

# Utilizing the Younger Generation in Your CRE Business

Millennials may ultimately change the face of CRE

By Steve Lewis, Sponsored by  
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It's been a long while since this much has been written about a single generation; it's hard to read a business news article or a blog, or watch a group of "talking heads" without the word "Millennial" dominating the conversation. Destined to be the most influential population since the baby boomers, they have generated commentary ranging from their tastes as consumers to their "typical" psychological profile.

Not surprising, commercial real estate has been no exception to this bombardment of press – the most common of these addressing the impact Millennials have had on office design. Open offices, for example, have become well-known as the favored type of space for Millennials. Their preference for an urban setting has impacted the relative desirability of suburban and CBD space, and their penchant for telecommuting has no doubt contributed to tenants

seeking less square footage per employee.

But changing tenant preferences are nothing new for SIORs; satisfying tenants' needs is the heart and soul of success for a commercial real estate broker. What *is* new is the "personality" of this generation, and how they may impact SIORs as trainees, as colleagues, and ultimately as leaders.

With more than a third of America's current working population comprised of Millennials, the following questions arise: Are they enthusiastic about becoming commercial real estate professionals? Do they have what it takes? How can you successfully manage the unique needs of this generation? Will their facility with technology hasten the adaption of new trends in CRE offices? And perhaps most important of all, what long-term impact will they have on CRE – and SIOR?









## 'Generation Gap' Seen in CRE

Due to a number of reasons, including the recent downturn in commercial real estate and the association of CRE among some Millennials with "evil" Wall Street, Millennials have not been entering the field in the same numbers as preceding generations. This reluctance has, in turn, led to a significant age gap between experienced leaders among SIORs and up-and-comers.

"I had lunch with a friend of mine who was in real estate in the '80s and is now in finance; many went this direction after the downturns," shares Grant Pruitt, SIOR, co-founder, president, and managing director for Whitebox Real Estate, LLC, Dallas, and a Millennial himself. Pruitt explains that in CRE you typically see more people in their late '50s to '60s or younger people entering the business ages 25 and under, and a shortage of brokers in between that age range.

"Millennials saw the collapse of the markets or the effects of the collapse in their earlier years. They were taught that it was evil Wall Street that caused the collapse," notes Douglas Brockhouse, SIOR, principal, Industrial Market with Bender Commercial Real Estate Services in Sioux Falls, S.D. If they do stick their toe in the water, it is with reluctance, he adds, noting that the effect will be a 'shortage bubble' for a period of time until the stigma goes away.

John Culbertson, SIOR, CCIM, CRE, managing partner with Cardinal Real Estate Partners, LLC, in Charlotte, agrees. "Numbers are down and my experience has been that they are far more cautious; the rugged individual characteristics

that go to traditional brokerage feel very dangerous and risky to Millennials," he says.

But Garry Holmes, SIOR, president of R.W. Holmes Realty Co., Inc., in Wayland, Mass., recognizes that a generation gap exists but does not attribute it to Millennials. "With the dot.com bust, there weren't many commercial real estate firms hiring between 2000 – 2007," he observes. "As a result, there is an age discrepancy in many commercial real estate organizations. But Millennials have benefited from a strong economy and certainly are entering the commercial real estate field in great numbers." This, he predicts, will have tremendous benefits for the industry.

"I don't think it is any different than previous generations," adds Kraig Heeter, SIOR, senior vice president and partner at Kidder Mathews, in Seattle. "Commercial real estate has always been an attractive field for those willing to take on the risks."

## Generation "Underrated," but Not Without Challenges

Are Millennials inveterate job-hoppers? Are they lazy? Do they feel entitled? Most SIORs we contacted would reply "no" to those questions, asserting that Millennials have been given a bad rap. They would not deny, however, that as managers of Millennials they face some tough challenges.

"They come with a clean slate; you get to write the script on that slate," says Brockhouse. "Their ability to learn new skills or processes is illustrated by their GPA." Millennials, he adds, can be enthusiastic for short periods. They will play a five-hole round of golf or watch four innings of a baseball game, but don't ask them to watch the Daytona 500, he says.

When it comes to client relations, Brockhouse cautions, "You don't send a Millennial out to develop a relationship with a Greyhair, instead you take them along to the meeting between two Greyhairs." This enables the Millennials to get introduced and develop the relationship on two levels, he explains.

When it comes to sales, he notes that Millennials don't have a Dale Carnegie Sales Course certificate hanging on their wall. Instead, he says, they have "Likes" and "Followers." A Greyhair can't understand how that works, but get out of the way and let it happen," he advises.

Pruitt warns that Millennials may have been spoiled by the hot real estate market. "The challenge with the millennial crowd is to get them out of their comfort zone, which is on the computer or on the phone, because that's not how business is done," he says. Instead, his firm trains people entering the business to do face-to-face meetings.

Pruitt cautioned about "Wantrepreneurs" – Millennials who view themselves as the next Mark Zuckerberg, but who do not always understand the risks involved, or even want to take those risks themselves.

While Heeter agrees that Millennials are likely to find sales harder than expected, he actually believes their naivety is their greatest strength. "They don't see barriers like I did when I began my career, and they are more likely to take chances with ideas and strategies," he asserts.

Work ethic, he continues, doesn't mean what it once did. "In our world it's about results; efficient work can be construed as a poor work ethic, but I think it is the opposite." In addition, he says Millennials are more willing to join a team than previous generations, and more open to look at different styles.

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Millennials do, he continues, have to be encouraged to communicate via phone rather than hiding behind email and text messaging. “They are excellent in person communicating with clients but need to learn that difficult decisions and closing a deal are much better done in person or on the phone than through electronic means,” Heeter says.

“In general, I feel Millennials are being unfairly depicted,” says Holmes. “I find Millennials to be extremely innovative, tech savvy, and have the ability to multi-task. They possess a lot of enthusiasm and take pride in their work.”

Unlike Heeter, he believes Millennials enjoy the opportunity to have direct dialogue with clients. “Millennials naturally conduct themselves in a very consultative manner based on research and data rather than the typical ‘sales pitch or closing techniques’ utilized by past generations,” he adds, noting that this bodes well for their ability to effectively market and sell.

“They aren’t lazy at all,” says Culbertson. “They are just looking for purpose, truthfulness, and ways to leverage technology and community.”

### Meeting the Challenges

As more and more Millennials enter the field of CRE, SIORs who manage them will certainly benefit from the unique skills they possess, but the challenge will be to optimize those skills and create both the knowledge and enthusiasm necessary for their success and that of the team.

“Understand that they want to feel valued; they want this warm embrace by a company,” says Pruitt. “As a manager, if you can really try to promote them and put them in leadership roles where they have opportunities and have buy-in and be able to impart their opinions and ideas on the decision, it comes back in spades.”

When Pruitt interviews an applicant, he always asks them where they want to be in five years. The right answer for him, he says, is “I want to be your best salesman, and show you I’m the best.”

“I really try to emphasize that this is a relationship business and that clients want to work with people they like and trust,” says Heeter. He adds that it’s also important to lead by example.

For Brockhouse, the biggest challenge is driving home the point that SIORs don’t sell real estate -- that the only thing they really have for sale is their knowledge.”

“The Millennials don’t want to gain and retain the knowledge – they just want to look it up on their smart phones,” he observes. “Tell a Millennial to drive to the same property three days in a row – even on the third trip they will use their GPS on their phone.” The Millennials that make it, he says, are those who adapt.

For Culbertson, part of the challenge is just recognizing that Millennials do things differently. “I have a millennial who is incredibly efficient; he attacks work, then gets a break, daydreams, then attacks again,” he shares.

It’s also important, he continues, to remember in hiring Millennials that they are far less professional, less formal, BUT they put much higher value on cooperation. “Also, they value greatly transparency and truthfulness in negotiations,” he says. “They tend to get right to the point.”

While Millennials like to work at home, he continues, “They really like coming to

the office and having physical space for socializing with others.”

Holmes offers the following recommendations:

It is very important to continuously provide encouragement to Millennials. “We have an extremely long sales cycle and it is very easy to get discouraged,” he explains.

Millennials want to make a difference, so it is very important that they have the opportunity to contribute to the team; it’s imperative that they be included in client meetings.

While most Millennials will not be the first in the office and the last to leave, “Do not label them as lazy,” he cautions. “You might be surprised as to how they network at night. There’s a good chance they have the TV on after work while simultaneously scrolling through LinkedIn and engaged in other aspects of social media.”

## An ‘Awesome’ Future

As Millennials continue in their real estate careers and ultimately emerge as leaders, what impact will that have on the future of CRE? “I think it’s awesome,” says Pruitt. “There is so much innovation that hasn’t happened that is coming about and will continue to that we haven’t had really for 20 years. We start to see real change happen in CRE; we’ve not seen that type of innovation since Trammel Crow.”

Holmes agrees. “Commercial real estate lags most industries when it comes to adaptation and utilization of technology. I feel very strongly that the vast number of Millennials entering the commercial real estate field will quickly reverse this trait,” he predicts.

“I feel Millennials will have a stronger influence on how quickly our business changes, meaning they will speed up the velocity of how our industry changes,” says Heeter.

“The oldest Millennials are in their mid 30’s; in ten years they will be the biggest bubble,” says Brockhouse. “Increasingly we are doing deals with Millennials that are spending real money; they are a real thing.”

And how will all this impact SIOR? Culbertson feels that in part it is up to the organization.

“This is a group that is extremely driven by purpose,” he says. “To the extent that SIOR can be purpose-driven these Millennials will join it and be associated with it. They are smarter than you and I combined, and even if they aren’t they think they are and are willing to act like they are.”

And their overall impact on CRE? “It’s gonna be faster, with more technology; it will be more transparent, with lower margins, lower brokerage fees, and higher consulting fees,” he predicts.

Brockhouse concludes with this succinct vision: “They will morph this industry into their world in the future.” ▾



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**John Culbertson**, SIOR,  
CCIM, CRE



**Kraig Heeter**, SIOR



**Garry Holmes**, SIOR



**Grant Pruitt**, SIOR