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## CBRE Confirms HQ Move To Dallas, But Few Jobs Going With It

October 29, 2020

It's official: CBRE is moving its headquarters from Downtown Los Angeles to Dallas.

Rumors of the move were reported Wednesday but confirmed Thursday in an internal memo that went out to CBRE employees, Bisnow has learned.

"Designating Dallas as CBRE's global corporate headquarters formalizes how our company has been operating for the past eight years," Lew Horne, CBRE's president of advisory services for the Pacific Southwest, said in a statement.



*Google Maps CBRE headquarters in Los Angeles*

While the move is a significant symbolic gesture, it doesn't indicate an immediate mass exodus of CBRE employees from Los Angeles or California; rather, it is a major investment in Texas.

“We have more than 5,000 employees in California and only an extremely small number of operations-related roles are expected to migrate over time to Dallas,” Horne said, adding that no client-facing roles will be affected.

In an official statement, CBRE said that the company’s Dallas employment base has already grown significantly and that the company expects it will only continue to expand. The company didn’t address the move in its Thursday afternoon earnings call and declined to comment beyond the statement.

CBRE’s connection to Texas is well-established: The company’s CEO, Robert Sulentic, has roots in Texas as the former CEO of Trammell Crow, which is based in Dallas. CBRE acquired Trammell Crow in 2006. Sulentic was named CEO in 2012 and has been splitting his time between LA and Dallas since then, according to the Dallas Business Journal, which first reported the headquarters change.

The move did not surprise site selection expert John Boyd, a principal with Princeton, New Jersey-based The Boyd Co., which helps companies relocate. The fiscal uncertainty in LA, which is facing as much as a \$600M revenue shortfall, and a measure on the ballot that would raise state taxes on commercial and industrial property by basing them on current market values are just a couple of the bigger reasons why a company might choose to leave the market, Boyd said.

CBRE’s sheer size and market presence make its flight significant, Boyd said. At No. 128 on the Fortune 500 list, the company has over 100,000 employees. It is going through coronavirus-related challenges, reporting over \$5.6B in revenue in the third quarter, a 4.7% decrease from the same time last year. It turned a \$184.8M profit in the quarter, down from \$259.6M last year.

“CBRE’s move will be a significant indictment of California’s business climate,” Boyd said.

By moving to Dallas, CBRE will not only benefit from lower costs for itself but will also be better able to attract and retain talent, Boyd said. Dallas, and Texas in general, offer lower housing costs, a dominant factor for many Californians leaving the state over the last few years, numerous studies have shown.

“Headquarters relocations today are about more than reducing operating costs and shuffling around real estate. It’s also a way for a company to recalibrate its image and brand in the marketplace,” Boyd said.

Rumors of CBRE moving to Dallas-Fort Worth began circulating a year ago, DFW-based developer and Dreien Opportunity Partners CEO Sam Ware said.

Ware said he predicts more corporate relocations of this magnitude will occur as DFW’s economy outpaces Tier 1 real estate markets dealing with political and financial instability.

“I think it’s a sign that they are sick and tired of liberal California politics, taxes, entitlements, corrupt judges and government,” Ware said of CBRE’s move.

Ware redeveloped JCPenney’s former Plano headquarters into a massive corporate center, known as The Campus at Legacy West in Plano, to woo relocating companies. In the past several years, DFW has landed several major corporate relocations from California, including Toyota, McKesson and Charles Schwab.

“There will be millions of square feet of relocation in the next 12 to 24 months,” Ware said of North Texas. “Some of it will be build-to-suit, which will take two to three years, and some [of them] will need immediate occupancy within less than six months. The Campus at Legacy West has the ability to fulfill that need.”

Kerri Panchuk contributed reporting to this article.

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