

Delivering Results

An Interview with Arthur J. Mirante II, Principal and Tri-State President,
and A. Mitti Liebersohn, President and Managing Director – NYC Operations, Avison Young

EDITORS' NOTE Arthur Mirante also serves as a member of Avison Young's Executive Operating Committee. Prior to joining Avison Young, he worked at Cushman & Wakefield, where he served as the firm's CEO for 20 years.

Prior to joining Avison Young, Mitti Liebersohn served as Vice Chairman at Jones Lang LaSalle. Before joining Jones Lang LaSalle in 2011, Liebersohn served as a Vice Chairman at Cushman & Wakefield, where he was named one of the company's top 20 brokers internationally for 15 consecutive years.

COMPANY BRIEF Avison Young (avisonyoung.com) is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,400 real estate professionals in 80 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family, and hospitality properties.

In such a competitive marketplace where services sound similar, how do you differentiate Avison Young and what makes the firm so special?

Mirante: First, we're still small enough to be nimble and dedicate our very best resources to each client opportunity that we're lucky enough to win, and that makes a real difference.

We have had amazing success over the past five years in fulfilling the leasing agency responsibilities that we've won from some of the major landlords in town. This is very important because, at the end of the day, delivering results in our business determines whether we will have a long-term relationship and repeat business from our major clients. This is a very competitive environment we're in and it's difficult to differentiate ourselves. We have to be able to produce results, exceed our clients' expectations, and prove to the client community that we're right there with the big three or four firms and that we should be considered for the next assignment.

I would also mention that our collaborative environment really helps us.

The velocity of the market and the volume of the transactions in New York City have been a bit slow over the past few months. If we have



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A. Mitti Liebersohn

problems fulfilling our responsibilities in one of our buildings, we solicit the help of all the professionals in our office in leasing the space, and this helps us produce results without exception.

Liebersohn: We have weekly calls among all the Avison Young principals from around the world to share what is going on in each of our markets. I have never seen this done at the bigger firms.

We're a flat organization and that allows us to be nimble, and that is an advantage in this marketplace.

In the environment we're in today, how difficult is it to forecast?

Mirante: We're a leading-edge indicator, so metrics are taken on a daily basis and when I find we're not getting requests for presentations and I sense things are beginning to slow, we watch it carefully and see how it evolves.

Even now, velocity is down but it's already seemingly changing. In August, which is traditionally vacation month and when it's hard to get things done, we recently commented that velocity seemed to be strong again. However, it is hard to predict.

Is there still client loyalty today or is the business driven by price?

Mirante: In the global corporate services arena, which is more and more driven by HR and procurement divisions of large corporations, price is paramount. Absent that 20 percent of our market, price is irrelevant. It's all about who can produce the results in a timely way – and do so with the utmost reliability and confidentiality – and who is going to make their clients look good. We have to be the company that has the safe pair of hands that will allow the real estate executives to deliver the objectives that their boards and CEOs want. It's all about who they can trust – trust is an important trait.

Liebersohn: I agree. To further that point, at Avison Young we have business development and recruiting as two sides of the coin to ensure we can produce these results. The brokers, who are exploring alternatives, want to go with a firm that has a really good platform and when they discover the depth of ours, they are undeniably impressed. However, on the recruiting side, when people come here and start exploring who we are, they are surprised by our platform, talent, and expertise, and it gives them a comfort level in terms of wanting to further explore working with us.

On the landlord side, it's the same situation. When we pitch some of the bigger owners, they're surprised at the depth of the company and our resources. When I first got here, we had a relatively small portfolio of buildings. In two years, that has expanded a great deal and with many of the most prominent landlords in the city.

Mirante: The big shops have a great deal of depth and some excellent talent; however, they're siloed and they don't necessarily work well within the different silos – a client doesn't always get the benefit of the talent delivered seamlessly. It's more of a battle to assemble the teams for the larger shops today because they are all profit centers and, in the public arena, those profit centers all have to deliver numbers.

Liebersohn: To have an office where when anyone gets any bit of information shares it with the rest of the office is unheard of, but here it's a rule of thumb.

Mirante: Information is power. I was taught to hoard information when I started, even within my own company. Today, technology has flipped that theory; information is only power if you put it to work with collaboration.

Many veteran brokers are still insecure about sharing information. Our culture here is that information has to be shared with your colleagues.

While there needs to be an understanding and knowledge of the business, when you hire brokers, is it as much about the cultural fit as the experience?

Liebersohn: We have seven office-leasing principals. We won't hire anybody until all seven have met with the prospective candidate and have had a detailed dialogue with them. There has to be a comfort level among all the parties and a high confidence level that this person will integrate well with us before we go forward.

Mirante: This seriously restricts the pool to recruit from, because many people in the brokerage industry have bad habits. Many of the most successful people don't want to change what they do, so to suddenly change to our model and start sharing information and holding hands with our partners isn't going to work for a lot of successful people. Our model is not for everyone.

Liebersohn: We want entrepreneurial and aggressive people, but not at the expense of our other professionals.

Mirante: We've had to ask a few people to leave along the way because they weren't a good fit.

Is technology taking away from the relationship side of the business?

Mirante: It helps us deliver our professional services more quickly, efficiently, and transparently. For some of our assignments, we have dedicated services where a client can track how we're doing in leasing their building or about finding them space on a 24/7 basis. It's an enabler, but I can't think of an instance where it interferes or endangers our relationship. It should enhance a relationship.

Liebersohn: It also offers the ability to have a depth of knowledge that we didn't have when I entered the business. Now, everyone who is either attempting to speak to a certain tenant or who wants to speak to a landlord about a building can be fully educated about what the property is all about. This makes for an entirely different dynamic when negotiating.

Mirante: We have to add value with technology. To the extent that an owner or tenant can use technology and be comfortable without personal interaction, it won't take away from the relationship. If we can't add value, someone should not hire us anyway.

There is so much new development coming online, but there are a majority of older buildings in the city. How can those buildings remain competitive?

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Mirante: One of the most amazing things that has taken place in New York City over the past 10 years is the amount of capital that has gone into renovating and modernizing older building stock. The average age of Manhattan office buildings is 60 years.

We're just completing the releasing of a famous building in the city where the Paramount Pictures headquarters used to be. They have restored the Art Deco infrastructure, put in all new windows, and modernized all the common areas. That building is going to be 98 percent leased over the next few months after a \$50 million capital improvement.

I don't think this city has ever been stronger and there is office space here for every type of business user, which is really magical.

Is Midtown still where people want to be?

Liebersohn: I did a tour recently with a large firm. When we had our first dialogue about geography on the phone, we talked about exploring Hudson Yards and the Meatpacking District. This particular client, after further discussion, decided to remain focused on Midtown, so yes, there are still those tenants who are anchored to Midtown.

However, for many clients, geography is just not the number one priority. Most tenants are really looking at efficiencies and infrastructure of buildings first and foremost.

Mirante: This market is at equilibrium now, which is perfect because tenants and landlords have leverage and it's a healthy, competitive marketplace.

Are the boroughs a focus for you?

Liebersohn: Yes. Especially Long Island City, Queens, and Brooklyn.

Mirante: It's fair to say we have seen leasing activity at 30 million square feet a year for the past few years. It used to be that when the city got hot, the suburbs of New Jersey, Westchester, Connecticut, and Long Island benefited from that. It's the function of that urbanization trend. Today, so many young people want to be in city areas so this time around, those suburban markets haven't benefited from the hot New York City market. There is little employment growth and new development and flat rental rates.

What is your outlook for retail?

Liebersohn: For most owners, it's all about creativity and how to repackage their spaces. Things have changed with the way in which people shop and retailers have to adjust to that. But it's exciting to see what's to come with the use of technology and how they're going to shift the focus on what today's consumer wants and needs.

Mirante: The retailers now want to create an experience in the store, not just sell a product. They hope that experience will bring people back. There is a different dynamic with the Amazon impact.

After all of these years, what has made your partnership work so well and helped it stand the test of time?

Mirante: I would go back to the word "trust." We've known each other for 30 years and we have had a personal relationship while we worked together. Even when we were competitors, we always maintained a personal relationship.

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We are amazingly productive as a team and we seem to complement each other really well. There is a trust there that I would do anything for him and vice versa. When we can work together to help a client succeed, the client will get the best of each of us.

When we ask each other for help, we just do it. It works well.

Liebersohn: Arthur is the most selfless human being I have ever met. I have watched him mentor other people along the way and that has produced some prolific professionals. To have the opportunity for him to do this for me is incredible and I am especially grateful.

When we are together in a meeting, his positive energy crosses generations and barriers. We also try to have fun every day.

For those coming out of school who are interested in building a career in real estate, what advice do you give them to build a sustainable career?

Mirante: Focus on behaving with integrity every single day and developing good business habits.

One way to differentiate oneself from a value-add point of view as a young person is to be the go-to person. When someone needs to get something done, they can trust that this person will do it and do it the right way.

This is particularly valuable in this industry. Integrity is linked with earning the trust of the people around you.

If you're a personality person, supplement your great personality with substance and educate yourself so when you can do something for someone, you can deliver the goods.

In real estate, it takes a five- or 10-year timeframe to build something. If someone doesn't have that patience or needs to make money sooner, then this industry won't be the best fit.

Liebersohn: I believe young people have to get clear on what they want from life early on in their careers. Until they get that clarity, they're not really going to be able to fully focus and be totally immersed in their careers. ●