

# The Weekly Take

## More Than a Feeling: The business value of a desirable workplace

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### Spencer Levy

A common theme that has emerged on our show over the years is the ways that experience is critical to executing an effective real estate strategy. The future of commercial real estate, it seems, is about providing a great quality of life. On this episode, an entrepreneurial executive who is leading the charge on making sure real estate better serves the needs of those who use it.

### Jamie Hodari

Everything is operational real estate now.

### Spencer Levy

That's Jamie Hodari, the CEO and Co-Founder of Industrious, a premium flex space provider with more than 200 locations in 65 cities. Last month, CBRE, which has been a major investor since late 2020, purchased full ownership of Industrious in a deal that valued the company at \$800 million. Jaime becomes the CEO of CBRE's new Building Operations & Experience business segment and Chief Commercial Officer, as well. Coming up, a conversation recorded before a live audience at the CBRE office in New York City. Jamie takes us deeper into CBRE's acquisition of Industrious, and above all, shares strategic insights on how the management of space is evolving, approaches to real estate decision making, and cutting edge advice on operating a workplace. It's all about experience. I'm Spencer Levy and that's right now on The Weekly Take.

### Spencer Levy

Welcome to The Weekly Take, and we are here today at 200 Park Avenue in New York City with our old friend Jamie Hodari. Jamie, welcome back to the show.

### Jamie Hodari

Thank you. This is the first time we're doing one in front of a live audience, and I feel like I'm ready to be on the Spencer game show at some point.

### Spencer Levy

Well, speaking of game shows, you know that you and I are two of the game show contestants from the company. You were on Jeopardy! isn't that correct?

### Jamie Hodari

I lost. I was on Jeopardy, but I lost on Final Jeopardy!

### Spencer Levy

Well, I was on The Price is Right. And I lost, too. So, hey, we've got that in common, Jamie.

**Jamie Hodari**

My man.

**Spencer Levy**

There we go. So, Jamie, tell us about the new role – the newly minted CEO of Building Operations and Experience, Chief Commercial Officer. Still CEO of Industrious.

**Jamie Hodari**

So CBRE acquired Industrious a few weeks ago, and I think for CBRE's point of view, it's a very strategic acquisition. It's that ability to deliver offices to all these distributed teams around the world is, I believe, going to be an essential part of CBRE's kind of end-to-end real estate platform over time. But in the process of that acquisition, Bob and I got to talking and he said, look, we have all these business lines that in one way, shape, or form run buildings. We have property management. We have facilities management. We have GWS Enterprise, which is CBRE's real estate outsourcing business. And when you add them up, it's seven billion square feet. We're the largest operator of buildings in the world by a pretty wide margin, and we should own that. We should talk about that. We should lean into that expertise, especially for moving to a future where if you run a data center or you run an office building, you know, you own a laboratory... Every day, it matters more and more. Is that run with operational excellence? Does that place to have the kind of experience where people want to come to it or that's delivering to clients what they want and delivering the owner the financial outcomes they want? And so the company essentially reorganized a bit and created this new segment called Building Operations & Experience, which combines, again, Industrious, property management, facilities management, and this real estate outsourcing business, and that's what I'm running.

**Spencer Levy**

Well, that's pretty cool. And that's a lot. Seven billion square feet. That's quite a lot, too. And you used two words here that I think can cover multiple asset types. Traditionally, people would associate experience with office. Are we trying to take that concept and bring it to other asset types?

**Jamie Hodari**

To some degree, yeah. I think it's a great question. So I think airtight operations you need in every physical space in the world. That that you need in an airport. That you need in a data center. I think experience can mean different things in different contexts. And some of it I think is if you're in one of these buildings that powers our economy, a data center, part of the experience for the user of that data center is that there's zero downtime. We're talking about a logistics center. I think if you define an experience broadly, that needs to be an unbelievably safe place. And so experience, I think, has to mean something more than cappuccino and ice cream socials when you're defining it that broadly. But I think it's very powerful that CBRE is defining it that broadly and saying these buildings power our economy, they power our lives, and they need to be run thoughtfully and with an eye to whatever the outcome of that building is, and you're going to get a better outcome if you let CBRE do it for you than if you do it yourself. That's probably the most important.

**Spencer Levy**

So, Jamie, you were a founder of Industrious, and you've been with... How long ago was that?

**Jamie Hodari**

12 years.

**Spencer Levy**

12 years ago. So you've been in this space for at least 12 years. How would you define your experience at Industrious and bringing it to your new role?

**Jamie Hodari**

I do think running Industrious has been very helpful training for what we are trying to accomplish at CBRE, because one of the amazing but also very scary things about the flex workplace business is people can vote with their feet. It's not an architecture firm where you go, you give the design, you get paid your fee, you move on to the next project. You create a space and you have to deliver it day in and day out. And if people are not happy with the service they're getting, they're going to move to a competitor and you could be deep in the red. So we've had to figure out over 65 cities around the world, how do you make darn sure that doesn't happen? So that particular focus, where I think it's less about the "co" in "coworking" or some of the older versions of that business that people might be familiar with. I really think of flex as essentially an outsourcing business, where you're saying to companies, let me deliver your Tampa offices for you, you're in New York offices for you, your Berlin offices for you, and you're going to get happy, engaged employees if you let us do that. That obsession with not just what happens in the four walls or the sort of, you know, make sure the roof of the building isn't caving in, but what is happening every day, day in and day out within the four walls of the building. I think that obsession is going to translate nicely to this broader role.

**Spencer Levy**

Well I like the simplicity of the phrase you use. People can vote with their feet every day. If I were to sum up the return to office, every fancy thing we've said about return to office, it really comes down to that. People voting with their feet in traditional office. So learning from the laboratory, so to speak, of Industrious, and translating that into other office space and other uses may not be the perfect background because we all come from different places, right Jamie? But it's a good one.

**Jamie Hodari**

I think so.

**Spencer Levy**

It's fair to say that we are still looking at the challenges that were faced by WeWork, and some of the reputational damage to the flex space. To anybody who is cynical about the WeWork experience, what do you say to them today about the evolution of the co-working flex space?

**Jamie Hodari**

I think all outsourcing industries mature on an almost identical trajectory. You can look at manufacturing outsourcing in the 80s, you can look at data storage, you can look at data entry, and anything like that. They basically start as niche products that are basically marginal supply. Like, okay, my factory lines are overloaded. I'm going to use this random outsourced manufacturing line for a couple of months until I can get my new factory online. Or I'm never going to manufacture the iPhone in an outsourced facility, but I'll do the tchotchkes for my investor meeting. You eventually get to a place where Foxconn manufactures the iPhone for Apple. And I think in the same way, early flex businesses

really were never trying to go to clients and say, I can deliver a better employee experience than you can if you do it yourself. They might have said, I can do it cheaper. They might have said, I can do it quicker. They might have said, I can do it in a younger, more fun way. But Industrious was one of a very small number of companies that I think represented, or represents, the next iteration of that field, which is a more mature outsourcing business, saying, hey tech company, hey bank. You are going to get an identical, if not better, employee experience in your smaller regional offices that you put with Industrious that your employees get in your headquarters. And that dynamic is here to stay. If you can deliver against that... And I don't know if Industrious always does, but I like to think 80% of the time we do. And I'd love to get it to 100. If you can deliver against that, that's durable. Demand for that will almost always rise. The ratchet only moves in one direction. If you hand something off to a third party expert and you get a better outcome on better financial terms. You don't go back. And so I think that's the distinction, is I think WeWork perhaps represented a slightly different value proposition in the market which had its place. But this other value proposition of you're going to get a better outcome than if you do it yourself. I think that's where the action is. And WeWork's new owner might very well take that business in that direction eventually. But certainly that's where I'd want to be as a provider.

### **Spencer Levy**

Let's now talk about the analysis part of this. When we're talking about analysis, so we could talk about your 65 cities, and I'm going to one of them today. I'm going to Carmel, Indiana, which is a cool location. I saw yours in Coconut Grove last week. How do you analyze success? What does success look like within your space? You can talk about occupancy vote, people voting with their feet. How many people are there? But what are your success metrics in addition to people actually showing up?

### **Jamie Hodari**

I will start... It's a great question and I will start with something very zoomed out, which is I don't believe productivity is sufficient anymore in an office. I think for better or worse, the pandemic proved that most people in most white collar jobs can be productive sitting at their home office. And therefore, I would argue that a workplace needs to enrich your life, in some way, in ways that you wouldn't get at home. And I think you have to be able to ask people, is this office experience, is the fact that you're coming in, enriching your life, is it adding to your life for getting to experience that? And in that way, I really mean you're exposed to new ideas you wouldn't otherwise have been exposed to. You're exposed to new people you otherwise wouldn't have met. You are exposed to new music you might have otherwise not gotten to hear. And I think that the workplaces that are able to deliver that are really shining right now. I think they're succeeding. They're seeing a lot of interest and excitement on the part of employees to get to be there. So that would probably be heady. But the main thing I'm looking for: is this workplace enriching and adding to the life of the people that use it? If you want to get down to the level of metrics, I do think visits, if you control for commute length, is a very helpful thing to measure, but you have to control for commute. One of the big mistakes I see in a lot of this data is someone may say this person comes in two days a week. They must be much less engaged than the person who comes in four days a week. But if the person who comes in four days a week lives a four minute walk away and the person who's coming in two days a week lives in Short Hills, New Jersey, and is sacrificing a lot to come in, I might consider, and I think we should all properly consider, those two things equivalent.

### **Spencer Levy**

So success isn't people coming into the office every day. Success is overall, I'll use a fancier term here, utility, which includes productivity, and includes happiness. Is that a better word to use?

**Jamie Hodari**

I think so. And I think visits are kind of helpful because there are a revealed preference that is a pass through into the utility the person is finding for using that workplace. If they're not finding utility in it, they're not getting in their car or not getting on that subway train.

**Spencer Levy**

So as I mentioned, I'm going to be in one of your locations in Carmel later today as I teach at Indiana University, notwithstanding the fact that you're a Michigan guy and I'm wearing a Michigan sweater here. Go Hoosiers, or at least for today. But it brings up a point where I run into Industrious locations all over, but it really isn't all over. It's in the same types of submarkets everywhere I go. And they tend to be these that are more walkable, that have more retail around them, more restaurants. There may be an entertainment venue nearby. Talk to me for just a moment about, and again, this is not to diminish Industrious, but take whatever you consider to be the optimal Industrious fit out and experience, and compare that to putting it in the right submarket or not.

**Jamie Hodari**

Well, let me start by saying the first movie I ever cried in was Hoosiers. So, it's tattooed on my heart. We have Industrious locations, and I think you can have successful office environments pretty much anywhere. And that includes CBDs and that includes central business districts in American cities that are struggling. There are buildings in those cities where people go every day and are having a great experience. I do think Industrious is often notable for having a good number of locations in mixed-use walkable neighborhoods. The problem is there just isn't a lot of office in those places and there are a lot of Americans, and actually this is becoming a trend in Europe and Asia as well, who want to live that neighborhood life. That 15 minute city life. And for people who want it, and if they can make it work, it can be a very special experience. Because if you think about it, you go to the office. You make a friend. That person's kid is probably in your kid's kindergarten class. You're probably going to see them in yoga class. You're able to stitch together this life where you're saying my work life, the restaurants I go to, the bars I go to, the coffee shops are all part of this sort of neighborhood that I really want to lean into. That has not traditionally been a factor or a feature of the American work life. It's becoming one. It's not the only way to do it, but it's becoming one. And Industrious has done quite well providing to people who want that particular sort of neighborhood office experience.

**Spencer Levy**

So you're suggesting, Jamie, that even in more challenged submarkets, this Industrious – not just Industrious, but the experience that you're bringing to bear for all office – can work.

**Jamie Hodari**

I plan to spend the rest of my career in some way, shape, or form betting on American downtowns. And not to the exclusion of suburbs, not to the exclusion of neighborhoods, but also not, you know, those other places to the exception or exclusion of downtowns. I grew up outside of Detroit in an era where I remember graduating from high school, and I had friends who were 18 years old and they had never stepped foot in downtown Detroit, even though we grew up on 18 Mile. And as any of you went to the movies in the early 2000s know, the border of Detroit was Eight Mile, only ten miles away. All the sports teams

moved back downtown. A lot of the restaurants moved back downtown. I think that would be much rarer today to find someone who grew up ten miles outside of Detroit and hadn't entered the city limit. And what a richer, better life and better way to stitch together a metro area as a result of it. So I think you've got to keep pushing on that because I think that that makes for a better life and a better metro area for the residents of the downtown and for the residents of the suburbs.

### **Spencer Levy**

Well, you'll be happy to know, Jamie, I did an event in Detroit two weeks ago at the GM building at the Renaissance Center, and I've been coming to Detroit for 25 years. My son goes to Michigan, as you know. I had never stepped foot in downtown Detroit in the 25 years I was there, until this last visit. And in this last visit, what I try to do in all the cities I go to, I do the same thing. I pick a hotel in point A and I pick a restaurant two miles away, and I just walked it. And it was an eye opener in a very positive way, what Detroit has done downtown. And what they've done is they've concentrated their sports teams. They've concentrated their new development. Now, GM is moving from the Renaissance Center to new development a couple of miles away. But I think it's that concentration that I've seen to be the success story. I would point to Cleveland: similar success story where they have concentrated the sports teams, the Ritz Carlton is there, the restaurants are in a defined area, but when you go outside that defined area, things get a little bit more challenged. So I think even though I'm with you on CBDs, I'm with you on downtowns, I think you need to see some of the transformation like Detroit has done to concentrate, to make it a viable place or a more viable place to live, work, and play. What do you think?

### **Jamie Hodari**

I agree with that. I'm not like an urban planner, so I'm not going to have the language to describe this. The parts of American cities that I find the most challenging are not the historic downtown. There are places... So in Detroit, for example, when the downtown got gutted, there was a secondary cluster called Southfield. Now, if you can reconcentrate in the historical downtown, I think those places I have trouble with. They're not mixed-use. There isn't a lot of residential around them. They're basically office clusters that rose up in opposition to the traditional downtown. And now if you can reinvigorate the downtown, the argument for those spaces becomes a little weaker. But other than that, again, I agree. I think to your point, a lot of cities are rewiring some of the mistakes they made in the 50s and 60s, where they crisscrossed the whole city with highways and they became such spread out cities that you lost that walkable concentration of the downtown

### **Spencer Levy**

And I think walkability is the key. But number two may be self-driving cars, one day, because I think that some people are still going to be challenged. The challenge that you cannot overcome with mass transit is the last mile. And so I think that that may be the solution, as opposed to bike lanes, which sound cool, but, you know, if you're older and you can't do that, you still need a vehicle.

### **Jamie Hodari**

To bring it back to buildings for a moment, I actually think we're living in a moment where all the matters in real estate is location, location, location, seems to be eroding a little bit. It's just you see the numbers. You know, The Wall Street Journal just had an article last week about how in desirable buildings, there's a glut of office space overall, but in desirable buildings, there's basically nothing left in all of the country. People can't get into the buildings they want to get into.

**Spencer Levy**

And we're looking at one. One Vanderbilt right there is one of those buildings.

**Jamie Hodari**

But, there's probably a building within a three minute walk of One Vanderbilt that's struggling to lease up. So it's no longer the case, and this is, I think, the thesis for Building Operations & Experience. This is the thesis for CBRE's centrality to the future of the built world, is that it used to be when you talk about things like facilities management, you're really you're talking about the envelope of the building. And in every asset class, you're basically piercing through into what's happening inside the building. And so, for example, having to have a point of view on running the conveyor belts or the robots in a logistics center. Having to have a point of view on the greeting experience and the everyday work experience on every floor of an office building within it. And so to your point on transit or different ways to get to different neighborhoods, you're seeing such dramatic distinctions between the high performing buildings, the desirable buildings within a given location, and the less desirable ones. It's just clearly no longer true that as long as you've got it on the right corner, you're good to go. And conversely, if you can make it an amazing experience that people want to come to, you can probably pull people a few blocks over from where they otherwise would be. And I could give you 100 examples of that around the U.S.

**Spencer Levy**

So let's go back to the operations side of this, and I'm going to go back to the numbers for just a moment. And this is something that we've talked about several times, which is where technology I think, right now, you know, the Internet of Things, we can measure everything. We can measure heat. We can measure emissions. How many people are in the office? How much more can you actually do from an operational standpoint? Has the world changed now where technology, which may do all those measurement things, really is at its beginning stages from an operational perspective?

**Jamie Hodari**

Let me connect that question to this transaction that just happened between CBRE and Industrious, because something surprised me about the public perception of this deal. The deal gets announced. It's an \$800 million deal. So it's a good amount of money. But, you know, there's \$5 Billion M&A deals happening all the time in the U.S. and yet it really got a lot of press and a lot of bankers and a lot of people who cover real estate were saying, I think this is a harbinger. I think this is a bellwether for a renewed vigor, a renewed interest in PropTech, in M&A and investment activity, in stuff related to technology in the built world. Which feels like a lot of pressure to put on an \$800 billion flex office deal, but the more I've thought about it, it makes sense. Because I think there is a theme here that you basically have every real estate company in the world rebranding themselves from an asset business that basically buys and sells buildings like their pieces of paper to an operating business or an operating platform. You saw that in the Lineage cold storage IPO. I just met the CEO of another cold storage company and he was like, I spend two minutes of every earnings call talking about real estate, and the rest of the time I'm talking about operations. It's not any different than when I used to work at Gillette or somewhere else. As we move along that thematic continuum towards a world where people more and more are thinking about real estate not as just a series of static assets, but as operating businesses, I think there's going to be more pressure and more importance for technology, for things that give you an angle to operate more efficiently, more effectively with better outcomes than the building next to you. And so some of those sectors that have seemed very moribund,

building apps that allow you to move seamlessly up and down throughout the building or technologies that make data centers 1% more efficient...those are about to get hot, I think.

### **Spencer Levy**

Get hot because we're looking at them differently now. And I think the way that we're looking at them differently is a shift that's actually been happening for a long time in the corporate world, not just the office space, but industrial space and data center space. I hate to go back to productivity, but they're just looking at it differently because of the changes that have happened in the last five years. Would you agree with that?

### **Jamie Hodari**

Yes. By the way, I was using productivity more narrowly earlier. I actually think it's, you know, dollars of output for widgets of labor input or material input. That question of productivity, how productive is this space is fundamental. I think you're right. And I think can you squeeze more productivity out of that logistics center, out of that data center, out of that office is probably the name of the game. Tell me if this metaphor doesn't land. But I think about sometimes, like, Delta Airlines. Let's say they bought an A380 or a 737. You know, that might be a big deal. Like that might be a \$300 million plane. It's totally meaningless until they actually fly the thing. It's not mission accomplished. Like, sure, they have a nice asset, but the thing comes alive in the actual use and operations of it. And people perceive other businesses that use heavy assets that way. No one thinks that Delta Airlines' job is to collect a bunch of airplanes in a hangar, and yet they sometimes still think of real estate companies as they own 17 assets. They perceive them as being about amassing these physical bricks and not about essentially delivering a service to customers day in and day out. But they're in the same business that Delta is, and they need help. And I think that's where CBRE comes in.

### **Spencer Levy**

Well, I think that's real estate as a service versus real estate as a place, which was the old school way of looking at it. And actually, I've said this before, I'll say it right here. I used to describe office buildings as a box of bonds. I said, this is what it is. It's like the building is worth nothing. What's worth something is the cash flow you get from the building by creating bond-like instruments in these leases that are long term. That's the landlord's perspective. And it probably still is the landlord's perspective for traditional office space. But for serviced office space that is shorter term in nature, it is much more like the airlines. So I'm now agreeing with your analogy. I think that the serviced office space, the coworking space, is more like Delta Airlines than is a traditional office space, which might still be like a box of bonds.

### **Jamie Hodari**

It is hard for me to imagine that we are forever going to be in a future where a building can operate like a bond. Like if I have a treasury from the U.S. government, I know they're going to pay the amount they say they're going to pay in perpetuity. I think you have to run the heck out of a building every day and I would not want to be a landlord that took the perspective that I'm sitting on a cash flowing bond and I can clip my check every month and check back in in seven years.

### **Spencer Levy**

Well, what you're suggesting is something that we've talked about, is the difference between the big four - office, industrial, multifamily, and retail - and what we used to term,

and maybe we still term, operational real estate. That's actually the term. And operational real estate is real estate, well, like a hotel. You've got to operate it and you're vacant every night. And I think what you're suggesting is the merger of traditional and operational real estate, and if you don't become a killer operator, you're going to be obsolete.

**Jamie Hodari**

I'm stealing that line for the rest of my career. Everything is operational real estate now. You can have a building full of ten year leases and if you're delivering a really subpar outcome to the tenants of that building and their people aren't coming in, they're going to break those ten year leases. And if you've got a data center that has power issues and goes offline for even six minutes at a time, your user of that data center is going to break their deal with you and move on. So everything is operational real estate now.

**Spencer Levy**

Everything is operational real estate. I'm stealing that line from you, Jamie. But I'm going to tell you one person who's not going to steal that line from you: the financing community, the banks. The banks still like real estate as boxes of bonds. If I want to get a loan on the MetLife building where we're sitting right now and I walk into some of our great lender friends, they're going to say, let me take a look at the NOI. Let me see how stable it is. Let me see how long term it is. And then they're going to put a multiple on that. And if that is the financing market, the financing markets need to move to look at a dollar of cash flow for a one year lease, the same as a dollar of cash flow from a ten year lease.

**Jamie Hodari**

Well, here's how I would view it. And I'm trying to process this in real time because I think it is a good push. My family's from Argentina originally. On paper, a government bond from the U.S. and a government bond from Argentina might be equivalent. In fact, you might say, hey, this Argentina bond pays 11% and the U.S. bond pays 3%. The Argentina bond is superior. But then you have to layer on top of that a probabilistic assessment of the likelihood that you're going to collect the coupon from that bond year after year, or the likelihood that it's going to go bust. And I would argue, if you're a financier of a building, you're just doing the same thing. You might say this building is a series of bonds. It's a series of ten year leases. Do I think One Vanderbilt is going to collect against those payments over the coming ten years? Oh yeah. So I'm willing to value that cash flow stream differently, potentially, than the equivalent of the Argentina bond, which would be a building that maybe on paper has lots of term left on lots of its floors, but you're looking at how it's operating. You're looking at the way that its tenants are behaving, and maybe you're getting a little nervous that people are not actually going to see that obligation all the way through. That's the way I would probably view it, is they are bonds, but you have to grade bonds just like you have to grade bonds in any other part of finance.

**Spencer Levy**

So the short term nature of it... Let's assume that 100% of the building was short term nature, but it had the best location, the best fit out, you're 100% occupied every day. That might actually have more value from a long term probabilistic perspective than a ten year lease in the building next door, if it doesn't have the same credit.

**Jamie Hodari**

That would be my view.

**Spencer Levy**

Well, let's hope the banks have that view, too, because that really has always been the sticky question. So the concept I've often used in retail is credit versus cool. I try to simplify these things. And credit is, do I put McDonald's on my corner or Starbucks, or do I put Joe's coffee shop local, because the locals like it more. And the answer typically is we'll put a mix, because we've got the hip cool and we've got the credit availability. These are some of the real world challenges I think we have to pushing in the direction that you were suggesting, where people will say, you know, Jamie's got the best ideas, but can I bring it to the bank?

### **Jamie Hodari**

I used to be a corporate lawyer. So here's maybe something that I feel like I learned in that era. It's very hard to make people do things they don't want to do, even if you've got them over a barrel contractually, where they have to do it. Over time, people find ways to chart their own course and do the things they actually want to do. I have a lot of trouble going to the gym, so in my personal life, I know this. Like I know that I should be doing something, but it's hard to make yourself do things you don't want to do. So I think this premise in real estate of people don't want to be in the shopping center anymore but unfortunately, they're locked into it. I think that kind of stuff works its way out over time and therefore you're always better in business, I think, trying to construct a business that you believe makes your clients, make your customers want to use it. Which again, is going to be the core of what BOE is trying to do. We want to make these buildings places customers want to use. We want to deliver great financial outcomes for landlords rather than saying it's not really delivering what the customers want, but luckily I've got him locked into something they don't want to be locked into. That's not a long term strategy.

### **Spencer Levy**

And by the way, I like the pairing of operations and experience, because you would typically see them, at least I would, at different ends of the spectrum. Operations is more cost and efficiency and safety focused, if you're in industrial, and experience is a different concept related to the tenant's experience, dare I say a tenant's productivity. But you're going to try to bring the two together.

### **Jamie Hodari**

There was an amusement park outside of Detroit growing up called Boblo Island. It might have actually been over the border in Canada. I feel like there's only three listeners that are familiar with this. This was like in the 80s, but it was very kindly run. It was run by a family, I think, but they couldn't really get their act together. So I would say on the experience side, they were trying to do everything, but stuff would break down, they wouldn't have staffing to staff the line on certain days. So no matter how hard they tried, you were not getting exceptional experience. Then you go to Disney World, and people talk so much about how they train the Imagineers and everyone's got a smile on their face. But the thing that makes it come alive is that theme park is run so airtight. Nothing goes wrong. If something does go wrong, my god can they correct that fast. And then you experience it as this magical experience with extraordinary customer service and stuff like that. But it's got to be built on the back of exceptional operations or you don't even earn the right to talk about experience.

### **Spencer Levy**

And I think we can all point to those consumer-oriented businesses that have exceptional operations, and you go into it because you can tell the difference without noticing it. That's probably the best form of operations: telling the difference without noticing the operations.

**Jamie Hodari**

Yes.

**Spencer Levy**

So there's another title, and I know we have 3 or 4 job titles here. Chief Commercial Officer, along with your CEO Building Operations & Experience. Is that an additional role or is that something that's part and parcel of the BOE?

**Jamie Hodari**

One day I think we've got to figure out the tighter way to describe it. It's technically an additional title because the marketing team and communications team at CBRE are reporting to me. And so there's the CBRE level role that includes that in addition to running this particular Building Operations & Experience segment. And I'm a brand person, and I actually love B2B brands. Like I actually think you can do so much with brands that primarily face other businesses. So I'm very excited about that part. And I think CBRE has an extraordinary brand. So I would say first, do no harm, but I would love to keep elevating it and love to get even more awareness, which means people should not just know what it is, but when they hear the name, the feelings associated with it, the thoughts associated with what is this company? Why does it exist in the world? When do you go to CBRE? It should be even clearer than it already is.

**Spencer Levy**

So, Jamie, we only have a couple of more questions. And this is not a Proptech episode, but we didn't get that deep into AI and other technologies and how they are today, how they are evolving, how they help us make decisions. Where are we with AI today in Proptech? In real estate? How do we use it? How do we see it moving forward?

**Jamie Hodari**

Woah. Okay, so let me start with the today. I think AI is very helpful in the physical world because basically physical spaces produce absolutely mind boggling amounts of data that can be very hard to parse through. So, for example, to use Industrious, you might say we've delivered 50 million days of work. We have 3 billion pieces of data as far as this person spent this long two feet from a window versus this long 30 feet from a window. The music was at this volume in a semi-social common area. The music was at this volume in a hallway. Did people churn? Did they get up off the couch and say, I can only do this type of work on this couch, not this type of work? But no human being can look at that infinite number of ones and zeros and do much with it. That's been one of the big problems is, these sensor companies have sold the promise of I can light up your headquarters with all these sensors and I have enough trouble with my Apple Watch knowing what the heck to do with whether I slept 7 hours last night or 6.5 hours. What are you supposed to do with 3 billion data points? AI I think is able to draw patterns, inferences, make suggestions based on that that I think are going to very quickly, materially improve the work experience, the day to day experience, of people who use these spaces. And I think that is super exciting.

**Spencer Levy**

So final question. We're looking at our crystal ball now. What is that vision for commercial real estate over the next 5 to 10 years?

**Jamie Hodari**

I think I would like to move and believe we are moving towards a world where the digital parts of our life don't erode our faith in or our interest in our physical world around us. They heighten our awareness of just how important your living room is, of just how important your favorite bar is, of just how important a great workplace is. So I believe we're moving towards a world where more and more and more pressure is put on making sure that those experiences are great. That there are stakes for buildings that are able to deliver that: the rewards are even higher, and the consequences of being an undifferentiated building that is not delivering good outcomes for the people inside it day in and day out, the consequences are even worse. And therefore you have basically the largest asset class in the world saying, I need help. I can't do this on my own. I need a company that is second to none in doing that. And I would love to say we're sitting here in five years and there's not even a question that people say, I need help. And if you want to pay the freight, you've got to go to CBRE for it. CBRE's already kind of there. But I just think we could amplify and amplify and amplify that until someone would be crazy not to pick CBRE to help make their building come alive and achieve both their operational and their financial goals.

**Spencer Levy**

On behalf of the weekly take, Jamie, thanks again for coming back to the show in your new role as CEO of Building Operations & Experience, Chief Commercial Officer, still CEO of Industrious. Great job today, Jamie, and we hope to have you back again soon.

**Jamie Hodari**

Thank you. Look, it's only Wednesday. I already know this was the highlight of my week.

**Spencer Levy**

With thanks for that compliment, we hope our show has been a highlight of your week, too. And if that's indeed the case, please let us know by sharing your feedback, questions, or any thoughts on subjects you'd like us to cover. Also, please don't forget to subscribe to The Weekly Take on the platform of your choice. That will go a long way towards helping others discover the show and, in turn, will help us serve your interests and keep you better informed. For more information, please check out our website at [CBRE.com/TheWeeklyTake](https://CBRE.com/TheWeeklyTake). We'll be back next week with a lot more from the world of commercial real estate. For now, thanks for joining us. I'm Spencer Levy. Be smart. Be safe. Be well.