our consulting department, which is 25-plus years old and unique in the entire industry, not just in New York; our market research department, which has continued unabated for as long as I've been here; and the training, strength, and coordination of our brokers. In *Crain's New York Business'* 2009 annual list of the 50 largest transactions, we had 28 of the top 50, and six of the top 10; and we again secured the Real Estate Board of New York Deal of the Year for the 26th time.

Has technology had a major impact on the business and has it changed the way you operate?

Yes, and no. It has certainly helped with communication; and it certainly has enhanced our ability to deliver research and other services. But like everything else in the professional service field, it may be an enhancement, but it all starts with the individuals – the selection, training, and management of them. Before any other firm in our industry, CBRE made the decision to move to professional management.

Having said that, when we move into our new Tri-State headquarters next year, we will have the best technology in our industry – telepresence and teleconferencing – significant upgrades in capacity, new computers, wireless offices, etc.

You are actively involved in CBRE's diversity committee. How critical is it from a global standpoint to maintain a diverse workforce that mirrors your client base, and what is the message out there about the opportunities for women and minorities?

The commitment to diversity flows from the top, and we are the leader in this area. Approximately 40 percent of our management team in Tri-State are women. In addition, in one year, CBRE's top producer, top investment sales professional, and top retail sales professional were all women from Tri-State. What region in any company in almost any industry can say that? The challenge with minorities is greater, but we are attacking that hire by hire.

We started a program a few years ago called the Wheel Program, where we bring in somewhere between four and six people out of college and rotate them through six different departments over an 18-month period, then mutually settle on full-time employment. Our retention rate in that program has been almost 80 percent, and we have succeeded in meeting our diversity objectives for that program, both in terms of women and people of color every year.

We truly have become the company that we want our kids to work at.

Will there be a new framework for pricing in the market going forward, and will we reach and exceed the pricing of some years back?

Real estate professionals and developers are optimists by nature. We have a natural governor though because of the cost and complexity of building. So we're going through this current cycle with a fairly limited amount of new construction.

Do I think we will return to the heights we had reached? Yes. Is that going to be in the next year or two? No. But the environment in New York is healthy.

In addition, our building stock is fairly old. We still like to characterize '80s and '90s product as new, so if you've made the decision that you want to be in a LEED-certified building, or you want the most modern technology, you have very few choices here.

Will the environmental focus be a given in future building?

It will be on any new multi-tenant building. You would be foolish not to because there will be a portion of the market that will not consider that as an alternative. Where you are on that spectrum from green to gold to platinum is a little less significant. But the corporate interest in sustainability will continue. ●