

## editorial

What a tremendous year it has been for Asset Services! We have enjoyed significant growth - both organic and inorganic, welcomed new team members, and successfully implemented new technologies to enhance our operational efficiency and service delivery to clients.

In this issue of *Asset Services Insights*, we discuss key wins and acquisitions – opportunities created by delivering consistent value to our clients – and how recent natural and man-made disasters serve as constant reminders on the importance of business continuity planning to protect our clients and their assets. You will also find exciting platform announcements, event spotlights, and employee recognitions.

As we close 2017, thank you all for your dedication and partnership. I look forward to achieving more success together in the coming year!



MARLA MALONEY

President, Asset Services, Americas
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## inside this issue

- 4 bragging rights
  A winning team with a common dream
- a match made in canada

  Pioneering the movement north: 20 VIC establishes the Asset Services footprint in Canada
- managing chaos

  Hurricanes, terrorism, cyberattacks: Developing a plan to protect the assets we serve
- people of influence
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## july



#### **ORCHARD COMMONS**

MetLife selected Cushman & Wakefield to provide property management, engineering operations, and client accounting services at Orchard Commons, a 319,864-square-foot office campus in San Jose.

The six-building campus recently underwent significant renovations, enhancing the property with modern finishes and adding common area amenities for tenants featuring fire pits and lounge chairs. The property is currently 80% leased, including anchor tenant, General Dynamics, who occupies 25% of the space.



## **FIVE-BUILDING PORTFOLIO**

1.1 msf | Office & Industrial N. California

Property Management Client Accounting **Engineering Operations** 

Read more >



#### **MULTI-MARKET PORTFOLIO**

Colony NorthStar 2.8 msf | Industrial Baltimore & Philadelphia

Property Management **Engineering Operations** Leasing

## august



#### FIRST AVENUE PLAZA

Cushman & Wakefield was selected by Dividend Capital to provide property management and engineering operations services for First Avenue Plaza, a Class-A, 261,890-square-foot suburban office building in Denver.

First Avenue Plaza is located within walking distance of Cherry Creek Mall and the Cherry Creek Business District, featuring a variety of restaurants and retailers. Other notable nearby landmarks include the Denver Country Club, Gates Tennis Center, and the 42-mile Cherry Creek Trail that connects Denver to several of its surrounding communities.

#### Read More >



#### MONUMENT III

The Pinkard Group 193,198 sf | Office Washington, DC

Property Management

Read More >



#### JFK AIR CARGO & JFK IDLEWILD

Deutsche Asset Management 586,505 sf | Industrial New York

Property Management Client Accounting **Engineering Operations** 

Read More >



#### THE FOUNTAINS

The Ardent Companies 550,166 sf | Office Atlanta

Property Management Client Accounting **Engineering Operations** Project & Development Services

Read More >



#### THREE-BUILDING PORTFOLIO

BRE Industrial (Gateway Industrial) 880,000 sf | Mixed-Use N. California

Property Management Project & Development Services **Engineering Operations** 

Read More >

## september



#### 370 L'ENFANT PROMENADE

The Georgetown Company 407,321 sf | Office Washington, DC

Property Management Client Accounting Engineering Operations Project & Development Services Leasing

Read more >



#### LAKE VISTA I-IV

C-III Capital Partners 486,400 sf | Office Dallas

Property Management Client Accounting Engineering Operations Project & Development Services Leasing

Read more >

Lake Vista is a significant win for

Dallas in 2017 with an important growth
client. The Investor Services and Agency
Leasing teams acted as partners to us,
and we are looking forward to continued
collaboration to enhance our managed
portfolio and achieve success."

-Christy Means, Dallas City Lead, Asset Services





# a match made in CANADA

This summer, George Buckles and Randy Scharfe sold their property management firm to Cushman & Wakefield. Today, they share their secrets to success and what they plan to do next.

The sale of 20 VIC Management, Inc. was a momentous step for founders George Buckles and Randy Scharfe as they united with a global brand, but it also established Cushman & Wakefield's Asset Services platform in Canada, a footprint of more than 20 million square feet.

20 VIC established an unprecedented reputation in Canada for delivering management solutions to a network of loyal clients, something Buckles and Scharfe are distinctly proud of. But when asked what their true differentiator is, they won't hesitate to tell you, "It's our people." The 20 VIC team is at the forefront of the business and actively engaged with each other and clients, as relationships are key to the firm's success. While the breadth of services and size of their company have changed, Buckles and Scharfe are keeping to "business as usual" with a client-focused mentality, a strong corporate culture, and a fierce desire to achieve unlimited success.



GEORGE BUCKLES **Executive Managing Director**george.buckles@cushwake.com



RANDY SCHARFE **Executive Managing Director**randy.scharfe@cushwake.com



## What was 20 VIC's competitive advantage in the marketplace?

**RANDY:** We have had success over the past 20-plus years by being an understated firm. We never actively marketed ourselves with brochures or by being in the news. Instead, we focused on developing strong relationships with pension fund clients. When we entered the property management business, pension funds were just starting to acquire real estate in Canada. They have all grown tremendously in size, which has given us the opportunity to be their property management firm of choice for many of their assets.

**GEORGE:** We have a proven system in place for how we build, develop, and manage. We've consistently delivered excellent projects on-time and on-budget that truly address the client's specific needs. These results have created a "stickiness" and trust with our clients.



OPB Realty | Office

Calgary | 367,896 sf

20 VIC has proven success building long-term, client relationships; Ontario Pension Board, Capital City Shopping Centres, and KingSett have all partnered with you for quite some time. Describe your approach to building trusted client relationships.

**GEORGE:** When evaluating new business, we look at the long-term benefit for both us and the client. We have built loyal client relationships by approaching all opportunities as a partnership, not just business. As Cushman & Wakefield, we look forward to building upon the brand's global prestige, reputation, and reach. We now have an opportunity to be the global provider for some of our clients that have expanded outside of Canada, which is truly exciting.



## What values have had the biggest impact on 20 VIC's corporate culture, employee tenure, and business performance?

**GEORGE:** We have established a reputation as a place where the work is challenging and satisfying, there is a strong culture of collaboration, and success is recognized and rewarded. But, finding the right people is critical. When meeting prospective talent, we look for two key things: work ethic and interpersonal skills.

**RANDY:** Work ethic and interpersonal skills are crucial to the success of our people, the firm, and our clients. Most of our people are client-facing and play an important role in developing those relationships. George and I make a point to know our employees on a personal basis, and to operate as a big family. To protect the integrity of the company and our people, the interview process is unique, involves many people, and serves as due diligence to ensure a prospective team member will be the right fit for the firm.



## What cultural concerns did you have when selling your business?

RANDY: When approached by Cushman & Wakefield, I had two concerns: the size and the U.S. location for headquarters. However, these concerns were alleviated when George and I met the Cushman & Wakefield Canada team and Marla Maloney, President of Asset Services for the Americas. For example, when Marla visited Toronto, we discussed business, however more of our conversations were focused around our families and personal lives. These types of interactions let us see that despite Cushman & Wakefield's size, the company operates with sincerity and intention.



HOOPP | Retail

Ontario | 1.085.991 sf



You saw Cushman & Wakefield as an ideal partner for 20 VIC. What differentiated Cushman & Wakefield from other suitors you considered?

**GEORGE:** People have approached us about mergers the entire time we've been in business. But when Cushman & Wakefield approached us, we saw how the firm is completely client-focused, which aligns well with our values. It also excited us that Cushman & Wakefield did not have an Asset Services platform in Canada and that we would pioneer that movement. We felt comfortable that our people would have stability in a time of intense change.



You successfully completed a merger with a global firm - but you're not finished yet. What's next for you?

**RANDY:** Before joining Cushman & Wakefield, we weren't integrated with a brokerage firm and thus didn't have the detailed insights we do now, such as buildings being traded or clients who are unhappy with their property management firms. This was a gap for us, but as part of Cushman & Wakefield, we can offer these services to clients and really capture the full lifecycle of an asset. We've also been introduced to the multitude of Cushman & Wakefield platforms, such as technology. This is now something we can provide to our clients, for example smart building systems, rather than give the work to an outside vendor.

**GEORGE:** With how our clients have grown, we as a boutique couldn't offer them the services they needed outside of Canada. Our pension fund clients are always looking for different places to invest, and now we can support them on a global level.

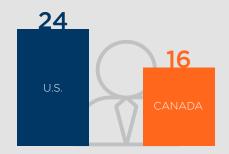
eMarketer, "<u>US Retail Ecommerce Sales, 2014-2020</u>" (May 27, 2016), www.emarketer.com

U.S. Department of Commerce, "<u>U.S. Census Bureau News</u>" (November 17, 2017), www.census.gov

<sup>3</sup> Cushman & Wakefield, "Global Cities Retail Guide", www.cwglobalretailguide.com

## U.S. VS. CANADA

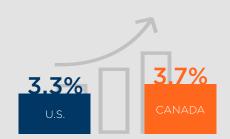
#### **RETAIL MARKET SNAPSHOT**



Retail SF per Capita (Gross Leasable Area)<sup>1</sup>



eCommerce as a Percentage of Total Sales<sup>2</sup>



Retail Sales Growth as a Percent Change from 2016<sup>3</sup>



#### LONDONDERRY MALL

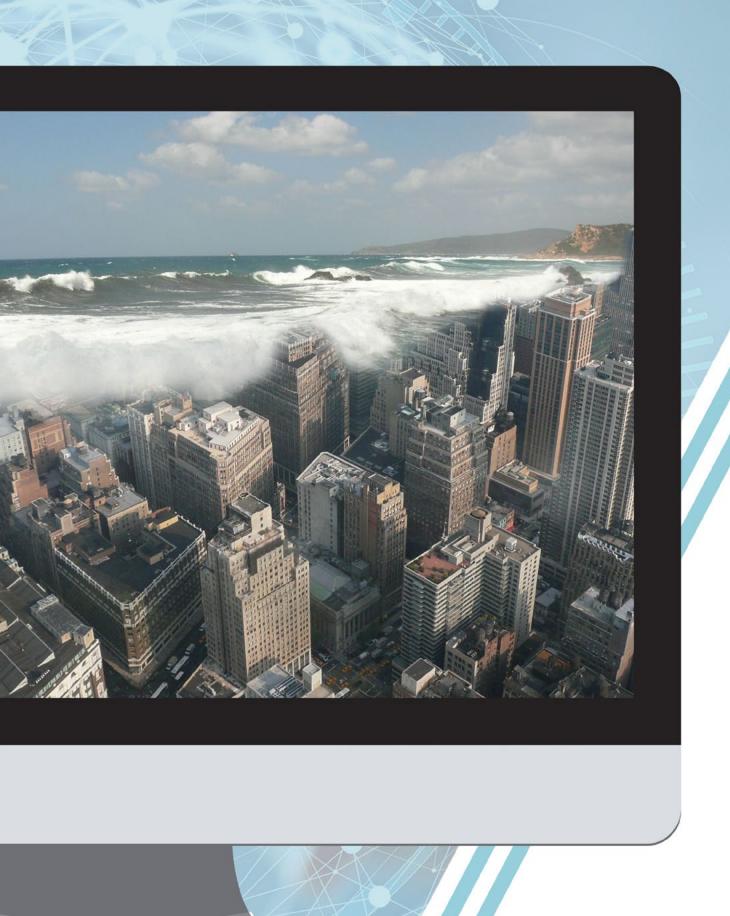
Montez | Retail Alberta | 776,749 sf PEN CENTRE

OPB Realty | Retail

Ontario | 1,085,991 sf

<sup>&</sup>lt;sup>1</sup> GGP, "Investor Presentation" (March 2017), investor.ggp.com

<sup>&</sup>lt;sup>2</sup> eMarketer, "<u>Ecommerce in Canada 2017: The Digital Disruption of Retail</u>" (February 12, 2017), www.emarketer.com



## managing CHAOS

## Business Continuity at the Property Level

Hurricane Harvey - August 26; Hurricane Irma - September 10; the Mexico City earthquake - September 19; Hurricane Maria - September 20; the Las Vegas concert massacre - October 1; the northern California wildfires - October 8 through 14; the New York City bike path attack - November 6. Seven mass casualty incidents in just 72 days. Was 2017 a glimpse of the new normal?

From natural disasters to terrorism and cyberattacks, the risks we confront these days are proliferating. Mitigating and managing risk has never been more important, and that is especially true in commercial real estate. The aforementioned disasters have heightened real estate owners' and operators' realization of just how vulnerable their assets are, yet many continue to overlook the fact that even minor incidents, whether natural, human-based, or technology-driven, can quickly snowball into a catastrophe and place a property, its operations, and its people at great risk.

Real estate assets are critical to our clients' business operations, and any loss of access to these assets or disruptions in their operation can severely impact their bottom line and create regulatory or contractual liabilities. Real estate assets are mission-critical elements of our clients' business operations, and it is the property manager's responsibility to do everything he or she can to keep them fully functional and safe. This makes the property manager and all building staff key players in the client's business continuity program.



JAMES M. ROSENBLUTH
Director of Global Security & Resilience
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#### **MULTIPLE THREAT-VECTORS**

Threats to commercial real estate assets break down into three categories: natural hazard, human-caused, and technological. Natural hazards such as earthquakes, hurricanes, and floods place properties in jeopardy. But human-caused threats, such as violent crime, terrorism, or malicious cyberattacks, and technological failures such as the prolonged loss of commercial electric power or telecommunications connectivity, can have just as debilitating effects on property operations.

#### **Natural Disasters**

While some natural disasters are nearly impossible to predict, the majority tend to be weather-related. This year, the North Atlantic experienced a number of strong, lengthy storms, which scientists attribute to global climate change. Likewise, the number of severe rain events, prolonged periods of above-average temperatures, and prolonged droughts in areas that normally experience cool, wet conditions are also possible indicators of changing climate patterns. Property management teams need to be prepared to handle increasingly severe weather conditions.

#### Terrorism

While high-visibility, iconic properties have often been the targets of organized international terrorist groups like al-Qa'ida, all classes of commercial properties are now equally at risk. The proliferation of social

media and secure communications apps and their use by groups like the Islamic State in Iraq and Syria (ISIS) to radicalize disenfranchised or mentallydisturbed individuals has triggered "low-tech" attacks against lifestyle targets such as restaurants, sports arenas, music venues, and outdoor large mass gatherings. While these groups continue to post instructions online on how to build Improvised Explosive Devices (IEDs) to carry out military-style attacks, they are also encouraging their followers to use vehicles, edged weapons, or whatever else is at hand to try to kill as many people as possible. By their very nature, commercial real estate properties pose enticing venues for low-tech attacks.

#### Cyberattacks

With our growing dependence on technology and data, malicious cyberattacks have evolved into an extremely dangerous threat to the properties we manage. While many people primarily think of cybercrime as the theft or diversion of financial assets, there is a growing awareness that internet-enabled devices such as CCTV cameras, access control systems, elevator controllers, fire and life safety, lighting, and the myriad engineering systems residing on our building management networks are all vulnerable to cyberattacks. Because the Internet of Things (IoT) connects all building devices to the Internet and/or to each other, hackers can damage multiple systems or, alternatively, take control of the

systems and demand a ransom to relinquish control. In cases which the building management network is not isolated from all tenant or occupier-facing networks, cyber criminals can also gain access to tenant or occupier proprietary information via the building management network.

The convergence of IT and engineering has resulted in a potential vulnerability of which property management teams must be aware. Employing appropriate cyber protocols such as carefully regulating the opening and closing of ports, using and maintaining firewalls, segregating the building management network from all tenant or occupier-facing networks, changing device default settings, controlling and monitoring vendor access to engineering systems, and practicing good password hygiene are all important elements of a proper cybersecurity program. We have convened a group of senior engineers and IT security personnel to assess this evolving threat with the goal of issuing clear guidance on how to practice appropriate cybersecurity. Our IT security personnel and engineers work closely together, as both groups have key responsibilities in managing and mitigating cyberthreats.

#### **PLAN TO PROTECT**

So, how do you ensure that your management team is well-equipped to mitigate, and, effectively manage, risk? A carefully thought-through and documented business continuity (BC) plan greatly increases a property

### PREPARIS | TACKLING DISASTER WITH TECHNOLOGY

Besides practice, technology is a powerful tool to help successfully execute a business continuity plan. Cushman & Wakefield recently signed a company-wide contract with Preparis, a world-leading company in business continuity and emergency notification, for its corporate offices. Additionally, our Legal and Procurement groups are currently working on a multi-market agreement (MSA) for the Asset Services portfolio.

Preparis' web-based solution allows companies to manage their emergency preparedness programs all in one portal from any mobile device. Building employees and tenants are integrated with emergency notification and incident management, online training, expert content, and unlimited Cloud-based document storage and sharing.

Efficient communication and its speedy delivery can often make a significant difference in the safety of property management teams, assets, clients, and tenants in crisis situations.

For more information on Preparis, contact Cheri Shepherd, Executive Managing Director, Asset Services.

team's ability to maintain operations through business disruptions and quickly recover.

While there are a variety of ways to develop a property business continuity plan, there are three elements that form a plan's foundation: an emergency response plan, an emergency communications plan, and an engineering operations manual.

#### **Emergency Response Plan**

The emergency response plan should be based on an assessment of the risk environment and address every emergency scenario that realistically could affect the property, specifying the roles and responsibilities of each property team member. This plan is separate from emergency response or emergency action plans required by local authorities and should not, and cannot, replace them. It should, however, be comprehensive and specific to the property and the property management team. This document should be for internal use only and not circulated to tenants or occupants.

#### **Emergency Communications Plan**

The emergency communications plan should specify who should be contacted in response to an incident. who should contact them, when they should do so, and why for each emergency scenario in the emergency response plan.

Internal parties occupy or help manage the property:

- Tenants
- Emergency warden teams
- Property management team members
- Building ownership
- Owner's spokesperson or crisis communications consultant
- The property's insurers
- Cushman & Wakefield account or portfolio managers
- Others in the chain of command

External parties provide services to the property:

- Emergency first responders
- Critical vendors and suppliers
- Disaster remediation companies

The emergency communications plan should focus both on immediate response - notifying appropriate parties about the emergency as soon as possible - as well as the long-term management of the incident.

#### **Engineering Operations Manual**

An engineering operations manual should provide an experienced senior engineer all of the information that he or she would need to operate the building should the property's engineering staff be incapacitated or otherwise unable to do so. The manual should include the below components:

- Schematics of and operating instructions/manuals for all critical systems
- Locations of critical equipment, spare parts, supplies, and any hazardous on-site materials
- Checklists for the start-up and shut-down procedures for all

- systems
- Names and contact information for all vendors and service personnel
- As-builts, riser diagrams, and other important structural drawings

While planning for a variety of emergency scenarios can be a daunting task, it is far better to be prepared rather than let events drive your actions. Testing the plan with periodic tabletop exercises enables all team members to understand their roles in each scenario and build muscle memory so their actions are automatic. Practice also helps identify necessary refinements of the plan.

It is unclear whether 2017 will go down in the books as a year of historic disasters, but what is clear is that the variety of threats confronting commercial real estate assets is growing and diversifying. No longer are the property manager's principal concerns fire and natural disasters. They now include terrorism and cybersecurity.

The properties we manage on behalf of our clients are mission-critical to their business operations, and it is incumbent on us to mitigate risk and keep clients' assets operational by responding quickly and effectively. Developing and maintaining a comprehensive business continuity plan for each plausible scenario, built around each individual property's risk profile, is the best way to accomplish this.

Preparis is an all-in-one solution where emergency preparedness and life safety initiatives are all brought together in a single tool. Where teams in the past may have sourced several of these solutions separately, Preparis has the ability to bring us multiple tools and a library of resources all in one comprehensive portal."

#### CHERI SHEPHERD

Executive Managing Director, Asset Services



Cushman & Wakefield has some of the industry's best talent working with us every day. Our teams consistently deliver superior service to our clients and it does not go unnoticed!

Congratulations to Dennis Meadows, Megan Faircloth, and Edina Lemo for being nominated by their teams as our People of Influence this winter. Thank you for your dedication to Cushman & Wakefield and passion for excellence!



DENNIS MEADOWS
Senior Property Manager
Minneapolis

"Dennis is extremely conscientious and hardworking, both on behalf of his clients and his colleagues throughout the industry. He is a wonderful representative of our company, and his commitment to our business, industry, and community over the years has been extraordinary."

#### -Lisa Dongoske, Minneapolis City Lead

Dennis oversees a portfolio of more than one million square feet of office, industrial, and retail properties on behalf of institutional owners and entrepreneurial clients.

Dennis has more than 20 years of experience in commercial real estate management. In addition to his day-to-day duties at Cushman & Wakefield, he was recently named 2018 Chapter President for Institute of Real Estate Management (IREM) Minnesota. In his role, Dennis advocates for ethical property management practices, maximized real estate value, and superior management through education and training.



MEGAN FAIRCLOTH

Director

San Diego

"Megan is an incredible asset to both Cushman & Wakefield and the San Diego team. Her commitment is unwavering; no matter what you ask of her, she takes a professional, team approach to solving for it. She is an amazing leader, emulates the company culture, and empowers her direct reports to grow in their careers. Megan is truly a wonder and someone we all support."

-Lisa Churchill, San Diego City Lead and Karinna Cassidy, Los Angeles City Lead

Megan brings more than 10 years of diverse commercial real estate management experience to Cushman & Wakefield. As Director for the firm's San Diego office, her responsibilities include property audits, client relations, financial review, and ensuring compliance with all company and client operating procedures.

Megan oversees the management of approximately five million square feet of office and industrial properties in San Diego and provides hands-on supervision to her team.



EDINA LEMO Managing Director New York

"Edina never shies away from an assignment, always willing to assist...her persistence in getting the job done at the properties is an excellent trait. Edina also teams well with all service lines, including Capital Markets, Agency Leasing, and our favorite, Asset Services!"

-Joseph A. Manasseri, Tri-State Region Lead

Edina is responsible for managing and leading a diverse portfolio or properties in Manhattan totaling more than four million square feet.

Edina has more than 18 years of experience in property management for both owners and investors. Her hands-on management and field experience allow her to maintain an excellent rapport with owners, tenants, employees, and vendors, while effectively dealing with manpower issues, labor unions, and local government agencies.

## newsroll

From awards and events to new partnerships, our Asset Services teams have been active in the workplace. Check out the latest updates and headlines from our offices around the country.



#### THE CALM AFTER THE STORM

#### **DIMINISHING IRMA'S IMPACT**

Tim Rivers, Florida City Lead, authored an article for Southeast Real Estate Business on his team's response to Hurricane Irma and diminishing the storm's impact on client assets.

Read more >

#### **OUR HURRICANE HEROES**

Frank Stanley, Veteran Recruiting and Program Manager, and Toby Thomas, Senior Managing Director, Critical Environments, Global Occupier Services, assisted Hurricane Harvey victims. Hurricane Harvey devastated Houston and much of southeastern Texas. Read more >

#### **CONGRATS & WELCOME NEW CITY LEADS**

Cushman & Wakefield recently acquired 20 VIC in Canada, Cushman & Wakefield NorthMarq (CWN) in Minnesota, and Cushman & Wakefield Commerce (CWC) in Nevada, Utah, and Washington. With these acquisitions, Asset Services welcomed several new professionals to its continually growing platform. Our new leaders in our expanded markets include **George Buckles** (Canada), **Randy Scharfe** (Canada), **Lisa Dongoske** (Minneapolis), **Molly Westbrook** (Salt Lake City), and **Gene Laramee** (Las Vegas).

#### CHICAGO ASSET SERVICES TEAM PACKS MEALS

The Chicago Asset Services team recently volunteered for the Greater Chicago Food Depository, packing food boxes to be shared with needy and food-insecure families in the Chicago area.

Read more >



#### RE FORUM'S 2017 WOMEN OF INFLUENCE

Marla Maloney, President of Asset Services, was named as one of three Women of Influence for Cushman & Wakefield in Real Estate Forum Magazine's July/August publication. Sherry Cushman and Alison Beddard were also recognized for significantly impacting the commercial real estate industry. "In our professional work, it is important that we know our audience, adapt ourselves to the situation, and be thoughtful in our words and actions to help ensure the desired outcome," Marla says. "Also, I encourage those young in their career to look for opportunities to volunteer for additional work or projects. While the incremental work may not be in your job description, you will gain exposure and stature, which will lead to advancement in the long run." Read more >



## ASSET SERVICES IN BOMA MAGAZINE

## CUSHMAN & WAKEFIELD GETS TECH SMART

Firms that display both an affinity for tech and an understanding of new modes of working—and have spaces that showcase that understanding—will serve as magnets, not only for new talent geared to more collaboration and freedom of movement, but also for clients seeking the same. Cushman & Wakefield is taking a page from the technology playbook. "We have studied tech companies and developed models for attracting and retaining talent," reports Dan Pufunt, East Region Lead. Read more (page 34) >

## BECOMING AN AUTHENTIC LEADER

In the recent issue of BOMA magazine, Marla Maloney discusses different leadership strategies in the workplace. "You have to let people be human," Maloney says. "It comes down to respect and understanding." Read more (page 30) >

#### GET TO KNOW MISSY QUINN

BOMA Magazine recently featured Missy Quinn, Philadelphia City Lead, in the November/December Issue.

Read more (page 20) >

## 2018 ECONOMIC OUTLOOK: JOURNAL OF PROPERTY MANAGEMENT

The consensus among property management specialists and other real estate services professionals is that 2018 will generally be another strong year for real estate. See what Tri-State Region Lead **Joseph Manasseri** had to say about the 2018 economic outlook. Read more >

## AS BUILDINGS GET SMARTER, MANAGING THE ADDED SECURITY RISK

With smart buildings on the rise, the evolution of building tech is generating more operating efficiencies and opening the door to bigger cybersecurity risks. Jim Rosenbluth, Director of Global Security and Resilience and Mike Turzanski, West Region Engineering Lead, were recently quoted in an online ULI article on building security. "One vulnerability can provide someone access to the entire platform and cause severe damage to the building and equipment. That is a very scary prospect," Jim says. Read more >

#### COMMERCIAL PROPERTY EXECUTIVE RANKS CUSHWAKE NO. 2 IN PROP MGMT

In their recent Mid-Year Update 2017 issue, Commercial Property Executive ranked Cushman & Wakefield No. 2 in a list of Top 50 Property Managers, based on our global achievements. Read more >



## MINNEAPOLIS-ST. PAUL BIZ JOURNAL SHOWS CUSHWAKE DOMINANCE

The Minneapolis/St. Paul Business Journal recently published it's annual list of the largest office buildings in the market, and Cushman & Wakefield dominated in terms of the most Agency Leasing and Asset Services assignments.

Read more >

## PHX BIZ JOURNAL NAMES NEHA PATEL PROPERTY MANAGER OF THE YEAR

Neha Patel of the Phoenix office was recently named Property Manager of the Year in the Phoenix Business Journal's Landmark Leader Awards issue. Read more >



