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A man with dark hair, wearing a dark suit jacket over a light-colored striped shirt, is shown in profile from the chest up. He is looking out a window. The background consists of a stone wall on the left and a bright window with a white frame on the right. The title 'The millennial Way' is overlaid on the image. 'The' is in orange, 'millennial' is in a stylized yellow font with multiple parallel lines, and 'Way' is in orange.

The millennial Way

Give them a break, boomers, and take a few cues from the younger generation.

by Sara Drummond



The generation gap rears its jealous head as the improved economy pushes millennials deeper into the world of work. According to the Bureau of Labor Statistics, millennials will make up 45 percent of the workforce this year. Just 10 years ago, baby boomers were 45 percent of the workforce.

As boomers hang onto their jobs, making up the lost wages of the Great Recession, they eye the advance of millennials warily. “Wow, I was just thinking of writing a book to millennials, titled ‘Message to Millennials: We Baby Boomers Are Not Dead Yet!’” jokes Helen Jobes, CCIM, of Capella Commercial in Austin, Texas.

As the largest generation, millennials already dominate popular culture and with that, they’ve changed the way we work, how we shop, where we live, and where we party. Because of those changes, they’ve affected all five of the major property groups in fairly substantial ways. In addition, millennials already are working at all levels in commercial real estate, as clients, brokers, bankers, and support staff.

“Change is happening,” says Shawn Massey, CCIM, CRX, CLS, of The Shopping Center Group, in Memphis, Tenn., who works with millennial clients in the retail sector. “We can continue to build shopping centers like we used to. Or we can adapt.”

Millennial Clients

While many millennials are too early in their careers to invest in commercial real estate, they have made their way into positions of influence, especially in the retail sector.

Massey is working with a team that includes “millennials in a very creative class,” to lease about 65,000 sf of retail space in Crosstown Concourse, a 1.1-million-square-foot urban village in Memphis with a \$400 million dollar price tag geared toward millennials.

“For the first time I participated in a retail charrette process,” says Massey, a 29-year industry veteran. “We collaborated on ideas of

tenants and retail concepts that would support the 3,000 daily workers, the residents of 300 on-site apartments units, and a very diverse economic and racial neighborhood. The latter is very important to the millennials working on the project.”

The biggest difference from other projects is the development’s intent, Massey says. “With these owners and stakeholders, it is not necessarily about the credit of the tenant but what the tenant means to the overall vision of the entire project.”

His clients don’t want a cookie cutter retail tenants, he adds. “They want to see retailers with education and production components built into the store. They want a coffee shop where you see the owner grinding the beans and a bike shop where the building and repairing of bicycles are on display.”

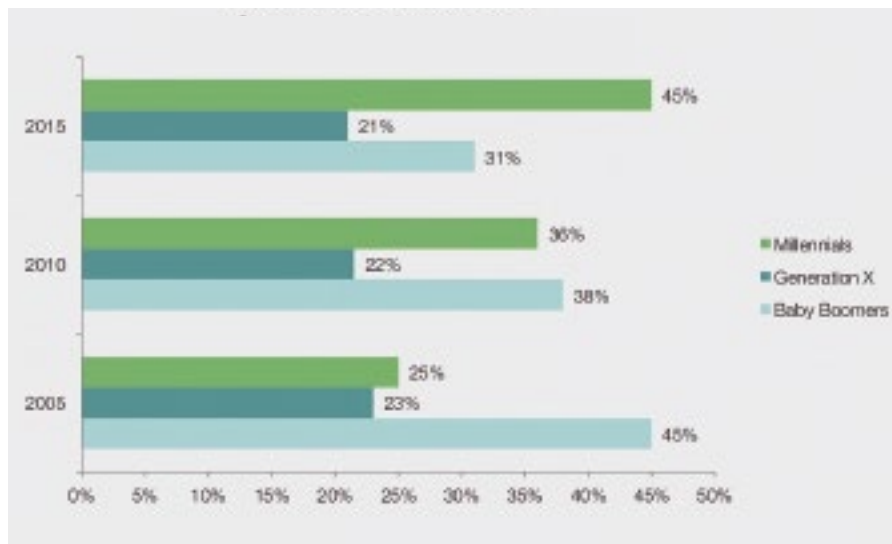
The Crosstown project requires a different approach to his job, Massey says. “The role of the leasing agent is no longer just transactional. I’m also a facilitator to help fulfill the vision. Before, we would look for cool national and regional tenants, but now, we also need to cultivate local entrepreneurs with the concepts that fulfill the goal.”

Benjamin R. LaFreniere, CCIM, a leasing and tenant rep with Quest Co. in Altamonte Springs, Fla., agrees that the role of commercial real estate professionals is changing. “It’s more of an advisory role and less of a site selector,” he says. “Companies are wisely moving real estate in-house where they can better react and focus on the changing millennial consumer.”

A millennial himself, LaFreniere has seen more millennial clients in the last few years. “What sets them apart from my other clients? Mostly their age,” he jokes. “And they usually understand some of my video game references.” But, he adds, “My millennial clients still have the same focus and drive as any of my other clients.”

Robert L. Zavakos, CCIM, CIPS, principal/NAI director, of NAI Dayton in Dayton, Ohio,

Generations in the Workplace



Source: Bureau of Labor Statistics Employment Projections

notices a pragmatic side to millennials as well, as he handles site selection for Firehouse Subs. “My millennial clients are more focused on the bottom line and creating wealth over time. They are less willing to take an expensive deal just to have a prime location, which was more of the pattern for my Gen X clients. They would rather be around the corner for the lower rent and higher profits.”

He says he spends more time asking questions and listening to establish common goals and expectations before searching for sites. “Millennials are not bashful,” he says. “They will tell you when you have missed the mark.”

EQ over IQ?

Because technology provides such easy access to information, “The skills needed in the workforce are going to be less about IQ and a little bit more about EQ [emotional intelligence],” says Deborah Henretta, a group president for Procter & Gamble, in a PwC report.

That’s important because commercial real estate is an EQ business — brokers and agents must be part psychologist sometimes to understand investors’ and tenants’ true needs and intentions. And despite the stereotype of the non-verbal communicator, millennials in commercial real estate recognize the importance of human interaction to success in the industry.

Having grown up with texting and instantaneous feedback, a millennial CCIM and his partner understood the value of providing continuous updates to keep a deal moving forward.

Working with a client about 25 years their senior, Drew Pearson, a broker with Waters & Pettit in Baton Rouge, La., specializing in industrial properties, and Jack McLarty, CCIM, now a corporate banker in Bank of China’s Chicago office, noticed a common thread in the client’s comments. “He was impressed with our attention to detail and enthusiasm we brought to the deal,” says McLarty.

An Industrywide Challenge

Looking at the big picture, hiring millennials is a not a choice, it's a necessity. The aging of the commercial real estate industry is well documented. The average age of a CCIM member is 54, according to the 2014 *CIRE* Reader Survey. The median age of a commercial Realtor is 60, according to the 2015 National Association of Realtors Commercial Member Profile.

Given the effect of the Great Recession and earlier market downturns on commercial real estate hiring, the reliance on an older workforce may be even greater in commercial real estate than in other industries. "The net result is an industry top heavy in highly valuable but graying executives and significantly deprived of mid- and entry-level talent," writes Jay Olshonsky, SIOR, FRICS, president of NAI Global, in *SIOR Professional Report*.

He estimates that, in some companies, "90 percent of the business flows from just 10 percent of the workforce," presenting a severe economic risk. In other words, if your top producer retires, gets poached, or drops dead, your company could be in trouble.

In addition, the lack of younger workers puts companies at a disadvantage strategically. Unlike earlier generations of new hires, millennials also bring to the table a critical market disrupter: confidence with technology, a key ingredient in today's marketplace.

The entry of a new generation into commercial real estate provides a prime opportunity for CCIMs to introduce younger colleagues to the CCIM designation program. What worked for an earlier generation of commercial real estate professionals can provide the proper training for today's up-and-coming professionals. It's old school meets new school: the CCIM education is a common bond that unites all generations through the language of deal making.

Pearson contacted the client about a potential opportunity that he thought fit well within his investment parameters. After the client asked for a financing referral, Pearson referred his client to McLarty, then a commercial banker with J.P. Morgan Chase. Pearson and McLarty worked diligently through tenant, property, and underwriting issues with the client and closed the transaction within the allotted time, much to the client's satisfaction.

"I think the most productive thing we did to satisfy the client was to constantly keep him updated on where we were in the deal cycle," McLarty says. "Nothing was too small or too bad to report. He said he had never worked with a broker or banker that made the effort we did to keep him in front of every potential issue and to feel like his transaction was genuinely important to the both of us."

Riley Harrison, a 25-year-old Realtor who specializes in multifamily and investment properties for Re/Max Premier Properties in Reno, Nev., also places more importance on the soft skills of networking and building connections in commercial real estate. "Practical aspects like financially analyzing, negotiating, and marketing investments can be done by just about any agent in the field," he says. "But establishing and maintaining solid business relationships with other agents and clients cannot. I'm surprised at how many agents I've witnessed shoot themselves in the foot by souring a perfectly good relationship with another agent or client by acting for their own best interest."

A New Mindset

While Harrison understands that his youth puts him at a disadvantage in an industry built on experience, "It's a hurdle that's easily overcome," he says. "Once I demonstrate that I have the knowledge to effectively analyze a property's financials and advise based on the current market conditions, clients begin to listen."

LaFreniere sees his comfort with technology as his biggest advantage as a millennial professional. "I grew up with tech. Nothing about the Internet, programming, or other upcoming tech really scares me," he says. "I am very data driven. I try to avoid using gut feelings as much as possible and try to operate off the data."

"Discounting this generation before interacting with them is a disservice," says Bill Gladstone, CCIM, SIOR, a commercial Realtor with NAI CIR. He speaks from direct experience. He has four millennial employees working for him in various capacities. The biggest change to accommodate his younger colleagues? "Flexible schedules," he says. "Of my four employees, not one has the same work schedule."

But with today's technology, it's not a big deal. Gladstone's office is set up so employees can work at home if necessary. "If you think about it, it makes sense," he says. "This took some getting used to on my part, but there has been no deterioration in our efficiency or speed of response to clients."

Gladstone says his younger employees also set boundaries between work and other time. "While they like money, it doesn't necessarily mean they would want to cut into their family time to make more of it. That was different for me," he says.

In the next five to 10 years, "we'll see millennials pushing themselves to think more creatively so they can keep their work/life balance in check," Gladstone says. "We will also see more flexibility in work environments. Efficiency can still happen outside the 9 to 5 'chained to your desk' schedule."

And stereotyping a whole generation is not in anyone's best interest, he adds. Although the generations may define success differently, "There are commonalities: hard work, dedication, focus, and initiative," he says. "So don't throw the baby out with the bathwater."

Sara Drummond is executive editor of *Commercial Investment Real Estate*.