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Q+A: Crown's new leaders on succession, strategy and confidence in office

Emily Hanna and Scott Watson were recently appointed managing partners

by Matt Lamers

Scott Watson and Emily Hanna

Crown Realty Partners has entered a new chapter with the appointment of Emily Hanna and Scott Watson as managing partners – a leadership transition over a decade in the making.

The succession was the result of deliberate long-term planning rooted in the founders' belief that those leading the business should also have a significant ownership stake, aligning their interests with those of investors.

Now at the helm, Hanna and Watson have organized the business around two deliberately interconnected functions: an investment management platform led by Hanna, and a real estate services platform led by Watson.

Rather than operating in silos, the two platforms are built to feed off a real-time information loop – insights from leasing and property management flow directly into underwriting and strategy, sharpening decision-making across the firm.

Green Street News sat down with Hanna and Watson to discuss the leadership transition, their vision for Crown and their conviction in the office space.

Can you talk about your respective roles and who's in charge of what?

Emily Hanna: This year we made a deliberate shift, focusing on the two drivers of our business, each under the oversight of a managing partner, Scott and I. The idea is that the entire

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tenant life cycle is overseen by Scott, while I oversee the investor life cycle. That means the "street-to-seat" journey for a business coming into our portfolio, from the leasing to construction of their space, property management and their entire experience, through to generating cashflow.

That ties into my world, the investor side of things: bringing the investor in, how we deploy their capital, drive the asset strategy and return money to investors. Strong operations drive strong investment returns. That's why we organized in this way.

The new leadership structure is built around two functions – investment management and real estate services – that your firm said it treats as inseparable. Why?

Scott Watson: It's built around a real-time feedback loop between the two platforms. This is what allows us to maximize the value from our vertically integrated model.

We use the information that's generated from our on-the-ground team and integrate it faster to make informed decisions. That helps us with making assumptions for underwriting and coming up with ideas for different strategies, instead of relying on reports that are a quarter out of date.

Did Crown's ownership model remain intact?

Hanna: We've kept the same partnership model that has defined us from the beginning, 25 years ago. In addition to Scott and me, the majority of our business is owned by partners who are actively involved in different areas of the business, including Jamie Christie, Mark Dimmell, Monica Di Zio, Stefan Teague and Michael Stones.

Most of us have had more than a decade of experience with Crown. We also have a minority institutional partner, Vestcor, with a long history as an investor in our funds. All together, there are eight partners.

When and how did the firm's founders transition out of their ownership control?

Hanna: When Scott and I became partners about 14 years ago, the original founders were planning for succession. They were at different stages of their careers and wanted to ensure the firm could continue to thrive for the long term. Ultimately, back in 2021, they exited entirely, with Vestcor acquiring the remaining equity interest held by the founders. With an institution coming in, it helped the transition and also provided an extra layer of governance and security to the rest of our institutional investors.

When the people running the business and adding value do not have a significant stake in it, you don't get the best results for investors. This is why succession planning in private businesses like ours is important and always a part of investor diligence. The founders, to their credit, identified that early on and executed on it.

Can you share a transactional highlight?

Watson: We bought an asset in August 2019 and just sold it this summer. It didn't generate the typical headline returns that we're used to, but it proves the power of our vertically integrated platform and validates the value-add thesis. We achieved a positive return for this asset – primarily because we grew income by 65% through a series of strategic investments into building amenities and strong execution on the part of our internal leasing team.

We sold it into a challenging environment. Although it took a while to find the right buyer, the asset performed in line with how we took it out to market. That ultimately gave comfort to the buyer since it did exactly what we said it was going to do in terms of net income. That means an asset that's been repositioned by Crown is one that you can count on.

Hanna: It also proves the value-add thesis: When a repositioning plan is built by an operator with real-time insight, you can execute that plan and ultimately deliver returns and liquidity for your investors, even in a challenging environment.

Is there a theme that ties all of your funds together?

Hanna: Value add-office, with income growth as the primary driver. This has been the main theme across all our funds and for every asset we manage.

Can you elaborate on your conviction in office?

Hanna: What was happening on the ground was never as bad as all of the headlines suggested – "The office is dead." We'd look around and think, "no, we're in the office … our tenants are in the office and we see the demand firsthand."

Our vantage point on the ground, through leasing and property management, lets us cut through the noise and back our conviction that well-located office assets, with the right managers, positioned for the needs of today's businesses, will outperform.

What milestones are you looking to accomplish this year?

Watson: On the operations side, we will keep focused on the needs of our tenants, investing into our buildings and providing a seamless experience in any Crown building. We will look to grow our third-party management platform strategically, building on the strength of the partnerships we've established with our existing investors and partners.

Hanna: On the investments side, we'll continue to acquire on behalf of Fund 5 while also selling assets on behalf of Fund 4. We'll continue to prove that there is liquidity for the assets we've repositioned, return capital to those investors, and provide healthy returns.