

From a Buyer's Perspective

An Interview with Darcy A. Stacom, Vice Chairman, CB Richard Ellis

EDITORS' NOTE Darcy Stacom is Head of the Investment Properties group for CBRE's New York Office. In 2010, she was the number one investment sales professional nationally and closed 9 of the top 10 investment deals in New York City. With over 29 years of real estate experience, Stacom's expertise is often sought, evidenced by her speaking engagements for numerous industry and educational organizations including Urban Land Institute, Harvard, New York University, Columbia, Wharton, AFIRE, Practising Law Institute, and many others. Stacom is Governor of the Real Estate Board of New York. She earned her Bachelor of Science from Lehigh University.



Darcy A. Stacom

COMPANY BRIEF CBRE Group, Inc. (www.cbre.com) is a Fortune 500 and S&P 500 company with approximately 31,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. Headquartered in Los Angeles, 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 role of the Investment Properties group at CBRE and how do you differentiate the group in a competitive industry?

We have a meticulous approach to how we handle transactions. This is a business where, at any time, there can be 1,000 moving parts. A commercial real estate asset can have 50 to 200 leases, or perhaps just 10 leases, but each of those leases can have 15 amendments. You also have service contracts, direct employees, union employees, and physical infrastructure such as electrical systems, plumbing, and HVAC. Many in this industry feel that you don't need to go into our level of detail, and in a super-heated environment, many of those things can be overlooked in a bidding frenzy.

But in an environment like we've had over the past three years, all of those details matter. When someone is buying a billion-dollar property and writing a half-a-billion-dollar check, they're going to send in sophisticated teams to

dig into those details, for example to make sure that the riser system in the property doesn't need to be replaced for \$10-million, which would have significant ramifications across their investment returns.

So when we're hired, we approach the assignment from a buyer's perspective and do an extremely intense level of due diligence. To do that, you have to have the right staffing and the right level of patience. There are some in our industry that might have staffing but that don't have the patience to do the job right. Or they have never created the deep knowledge base needed to do it.

Are you seeing strength return to this market or is there still volatility and uncertainty?

The first seven months of this year showed real strength, but August brought back a level of reality to the market. People were reminded this is now a global economy and we cannot stand apart from Europe, China, or anywhere else.

People are more aware of the upheaval. In the last third of the year, we saw lenders becoming more cautious about their pricing, because they had already put out money and were unsure whether they should put another loan out there in this uncertain environment. They wanted better terms to do that loan. A lot of buyers had also already put out their money for the year. If they were going to buy an asset in the last four months, they wanted to get a better deal. So we have seen pricing pull back, even in New York City.

Is your main focus New York City or is it broader?

I work very closely with our global team – my counterparts in London, Paris, Hong Kong, Singapore, etc. But my focus is on New York City and the boroughs because if I can't make it here, I should rip up my real estate license.

With CBRE's global footprint and strength, is your messaging consistent and the service seamless or is it tailored to specific markets?

It's seamless, yet tailored. In Brazil, for example, the average building is sold by the floor in a condominium format. So that the client from Brazil may feel most comfortable, the agent that helps them in Brazil has a role when they arrive in New York until they can develop comfort with us.

China is probably the most unusual in that

they're used to dealing directly with sellers. Even in China, there is an increasing use of real estate professionals but they are often paid by the buyer, not by the seller.

We talk the same language in terms of returns and levels of financing, and in how we advise them. However, the moving parts and pieces of what drives a buyer or seller are different. So it helps to have the boots on the ground telling you what they like and don't like, and what you need to do to educate them about this market.

While there are several other firms that claim a global platform, we are the market leader in almost every one of the global markets.

Are you surprised that there are few hot areas in New York City where prices aren't going up?

That's not entirely accurate – not every area is hot, even when people say it is. As one developer noted, the best way to follow and invest well in what is becoming a trendy area is to follow the artists. They are followed by the young men and women who want to hang out with them, who then move into the neighborhood. Once they move in, the people who want to date or hang out with them move into the neighborhood.

I've been a huge fan of downtown for 30 years. I'm even more confident in it now because we're about to bring the energy and vitality of thousands of creative young professionals into the middle of the heart of downtown Manhattan with the Condé Nast headquarters.

Are there good opportunities for women to grow within the industry?

The opportunities are there now. CBRE is deeply committed to having senior women in management and brokerage but the problem is that a lot of women have the option not to stay the course. By that, I mean they can make enough money and once married, between the income they've already made and the income that their husbands bring in, they can stop working and raise their families. It's a deep frustration for many of the more senior women like myself in the industry because we try to mentor people and they often hit that point and choose to stop.

So I'm hoping more women will see their way through it because it's no longer the case that companies won't promote you. That said, it is a challenging career and it takes a significant commitment to rise to the top levels – and that might not be for everybody ●