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THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

Real Estate Firms Bullish on Hiring

Slightly more than half of real estate companies plan to increase hiring this year, but there's a divide between public and private firms.

Fifty-three percent of respondents to an annual survey by **Ferguson Partners** anticipate a year-over-year workforce increase. But while 59% of private firms foresee a rise, only 44% of public companies do.

Public REITs are being constrained by sagging stock prices, stemming largely from concern that interest rates will rise and drive up the cost of debt, noted **William Ferguson,** founder and chief executive of the Chicago executive-search firm. "Being in the public markets right now, you are getting impacted a lot more."

By contrast, privately held firms have more freedom to maneuver amid capital-market volatility, which can create investment opportunities, especially for shops with value-added strategies. "If, in fact, [the volatility] continues, it is maybe even going to drive hiring on the private side to new heights," Ferguson added.

The company's "human capital forecast" survey collected information in November from about 300 real estate companies, including REITs, fund operators and other investment managers.

While 53% of respondents expect to boost hiring, 41% expect no change and 6% foresee a decrease. Last year, 49% of the surveyed firms actually increased hiring, 37% had no change and 14% cut jobs. The firms that expect to increase staff foresee an 8.8% increase on average. The average projected increase across all participants is 4.2%.

The positions most in demand are asset and property managers. That's driven by a widespread belief that properties are fully priced and that any near-term gains in values will come from hands-on management, rather than a decline in capitalization rates, according to Ferguson. Those jobs made up 37% of the positions in greatest demand.

Categorized by seniority, mid-level (54%) and junior-level (28%) staffers are most in demand at firms that plan to hire. Executives and other senior-level staffers account for the remaining 18%.

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THE GRAPEVINE

Chief operating officer **Sush Torgalkar** parted ways with **Westbrook Partners** at yearend. Torgalkar's plans are unclear. He joined the firm in 2000 from the real estate investment banking group at **Merrill Lynch** and rose to be the top lieutenant to Westbrook co-founder and chief executive **Paul Kazilionis.** Late last year, Kazilionis sold a minority stake in Westbrook to a unit of **Goldman Sachs.**

Veteran Boston brokers **David Pergola** and **Brian Doherty** rejoined **Cushman & Wakefield** last week as executive managing directors. Pergola and Doherty worked together at Cushman for several years before moving to **Cassidy Turley** in 2012 to build a sales platform. They

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Lease Locked In, T-Mobile HQ Hits the Block

Ivanhoe Cambridge is marketing **T-Mobile's** headquarters in suburban Seattle, after signing the telecommunications giant to a long-term renewal of its lease.

The 970,000-square-foot Newport Corporate Center in Bellevue, Wash., could attract bids of about $470 million, or $485/sf. **Eastdil Secured** is representing Ivanhoe, a unit of pension-fund advisor **Caisse de Depot et Placement du Quebec.**

T-Mobile occupies the vast majority of the space, and a few smaller tenants bring the overall occupancy above 90%. In November, T-Mobile announced it was renewing its lease until 2030 and launching a $160 million renovation. That showed that T-Mobile is committed to the location despite its pending multi-billion-dollar merger with **Sprint.**

T-Mobile or its predecessors have been at the Class-A property since about 2000. The five-building complex is at 12920 Southeast 38th Street, near the intersection of Interstates 405 and 90. ❖

Marx Realty Stepping Up Office Acquisitions

Marx Realty is gearing up to be a bigger player in the office market.

The old-line New York firm plans to buy $1 billion of offices this year. It's scouting deals of up to $250 million in New York, Washington and Atlanta. As part of the push, Marx wants to add one or two acquisitions pros to its staff.

The shop would hold the investments in a new vehicle dubbed Marx Value Add Heritage Fund. The open-end fund, which has no initial equity target, would be backed mostly by the company's capital, but also outside investors. Marx could purchase buildings outright, or via joint ventures with institutional investors.

Marx hired **Craig Deitelzweig** as chief executive in August 2017. At the time, the firm owned mostly older office and retail buildings nationwide. Deitelzweig, who moved over from **Building and Land Technology,** said he first set out to trim holdings in markets where Marx no longer planned to focus, and reposition properties in markets where he saw opportunity.

For example, Marx is investing $20 million to transform a former Atlanta

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Shopping-Center REITs Seen Slowing Sales

After several years of aggressive disposition campaigns by retail REITs, the flow of those listings is expected to slow sharply in 2019.

Green Street Advisors estimates that the 11 major shopping-center REITs it tracks shed $10 billion of properties over the past three years. Sales topped $3 billion each year, and while the final 2018 number is still being tallied, it's expected to reach $3.8 billion.

This year, however, the research firm projects those companies will scale back their disposition goals by nearly two-thirds, seeking to sell off just $1.4 billion of properties.

That shift "is more about what the REITs want to accomplish rather than a slowdown in the market," said **DJ Busch,** a managing director and lead analyst for the retail sector at Green Street, of Newport Beach, Calif. "They want to see earnings growth, and it is hard to do that with such large disposition goals on an annual basis."

Busch suggested several reasons REITs don't want to shrink too much. "You want

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Overall, firms remain bullish because the fundamentals that have driven the long-running bull market largely remain in place — abundant capital, relatively low borrowing rates and limited development.

"But at the same time, we are 10 years into this cycle, and at some point in time, things are going to slow down," said Ferguson, noting that the surge in market volatility at the end of last year may prompt some firms to tread cautiously. "I think people have definitely taken a breath, but I don't think anyone is prepared at this point in time to say we are heading into a substantive downturn," he added. ❖