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Avison Young CEO Mark Rose On The Record About U.S. Expansion

Canada-Based Real Estate Services Firm Eyeing Boston, Dallas, LA and NY as Part of Its Continued U.S. Expansion

By [Jillian Ambroz](#)
July 20, 2010

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Avison Young's appetite for growth shows no signs of waning. The Toronto, Ontario-based company has been snapping up real estate services firms as it continues its U.S. expansion, most recently adding [Hodges Management and Leasing Co.](#) in Atlanta to bolster its presence there. That deal comes directly on the heels of its acquisition of [Appian Realty Advisors LLC](#), giving the firm an expanded presence in the Washington, DC, market.



Mark Rose, Chairman and CEO of Avison Young

Since Chairman and CEO Mark Rose took the reins two years ago, the company has more than doubled its size, growing the workforce to more than 700 employees. Its office network includes 21 offices in Canada and the U.S., including Atlanta, Chicago, Washington, DC and Houston. Rose, who previously served as CEO for Grubb & Ellis, wears many hats at Avison. In addition being the chief executive he also serves as CFO and oversees all of the financial, operational and strategic activities of the firm.

CoStar Advisor spoke with Rose about Avison Young's culture and strategy as the firm eyes expansion in other key markets.

CoStar Advisor: *Your firm has been making headlines with your most recent acquisitions in Atlanta and Washington. What is Avison Young's U.S. growth strategy? How is it being financed?*

Rose: Avison Young has adopted a five-year plan to create a unique client-centric company that focuses on the needs of occupiers and investors and delivers custom solutions. The overall strategy was written in 2008 and called for the acquisition of top

talent investment in the U.S. in 2010. Since adopting the strategy, Avison Young has executed ahead of schedule by recruiting top talent organically and through corporate acquisitions. The company has financed its expansion through a combination of principal equity and profit generation. Avison Young was profitable throughout 2009 and is achieving record profits in 2010.

Advisor: *How does Avison Young differentiate itself from other real estate services firms?*

Rose: At Avison Young, we've built a differentiated client service model based on alignment. As a company based in Canada, we understand what it means to be global. Our principals own the company and are accountable for client satisfaction and put financial and reputational risk on the line each day. This is completely differentiated from the public and private equity-owned competitors who have separated ownership from day-to-day accountabilities. Moreover, we chose to redefine our structure by eliminating service lines and silos. Our mission is to create integrated solutions, and therefore, our own organizational structure was built to produce solutions in a holistic environment as opposed to a decades-old command and control silo structure. How can you serve clients on an integrated basis if your own internal structure is set up with service-line barriers?

Advisor: *You use a 'law firm-style' structure as an analogy to explain your firm's organization.*

Rose: Yes. As I stated, our principals are all at the table to define, execute and adjust our strategy. Company profits are distributed if we are successful at growing market share by servicing clients effectively. It's all about alignment and accountability. Our client relationship managers are overseeing and executing business. Just as with the partners in a law firm, our principals are the actual owners of the business and complete our vision of proper client alignment. We do well if our clients do well.

Advisor: *How does your senior executive experience with Grubb & Ellis and other U.S. firms impact your management style at Avison Young?*

Rose: First of all, Avison Young is Avison Young, not a duplicate of the companies I have managed in the past. The strategy we have was created for Avison Young and its clients. As for how managing Avison Young relates to prior experiences, I believe even more today that our clients and our people are the backbone of why we are in business. Along with shareholders, our clients and people form a three dimensional group of stakeholders. When you view this with the other variables of client relationships, geographical coverage and operational best practices, we believe Avison Young is the only company that views our environment as holistic and caters to the six sides of the real estate services cube.

Advisor: *Some have claimed that Avison Young is not growing organically, but by buying market share with acquisitions, such as your recent deals to buy [Appian Realty Advisors](#) and [Hodges Management and Leasing Co.](#) How would you respond?*

Rose: Why would this be considered criticism? Every company we respect in and out of our industry has grown through acquisition. Our top competitors have grown through acquisition.

Advisor: *What do you look for when acquiring other firms?*

Rose: It's all about the culture. We have broken off talks with companies and turned down recruits when our basic beliefs of honesty, integrity, clients-first, principal-led, and partnership culture are not clearly visible. Our goal is to be in every major global market, serving the only two known clients -- occupiers and investors -- and provide the services and solutions they need to address their needs.

Advisor: How do you structure assignments and compensation for your brokers? Do you provide 'transitional payment' for new employees, or signing bonuses? I have read that Avison does not have profit & loss and income statements from its business lines or geographic areas. Please elaborate.

Rose: We pay market compensation, but make equity available to elite contributors. And to dispel rumors, we have not engaged in buying producers by way of signing bonuses. I have seen that tactic first hand and know that it doesn't work. Instead of principals and future principals, excessive signing bonuses create short-term broker rentals. It's just not good business and does not meet our long-term approach to grow with clients. All of our managers are focused on client satisfaction and the profitability that results at the parent-company level. It allows our principals and managers to align themselves across the company.

Advisor: What are the key differences and/or similarities between the U.S.'s and Canada's commercial real estate markets?

Rose: The U.S. economy is still struggling and, we believe, will not see a meaningful recovery until late 2011. Canada, on the other hand, has the strongest financial system in the world and although not immune to global pressures, is functioning better on a relative basis.

Advisor: What's next for Avison Young?

Rose: Filling out our U.S. platform by opening in New York, Los Angeles, Boston and Dallas ... and then comes our international expansion. Stay tuned!

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