

Real Estate Solutions

An Interview with Arthur J. Mirante II,
Principal and Tri-State President, Avison Young

EDITORS' NOTE Arthur Mirante joined Avison Young in 2012 as a Principal and Tri-State President, based in the firm's New York City office. He serves as a member of the company's Executive Operating Committee. Prior to joining Avison Young, he worked at Cushman & Wakefield for more than 40 years, where he most recently served as President of Global Client Development for seven years. Prior to this, he served as the firm's CEO for 20 years. Throughout his career, he has participated in some of the New York market's largest and most complex transactions, including the sale of the World Trade Center. Mirante graduated from College of the Holy Cross with a B.S. in Sociology and from St. John's University Law School with a J.D., and received a Doctor of Human Letters honorary degree from St. John's University.



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COMPANY BRIEF Headquartered in Toronto, Ontario and founded in 1978, Avison Young (avisonyoung.com) is the world's fastest growing commercial real estate services company. Avison Young is a collaborative firm owned and operated by its principals. Comprised of more than 2,000 real estate professionals in 69 offices across Canada, the United Kingdom, Germany, and the U.S., the full-service commercial real estate company provides value-added, client-centric investment sales, leasing, advisory, valuation, management, financing, and mortgage placement services to owners and occupiers of office, retail, industrial, and multi-family properties.

Where is the growth coming from today and is it what you expected?

It has happened more quickly and at a higher quality than I anticipated. The real estate marketplace has been in a steady recovery for the past five years and the business environment has been improving and enjoying the longest economic expansion in recent history. The growth of our firm has been fueled by this positive environment and the fact that we have great turmoil and consolidation in the real estate services industry.

The mergers at the upper end are unsettling and creating redundancy. The fact that Avison Young is a partnership with a client-centric collaborative culture, presents an attractive opportunity to many successful real estate professionals who are not happy working at the larger publicly owned

global enterprises. We represent quality versus quantity – a client-first alternative with a true partnership structure that is appealing to many talented and experienced professionals today, more than I ever anticipated.

Are you competing with those three or four large players and do you need to be of a certain size and scale to compete?

We are competing with them because it has always been our strategy to serve the higher end of the business – to do the more complex and sophisticated

transactions. Since our inception, we have hired the more experienced, better educated, and extremely talented professionals in each of our service disciplines in anticipation of competing against the larger companies, and we have been doing just that. We cannot offer the size or scale right now, but frankly, many notable clients are serviced by select professional teams where armies of people are not as important as a team dedicated and committed to achieving a client's objective.

Do you characterize this as a full-service real estate business?

That term is overused, but yes, we have built a valuation, asset management, project management, debt and equity, investment sales, consulting and research, marketing, and office leasing capabilities in the region to serve our clients. This is full service and it is very important, because our clients are more demanding and knowledgeable than ever before. To serve our clients well in any particular requirement will more often than not require a combination of professional disciplines to deliver the appropriate solutions and results.

Is the market more sustainable this time and have things changed?

Yes. We were becoming accustomed to 18-month cycles of boom and slow down. With the help of low-interest rates, we are in the sixth or seventh year of a slow recovery. I do not know if we're in the sixth or eighth inning of that recovery right now, but it has created a different mindset and new challenges for the business community. Most tenants are understandably cautious in making long-term lease commitments because they have difficulty projecting their revenue and headcount growth. Although the leasing market in New York is very active and healthy, it is taking longer to close transactions. In the investment market, there is an insatiable desire for product, driven by huge amounts of capital focused on the safe haven of

New York and other gateway cities. Pricing of New York City assets has now reached the record levels established in 2007. I do not believe we are in a bubble in the commercial real estate market and, barring a macro event, it does seem sustainable.

Have you moved further out to take advantage of the popularity of New York City's boroughs?

Yes. Over the past three years we have established offices in Westchester/Connecticut, Long Island, and New Jersey. New York City is clearly benefitting from the Millennials' drive to live and work in urban environments. The real estate markets in Brooklyn, Queens, the Bronx, and Staten Island are all benefitting from the unprecedented popularity of Manhattan. We see continued very broad-based growth in all of the city from investors, residents, and users.

However, the one difference this time is that the suburbs – Westchester, Connecticut, Long Island, New Jersey – are not necessarily reaping the benefits of a very hot New York City marketplace.

Is innovation taking place and, if so, where?

Absolutely. Real estate activity is at record levels so there are many opportunities to be creative. Investors need help in sourcing product that meets their criteria. The leasing market is balanced so there is room for creative deal structuring and negotiating solutions to the most complex office leases in the nation. There is much room for innovation, but it always comes back to being able to dedicate time, talent, and energy to a particular client's requirements.

Is it harder to maintain your culture when you're bringing in new talent?

Culture is the backbone of our growth strategy. When we introduce ourselves, we talk about the fact that we partner not only internally among ourselves to give the client the very best, but we partner with the client. We invest our time to understand that client's business objectives and drivers in order to help create a unique real estate solution for them.

Culture drives everything we do here and when I interview a young person, I put that person through a cultural filter. Does this person have integrity? Have they demonstrated their willingness to work hard? Have they achieved success? Have they worked as part of a team?

We want to begin with good raw material – men and women of character, people with the drive and passion to succeed. The real estate services business is something we can teach them. ●