

# WHAT DO CLIENTS WANT?

By Michael Hoban

As tenant requirements evolve to meet the demands of the ever-changing workplace, brokers find themselves asking the age-old question, but with a renewed sense of urgency, “What do clients want?” The expectations of what corporate users feel brokerage needs to be bringing to the table have changed dramatically in recent years. According to David Provost, senior vice president of leasing for Boston Properties (BXP), there has been an increased focus on assembling a team to find space that allows companies to attract and retain top talent.

“A broker really needs to know what the client’s true needs are, because the business is so much more complex today,” says Provost, who oversees leasing in Boston for BXP, one of the largest developers and owners of Class A office properties in the United States. Their 50 million square foot portfolio is consistently over 90 percent leased, and lists Google, Microsoft, and Salesforce among its large-scale users. He says


that the most successful tenant reps he engages with have a deep understanding of their client’s requirements, which means knowing whether they need the flexibility to grow or contract; where the business is going to be in five years; how they are getting their funding; how they work; what the right neighborhood is for them; and what workforce demographics they are going after. Provost believes finding the space that best serves a corporate tenant’s needs can only be accomplished with a team in place. “The top brokers today know a lot more, but more importantly, they have a team,” he says. “I think the days of a single broker are over. The clients are just too demanding.”

That belief was loudly echoed by corporate tenants during the session, “It’s All About the Client!” at the 2018 SIOR Fall World Conference in Denver. Panelists discussed the necessity of full-service brokerage teams and also provided insight into what corporate users are now demanding from tenant

reps. The panel featured three end users: Paul Gibbs, vice president of Real Estate at TCF Bank; Shawn Murphy, senior director of real estate for solar company Sunrun; and Jeff Tompkins, senior director of corporate real estate and facilities at HomeAdvisor/Angie’s List – all of whom oversee expanding multi-state or national portfolios.

## A TEAM APPROACH

Murphy previously served as director of real estate for Comcast’s western division for four years and described the value of the team approach during his tenure there. “I had a brokerage team that really understood and dove deep with me into our business, understood how our business and the portfolio needed to run, and built a team around that to make me successful,” he told the audience. “I’ve learned that I have to have a team – not just a tenant rep. So, bring your workplace strategy folks, bring your corporate accounting...bring every line



of every service that you have, and if you don't [have it] – go figure out how to get it...and get me the best and brightest in the market."

Those services can include project management, data analysis, workplace design, construction management, IT and connectivity experts, and increasingly, consultants focused on sustainability and wellness in the workplace. Although the panelists' companies primarily work with brokerage powerhouses JLL, Cushman & Wakefield, and Colliers, those services don't necessarily come exclusively from those shops.

Gibbs, Tompkins, and Murphy indicated that they often turn to third-party vendors, either because their primary brokerage firm does not offer brokerage or a service in a given market, or an outside firm is simply a better fit for the assignment. Tompkins said that HomeAdvisor uses a third party for project management in half of the markets they're in – with the blessing of their main brokerage firm. "I've worked all over the country and you're not necessarily going to find one group that has the best brokers and the best project managers in every location, and project management is critically important to us," he affirmed.

## MARKET KNOWLEDGE

**T**he increased focus on a team approach in no way diminishes the importance of a tenant rep to the process, according to the panelists. A broker's most prized asset – an intimate knowledge of the market that extends far beyond basic market data – is vital. This is particularly true in tech markets, where the competition for both talent, and the distinctive space needed to attract and retain that talent, is fierce.

"I need to know where Amazon is looking and what Facebook is doing, because if we don't move quickly enough in some locations, we'll get squeezed," said Tompkins. "And it's happening all the time in some of these markets. I need [the broker] to have the pulse of what's going on."

That market knowledge should also include connectivity to the architecture, engineering, and construction (A/E/C) community, as well as an understanding of how to clear the municipal hurdles of local zoning and planning boards to get fit outs and build-to-suit projects approved and completed. "I want to know, in a certain city, do you have city connections? Do you know about the city and state incentives? Do you have architects and GCs that you've worked with and can say to me, hands down, that I will have a good experience here and that I will get my project done? Because I think that's huge," he said.

## LEASING TERMS

**I**n addition to a team approach and a deep understanding of markets by brokers, panelists shared that there is a profound shift underway in what they are demanding in leasing terms. For Tompkins, flexibility is paramount, as his company regularly finds that they need to expand even before construction on their original space is

Completed. "We've always outgrown where we've gone into, so I need to know that I've got some kind of option on the space next door, because I'm going to need it sooner rather than later," he explained. "So for us it's definitely flexibility, and because of that, speed. Speed of getting a transaction done, and speed in getting it built out."

That need for flexibility is translating into shorter and shorter lease terms for many firms, including those of the panelists. Twenty-year veteran Murphy says that just a few years ago, all of his deals with Comcast were typically seven to 10 years. With Sunrun, those terms have been reduced to three to five. "To my CFO, term is the most important thing – three to five years with flexibility on the backside of that," he said.

The same is true for TCF bank, which also favors shorter term leases, according to Gibbs. "It is becoming a trend even though construction costs are higher and landlords are giving more TI allowance...but we'd rather have the flexibility," he said. In addition to the flexibility provided by a short term lease, Gibbs and the other panelists agreed that one of the key drivers towards shorter leases is the "FASB compliance issue," where companies must now recognize the assets and liabilities for the rights and obligations created by leases on their balance sheets. "And that [helps to explain] why we're wanting shorter term leases," Gibbs acknowledged.

### "IT'S STILL ABOUT RELATIONSHIPS"

"I think brokerage, and real estate in general, is a relationship business, and I'm really big on relationships," said Tompkins, who emphasized that for him, relationships are built through networking. He related a story of how he

met a young broker through a CoreNet event who, knowing he was new to the corporate side of real estate (he is a former broker), asked him what his needs were, then connected him with an experienced CRE professional who works in a similar capacity – without pitching him. "That idea of adding value in networking and not necessarily [pitching me for business] goes a long way."

That point was seconded by Gibbs. "It's still all about building relationships, and I think organizations like CoreNet and SIOR are great ways to do that," he said.



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