

Talent and Resources

An Interview with Bruce Mosler, Chairman of Global Brokerage, Cushman & Wakefield

EDITORS' NOTE Before assuming his current role, Bruce Mosler served as the President and Chief Executive Officer of Cushman & Wakefield, a position he assumed in January 2005. Prior to that, he served as the firm's President of U.S. Operations and, before that, as Executive Vice President. Mosler is also Chairman of the BENS (Business Executives for National Security); Co-Chairman of the Intrepid Sea, Air & Space Museum; Chairman of the Wharton Executive Education Program; and a board member of the Police Athletic League and Tufts University, Friends of Fletcher.



Bruce Mosler

COMPANY BRIEF Founded in 1917, Cushman & Wakefield (cushmanwakefield.com) has 243 offices in 61 countries and more than 15,000 employees. It offers a complete range of services for all types of property, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, corporate services, property management, facilities management, project management, consulting, and appraisal.

Where does the New York City real estate market stand today and is there still room for growth?

I characterize two fundamental shifts taking place in Manhattan: the first is from a demand side perspective – the epicenter is moving to midtown West, midtown South, and downtown. This is where you will see an exponential increase in rent – you're seeing it on Park Avenue South. It's the tightest market and the most rapidly rising from a rent perspective. It has a total of 65 million feet, and the TAMI sector really wants to be in that live/work/play environment.

Downtown, where the city has invested, particularly on the West Side, we see the same kind of return on investment. It also has massive appeal to tenants that want to be in that live/work/play environment.

Midtown buildings that have reinvested in themselves continue to do well and will always do well, even if the rent appreciation may be, by historical standards, slow.

We are also seeing conversion in midtown and the potential for conversion – some of the assets were recently sold at record pricing, and low cap rates are anticipated to possibly be conversion properties.

The demand side that was largely driven by the banking and FIRE sector has now been surpassed by the TAMI sector.

I always remind people that I'm bullish on Manhattan. When you look at us on the global stage, we continue to generally be the number-one destination for investment, along with the U.K. and perhaps Germany, because of the robustness of this market and the appreciation people see that overcomes cycles in this market. Additionally, our rents are still not terribly high by international standards and there is room for Manhattan rents to continue to grow substantially.

Also, from a global perspective, we represent governance, the ability to invest and divest freely, because the marketplace is robust enough and is transparent.

I feel very good about continued upside potential both from an investment side perspective and for rent rate.

What is the Cushman & Wakefield advantage in the market?

In addition to talent and expertise, it's also the resources that we have. When you can bring in someone like Michael Rotchford, our head of real estate investment banking, with his analytical structured-finance balance sheet knowledge, it gives our clients a unique insight from the advisory side and provides a different view of deals from the balance sheet perspective. The ability to structure a transaction tailored to our clients' balance sheets in the most efficient way, backed by a proven track record of structures and principles that work, is also an advantage that Cushman & Wakefield brings to the table, not to mention that we offer additional outstanding resources, such as our appraisal and research groups, among others.

What advantages does midtown West offer and are you surprised to see the emphasis on that area?

Mayor Bloomberg had the foresight and vision to see the need for new product and development. Many business leaders in our community have called out time and again that we have aging product and there is need for new, more efficient buildings to be developed in a thoughtful way. This foresight has been rewarded with demand, which is proving out with what is happening in midtown West, starting first with an investment in infrastructure with the 7 line.

This new product on the West Side is a block away from Penn Station – the most traveled transportation hub in North America – and, coupled with the access to the 7 line and mass transportation access to all the other subway lines, makes this area unique and exciting. As a result, corporations are marching West because you can now find new, efficient product there. Couple that with what we have in Manhattan West (formerly 450 West 33rd St), where we feature 100,000 plus square foot floors making it a 1.7 million-square-foot property that will be fully renovated from the façade to core infrastructure. Those attributes have generated significant interest.

Do you see similar opportunities in areas like Brooklyn?

There are significant opportunities in Brooklyn and other parts of New York, and transportation is always the critical factor in how quickly it will succeed.

Brooklyn has taken off. The Barclays Center has revitalized whole neighborhoods, and you're going to see smaller tech firms that don't want to pay Manhattan rates look to have their first incubator and long-term space in places like Brooklyn.

You're going to continue to see corporate commitment and engagement there, and it's spilling over into Long Island City.

Are you concerned that a large group may be priced out of the Manhattan market?

Within the marketplace, there are pockets of economic opportunity for businesses that don't want to, or can't, pay the big numbers.

There are buildings today on side streets and other locations where people can find economic alternatives – not just in midtown Manhattan, but also in downtown, and in Brooklyn and Long Island City.

How seamless is the global footprint for Cushman & Wakefield?

I work every day at how to deliver seamless service and in strengthening the way our system holds people accountable for managing relationships, so they can be integrated on a worldwide basis with the best local talent to execute on their behalf. From a strategic perspective, we work on optimizing clients' portfolios and taking advantage of opportunities in the marketplace. All of this comes from deep knowledge of the market and the ability, through research, to see trends, predict changes, and provide our clients with the skills to execute seamlessly and flawlessly around the globe. ●