

GEN Y

*HOW COMMERCIAL REAL ESTATE
FIRMS CAN ATTRACT AND RETAIN
MILLENNIALS*

**A REPORT ON GENERATION Y AND
COMMISSION-BASED CAREERS BY**

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Sperry Van Ness International Corporation (SVNIC), a commercial real estate franchisor, surveyed over 326 members of Generation Y (b. 1980 to 1995) in the United States, Canada and South America about careers, specifically asking about commission-based jobs and what they are looking for in future employers. This is part of SVNIC's on-going efforts to assist their independently owned and operated offices across the globe in recruiting top talent and diversifying their companies.^{1*}

*All footnotes in the study are included at the end as endnotes.

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I. EXECUTIVE SUMMARY

The commercial real estate (CRE) industry has been around since blacksmiths and pubs first opened for business; and it will continue to be around as long as there is commerce. Yet, the industry, which was hit hard during the recent recession, has an aging employee base. For a full five-year period (2008-2013), commercial real estate was not a lucrative career opportunity for many licensed brokers, and especially not attractive to younger professionals. This means that the industry needs to work harder to attract and cultivate the top talent of tomorrow.

The Millennial Commercial Real Estate Career Study conducted by Sperry Van Ness International Corporation (SVNIC) (“The SVN® Study”) attempts to answer how an industry led by white males,² many of whom began their careers before the Internet was open to commerce, can attract diverse young men and women, most of whom had their first smartphones in middle school.

In commercial real estate offices run by Baby Boomers and the Silent Generation, the Millennials (also known as Generation Y) and even the younger members of Generation X (b. 1965-1980) are often operating under a completely different paradigm. It’s not just about the technology, but how their access to the world through that technology has changed expectations of what is desirable in a work environment. Millennials are still ambitious and want to work hard, but they don’t equate working within a rigid 9-to-5 schedule as working smart or efficiently. They’ve also been raised in



families where they were part of the decision-making process, and worked on group projects throughout high school and college, so command and control environments are generally foreign to them.

Millennials are motivated to collaborate, yet want autonomy to try new things and an entrepreneurial environment that supports those efforts. They expect their leaders to be ethical, transparent and to care about all stakeholders, including employees and their local communities, as well as the issues that affect these stakeholders like sustainability, the environment and affordable housing. They want flexibility in work hours and location. They expect diversity and a clear path for advancement. They want to work hard and make money, yet many are hampered by loans and other debt limiting their ability to take on the risk of commission-based employment.

The following report provides an overview of 10 recommendations for the CRE industry, including the data that supports them. It should be noted that many of the recommendations are interconnected and would benefit more than Millennial employees.



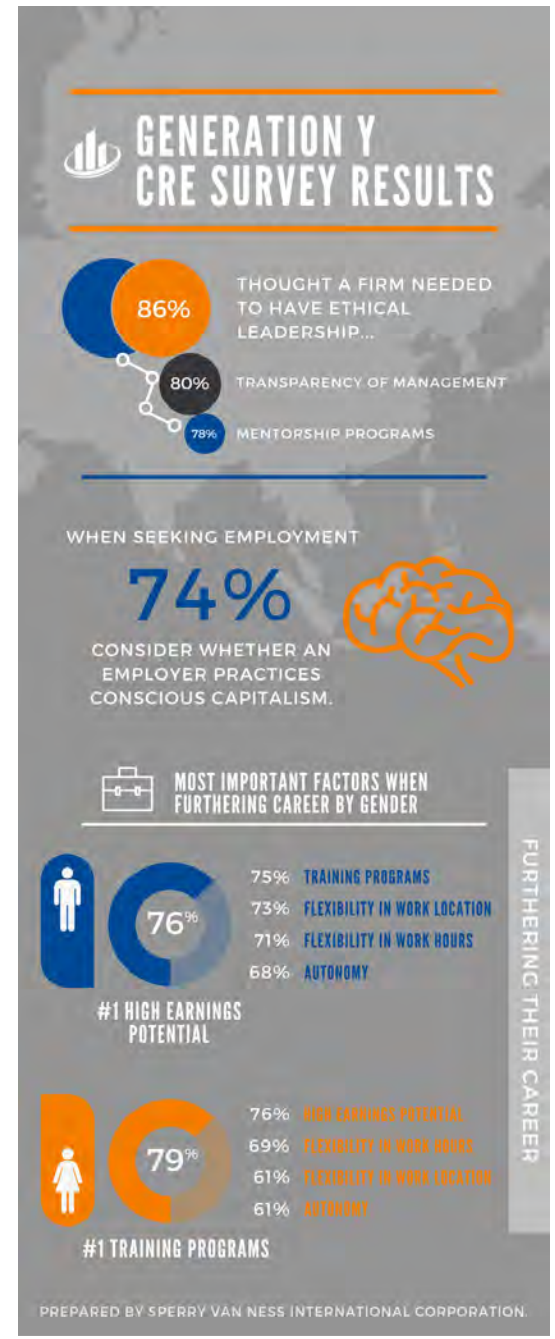
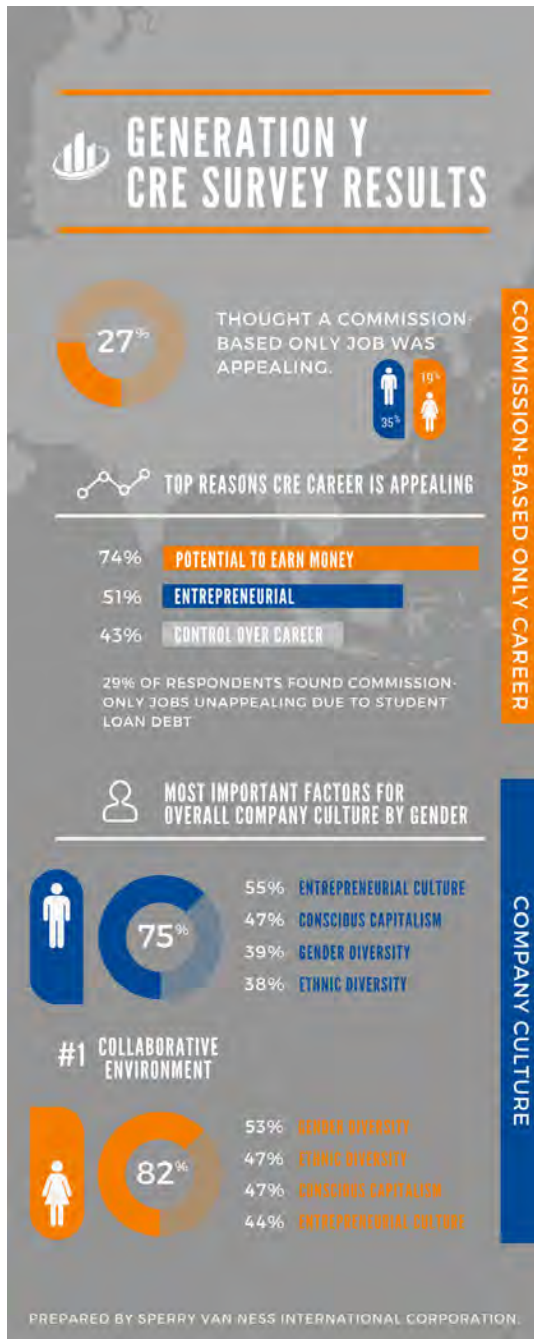
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11. TAKEAWAYS FOR THE CRE INDUSTRY TO ATTRACT MILLENNIAL TALENT

- 1** Expand your commission-based recruiting pool. With many top candidates hampered by student loans, the number of individuals who feel they can take on a commission-only job is decreasing.
- 2** Create a collaborative work environment through common goals, brainstorming and problem solving sessions. Bolster this with collaborative tools and workplace office design.
- 3** Boost your entrepreneurial spirit by rewarding innovation, supporting risk taking, and encouraging employees to think like owners.
- 4** Diversify your recruiting pools, your existing employee base, your leadership and your board of directors.
- 5** Ensure that upper management is genuinely ethical, transparent and open to mentorship programs.
- 6** Demystify management and create a clear path for advancement.
- 7** Highlight the high earnings potential and the training programs available to help Millennials succeed.
- 8** Provide flexibility in work hours and locations by moving to a results-oriented, "core hours" system and Cloud technology.
- 9** Incorporate conscious capitalism into your company mission and vision.
- 10** Engage in ongoing dialogs with Millennials. Establish a coaching relationship with younger employees as opposed to the classic "command and control."



III. GEN Y INFOGRAPHIC



II. OVERVIEW: SURVEY RESULTS AND PROPOSED ACTION ITEMS

1 EXPAND YOUR COMMISSION- BASED TALENT POOL

A commission-only job was appealing to 27% of The SVN® Study respondents (35% men, 19% women). With just over a quarter of respondents open to commission-only jobs, it is not in the industry's best interest to limit the hiring pool in any way. Traditionally, the commercial real estate industry has gravitated towards hiring males. This is partly a function of hiring managers receiving referrals to candidates who are similar to senior management (a mostly white, male population); and partly the fact that ethnically diverse and/or young women may not be within their social and professional circles.³

LOOK BEYOND THE FAMILIAR TO RECRUIT

Firms that want to attract the best talent need to expand their talent pool. They can do this by contacting universities with real estate programs or looking to diverse candidates in other industries; for example, healthcare and pharmaceuticals or staffing, where women make up nearly half of the sales force. Firms can also look for diverse talent in other areas of commercial real estate.⁴ Simply searching on LinkedIn for the skills a firm needs and not for faces that look familiar can help expand a talent search. CRE firms should not settle for who shows up in the hiring queue; they must make an intentional effort to diversify.



MAKE COMMISSION-BASED JOBS ATTRACTIVE TO A WIDER POOL OF CANDIDATES

In The SVN® Study, it was found that women were less likely than men to take a commission-only job (35% men and 19% women, respectively). However, the reasons both genders cited for not wanting a commission-only job were similar. They preferred a steady paycheck; found it too risky; and didn't think they had the personality for it. While not one of the top three reasons, 29% of respondents cited student loan debt as another inhibiting factor.

Commercial real estate firms that want to scale may have to devise recruiting methods that convince non-traditional candidates that they do, in fact, have the personality to succeed and that the rewards are worth the risk. Here are two recommendations:

- **PROMOTE THE PARTS OF THE JOB THAT NATURALLY APPEAL TO MILLENNIALS.** Respondents to the survey cited as their top three reasons to take a commission-only job: (1) the potential to earn a lot of money; (2) it would be entrepreneurial; and (3) it would give them more control over their career. The potential is there to earn a lot of money in CRE brokerage without needing an expensive graduate, or even undergraduate degree. A sales job is entrepreneurial but could prove less risky than starting a

company. Sales positions can also provide the flexibility Millennials desire and give them control over their career in ways that non-commission positions do not.

- **HELP MITIGATE THE LOAN SITUATION.** CRE firms may have to provide a loan or draw to qualified brokerage candidates with student loans. Otherwise, they could develop a paid internship program that lasts for 6 to 12 months. If neither of these are feasible, a company might have to make accommodations for the right candidate to hold a second job.



2 CREATE A COLLABORATIVE WORK ENVIRONMENT

The SVN® Study respondents ranked a collaborative work environment as their top priority for overall company culture when it comes to seeking employment (82% put it as either “very” or “extremely” important).

CHART 2.1 WHAT IS MOST IMPORTANT TO YOU IN A POTENTIAL EMPLOYER/COMPANY WITH REGARD TO CULTURE?
(MEN AND WOMEN COMBINED)

Cultural Factor	Extremely Important (i.e. Deal breaker)	Very Important	Good to Have	Not Very Important	Not a Factor	Weighted Average
Collaborative Environment	27.96%	49.46%	17.92%	1.43%	3.23%	3.97
Entrepreneurial Culture	17.20%	32.62%	35.84%	7.53%	6.81%	3.46
Gender Diversity	15.77%	29.03%	38.71%	7.89%	8.60%	3.35
Conscious Capitalism Program	10.39%	36.92%	38.35%	6.45%	7.89%	3.35
Ethnic Diversity	14.34%	27.96%	40.50%	7.17%	10.04%	3.29

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When it comes to collaboration, commercial real estate firms need to walk the walk and not just talk the talk. There are three ways to do this:

- **MEETINGS SHOULD BE FOR GROUP PROBLEM SOLVING, AND NOT A FORUM WHERE LEADERSHIP DELEGATES WORK TO THE REST OF THE TEAM BASED ON A PRE-DETERMINED SOLUTION.** Organizing and designating age, ethnic and gender-balanced teams will provide for balanced perspective and reduce the likelihood of group-think. (See Section 4 for more on diversity.)
- **PROVIDE AND USE COLLABORATIVE TOOLS IN THE WORKPLACE.** Whether it is Google docs, Evernote, Trello, Dropbox, or video conferencing that allows sharing of screens, don't just tolerate this technology, embrace it.
- **DESIGN YOUR WORKSPACE FOR COLLABORATION.** Is your office a sea of private offices and cubes plus a single large mahogany conference room? That type of layout does not lend itself to the collaborative workflow expected by Millennials. Instead consider open spaces with tables, multi-use rooms and shared workspaces. (See Section 8 for more information.)



3 BOOST YOUR ENTREPRENEURIAL SPIRIT

If anyone in a CRE office answers the question about why their firm does something a certain way with “that’s the way we’ve always done it,” that office mindset is in need of an entrepreneurial makeover. Unlike their Generation X predecessors who sought out coveted internships and training programs at Fortune 500 companies, Millennials want the energy and variety provided by an entrepreneurial start-up. An entrepreneurial culture was cited as the second most important cultural factor overall in The SVN® Study. (See Chart 2.1.)

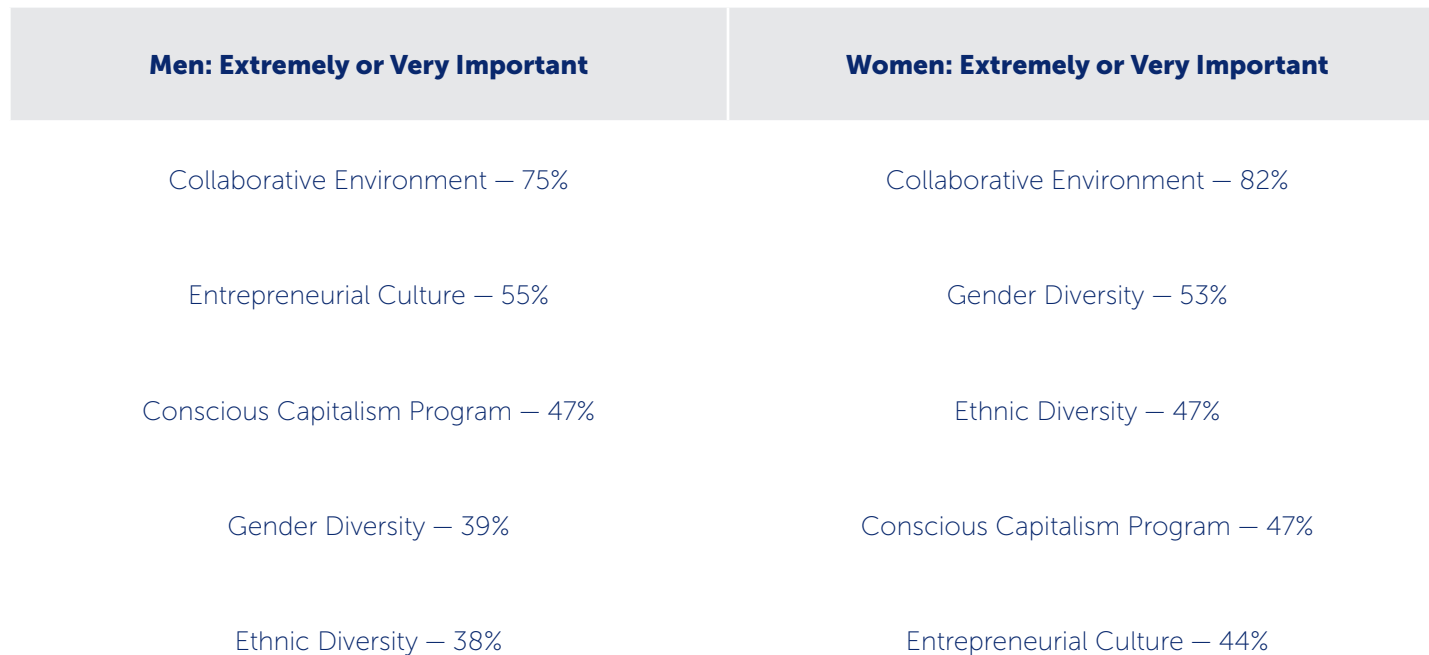
How does a company boost their entrepreneurial culture? It rewards innovation and encourages risk-taking. CRE firms can try pilot programs to test new software or processes, and incorporate failure as part of the day-to-day of doing business. Entrepreneurial firms invite Millennials to co-lead these new endeavors. It may take time to change the mindset of an entire organization, but even a change within a single department can help jumpstart a company-wide mind shift.



4 DIVERSIFY YOUR TEAM AT ALL LEVELS

Diversifying your recruiting pools will help CRE firms to recruit fresh talent, but as outlined in Chart 2.1, a lack of existing diversity can be a huge deal breaker for the diverse talent the industry needs. Half of the female respondents in The SVN® Study rated diversity issues as potential deal breakers. What might be surprising is that approximately 40% of male respondents agreed.

CHART 4.1 "EXTREMELY" OR "VERY" IMPORTANT CULTURAL FACTORS (BROKEN DOWN BY GENDER).



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Millennials demand diversity. This is one of the many reasons why it is good business for CRE companies to diversify at all levels, including new hires, middle management, executive leadership and even the board of directors. There exists a plethora of evidence that shows that companies with greater elements of diversity and gender balance outperform the economy's more homogeneous organizations. The business case for diversity is rock solid.

“*Business demographics are changing around the globe. Commercial real estate needs to better represent our changing client base in order to better represent those clients in the market. We need to recruit and develop leaders from 100 percent of the population, not just the 50 percent who are men. After all, more women are graduating with bachelor's degrees as well as MBAs than men, so we have far more qualified candidates. And you may have noticed that an increasing number of tenants occupying commercial real estate are women.*”

KEVIN MAGGIACOMO, CEO & PRESIDENT

SVNIC

NAIOP DEVELOPMENT MAGAZINE, FALL 2015





Diversity doesn't trickle up. It takes intentionality to change the status quo.⁵ But, if Millennials don't see reflections of themselves outside of their recruiting class, it sends the message that there is not a clear path for advancement at that company. A lack of diversity at top levels could also limit the ability of diverse candidates to find a true mentor or sponsor within a company. If a company talks about diversity, yet their executive leadership and upper management does not reflect the same, it also inhibits the transparency with which the company is managed. All of these are important cultural factors for Millennials. (See Sections 5, 6, 7 for more information.)

5 ENSURE THAT UPPER MANAGEMENT IS GENUINELY ETHICAL, TRANSPARENT AND OPEN TO MENTORING

The SVN® Study asked Millennials about what they expected of company leaders and upper management. Not surprisingly, 86% stated that ethical leadership was either “extremely” or “very” important. In fact, a lack of ethical leadership had the highest “deal breaker” rating of all cultural factors, where 54% responded that it was extremely important and a potential deal breaker.

In addition to ethical leadership, transparency of management and mentorship opportunities ranked nearly as high with respective 80% and 78% “extremely” or “very” important ratings.

When it comes to mentorship, having a formal program can work in some instances, but simply creating a culture where it’s expected that senior brokers will mentor new-to-the-business Millennials can make a difference. Often, a bonus result is that there will be reverse mentoring that occurs when it comes to technology use.

6 DEMYSTIFY MANAGEMENT AND CREATE A CLEAR PATH FOR ADVANCEMENT

Transparency of management means full disclosure of management and decision making processes. For Millennials, companies that do not act transparently - by providing access to upper management, explaining processes including who is involved and what decisions are being made about their company - are “dinosaur companies.” Dinosaur companies are large businesses that can’t innovate or respond to customers, employees or a changing environment. In other words, the opposite of what a Millennial seeks in an employer.

Transparency in management also plays into creating a clear path for advancement for younger employees. Millennials are less likely to leave if there is a clear path for advancement laid out for them within the company. They want to know that they can make it into upper management and what they would need to do to get there. This is where mentorship programs can also play a role.



7 HIGHLIGHT THE HIGH EARNINGS POTENTIAL AND THE TRAINING PROGRAMS AVAILABLE TO HELP MILLENNIALS SUCCEED

When asked in The SVN® Study for the most important factors with regard to their own individual career path, the high earnings potential in a career ranked as most important (for both men and women). That was followed by the availability of training programs and flexibility in hours and work location.

CHART 7.1 FACTORS IMPORTANT TO MILLENNIALS WITH REGARD TO THEIR OWN CAREER PATH

Individual Career Factors	Extremely Important (i.e. Deal breaker)	Very Important	Good to Have	Not Very Important	Not a Factor	Weighted Average
High Earnings Potential	32.37%	45.53%	20.50%	1.08%	2.52%	4.02
Training Programs	28.67%	48.39%	19.00%	1.43%	2.51%	3.99
Flexibility in Work Environment (Hours)	29.96%	40.43%	24.55%	1.81%	3.25%	3.92
Flexibility in Work Environment (Location)	28.32%	39.07%	25.81%	3.94%	2.87%	3.86
Autonomy	20.79%	44.44%	27.60%	3.58%	3.58%	3.75

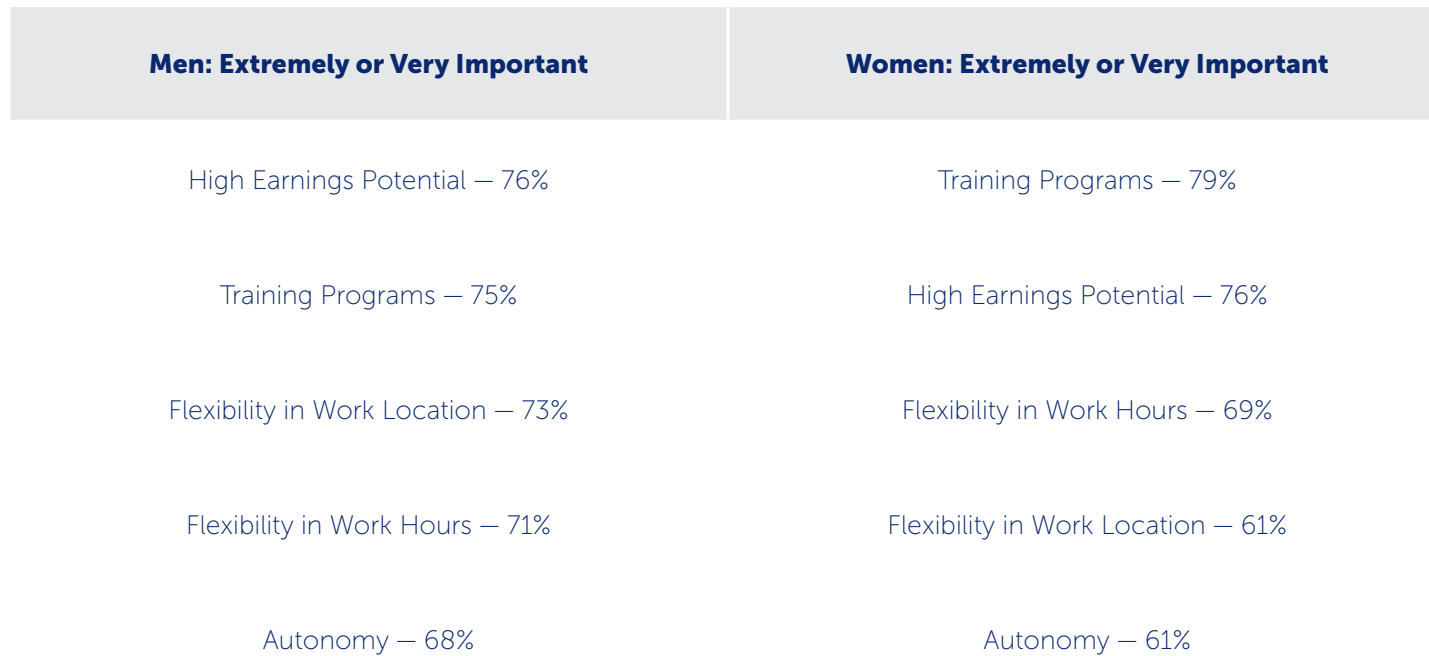
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8 PROVIDE FLEXIBILITY IN WORK LOCATIONS AND HOURS

Who wants flexibility? Everyone, but especially Millennial men and women.

While more men than women put workplace location as extremely important, both groups want out of the cubicle and freedom from rigid work hours.

CHART 8.1 MOST IMPORTANT FACTORS FOR MILLENNIALS FOR FURTHERING THEIR CAREERS (BROKEN DOWN BY GENDER)



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Want to see how Millennials like to work? Visit a co-working space and observe the mix of offices, call booths, group work areas and open space. Millennials aren't looking to sit in a cubicle and do the same repetitive task over and over. If you incorporate group projects and brainstorming meetings into their day, they are going to need other locations to meet within the office. They also want to work from a coffee shop or their apartment, but the reason is not to be less productive. In fact, it's a way to focus, avoid downtime in rush hour, or even to work during off-hours.

Commission-based jobs are perfect for flexible work locations. If visiting clients, as long as the firm is using cloud-based collaborative tools, employees don't have to lose working time commuting back to the office. More importantly, commission-only careers are results-driven, so it's easy to monitor employee effectiveness in or out of the office.

As Millennials age and begin to marry and have kids, we can expect their interest in flexible work and hours will only increase. Generation X'ers are the ones who stand to benefit from this demand for flexibility as they will be replacing their childcare responsibilities with elder care as their Silent Generation and early stage Baby Boomer parents fully retire from the workplace. This is one of the many examples where Millennial demands can be valuable to others in the workforce.

9 INCORPORATE CONSCIOUS CAPITALISM INTO YOUR COMPANY MISSION AND VISION

Conscious capitalism is when businesses serve the interests of all major stakeholders—customers, employees, investors, communities, suppliers, and the environment. When asked whether a business engages in conscious capitalism was important to them, 74% of The SVN® Study participants stated that it was. When asked to brainstorm ways the commercial real estate industry could incorporate conscious capitalism into their business plans, the most frequently stated suggestions centered around three main topics.

- **PRIORITIZE** Sustainable, environmentally-conscious, green buildings and development.
- **WORK WITH COMMUNITIES AND NEIGHBORHOODS** to plan sensible retail and affordable housing opportunities.
- **PROMOTE GENUINELY ETHICAL LEADERS** who are respectful of employees, and provide fair wages and benefits.

10 ENGAGE IN ONGOING DIALOGS WITH MILLENNIALS

If you want to know what Millennials think, you need to ask and engage them. Millennials currently make up the largest generation in the workforce. The oldest Millennials are now 35 years old, and in five years many of them will be in senior leadership positions. Every generation brings change and the CRE industry, while slow to embrace change, will need to adapt. One of the best ways to engage Millennials is by establishing a coaching relationship as opposed to the classic “command and control.”

Simply asking their opinion is a big step forward and was greatly appreciated by many of the respondents to The SVN® Study who actually used the open comment sections to thank SVN for including them in the survey. Now it’s time to see if the industry will act on the results.





V. CONCLUSION

Commercial real estate (CRE) is an aging industry that would benefit from attracting Millennials. However, brokerage positions may not be as coveted as in previous generations as Millennials are burdened by loans and higher housing costs. This means that CRE firms that want to thrive in the next 10 years are going to have to diversify existing teams and expand recruiting efforts in order to attract talent. They also need to reposition how they promote the industry and emphasize the entrepreneurial and flexible nature of brokerage. Finally, the firms themselves will have to ensure they are ethical, collaborative and transparent with mentorship opportunities and clear paths for advancement.

As noted throughout this report, many of the concepts that Millennials find attractive or expect in their place of employment are interconnected. With each small adjustment, CRE firms can slowly adapt their traditional culture to one that meets the demands of their future leaders. For the firms that embrace this change, they will find that it's not just the Millennials who will thrive, but their entire company.



VI. ENDNOTES

- 1.** Using an electronic survey, SVNIC collected the opinions of 326 members of Generation Y (b. 1980 to 1995). We had 175 men and 151 women respond; 76% were college graduates and 21% had a graduate degree (89% were from the United States and 11% were from elsewhere in North and South America). Prior to launching the survey, SVNIC engaged a student focus group from Brazil through the International Entrepreneurship Center in Newton, MA for a more in-depth focus on the commercial real estate industry internationally.
- 2.** In 2013, the Equal Employment Opportunity Commission found that white males held 77.6% of all senior management positions in commercial real estate.
- 3.** In The SVN® Study, 59% of Millennial men knew someone in the commercial real estate industry compared to 50% of Millennial women. The study did not break down respondents by ethnicity.
- 4.** The 2010 CREW Network industry survey found that more women were employed and at higher levels in asset/property/facilities management than in brokerage or development services.
- 5.** For more on why diversity is good for business, please take the time to watch SVNIC President and CEO, Kevin Maggiasco's [TEDx Talk on Awakening the American Dream](#) located on the SVN website and YouTube channel.

VI. ABOUT THE AUTHOR



DIANE K. DANIELSON is the Chief Operating Officer of SVNIC. She has over 20 years of experience in commercial real estate that spans law, sales, marketing, technology and operations. Danielson is also a noted speaker on topics ranging from Generation Y and diversity to commercial real estate technology and workplace trends. She was the founder of the first social network for businesswomen in the U.S. and the author of several books on networking and social media. Danielson was recently named one of the Real Estate Forum Magazine's 2015 Women of Influence.

ABOUT SVN®

Sperry Van Ness International Corp. (SVNIC), a full-service commercial real estate franchisor of the SVN® brand, is one of the industry's most recognized names based on the annual Lipsey Top Brand Survey. With nearly 200 locations serving 500 markets, SVN provides sales, leasing, corporate services and property management services to clients across the globe. SVN Advisors also represent clients in auction services, corporate real estate, distressed properties, golf & resort, hospitality, industrial, investment services, land, medical, multifamily, office, retail, self-storage and single tenant investments. All SVN offices are independently owned and operated. For more information, visit www.svn.com/.



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