

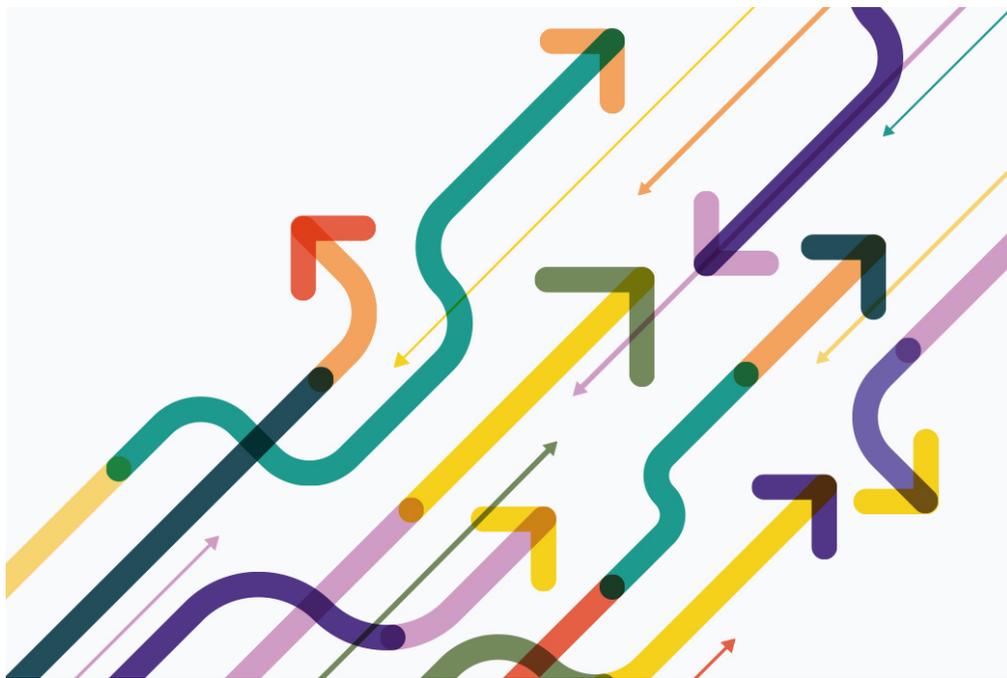


SIOR REPORT ARTICLE

[Return to SIOR Report Articles](#)

FEATURED ARTICLE Spring-2021

THE PANDEMIC PIVOT



By: Sibley Fleming

Categories: [Business Practices](#)

The COVID-19 pandemic has been a threat like no other in our lifetimes with over 22 million people infected, millions more unemployed, and draconian lockdowns that will forever change the way people work, as well as the way real estate is managed and used. And while the virus presented a challenge for leaders with no road map, many of the principles of great and inspiring leadership have survived the test of time.

Veteran Chicago developer, Bob Wislow had just started work on Fulton East, the first development project with his new company, Parkside Realty, launched August 1, 2019, with partner Camille Julmy. (The duo is noted for founding U.S. Equities Realty in 1978, which merged into CBRE in 2014, with almost 500 employees and 17 million square feet of real estate leased and managed in Chicago.)

Wislow had decided that Parkside Realty would provide a new focus for the next chapter of his career—building wellness. “Like LEED became the big thing, our thought process was that the next big thing was going to be wellness in buildings,” he says. Then the pandemic hit.

As a 40-year board member of Rush Hospital and vice chairman of Rush University, Wislow says he was learning about the potential impact of the pandemic early on and realized his company was at a point with Fulton East’s construction that they could “COVID-proof” the building. “We could add that to our already health-conscious building to differentiate our product and to bring the best ideas to the marketplace when the building opened,” he says.

When it opened to leasing in the summer of 2020, Fulton East became Chicago’s first post-COVID-19 workplace outfitted with state-of-the-art wellness technology and the first new construction installation of the Toe-To-Go (T2G) hands-free elevator, as well as the first multi-story office building to employ airPHX disinfection technology, used by hospitals and shown to reduce viruses, bacteria, and mold on surfaces and in the air by up to 99%.

The fact that Wislow was not frozen by fear of the unknown in the early days and was able to spring into action was no coincidence. The Chicago developer, now in his mid-‘70s, has spent 50 years of his career in leadership roles with roughly 40 years as a CEO. “[Crises] are going to end...You have to step back and understand what the crisis is and that there's going to be another side to it,” Wislow says. “You have to figure out what could work to your advantage. And then you have to react fairly quickly.”



Fulton East, Chicago, Rendering by Parkside Realty

Moreover, Wislow adds, “You’ve got to think that out of every crisis comes betterment, and that the world—if you react to it properly—is going to come out better because of what gets learned from it. You need your whole team to not see you panic, but see you be proactive.”

In New York City, Jonathan Ratner, managing director at Madison Capital, a real estate investment and operating company, was faced with pivoting on the management of its 1.3 million square foot Liberty Bklyn project, the redevelopment of a 1918 warehouse on the Brooklyn waterfront into a mixed-use property. At the time, Liberty Bklyn was just 30% leased.

“The pandemic closed the retail very quickly,” Ratner recalls. Other tenants, including Amazon, some manufacturers, and contractors, however, became even busier than pre-pandemic. As such, Ratner explains Madison needed even more staff to safely manage this building and others in its \$3.1 billion, predominantly New York City portfolio.

On the flip side, Madison was challenged to service its retail tenants, helping to facilitate the PPP loans. “There was a lot of activity right away and we acted diligently and assertively to try to ensure are all of the tenants in our building were able to maintain operations.”

Acting diligently meant organizing records and analyzing tenants individually to think about how to support each to be successful in the near-term and long-term in New York City, ground zero. “There was a tremendous amount of complex thinking involved and also the situation kept changing,” Ratner recalls.

Keeping the team optimistic and focused on an uncertain future was overcome by constant communication. Ensuring the employees in the field “became even more valuable” because of the heroics it required getting to work every day. As for the Liberty Bklyn building, occupancy was up to 40% by the end of 2020.

GENERATION GAP

Stan Krawitz, vice chairman, founder and head of Savills Canada, says the pandemic provided an opportunity to spend a lot of time on company culture and mentorship of younger employees, using the business disruption for training and development.

Remote working quickly exposed generational attitudes about working from the office. A Savills client law firm with five generations under one roof illustrates the point, Krawitz explains. At first, the oldest generation said the office was the only place that you could get work done while the younger generation didn't flinch at the thought of working from a Starbucks.

"What we've learned through the pandemic is that there has been a reversal of attitudes between the generations" he says. "The oldest generation has learned how to communicate remotely. They have become tech savvy, enjoy working from the comfort of their homes, and love not having to commute. And the youngest generation, who may have not always seen the office as necessary, who didn't see the benefits of a workplace, are now clamouring to get back." That's because younger workers may live in much smaller spaces, many with a significant other or young children, on top of which they were not getting the needed mentorship their workplace provides.

Seeing the unexpected shift with clients, Krawitz says Savills was careful to implement changes internally so that mentorship continued from its senior brokers to its junior brokers, part of which meant shifting from weekly communication to daily communication by video or phone.

London, England-based SIOR member, and Avison Young principal, Iain Rackley, SIOR, says that while Zoom and other video apps have made it possible for people to work successfully away from the office, it has not filled that intangible need for people to connect before meetings on personal topics.

What's more, Rackley says, the ability of leaders to come across video conferencing apps as authentic and be able to communicate with colleagues and staff in multiple locations in clear and simple language is key in bridging the human gap. Themes for leaders on the other side of the pivot, he says, include the opportunity for leaders to re-stack their teams. "Those teams are going to be organic teams, which will come together and break apart for particular projects," he predicts.

Similarly, Cushman & Wakefield's office in Atlanta upped internal communication, pushing employees to step up communication with clients, checking in with them daily, and trying to help through the challenging time even when the money wasn't there.

While Amazon made up the lion's share of Cushman's Atlanta industrial business in 2020 helping the deal flow to remain steady from 2019, many of its office clients and small Mom and Pop industrial clients were struggling to pay rent or looking for rent deferments.

"There was an element of tapping the senior leaders and the people who have been around for a while—who have seen recessions and downturns in the real estate markets—to just walk through what the process looks like," says Cushman & Wakefield managing principal Tyler Courtney who leads an office of almost 350 people. "How do we help our clients? Because if we are helping our clients, the revenue will follow."

On a personal level, Courtney says—like most American parents—his home was turned into a school as he began working the longest hours of his career to stabilize the business, figuring out the pivots, training, and experts that would be needed to successfully navigate the new world. Clients suddenly had legal questions, especially around force majeure and business interruption insurance.

On the office side, Courtney says, rather than talking to clients about how to position office space to best recruit and retain top tier talent, they were looking at how to minimize the financial burden on the business. Now that conversation has shifted to planning for the office of the future and how it will be utilized going forward to enable productivity.

VIRUS LEARNING

Matt Cravey, SIOR, president of Corpus Christi, Texas-based brokerage and property management firm Cravey Real Estate Services, says while the temptation may have been to pull back and wait out the pandemic, he became more competitive. “You don’t score points on defense; you score points on offense,” he says. And he impressed upon his brokers that the company would not be slowing down; if there was an obstacle, they’d simply go around or through it, whatever it took to keep the momentum going.

The world didn’t cooperate—title companies, appraisers, and banks all had to begin to adapt to a post-COVID world reality as they awaited things to stabilize. “We’re not going back to normal. This is our normal, and it always has been,” Cravey says of his 46 years in business. “Things have not always gone smoothly since I’ve been in business, and you just adapt to whatever you know, whatever situation.”

Early on, as Cravey was forging ahead and working from his office, he caught the virus and gave it to his wife and youngest daughter. Contracting COVID-19 changed his perspective on working remotely and socially distancing in the office and the field with employees and clients. “When the customer sees how we’re acting in our office, they feel more comfortable interacting with us,” he says.

Mark Duclos, SIOR, SIOR Global president and president of Sentry Commercial, a brokerage and property and construction management firm based in Hartford, Conn., says initially he thought it was possible his firm would never do another deal and that his accounts receivables were probably no good and zero revenues were coming in. “Then you take a big deep breath, and you start assessing day by day,” Duclos says.

Initially, Duclos says the transition to remote working within his company appeared seamless because Sentry had been operating on a technology platform that allowed for file sharing and property data comps since February 1991. His team of 15 leaned into the company’s existing technology and began to expand its tech stack, including Office 365 and Zoom to help shift management of client relationships from in-person handshakes to meaningful connections over video.

“ You’ve got to think that out of every crisis comes betterment, and that the world—if you react to it properly—is going to come out better because of what gets learned from it. You need your whole team to not see you panic, but see you be proactive. ”

Fortunately, most of Sentry’s clients remained in business and sought more best practices for operating safely than deferral agreements. Duclos notes that 2020 revenues were up as much as 25%. “You have to absolutely respect the challenges we have collectively and individually, but then you have to balance that with things that we need to get done and move forward.”

In his role as SIOR Global president, Duclos says he spoke to people across many chapters and companies. “I am incredibly impressed by the leadership of those companies and by the same attitude of ‘Listen we will get through this.’ And we will. We will.”

CONTRIBUTING MEMBERS

Matt Cravey, SIOR

Mark Duclos, SIOR

Iain Rackley, SIOR



Sibley Fleming
csibleyflaming@gmail.com

Sibley Fleming is an Atlanta-based freelance writer, author, and editor. Contact her at csibleyflaming@gmail.com.