

Serving Owners, Investors, and Occupiers

An Interview with Peter Hennessy,
President-New York Tri-State Region, Cassidy Turley

EDITORS' NOTE Peter Hennessy joined Cassidy Turley in his current post in 2010. Previously, he served as International Director for Jones Lang LaSalle Americas, Inc. in New York. While in this position, he served on the America's Brokerage Executive Committee and the board of directors for the America's Retail Group. Prior to The Staubach Company's merger with Jones Lang LaSalle, Peter was President of the New York Region of The Staubach Company. In addition to his leadership role, he represented a diverse client base, including the State of New York, the National Football League, Guggenheim Partners, Disney/ESPN, Texaco, Mobil Corporation, Time, Inc., and GE Capital. He was educated at Kenyon College in Gambier, Ohio and did his graduate studies at New York University.



Peter Hennessy

COMPANY BRIEF Cassidy Turley (www.cassidy-turley.com) is a leading commercial real estate services provider with more than 3,800 professionals in more than 60 offices nationwide. The company represents a wide range of clients, from small businesses to Fortune 500 companies and from local nonprofits to major institutions. The firm completed transactions valued at \$22 billion in 2012; manages 400 million square feet on behalf of institutional, corporate, and private clients; and supports more than 23,000 domestic corporate services locations.

Is there an effective understanding in the market of the size and scale of this firm?

The brand Cassidy Turley came into existence in March 2010. The brand equity did exist in the form of Cassidy & Pinkard in the D.C., Baltimore, and Carolinas marketplaces and Turley Martin Tucker, which operated in the central U.S. region. So the ability to create brand equity around Cassidy and Turley was simple in those marketplaces.

In New York, we began from a standing start. The legacy organization, Colliers ABR, had significant brand equity. We're now in the process of transferring the brand awareness to Cassidy Turley.

The primary audiences we're talking to are the real estate community at large, specifically the real estate services business and the corporate real estate community, who know who we are because it's their job to know the players in our field.

The broader audience we need to reach is the large occupier business that exists around the country. The size of this market is a multiple of the others because you have a large group of occupiers out there whose job is not to focus on real estate but on managing, growing, and running their businesses.

How was the culture fit in terms of bringing the firms together?

Since 2009, when the first mergers occurred, 15 firms have effectively come together. With the four primary firms – Colliers, Pinkard, in

Baltimore and the Carolinas; Cassidy & Pinkard in Washington, D.C.; Turley Martin Tucker in the central region based out of St. Louis; and Colliers ABR out of New York – we got a critical mass, which provided us with the strength from which to approach other strong, like-minded organizations with similar cultures around the country.

We picked up BT Commercial in the Northern California area; BRE in Phoenix and San Diego; Fuller in Denver; CAPSTAR in Dallas and Houston; Carter in Atlanta; FHO in Boston; and CLW in Tampa.

We had multiple opportunities in each of those marketplaces, so we looked for those with a core culture built around teamwork, transparency, and accountability, and for those that operated as more than a traditional hierarchical real estate service firm.

For our leadership team, we narrowed the focus of those running the business and let those leaders stay in their local markets to further develop our client base.

Is there a lot of opportunity in the real estate market today and where will the growth come from?

We focus on the occupier sector and the investor sector. From an investor perspective, the market is incredibly robust because the ability to yield a return from other types of investments throughout the globe has been limited. Real estate gives you consistency and certainty in terms of revenue flow and long-term upside, and it provides hard assets.

From an occupier perspective, the two biggest drivers for our economy in the whole Tri-State area, but in New York City in particular, are the financial services and the government and municipal sectors and both have been declining. The percentage of occupancy that these sectors comprise is in the upper 30s to low 40s of the total occupancy of the city. So no matter

how strong the rest of your sectors are, it will be difficult to make up for that shortfall.

Also, over the past 15 years, the design and desire of corporations has consistently been to operate in a smaller footprint. They don't want to create these large office facilities, but instead focus on creating efficient collaboration and doing the things that allow them to drive benefits for their client base rather than focus on creating palatial environments.

From the occupier side, growth has not been robust, but it gives companies that are growing an opportunity to grow at the levels they need to without creating the cost structures that prohibit their future growth.

From the investor side, it has been good from an investment perspective, but from a leasing perspective, it hasn't been as great.

Are you surprised by the new development in the city?

I'm not surprised, because developers are eternally optimistic and this city needs inventory.

This city will continue to grow but it can't grow as easily as other cities because not only are we constrained by rivers but we have already a developed real estate market here.

Are you surprised to see how hot certain areas like Brooklyn have become?

When the primary business sectors get to a certain capacity and rents skyrocket, like in 2007, developers go to secondary and tertiary markets to create an environment that people would be happy to migrate to, and those areas become hot. The creativity that exists in the real estate development community provides the opportunities to create these new hubs of activity. The technology jobs that have migrated to New York over the past 15 years has been hugely beneficial.

How do you differentiate in this space and show what makes your firm unique?

We're the largest privately held real estate services firm in the country and we have two constituencies we need to focus on: our clients and our people. We don't need to think about the kind of returns we need to develop or what happens if we don't hit our numbers for the quarter because we have decided to reinvest in another sector of our business. If a client has demands on how we deliver service because it serves their business better, we can invest and deliver the kind of service that client needs. We can also pounce on an opportunity to deliver better service because we can make decisions more rapidly and proactively. ●