

The Weekly Take

Proud of the House we Built: Siemens Real Estate CEO on managing global portfolios

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Spencer Levy

We covered commercial real estate through the eyes of many important developers and dealmakers in our show. So, it's always a real treat to speak with a person who's actually using all that space we talk about, all the better when that person speaks for one of the largest occupiers in the world. On this episode, the occupier perspective on places, spaces and sustainability, talent and technology, location strategy and more from a leader at an international manufacturing conglomerate was responsible for a lot of real estate.

Stephanie Dorsey

If they are landlords kind of on the fence saying, I don't – this is a trend and I don't know that we need to really embrace it. You better embrace it because we're one of the leading edge companies on this front but there's many first followers behind us.

Spencer Levy

That's Stephanie Dorsey, CEO of Siemens Real Estate Services for the Americas. Running that division for the German multinational, a 176-year-old company that's one of the largest in the world. She describes her current role as an internal landlord to other Siemens businesses, with a portfolio of mainly office and industrial, that covers 11 of the 60 countries where Siemens operates worldwide. Coming up, a tactical profile of a major global company's vast real estate portfolio strategies, operations and more. Stephanie Dorsey of Siemens. I'm Spencer Levy, and that's right now on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take and this week we are here with Stephanie Dorsey. Stephanie, thanks for coming out today.

Stephanie Dorsey

Thank you so much. Thrilled to have the opportunity.

Spencer Levy

Well, we're thrilled to have you. And keeping the lens pretty wide here. Just tell us a little bit about the Siemens Real Estate footprint. It's – and I just looked it up – the 47th largest company in the world. So, you've got a lot of real estate.

Stephanie Dorsey

We've got a lot of real estate. Yeah. So we have about 2000 team members in Siemens Real Estate managing 1300 locations in 60 countries. And that represents about 85,000,000 square feet. And today our portfolio is split about 40% office and 60% industrial, which I think if you were to look even five years ago, you would see that that split was reversed. But given the pandemic and given a lot of the change that's gone on in

the office sector, we've continued to reduce and consolidate in office and grow in industrial. And I think that's going to be the trend, for the future, at least in the near term. For my team, we manage approximately 8,000,000 square feet. We're in 300 locations across 11 countries. But what's interesting is because we're a standalone business, we actually have a P&L. So we have revenue and profit margin goals. And for Siemens Real Estate, we have generated €1.8 billion, in revenue contributing to Siemens bottom line. So, it's a pretty significant services business for Siemens overall.

Spencer Levy

This is really a definitional thing. When you say industrial, is that warehouses or is that manufacturing or both?

Stephanie Dorsey

So, we combine it to be under one umbrella. So, industrial is warehouse and assembly and production manufacturing plants. So, we combine it all under there. When I say we're growing manufacturing, it's true manufacturing assembly and production plants. Obviously you have to have warehouse, but I wouldn't say that that's something that we're actively, you know, talking about. It's more on the footprint side for manufacturing.

Spencer Levy

And what's really cool about manufacturing on a real estate discussion is that there are two completely school, different schools of thought of it. Most of our clients, like Siemens, do all of their manufacturing, development in-house because most of the people that we represent from institutional investors are afraid of it. They'll say, well, this is a purpose built facility, and if I do it, what's going to be the use on the back end? But I think we're beginning to see more people go into that because candidly, I mean, Siemens has got world class credit. And we're seeing more manufacturing coming back to the states due to the Inflation Reduction Act, due to the Chips act, things like that. So do you see more manufacturing in the future?

Stephanie Dorsey

So, a little bit of context. Siemens has grown over hundreds of years, right, through acquisitions, primarily, acquisitions of different companies. In the US specifically, we have grown through acquisitions and therefore didn't have a lot of development and construction requirements. Now through the past several years, we've started to see more and more manufacturing coming to the U.S.. So, actually, Siemens had stated and announced a \$2 billion investment strategy globally, 500 million of that is actually allocated to new manufacturing in the US that we're actively delivering and actually constructing right now. I will say this has been maybe a realization of what may have gotten you to where you are isn't going to get you to where you need to go. And we have found we have a big gap, potentially in our development and construction expertise, both in terms of electrical engineering, but then also just project management. And, so – and people who have really kick the tires in the US of knowing permitting process, knowing regulatory issues, knowing how to contract and negotiate with different GCs. So, that has been an area, especially over my short time at Siemens, that we've delved into to really make sure that we put more people and more resources in place to support in, in house construction and development, capacity.

Spencer Levy

So, just in terms of how you look at your real estate, big picture in the Americas, I presume you look at it as – well, you tell me, is it integrated whole? Do the countries run separately?

Stephanie Dorsey

Our structure is a bit unique. I'm technically called a Hub Head for the Americas. I have about six different colleagues across the world that are all running different hubs. So, we are very geographic based and then those are run independent. Right. So, what's happening in Germany is different than what's happening in the Americas. What I'd say, though, is Siemens, overall, our business strategy is built on addressing global megatrends. And traditionally one of those has been globalization. Right. And so starting in Covid though, we saw this landscape shift and it really became more about "glocal"-ization, right. And we wanted to still be able to tap into global innovation, but now it makes more economic sense to produce certain items closer to the point of demand and to have kind of this built in redundancy to our supply chain. So we're seeing that while the U.S. is growing, we're also not giving up in other markets that we have a strong presence in and that we have confidence in the continued growth. So we're seeing development happening in Switzerland and Singapore and China, and for sure Mexico. We actually just completed two projects in Mexico, and we have a third that's going to be completed in August. So, I wouldn't say that our intent is to take away from other markets, but it's really to add to where it makes sense that we're growing. One of the perfect examples of that is our mobility business. We've built rail cars right in transportation out of our Sacramento, California location. And what we found was there was such a growing demand, given all of the regulatory and kind of incentive programs that are out there, that we actually are going to open a new facility in Lexington, North Carolina, to be on the East Coast to provide the same services. So it's not about taking away or doing an "Or" it's really about an "And" to the business.

Spencer Levy

Interestingly, you, Stephanie mentioned that regulation is driving some of your site selection decisions, both from a financial perspective. But there's another element to it when you're dealing with really high tech stuff like data centers or other high information things, the countries or the localities often require you to have it domiciled in that place, particularly data centers. Any comment on that?

Stephanie Dorsey

Yeah, I would say that a number of our locations are a requirement of either regulatory issues or customer requirements. Right. But data centers to us – huge boom. I mean, we are well prepared and positioned for it and excited about kind of the opportunity it presents. You know, we make state of the art electrical equipment, low voltage switchboards, that data centers rely on to stay up and running. And this \$150 million investment that we just made in Fort Worth, it's for a high tech manufacturing plant to produce this type of equipment. And so we see that this demand is expected to grow for data centers 10% annually through 2030. So, yes, I think it matters kind of location, but for us, it's more about what's the equipment that's going to be required to support data centers, especially with the AI kind of huge boom that's going to come our way quickly.

Spencer Levy

Well, you know what help support data centers in Fort Worth? I think we talked about this in the pre show. My family's from Fort Worth, and they have the best barbecue in America.

Stephanie Dorsey

Definitely helps. Yes.

Spencer Levy

Have you been down there?

Stephanie Dorsey

I've been down a couple of times but never long enough to stay for like really good meals. It's been kind of in and out types of trips. So, I think you offered that you're going to take me out to dinner next time.

Spencer Levy

100%.

Stephanie Dorsey

So, yeah, I haven't forgotten that.

Spencer Levy

It's on the table and you will make even better machines once you are well fed in Fort Worth, Texas.

Stephanie Dorsey

Yeah, well, you know, the other thing, I think not just about data centers, but you ask about maybe, how do we meet site selection choices and Dallas is a perfect example of that, that kind of greater Fort Worth. The first thing we look at is the talent there. Right. And we're looking for a wide variety of talent – engineering talent, tech talent, manufacturing talent. And fortunately Dallas has been a huge market for us to be successful in that area. And, so, I think we're going to continue to have a large presence in that market.

Spencer Levy

And talent – I say this on in my stage work these days, among other things – I say to my friends in real estate, say, well, you're not really in the real estate business. You're in the labor and demographics business and where the labor is or where you think it's going to be, is the number one driver of our site selection. Is that how you see it?

Stephanie Dorsey

I do so and this is maybe Stephanie Dorsey's perspective on this. There are a million different criteria you can look at for site selection. What I think from our perspective is the top three T's. Right. So, talent, do you have the talent that's available. The next is transportation. Right. So, logistics and transportation are one of the top three costs for business. And, so, you got to look at, are we going to be located in a place that allows us to efficiently and effectively deliver the products across the production cycle. And then the third is tax, right. So, is there a tax impact or is there a tax incentive that allows us to kind of look at a market more favorably than another? Then you put all the other things right. Do we already have an existing presence? Can we leverage scale? Can we look at management efficiencies right, by having kind of a campus type of presence in a market. And that's really where Dallas is headed. We now have three major manufacturing locations, all within basically a 20 mile radius and part of it is because of efficiencies, but it's really those three T's that we talked about.

Spencer Levy

I would give Dallas one other shout out other than having the second best barbecue in the state of Texas, is that they have good housing there. And no, no city has perfect housing. But, for the cost of single family homes in Dallas relative to the really growing wealth in that city, it's still relatively inexpensive. So you can get workers and they can have a good quality of life.

Stephanie Dorsey

That's right. And that's really I mean, a core value of ours. We're not going to go into a market where it's cost prohibitive or the schools aren't there to support the education. One of the other markets that's growing significantly in our minds is Raleigh. So, we have a brand new Brightly location that's opening there with about 500 people. They're going to be located there. Our e-mobility team is looking to open a headquarters in that location. And really, if you look at kind of the fundamentals and the demographics of how Raleigh is growing, yet still is safe, secure, affordable. It's one of those hot markets that we're keeping our eye on and continuing to grow our presence in.

Spencer Levy

What I've noticed recently, particularly with new manufacturing in the States is – you just mentioned some of the hottest markets in the states – Raleigh, Dallas, Fort Worth, etc. but we're seeing some new manufacturing going into Indiana. We've seen it in Ohio. And then once you talk about the Americas, you've already mentioned Mexico. So I'm not convinced anymore that it has to be one of these hot markets that we're all aware of. It could be a second tier location, so long as you can build the infrastructure to make it work. What do you think?

Stephanie Dorsey

Yeah, well, hey, I am an Ohio girl, so anything that we can bring over to Ohio, I think would be great. Looking at the footprint that Intel is doing there, I mean, it's significant not only what it's going to do from an economic development standpoint, but what it's doing in the meantime, just under construction. I mean, if you want to have any kind of work done in your house, good luck. Right. They are using 6000 plumbers a day on the Intel project. Right. So, so it's, it's great for the economy. It's great for their business. But I agree, I think that if you can create the infrastructure and create kind of this pool of people wanting to be there because you've created a sense of investment and community, I think that's ripe for opportunity.

Spencer Levy

I know we're talking corporate real estate here, but I think the definition of corporate real estate may be expanding. And I think it's expanding beyond office, beyond industrial, to include housing, including some perhaps some purpose built housing. Any point of view on that?

Stephanie Dorsey

Yeah, I would say actually, if you look at what we're doing for Siemens globally, you'll see that as a major trend. So – and they were pioneers in this space before kind of now it being the thing to do. Right. So, if you look at what we've done in Munich, if you look at what we've done in Erlangen, and if you look at what we're doing in Berlin, those are all basically creating communities and cities that didn't exist before. And it's really bringing the office, the retail, the living, right, all of that together and creating these little micro cities within a larger city. So, I don't know yet that we're at that point in the US for Siemens to create that type of environment. But it's definitely something on a global basis that they've been doing for decades and are continuing to do. And even now they're at a point where they're repositioning some of the properties just given new market trends and dynamics. So, it's really interesting to be able to go tour and see what they're doing over there.

Spencer Levy

And I agree with you that it is a trend. But if you're in a dense urban environment like this one, not so easy to build multifamily, and it's certainly not so easy to convert an office

building into multifamily. So, I think that one of the growth areas we're going to see for institutional quality real estate, and that is industrial office and everything else is not necessarily in the CBDs and sometimes what we both might consider to be secondary markets.

Stephanie Dorsey

Yeah. No, I think that's true. I mean, one market that has been exceedingly strong at the conversion from office to multifamily is actually Cleveland, where I live. And I just saw in Crain's the other day that we're one of the number one markets in the country that has been able to make that conversion. But it's tough. I mean, you need a lot of tax incentives and credits to do it. You need to make sure those foot, the floor plates are going to work. You need to understand if you have enough concentration of people who can afford to go into these locations. So, really difficult proposition. I know people are like, just convert your office into multifamily. We have a housing shortage, really hard to make those economics work, but I definitely think it's going to be something we're going to have to look at. And I think between federal, state, private, we're going to have to come up with a solution there.

Spencer Levy

Let's stay on data centers for just a moment. And I think data centers speak to some of the other big scarcities we have in the market, and the scarcities have to do with water and has to do with electric. So we're sitting here not far from Northern Virginia, and good luck putting a data center in there, because it's a great data center market, but they're out of power. At least that's the headline. And that's why we've now heard that people are doing nuclear data centers, hydrogen power data centers. How do you look at the scarcity of water and electric when you're looking at your data centers?

Stephanie Dorsey

So, our data centers are primarily in our existing locations. We're not going – building new data centers, but the data center market is definitely what we're supporting. And I would say between the data center and the clean energy manufacturing boom, it's putting tremendous pressure on the power grid. And for us, we not only have to figure out how to get more clean energy resources into the grid, we have to ensure that they can continue to deliver and operate what we need today to thrive. So we have a number of solutions in addition to manufacturing electrical equipment, sorry components. We help customers deploy software and AI driven capabilities called kind of the edge of the grid, where electricity is meeting this end user. Siemens is well positioned even at the federal level to kind of address some of these topics and I think we're being looked at and sought after as a solution provider. So I was going to say, and I guess I will say data centers are a blessing and a curse, right. For us, a blessing from the standpoint of our business thrives on that. Right. And I think we're continuing to see significant investment in growth there. Curse, pretty big impacts, right, to climate, to resources. And so how do you balance those two things, knowing that it's coming. But how do you also ensure that you're putting in kind of risk mitigators for the impacts that it could have that are negative?

Spencer Levy

Well, one of the things that I've learned recently about data centers is they're they're they come in different needs. So there were some, like Northern Virginia, like Dallas, like New York, that have to be co-located, because of the – literally the speed of light of getting the information there. But interestingly, I found out that AI related data centers don't have to be co-located. They can do their work in a secondary or tertiary market that has cheaper power, that has more water. And I think that's yet another reason why we're going to see more development in some of these places that we haven't seen before.

Stephanie Dorsey

Yeah, yeah, it was interesting. When I was at Eton, we had two data centers that were both in Kentucky and one was in Louisville, and the other one was in – I want to say, Lexington, Kentucky, relatively close to each other. Right. And our question was always, how did we choose this? Right. I mean, they're only really 11 miles apart, like if a natural disaster is going to occur, kind of seems like it's going to take out both. But they were actually on different grids, even though they were that close. But when we started looking at, do we really have to own our data centers anymore? Can you actually look at a cloud model, do a sale leaseback for your data center, bring in a third party who's going to operate it, right. Bring in additional clients that need data center capabilities. The market for Kentucky at that time – it was three years ago, four years ago – pretty low. Not many interested kind of buyers. Now today, hot market. Right. And it's because of all the things that you just said in terms of what the requirements are for a data center to be, you know, successfully supported there.

Spencer Levy

Let's talk now about office. And you mentioned, Stephanie, that you went from a 60/40 to a 40/60. Tell us about first, just the big picture transition work from home, how you made the decision to downsize your office footprint.

Stephanie Dorsey

So, what's interesting about Siemens. You know, it is a global company and very matrixed reporting structure. So, for example, I report to our CEO of Siemens USA, Barbara Humpton, who actually is here in Washington, DC, along with a number of our other kind of corporate leaders. But I also report into Germany, through the Siemens Real Estate organization. And by having that type of global structure, Siemens had embraced remote and hybrid work way before it was the trend. And so they got very comfortable very quickly with remote work. And what we've now have said is we want people to work wherever they find they can be most productive. And for us, from the real estate side, we're trying to incorporate that into our portfolio strategy of giving people choices. How do you want to work? Where do you want to work? When do you want to work? And the decision has been made that managers are going to kind of dictate what they think is the optimal solution for their team members. So for me, for example, the real estate team has been basically remote for the last three years. In December, I had an epiphany and said, what are we doing? And made a communication January 1st that basically said, y'all come back now ya here, right because we're the real estate organization. We got to support our real estate. So, our team comes back on core days, two to three days a week. And we have kind of four core offices that we have across the country and it's really for them to be together. A lot of them do work on projects together. It's to kind of walk the talk, right, of if we're in the real estate business and we find real estate a core value to enabling productivity of a company, you got to be in it. But also just for our team alone, we've had 20% new people joining our real estate organization. And so they need to get onboarded. They need to feel a sense of attachment and inclusion into our culture. So, I think having a place for people to come is important. Now, with all that said, I think we addressed the office portfolio in a way that many other companies did. Every lease expiration that we have coming up – and for the Americas portfolio, we have a pretty big lease portfolio, 70% leased. So, when we look at these, our number one assumption is if you're not going to close it, you're going to reduce it by at least 50% because that's what we're finding is the utilization rate rates are very low. And then most likely we're going to look at consolidating and co-locating other businesses, other Siemens businesses where historically they've all wanted their own spaces. Now they're starting to say Mmm, maybe it's okay that we all

kind of co-locate and we share our cost and reduce our space. So, my personal opinion, I don't know that this pendulum has stopped swinging yet in terms of where do we really define the value proposition of office. It used to be that term rate, the new normal. I really think it's the now normal. I think employers and employees are still trying to figure out how do we want to use space, what is it used for, and how do I create options and flexibility of where and when I work. So, that's kind of what we're continuing to look at. It's been a big shift. We've reduced our office portfolio by 30%. Now, what's interesting about that is it's not a direct correlation to cost savings. What we've actually found is we've reduced our cost by about 14%. But what we've done in the transition is we've migrated to better quality – so Class-A offices, better amenities and all green. So, everything has to be green and we can get into kind of the sustainability commitments that Siemens has made. But, for any landlords listening to this podcast – for Siemens, we won't even consider on the site selection, going to a location where the landlord will not commit to allowing us to achieve our carbon neutrality goals by 2030. So, if they won't make HVAC gas conversions to electric, right, if they won't support – even in lease manufacturing – us converting from a gas paint line to an electric paint line, we don't do it. And, so, if there are landlords kind of on the fence saying I don't – this is a trend and I don't know that we need to really embrace it. You better embrace it because we're one of the leading edge companies on this front but there's many fast followers behind us. And I was even at a BOMA conference last week – lenders are now starting to require this, insurance companies are requiring it. So, the wave is coming. And I would just offer that we've had to learn how to do this right. We're one of the few companies that not only made the commitment in 2015 that we were going to be net carbon zero by 2030. We're delivering on it. We actually have an action plan, right? And we are hitting these milestones and we're already halfway toward our goal. So if anyone ever wants to connect and learn, how do we actually build a roadmap and a plan, happy to have that conversation.

Spencer Levy

This is exactly the trend I see for the last five years, which is occupiers like Siemens are leading the charge on sustainability. But I'm going to, I'm going to go someplace a little different for just a moment because I think there's an area within sustainability that we all have a blind spot to and it's not emitted carbon, it is embedded carbon. But do you have any point of view on embedded carbon versus emitted carbon?

Stephanie Dorsey

I'd say that's the next frontier to tackle. The first that we're doing is carbon emissions, right and looking also at our utility usage. We're starting to get into circularity in construction. And in one of our projects in Wendell, North Carolina, we're actually taking tons of concrete and recycling it to put it into our parking lots for new paving. Right. So, we're getting into this spot of understanding embedded carbon. But I would say that's kind of next in our journey, along with climate risk assessments along with water assessments. I would say we're far relative to peers in this space. But I would say we still have a long way to go as we look at different resources and different trends that we have to be familiar with.

Spencer Levy

So, we're in Washington, DC right now. I don't think it's any mystery that it's soft from a real estate perspective. And part of the reason why it's soft is because government workers aren't back yet, law firms are having some trouble getting their employees back. And which brings me to Siemens is one of the biggest, best credit companies in the world yet you suggested, Stephanie, that your rents aren't really going down. And but this is a trend we're seeing everywhere, which is, we have all the cards, we're Siemens and we can

dictate the terms. We're not seeing that, we're seeing actually a shortage of the best space with the best amenities. How do you see it, Stephanie?

Stephanie Dorsey

Same. I think it is a flight to quality in the flight to green. And again, given that the U.S. is a little behind Europe, right, in terms of embracing some of the green elements into our places. But then you take that in conjunction with companies having these green goals, right, and carbon commitment that all of a sudden your inventory is really small. And, so, if you're now trying to attract the best talent, retain the best talent, meet your, you know, kind of sustainability ESG goals, you have a pretty small pool of properties that's going to allow you to do that. And, so, of course supply and demand, rents are going to continue to go up for those types of locations. Now, if we were sitting in some markets that I would say are very, more Class-B ish, we do have some more leverage. And we have actually seen some rent negotiations where we've been able to either drive more free rent periods or more TI so that's been a benefit, but it's kind of being washed in terms of what we're seeing with the Class-A market.

Spencer Levy

So, little side question here. We talked about sustainability. We talked about water, electric amenities. You said buildings with the best amenities. And I have this question on every show whether you're a landlord or tenant. Well, what is the best amenity? So, Stephanie, from, from your perspective, what do you consider to be the best amenities?

Stephanie Dorsey

It's interesting, our former CEO, used to say it always was location, location, location. Now it's location, services, amenities. Right. So, people want to have a – almost an experience when they come into their traditional office space, right. So we're continuing to find locations where you have almost that neighboring approach to it, where, yes, you have restaurants. Yes, you have coffee bars. Yes, you have a dry cleaner. Yes, you have places for childcare. Right. And so it almost creates an ability to have your whole day at that location. Right. You start in the morning with the coffee and at night with dinner, maybe you grab a drink afterwards. Right. So, that's how we're starting to do it. And even if you look at our new Washington, DC office – we moved from a beautiful building that had prime real estate view to the Capitol building and it was lovely, but they wouldn't work with us to achieve our carbon neutrality goals. They would not make any investments. And I think they thought we were bluffing and we weren't and we left. And we have gone to a beautiful building, LEED Platinum Plus, but it has all of those amenities surrounding it. So, it has the restaurants, it has the coffee bars, it has cafes, and everybody loves it. So, even though it was kind of a disruption that people had to move from somewhere that they had loved, they're finding that this type of community experience has been such a benefit for them.

Spencer Levy

Well, Stephanie, I will tell you why that's the best answer I've had in about six weeks. Because every time I ask that question, somebody says, oh, we've got a pickleball court.

Stephanie Dorsey

Oh. Yeah, no. Our big thing is ping pong. So, people at Siemens love ping pong. Yes.

Spencer Levy

Okay, good. I'm not against pickleball courts. All I'm saying is, maybe not everybody wants to play pickleball in the lobby of your building.

Stephanie Dorsey

Yeah, exactly. I know we are getting a lot of interest for some kind of dog services, right, and dog walking and we have not gone that far yet, but I'm sure that's somewhere in someone's hopes and dreams.

Spencer Levy

So, let me get a little tactical, if I can, for just a moment. A couple of things that come up on these shows, particularly from the landlord side, is just the cost of capital. Interest rates have gone up 500% in the last couple of years. And it's really, causing all new development or most new development just to slow to almost a halt. Yet Siemens is growing. So how do you look at the cost of capital interest rates and how it may impact your growth strategy?

Stephanie Dorsey

Yeah, it's interesting I guess, from two perspectives. We're actually seeing it impact our businesses. Because last year they experienced significant volume orders but at lower total number of orders. Now we're seeing that they're seeing a big uptick in the number of orders, but at smaller dollar values. And a guess of that is the potential interest rate impacts and people kind of keeping cash on hand. Right. And kind of waiting to see how this is all going to play out. So, they're making smaller bets, but at more frequent cadence. For real estate, our business model is kind of unique. What we're seeing is it's primarily impacting our dispositions. We have a number of locations where we're doing sale leaseback or we're doing outright dispositions, and we're seeing we don't have as many buyers willing and able, and we're also seeing longer market time versus what our original assumptions were. From a development standpoint, we've typically been cash and carry. So, what that means is we eat our young, right. So, we sell our owned locations primarily through sale leaseback. So, we use that money to deploy back into new development projects. At some point that model probably needs to be addressed, right. Because it's a finite type of model. But it has kind of kept us a little bit out of the interest rate conversation.

Spencer Levy

And the fact that you have a European head with a cost cap a little bit lower over there probably helps a bit too.

Stephanie Dorsey

Exactly.

Spencer Levy

So, Stephanie, what a wonderful conversation we're having today, but I would love to get – ask you for some final thoughts here today about, what do you see as the next five years, for Siemens and its real estate? Big picture.

Stephanie Dorsey

What I would say from the real estate industry standpoint is, I think, you know – someone said at the conference the other day for office landlords: Survive 'til '25; heaven in '27, right. And, so, that was the first time I had heard that. Again, I think it goes with a lot of change happening within the real estate market, right. When you look at lending, when you look at interest rates, when you look at insurance companies, when you look at resiliency of, you know, different markets that were supposed to be in. A lot of change there. What I would suggest is, you got to be adaptable. Right. And real estate's not a fast moving industry as we know. It takes some time for things to catch up. But you have to be looking

for those trends. And one of the big things that we're trying to do is make sure we're looking for what talent we need, not for what got us here, but what's going to get us there. So, we're bringing a lot of new talent in on the digital front. I mean, metaverse, who knows? Right. So, we got to bring some new talent in who knows how to speak to that. Need to bring more talent in on electrical engineering. I mean, I am very concerned as to what all this means for the grid and for our utilities. When we start approaching them for the power capacity we need, when we're going to make conversions of gas paint lines to now electric, they are not positioned to be able to deliver that. Not this year, not next year, maybe not even three years from now. So, big concern around that. And I think again, the sustainability is going to be topic number one. And if it's not in people's voices today it needs to be going tomorrow. So, I'm excited, I'm intrigued by kind of what's going to happen with the Siemens Real Estate portfolio. We have been making a lot of investment in manufacturing footprint here, which is a little bit unprecedented. And for me, who kind of started and kick the tires in development and construction – I love that. And, so, I'm just hopeful that that pipeline is going to continue and that we're going to be able to sustain that.

Spencer Levy

Terrific. So on behalf of The Weekly Take, what a pleasure speaking with Stephanie Dorsey today, the CEO, Siemens Real Estate Services for the Americas. Stephanie, terrific job. Thank you.

Stephanie Dorsey

Thank you so much.

Spencer Levy

For more, please visit our website at [CBRE.com/TheWeeklyTake](https://www.cbre.com/TheWeeklyTake). We'll be back to explore real estate issues and decision-making in complex places such as San Francisco, a city facing important real world challenges and also new ideas about urban development in a conversation about creating cities of the future. But first, we'll talk dollars and cents and more with Fed economist Julia Coronado in a special chat recorded at CBRE's recent Multifamily Conference in Texas. We'll return next week for that and lots more to come. In the meantime, we hope you'll share the show as well as subscribe, rate and review us wherever you listen. Thanks for joining us, I'm Spencer Levy. Be smart. Be safe. Be well.