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## PERSPECTIVES

# CEO on Leadership: Mark E. Rose, Chairman and CEO, Avison Young

By: Ron Derven, contributing editor, Development Summer 2014



Mark Rose

Mark Rose is chairman and CEO of Avison Young, one of the world's fastest-growing commercial real estate services firms. Headquartered in Toronto, he launched his real estate career working with real estate clients at a public accounting firm. At age 26, he was named CEO of the U.S. Real Estate Investment Trust of British Coal Corporation. Later, he started his own company and then moved to Jones Lang Wooten in 1995, where he was part of the team that merged the firm into Jones Lang LaSalle.

In 2005, Rose became CEO of Grubb & Ellis, where he took the firm's stock from \$4 to \$14 a share, relisted it on the New York Stock Exchange and sold it in December 2007. At that time, Rose saw the opportunity to create a new real estate company with a new strategy. He reached out to real estate clients and professionals around the globe. Taking 17 trips around the world, he interviewed clients and practitioners and asked them each a simple question: If a real estate company were not burdened by legacy, what would the ideal firm look like? Clients told him they wanted to interact with the partners or owners of a new real estate company who were focused on building a long-term, problem-solving relationship with them.

The strategy that emerged from those conversations became the basis for the evolution of Avison Young, which began when Rose

joined the firm in 2008. The first thing that he did was to merge the firm's four Canadian offices, which had been operating as separate entities, into one ownership, Avison Young (Canada) Inc. Since then, Avison Young has grown from 11 Canadian offices and 293 professionals (including 53 principals) to 54 offices in 43 markets and more than 1,500 real estate professionals (including 200 principals and 70 employee-shareholders who are not principals) today. Of the 54 offices, 39 are in the U.S. The company plans to announce new offices in London and Frankfurt, Germany, in the near future. It has been recognized as one of Canada's Best Managed Companies for three consecutive years.

**Development:** *What are your core areas of focus?*

Rose: We are what we call a 2x5x4 company in all of the major markets in which we are involved. That is our focus. The 2x5x4 strategy stands for two client sets (owners and occupiers), five service lines (leasing, property management, project management, capital markets services and consulting services) and four product types (office, retail, industrial and multifamily). The partnership and the principals of this company are all completely focused on building the 2x5x4 structure in major markets in each region of the world. The best and the brightest people are here to service clients in a model where everything revolves around client objectives and satisfaction. This year, we also have launched our investment management business, through which we will bring in assets under management on behalf of our clients. These assets can be in any product type, because we are driven by the needs of our clients.

**Development:** *What are the strengths of remaining a Canada-based firm?*

Rose: We wanted Avison Young to be global. We would have headquartered the company either in Canada or the U.K. for the primary purpose of demonstrating that we are global. We did not want to headquarter the company in the U.S. like everyone else, although we knew that the U.S. operation would be large, due to the size of the market. We are very proud that, anywhere we go, we understand the culture of where we are operating, but we are extremely happy to have our headquarters in Canada.

**Development:** *What qualities do you look for when hiring senior staff?*

Rose: Hiring is about putting together a family, about putting together top-notch quality people. We probably could have added hundreds of millions of dollars in additional revenue in the company already if we were willing to accept behaviors that are acceptable in other companies, but not by us. We are about partnership and collaboration. If honesty and integrity and the high road are just words to you and not part of your belief system, you cannot work here.

The public companies — about 100 percent of my competitors — have turned everyone in those companies into laborers. They do not own the company; all they do is ask them to do deals. We want collaboration. We want folks sitting next to each other who find ways to solve client problems, not compete against one another for the commission. Frankly, we know who the top producers are in the industry. Being a top producer is the price of admission here, but the qualitative piece is what drives everything.

**Development:** *Apart from the data your own firm produces, what economic or market indicators do you track on a regular basis?*

Rose: I have to stay on top of all of the financial metrics that we all look at in the industry. Those metrics drive what we do. For me, however, the key to everything is that I constantly speak to and listen to clients and talk to people in other industries. What the clients are doing, how their businesses are changing or morphing, the macro trends — that is what drives most of what I do every day.

**Development:** *Over the next 18 to 48 months what challenges/opportunities do you see for the commercial real estate industry?*

Rose: Interest rates have only one way to go right now, and that is up. They will go up, creating a short-term disruption sometime within the next 18 to 48 months. This is an opportunity, because it basically resets the benchmark for your next round of investing. We may advise our clients to take some assets off the table or, perhaps, to sell assets that have risen in value and redeploy the cash into different asset classes.

Another big change that is taking place is the emergence of the millennials, who will become 52 percent of the workforce by 2020. They

tend to be a bit more mobile than most of us were. In my generation, we had a home, and we probably lived in that home and stayed in that home for most of our lives. We might have even raised our kids in that home. This is not how the millennials are behaving. The millennials want to be downtown. They want to be mobile. They want to live, work and play in proximity. So these are challenges. They won't undermine anything, but they are challenges.

***Development:*** *What is the most valuable lesson you've learned over the course of your real estate career?*

Rose: The most valuable lesson I have learned is to listen. You must listen. I had the good fortune of having a great mentor, who passed away this past summer at the age of 94. He told me: "It is my job to make people better than I am. It is my job to teach, but it is also important to find those who will listen."

Another important lesson that I have learned is that we all want to be recognized; we all want to go home to our families and feel good about what we do. If you understand that about your people and about your clients — that they are trying to maximize the satisfaction of their daily lives — then what you need to do is talk less and listen more.

Yet another lesson I have learned is that we all make mistakes, but we must learn from those mistakes. We cannot be afraid to make mistakes, but when we do, we must be accountable for them and we must fix them. When we trip up, we must step up and be accountable. That's when you become better.