



## A 2025 Day In The Life

### In This Issue

- ◆ *Setting The Stage*
- ◆ *A Day In The Life Of – A Broker*
- ◆ *A Day In The Life Of – A Property Manager*
- ◆ *A Day In The Life Of – A Developer*
- ◆ *A Day In The Life Of – A Talent Manager*
- ◆ *A Day In The Life Of – A CEO*
- ◆ *A Day In The Life Of – A CFO*
- ◆ *Closing Comments*

### Friends & Colleagues:

“It was twenty years ago today, Sgt. Pepper taught the band to play. They’ve been going in and out of style...but they’re guaranteed to raise a smile...” These infamous opening lyrics to the Beatles’ “Sgt. Pepper’s Lonely Hearts Club Band” reflect the timeline of the real estate industry and the satisfaction of those who have had and are fulfilling successful careers within that industry. **However, what was once thought predictable is now less certain.** The facts and trends the real estate industry has depended upon are no longer valid in a world of disruptive technologies, consolidation, Big Data, choice, new consumerism, generational shifts, uncertainty and innovation. What used to be an abundance of great and available talent for real estate firms is now a fight for talent-share. Founder exits and consolidation abound. Global, national and regional dynamics; capital market shifts; dramatic demographic changes; and emerging new product and service trends now cause many real estate firms and leaders to be “going in and out of style.” What once was...isn’t. And what you could once “bank on” is becoming a fond memory.

**Status quo is not an option...it has become the first step to future irrelevance.** Aspirational and transformative leadership is now an essential requirement to succeed in today’s highly competitive marketplace. **History creates legacies, while talent, next-generation leadership and innovation create history. Winning future markets, not just today’s opportunities, must be the goal.** The real estate industry is increasingly shedding its self-directed or self-made identity and becoming a more collaborative, aligned network of talent, shared knowledge, data, relationships and strategic analytics. **Progressive linearism has become the business model of the past...and while the future will**



eventually become the past, the real estate industry, its companies and its leaders must cease “going in and out of style.”

## Setting The Stage

By the mid- to late-2020s, the real estate industry will be a beneficiary of the financial crisis which occurred earlier in the decade, precipitated by over-leveraged corporate and consumer borrowing, unchecked government spending, unfunded pension fund liabilities, approaching bankrupt Social Security and Medicare systems, social discord, tribal politics, a growing retirement-eligible labor pool who can't and won't retire, and Baby Boomers who have discovered that their accustomed consumption rate is not sustainable. The real estate industry will emerge from this “**Great Devaluation Disruption**” [government, corporate and personal] as the catalyst for positive change. **The political, moral and societal debris left by many [not all] self-absorbed Boomers and to a less extent Xers, indulgence plus income disparity, denial, and societal reflection will create an unprecedented opportunity for the real estate industry. The impact of disrupters, highlighted below, will reshape the entire industry.**

List [Partial] Of Real Estate Disrupters		
♦ 3-D Printing	♦ Computer Vision	♦ On-Demand Services
♦ 5G Infrastructure	♦ Crowd Funding	♦ Predictive Analytics
♦ Adblocking	♦ Crypto Currencies	♦ Renewable Energy
♦ Advanced Robotics	♦ Digital Twins	♦ Renewables
♦ AI Audits	♦ Driverless Cars	♦ Sensors
♦ Alternative Currencies	♦ Drones	♦ Sharing Economy
♦ Ambient Computing	♦ Electric Vehicles	♦ Smart Cities
♦ Artificial Intelligence	♦ Energy Storage	♦ Smart Health Tech
♦ As-A-Service Solutions	♦ Fintech	♦ Social Media
♦ Augmented Reality	♦ Genomics	♦ Solar Roof Material
♦ Automation	♦ Green Building Materials	♦ Solar Windows
♦ Biometric Scanning	♦ Hyperloop Travel	♦ Sustainability
♦ Blockchain	♦ Implantable Health Devices	♦ Transparent LED Glass
♦ Chatbots	♦ IoE	♦ Virtual Assistants
♦ Cloud Computing	♦ Machine Learning	♦ Virtual Realty
♦ Cloud-To-Edge Computer	♦ Nanotechnology	♦ Voice Recognition
♦ Cobots	♦ Next Gen Genomics	♦ Wearables

The “rebuilding of society” will begin with what is considered the foundation of self-actualization, stability, consistency, dependability and unique to the needs of each user...the real estate industry. Where people live, work, shop and recreate are not only physical assets but emotional, behavioral and socially impactful places to connect, interact, engage in opportunities,

experience new communitarianism and envision a brighter future. **Impacted by the digital transformation, the Internet of Everything (IoE) and knowing the perils of “trusting Big Data,” the new age of real estate leaders will be challenged to recreate, reconstruct, redevelop, revitalize and re-engineer [the “Re” words] our communities, cities and organizations.** The Founder mentality of the ‘80s, the Institutional mindset of the ‘90s, the undisciplined growth of the 2000s and the unleashed capital availability in the 2010s, are giving way to a marketplace of empowerment, order, entrepreneurship and harmony. **The real estate industry will be at the vortex of this transformative change.** However, this will not be the industry we know now. In fact, it could be a nearly 180-degree change from what we see today. **This change is transformational, not transitional.**

**Too often one can become a prisoner of the system and/or a prisoner of one’s thinking.** If you or your organization approach every day as a repeat of yesterday; if every strategy, action or process has been “done this way for years;” if the status quo is good enough...then your organization is at risk of “going out of style.” **Change cannot be shaped by memories on hard drives.** Change should be exciting and welcome. Creating change can be truly transformative. To be a leader, to be a leading real estate firm, to achieve the maximum enterprise value, **real estate firms must have an inspiring vision, challenge the status quo, model the way to a sustainable future, empower others to act, have a passion for excellence and seek valued and recurring relationships.** The sand pile of “could-have, should-have, would-have” strategic decisions must be relegated to the sand box of yesterday.

This newsletter provides a glimpse of tomorrow and shares what a “day in the life” of a real estate professional will likely look like by the mid-2020s. In the following pages, I will highlight the truly incredible changes ahead and open the door to the “many significant opportunities” everyone can anticipate.

### **A Day In The Life Of – A Broker**

**The brokerage business is in the latter stages of what was formerly a dynamic industry where the Broker controlled the data and transactional platform, quickly evolving into a data-, knowledge-centric industry with increasing dependence on strategic [vs. today’s “for-the-moment”] advice and insights.** Research and market knowledge in the past were Broker-centric and carefully guarded to restrict competition and control the outcome. Commercial real estate brokerage in the 1980s and ‘90s was collegial and generally centered around “personalities, characters and personal brand.” By the 2000s, the brokerage industry had slowly evolved into greater utilization and reliance on data, spreadsheets and transactional analytics, brand and accumulating geographic “dots on the map.” CoStar was founded in 1987 and went public in 1998, emerging as a leading data provider. The growth



of CoStar was a catalyst for the emergence and growth of other data platforms [CoreLogic, Real Capital Analytics, among others].

**A tsunami of mergers, consolidation, entity exits, bankruptcies and acquisitions, which began in the 1980s, has now reset the real estate brokerage industry.** CBRE, JLL, Colliers International, Cushman & Wakefield, Newmark Knight Frank, among others, now dominate the real estate services sector. Network-based [e.g., NAI Global] and franchise-based commercial brokerage firms emerged to accommodate secondary and tertiary markets as well as Brokers who “do not want to work for one of the majors.” Generational exits/retirements and an inability and/or unwillingness to keep pace [technologically and competitively for talent] has and will continue to “thin the ranks” within the brokerage industry.

**In the future, technology, virtual reality, strategic/prospective knowledge, mobile applications and secured data resources will eliminate many of today’s real estate Brokers. The Broker of the future will likely look like a McKinsey & Company Advisor, while brokerage firms will act like Google, offering a full suite of inter-connected, technology-based, contemporary products and services.** Site and space tours will trend toward virtual. Space will increasingly be leased to major global tenants on “units of consumption,” and/or in the case of industrial space by cubic foot. Real estate brokerage firms will rely upon predictive analytics, utilization of Big Data, virtual and augmented reality, and creation of proprietary research, while blockchain will reshape payment processes. Chatbots, social peer-to-peer communications, drone site “visitation” and the Internet of Everything will revolutionize business processes and automate marketing and communications.

**Global accounting and law firms could become “Certified Underwriters,” eliminating the need for Broker-provided analytics, BOVs and validation.** Cloud based analytical portals will be available to both buyers and sellers as “interactive transactions” replace “adversarial transactions.” Artificial intelligence will anticipate and correct leasing and investment sales challenges/problems before they occur. **In 10 – 15 years it may not be uncommon to see “standardized leases” for tenants requiring 10,000 or less square feet.** Utilization of psychographics, digital and platform economics will change the nature of space utilization and need. Location will be replaced by connectivity as the basis for leasing decisions. **Virtual space will begin to replace real estate** as hyper-connectivity and virtual reality grow in importance.

By 2030 the mobile workforce will comprise up to 70% of the U.S. workforce. The integrated physical space must create an enhanced user experience to appeal to occupiers. **By 2030, as much as 30% of all commercial space could be classified as “flexible, on-demand space.” The largest landlords in the future may own no physical space or buildings. Repeat...the largest landlords in the future may own no physical space or buildings!** Some studies reveal that by 2020 approximately “50 billion connected devices will have the capability of plugging into an office building.”



**The demand for “Third Places” will increase dramatically** as occupiers seek more connective, gathering places for work; and the entire definition of work and the workplace environment is rapidly changing. Indeed, the role and day in the life of a Broker will be dramatically different.

**To be relevant and competitive by 2025, most, if not all, real estate brokerage and service firms will become Strategic Advisors, Knowledge Experts and Implementation Leaders.** As many as 50% of today’s Brokers may not be able to adapt and productively respond to these industry changes...and thus will be replaced by knowledge experts, point-and-click predictive analytics, connectors, strategists and valued CRM professionals. Going to work for tomorrow’s Brokerage firm will be motivated by a desire to collaborate with an aligned team, have access to a suite of knowledge tools and possess a compelling value proposition. **Between 65% - 75% of work being performed by today’s Brokers could be automated.** Clients will increasingly expect/demand a Broker who is strategic, prospective, knowledgeable of the drivers of “my” business and a true collaborator. **Lone rangers need not apply in the new normal of commercial real estate brokerage.**

#### **Predictions**

- *By 2025 up to 50% of today’s Brokers could be replaced by the Broker of the future.*
- *By 2025 the Big Three global service providers could “own” most real estate data.*
- *By 2025 65% - 75% of work currently performed by today’s Brokers will be eliminated.*
- *By 2030 25% - 35% of the space needs of the Fortune 500 may be leased “upon demand.”*
- *By 2030 Google or another leading tech firm will have acquired one of the Big Three global service providers.*

#### **A Day In The Life Of – A Property Manager**

For many by 2025 [and clearly for everyone by 2030] **the nearly 100-year old title of “Property Manager” will be replaced** by titles far more reflective of the role, span of operational and “total asset experience” control, level of expertise, financial/business decision-making authority, technology acumen and overall leadership requirements. Property Management and the position of today’s Property Manager began as a career in the early 1930s as the role[s] of a Building Supervisor [an elevated engineer]. Formation of the Institute of Real Estate Management [IREM] began to elevate a career in property management. The title “Certified Property Manager” was created and the status and quality of Property Managers were significantly enhanced [today there are around 9,000 CPMs]. Real estate professional organizations such as BOMA, ICSC, ULI, IFMA, NAA, and NMHC, among others, also elevated the role and quality of the Property Manager (also including the apartment industry’s Community Manager) positions. **Unfortunately, yesterday’s Property Manager is not today’s and clearly will not be tomorrow’s Property Manager.**



**As the real estate industry moves to 2025, the title, role and responsibilities of the Property Manager will change dramatically.** In addition to managing four walls and the tenant or resident experience, tomorrow's Property Managers will be as or more focused on what is inside the four walls. Creating valued workplace environments, experiential retail destinations and interactive homes [not apartment units] will require interpretation of and adapting to new technologies, the IoE, automation, robotics, online tenant/resident interface, civic philanthropy, environmental sensitivity, disaster/emergency protocols, management of social media, predictive analytics and knowledge of new building materials and processes. **The Property Manager of tomorrow will act more like the Concierge at the Ritz Carlton, utilize technology like a Googler, and execute like an Air Traffic Controller.** This new role is more akin to an Enterprise or Business Director, since managing a "property" is becoming an increasingly smaller part of a Property Manager's responsibilities.

**Tenants will likely have "Tenant Chips"** or wear an apparel item that will provide entry, elevator and restroom access, will turn lights on and off, and regulate temperature control to accommodate the "work pattern" of each individual. Eventually these Tenant Chips will track wellness, activate multimedia/communications technology and carry out various tasks. Work orders will be placed via apps, and technology (such as that being offered by [Zenplace](#) and being developed by others) will track FFE usage and lifecycles. **Chatbots and AI bots will handle work orders.** Software will take data from Yardi [for example] and automatically create work orders. Leasing and property tours can be virtual. Cloud-based property management software will give owners and tenants 24/7 dashboard-like access to real time information, video streaming and reporting. Voice recognition will create instant communications between tenants/residents and tomorrow's Property Managers. Energy monitoring apps will create more building energy efficiency. Sensors in carpeting and common areas will enable better utilization and reduced maintenance costs. **Integrated building systems, "sustainable" and "wellness" ratings will be commonplace,** cost management systems, and telecommuting will require commercial buildings to become 24/7 hubs and portals for tomorrow's mobile and connected workforce. Video conferencing, digital files and the redefinition of "work" will alter building usage and utilization. Clearly disrupters are changing tenant/resident service expectations and delivery systems. **The Property Manager title and responsibilities today are soon to be turned upside down.**

**By 2025 and beyond, where we work, live, shop and play will become an interwoven fabric of connectivity, accessibility [on demand], generational preferences, plus social, behavioral and experienced-based environments. Purpose, meaning and impact will be valued more than financial performance.** Authenticity will be the foundational driver of occupiers as services increasingly replace space in buildings. **Up to 18% - 24% of revenues from property management could come from "network effect" services,** not management fees. Up to 50% of a Property Manager's time will be managing platform expectations, experience, predictive analytics and automated



building systems. Within the next decade, **it is increasingly likely to see an industry consolidation of real estate organizations from the Big 10 to the Big 5.** Indeed...the life of today's Property Manager will be dramatically different from today. The implications on hiring, training, certification and professional development will be significant.

#### Predictions

- *By 2025 up to 15% of buildings under 100,000 sf could be managed remotely.*
- *By 2025 most Property Managers will be utilizing some form of AI.*
- *By 2025 new building materials will begin to rapidly transform space utilization.*
- *By 2025 every Property Manager will seek a wellness rating for his/her building.*
- *By 2030 the title of Property Manager will be eliminated.*

#### A Day In The Life Of – A Developer

By 2025, the role of [and perhaps need for] a Developer will be dramatically different. **New urbanism; a protracted entitlement process; increasing governmental oversight [some might say interference]; new work/life and consumption patterns; driverless cars/vehicles; progressive zoning regulations; the emergence of new building materials; smart building technology; and enhanced 3D and 5D BIM technology will shift the role of a Developer to a bundler of strategic, value creating options and resources.** The digital transformation of the development process will reward transformational and early adopter companies and penalize the slow reactors. Drone technology, efficient resource management [for example [KATERRA](#) software] will reshape development processes. **Developers will not be constructing buildings...they will be creating environments and experiences, valued community assets that are fully-integrated...they just happen to be called buildings.**

Emotional intelligence will become more a part of creating desired and successful development projects. In tomorrow's marketplace, no one will be able to develop real estate assets without powerful software tools, Big Data, robust analytics [real time and predictive] and integrated building design systems. The ability to create building simulations; utilize nanotechnology; apply prefabricated, prefinished volumetric, and self-cleaning construction materials; utilize nanoporous materials and photovoltaic modules, apply phase change materials [PCM]; and utilize new building membrane structures **will make the Developer of tomorrow more of an integrator of knowledge and technology-based systems/processes to create value.** Expert in using Procore (which will go public in 2019), Developers are able to closely monitor the construction process and costs. Tomorrow's developer will place the tenant and experience ahead of traditional designs and functionality. In a marketplace of building automation, the use of micro-processes will eliminate analog control systems. Miniaturization of sensor systems, use of polymer concrete and renewable technologies will mandate a



new way of creating “development value.” Higher building efficiency and moving to Net Zero and Carbon Neutral will become the long-term journey for tomorrow’s developer. Modularity will enable more multi-functional and adaptable buildings to extend their lifespan and utility.

**Entitlement, [re]zoning, permitting and garnering approvals will continue to be a bureaucratic nightmare punctuated by moments of surprise and special interest interruptions.** Increasingly, single-purpose real estate assets will give way to multipurpose assets integrating retail, apartments, community services, healthcare, office, entertainment, community services and storage features. Future Developers must understand the impact of driverless cars and delivery trucks, drones, IPD methodology, life cycle cost analytics, branding and building system integration. **Developers will be a blend of creators, visionaries, technology/building system experts and external storytellers.**

Developers in the future will need to take advantage of “city spaces” and synergistic adjacency opportunities. Smart cities will mandate smart development. It will not be surprising to find 30,000 or more sensors covering a single floor space in an office building. Inclusion zoning, adaptive reuse, infill development, mixed-use and affordability will dominate development decisions. Industrialized delivery systems will create a new ecosystem for Developers. In addition, Developers of tomorrow should be deal structuring specialists, capital markets mavens, public/private experts, branding experts, public speakers, team leaders and transformative visionaries! **A day in the life of a Developer just got more complex...and exciting.**

By 2025 **Developers will be more focused on creating outcomes than physical space.** Occupiers will expect Developers to be the champions of eliminating inefficiency, redundancy and barriers to a positive, inside-the-four-walls experience. Demographic urbanization, plus generational, consumption and technology shifts will move development priorities from spaces to places. **Office Developers must create on-demand space in buildings or places that are inspirational and aspirational.** Office tenants will want more flexibility and shorter duration workplace environments [think moveable walls, holography and interactive communication hubs]. Apartment residents will expect the developer to provide personal customization, interactive technology gateways and personalized voice service connectivity. **In the experience economy, Developers will be the Conductor and first violin in a medley of concertos.** In the new age of consumerism, **Retail**

#### Predictions

- *By 2025 watch for the emergence of the Micro-Developer.*
- *By 2025 watch for tech companies to dominate building systems and occupier connectivity.*
- *By 2025 every new development should achieve a 90% or greater “Carbon Impact” score.*
- *By 2025 and beyond taxes for energy “inefficiency” will be applied to all buildings.*
- *By 2030 use of bioplastic, photovoltaic glass and biomimetic insulation will be commonplace.*



**Developers** should understand customer patterns, length of stay statistics, utilization and shopper visitation patterns as well as the need for more dynamic designs/experiences to attract and retain shoppers. **Industrial Developers** will be experts in robotics, drone deliveries, new stocking systems, last-mile distribution channels and creating places where people want to work. **Multifamily Developers** will become the maître d' of experience, 24/7 services, specialized needs, customized expectations and overall asset ambiance and performance. By 2025 the life of a Developer will be very different from today.

### **A Day In The Life Of – A Talent Manager**

**The future of work and the value of work are reshaping the role[s] of the Talent Manager.** A recent Korn Ferry report on “The Very Human Future of Work” found that human capital and intelligence is 2.33 times more valuable than physical capital. **Today there is a growing shortage of “great” and “qualified” talent.** Real estate CEOs and leaders are increasingly struggling with generational workplace conflicts, increasing workplace productivity, maintaining and strengthening a revered culture and core values, increasing transparency and empowerment, succession, and assembling and preparing a workforce to successfully overcome today's challenges while laying the foundation to exceed tomorrow's expectations. **How people work, where they work and what they work on are being redefined, reshaped and reconstructed.** Specialists, freelance workers, independent consultants, technology and the IoE, plus automation are transforming the function and day in the life of the Talent Manager. Amid a ferocious competition for talent, rising compensation expectations and the emergence of the “super workers,” real estate companies should rapidly rethink their overall talent management strategy and plan.

Use of predictive hiring analytics by 2025 will be commonplace. Diversity, individual and career development, psychological testing, managing human capital with automated and machine-controlled workflows, and virtual reality interfaces will become a Talent Managers' responsibilities. In the gig economy, talent management challenges include authenticity, volunteerism, social/community impact, mentorship and creating work that “has a purpose and meaning.” Functions such as payroll, record keeping, training and benefits administration will be automated and/or outsourced by 2025. **Talent**

#### **Predictions**

- *By 2025 around 30% or more of C-suite leaders will have retired.*
- *By 2025 best-in-class real estate firms will form a career partnership with their employees.*
- *By 2025 Talent Managers will manage up to 25% of their force working on-demand.*
- *By 2025 Talent Managers will focus on creating workforce collusions and valued interactions.*
- *By 2030 Talent Managers will be less focused on people and more focused on talent algorithms.*



**Managers in the next decade and beyond must become more strategic, change agents, creators of collusions, culture champions, collaborators, recruiters and confidants.** Talent Managers in the future must be workplace agnostics, since work can be conducted anywhere at any time. Talent Managers must become monitors of digital ethics and sponsors of intellectual curiosity. Data, analytical, behavioral and strategic skills will define the Talent Manager of the future. On-demand apps will facilitate recruiting and onboarding initiatives, AI will eliminate “boring” work tasks, while work spaces will be redesigned to fit purpose, productivity and preference. Over the next decade real estate firms will increasingly expect and assign overall responsibility for perfecting enterprise culture. **The roles and responsibilities of the Talent Manager are becoming far more valued, elevated and complex...while simultaneously becoming the foundation for enterprise success.**

### **A Day In The Life Of – A CEO**

The role and enterprise expectations for tomorrow’s CEO has been altered by the rude awakening of the global financial crisis, the challenging shift from the real estate cyclical change, increasing need to adopt technology solutions, growing demands from next-generation stars, and the debris cleanup from the overbuilt/overpriced euphoria of the prior decade. While tomorrow’s CEO day will begin and end with increasing technical connectivity, interaction and dependency...**the typical 24-hour CEO day will be replete with navigating a rapidly changing marketplace with unexpected challenges, surprises, opportunities and disappointments around every corner.** By 2025 for many, and by 2030 for most, real estate CEOs will be the Chief Investment Officer...but not the Investment Officer for deals, rather the CIO for enterprise talent, technology, relationships, systems and business practices, brand management, value creation and value protection.

Real estate CEOs in the future will be confronted with modularization, digital twin technology, supply chain optimization, moral purpose, connected solutions, customer discovery, impulsive curiosity and coherence making. The new era of real estate will be a constellation of new opportunities, challenges and discovery. Doing the same things over and over again will be relegated to the heap of discarded strategic solutions. The microgrid will unlock a plethora of new, redevelopment and value add investment and service opportunities. Successful CEOs in the future could become the 21<sup>st</sup> century version of some of our world’s great discoverers [the original entrepreneurs]!

Tomorrow’s CEO should be prepared for cyber-attacks, unexpected governmental intrusion/legislation, a more mobile and volatile workforce, rapidly changing clients, occupier, competitor and capital markets, and a recurring need to lead and inspire others. **The “do-it-all” CEO of the past 30-40 years, [i.e., “Founders mentality] will no longer be needed in an industry and marketplace which requires vision and transformative leadership.** The ability to quickly see how things *are*...and to then envision how things *should* be will be a valued skill. Tomorrow’s CEO will be a renaissance man/woman, capable of quickly adapting, possessing incredible communicating skills and a convincing



persona, inspiring to all within the organization, embracing change and new ideas, innovative and capable of exceeding financial, operational, client and Shareholder expectations. Part Saint, Prophet, Collaborator, Partner, Leader, Visionary, Communicator and Relationship Builder, **tomorrow's real estate CEO will be hard to find and harder to retain.**

The MBA CEO of the past will increasingly be replaced by the Transformational Leader for tomorrow. The tsunami of challenges for "the next generation of CEOs" will not abate over the next 10 years. Frankly, developing a succession strategy now would be a valued insurance policy for tomorrow.

**The next-generation of real estate CEOs will be transparent, collaborative and inspirational.** The real estate industry is shifting from a primarily transactional business to a creator of places people want to work, live, interact, shop, connect, fulfill expectations and fulfill dreams. While dependent on capital to succeed, tomorrow's real estate CEOs will be finding or creating ways to have "capital work for us, not us working for capital." Real estate is a flywheel of opportunities, not a lineal progression of transactional events. Tomorrow's real estate CEOs truly will be the Great Inspirational Delegator & Enterprise and Marketplace Navigator. It is not what they know, but **their ability to identify and convert opportunities before others that will determine the success level for tomorrow's real estate CEO.**

#### Predictions

- *By 2025 and by 2030 respectively, 15% and up to 30% of real estate CEOs will be women.*
- *By 2025 up to 50% of today's real estate firms will have a Board of Advisors or a formal Board of Directors.*
- *By 2025 the average age of a real estate CEO could be 50 - 55.*
- *By 2030 one of the CEOs of the 25 largest real estate firms will have come from the tech industry.*
- *By 2030 further consolidation will have eliminated up to 30% of today's CEOs.*

#### A Day In The Life Of – A CFO

Many real estate CFOs today, like yesterday's CFOs, were numbers-focused, reporters of data, keepers of records, monitors of financial performance, communicators of results, compliance providers and cash managers. Most if not all of those functions will be automated and/or accommodated by AI by 2025. Reporting on history will be far less valued than creating history. CFOs who lead from the front vs. playing catchup from behind will be in high demand. Accounting staffs could be 50% smaller as automation, electronic banking, Big Data and outsourcing replace the need for accounting personnel.

**The role of the CFO will shift from accounting to strategic matters, from resisting change to become a change agent, from adding to streamlining business processes, and from reporting to communicating results.** In a marketplace increasingly impacted by disruptors, tomorrow's real estate CFOs must embrace robotic processing, AI and predictive analytics. Within a decade, changes



in business practices, workforce demographics, cloud technologies and changing regulations, will require tomorrow's CFO to become strategic and a protector from risk.

The real estate CFO of tomorrow should not just think out of the box...he/she must change the box. By its very nature, the title of Chief Financial Officer is misleading for tomorrow's challenges. Unfortunately, many of today's CFO's, while great reporters of data, are not interested in and/or capable of becoming transformative business strategists who are people-based not report-based leaders. **We may be moving to a time where the CFO is more of a data scientist for change than a historian reporting on what has already occurred.** Fortunately for the real estate industry, technology can create opportunities for the CFO to focus on growth strategies, financial engineering and becoming an integral part of business development and client and/or investor engagement.

Tomorrow's real estate CFOs must be prospective, not reactive, and their daily lives will be disproportionately spent on building a bridge between strategy and finance, closely monitoring cyber security, seeking and creating growth/performance opportunities and staying current regarding technology advancements. Working alone...together will be the CFOs mantra in the future. Blockchain technology, IT security and an ability to "make sense" of new tax laws, accounting regulations or compliance reporting requirements will keep CFOs active over the next decade.

A typical day for a CFO will be 20% strategic, 10% innovative, 10% compliance, 10% technology navigator and integrator, 10% Team Coach, 20% Advisor to the CEO and 20% on growth initiatives.

Because payroll, audits, banking, accounting, AP/AR and all repetitive tasks will be done via automation and AI systems, the CFO will have fewer people to manage and more time to facilitate enterprise growth and opportunity. **Perhaps the title CFO should change from Chief Financial Officer to Chief Strategic or Chief Forward-Moving Officer!**

#### Predictions

- *By 2025 and by 2030 respectively, 30% and up to 50% of today's accounting personnel will have been replaced by AI, automation and offshoring.*
- *By 2025 every real estate firm will have had multiple cyber attacks.*
- *By 2025 many real estate accounting departments will have Cloud Accounting and Artificial Intelligence Officers.*
- *By 2025 most small- to mid-size real estate firms will utilize cloud accounting.*
- *By 2030 most accounting departments will feel like LinkedIn, act like Expedia and be valued/trusted like Accenture.*



## Closing Comments

These are, indeed, uncharted waters for many in the real estate industry. The accelerated pace of change, uncertainty regarding future outcomes and daily unexpected surprises may be unnerving to many. However, the real estate industry's future could not be brighter. Like the Beatles...real estate industry's Day In The Life can become, for many, a Ticket to Ride.

I welcome your comments, feedback, insights and perspectives.

Regards,



Christopher Lee

### SPECIAL ANNOUNCEMENT

Over the past 25 years, we have received hundreds of emails and inquiries asking us to create a more frequent "one- to two-pager" on matters of strategic importance. We are pleased to announce that **we have launched an additional brief entitled *Leadership Conversation***. This features one topic, provides recommended strategies, includes a prediction and highlights key questions to ask at your next Executive or Management Committee. The feedback for this concept and format has been very positive, and we are excited for this kickoff. ***Strategic Advantage*, our regular newsletter, will continue as a quarterly publication.**

**Note:** *This report has been prepared by CEL & Associates, Inc., who retains all rights to its content. This report may not be reproduced, distributed, and/or used in presentations or offering/fund raising prospectus/memorandums, and/or used in communications, speeches and/or presentations in its entirety or in parts without the prior written consent of CEL & Associates, Inc. You may reproduce/distribute and/or share this article with friends, colleagues and associates. Opinions and forecasts contained in this, prior and future articles may change without notice. The author encourages readers to offer comments, feedback and recommendations for further enhancement to [newsletter@celassociates.com](mailto:newsletter@celassociates.com)*

### SPREAD THE WORD

If you enjoy reading *Strategic Advantage* and *Leadership Conversation*, and have benefited or received value from our insights and recommendations over the past 25 years, perhaps your friends, business associates, other members of your team or industry peers will also enjoy it.

You can provide them with an individual subscription by several options:

- Click here: <http://newsletter.celassociates.com> and fill in their contact info or forward this link to them
- If for multiple people, send us an email with a list of their individual contact info and email address

Today there are over 12,000 readers of Strategic Advantage...spread the word.

**Give Us Your Opinion:** We want to hear from you and to have future issues reflect your needs and questions. Please email your comments, ideas, suggestions and insights to [newsletter@celassociates.com](mailto:newsletter@celassociates.com).

**For More Information:** For more information regarding our services (Strategic Planning, Compensation, Opinion Surveys, Benchmarking, Performance Improvement, Succession Planning and Governance/Management), please email us at [newsletter@celassociates.com](mailto:newsletter@celassociates.com) or call 310.571.3113.

**To Subscribe:** To subscribe to CEL & Associates, Inc. and Christopher Lee's *Strategic Advantage* newsletter with ongoing insights, opinions and forecasts regarding issues, trends and opportunities within the real estate industry, please email us at [newsletter@celassociates.com](mailto:newsletter@celassociates.com) with "Subscribe" in the Subject line and provide your full contact information.

**To Change Your Contact Information:** Please email us at [newsletter@celassociates.com](mailto:newsletter@celassociates.com) with "Change Contact Information" in the Subject line and include your new contact information.



**CEL & Associates, Inc.**

**Disclaimer:** The opinions, forecasts, information and insights presented in this article are of a general nature and do not constitute the provision of investment, management or economic advice to any person, organization or governing board, and this article does not contain any recommendation(s) to buy, sell and/or invest in any security, real estate asset, fund or adopt as an element of any investment strategy. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy.

**Prior Newsletters: If you would like to download prior newsletters, please go to the following links.**

**Seven Strategies That Will Definitely Move The Needle**

<http://www.celassociates.com/onlinenewsletter/strategies-to-move-the-needle-sa-k061018.pdf>

**What Is Going On?**

<http://www.celassociates.com/onlinenewsletter/what-is-going-on-sa-k041118.pdf>

**Work Is Being Redefined & The Impact On The Real Estate Industry Will Be Transformative**

<http://www.celassociates.com/onlinenewsletter/work-is-being-redefined-sa-k011718.pdf>

**Are Today's Real Estate Business Valuation Models Outdated?**

<http://www.celassociates.com/onlinenewsletter/re-business-valuation-models-sa-k092417.pdf>

**What Keeps You Up At Night?**

<http://www.celassociates.com/onlinenewsletter/what-keeps-you-up-sa-k073017.pdf>

**Get Ready For Transformative Change!**

<http://www.celassociates.com/onlinenewsletter/transformative-change-sa-k050117.pdf>

**The Six Disruptors Transforming The Real Estate Industry**

<http://www.celassociates.com/onlinenewsletter/DisruptorsTransformingREIndustry-SA-K012917.pdf>

**The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part III**

<http://www.celassociates.com/onlinenewsletter/BankablePredictions-PartIII-SA-K031416.pdf>

**The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part II**

<http://www.celassociates.com/onlinenewsletter/BankablePredictions-PartII-SA-K022916.pdf>

**The Real Estate Industry In 2025 100 Bankable Predictions You Need To Know Part I**

<http://www.celassociates.com/onlinenewsletter/BankablePredictions-PartI-SA-K021416.pdf>

**Millennials Will Have A Dramatic Impact On Real Estate!**

<http://www.celassociates.com/onlinenewsletter/MillennialsImpactOnRealEstate-SA-K091215.pdf>

**The 6 Ps For Success**

<http://www.celassociates.com/onlinenewsletter/The6PsForSuccess-SA-K042615.pdf>

**It's All About Jobs**

<http://www.celassociates.com/onlinenewsletter/ItsAllAboutJobs-SA-K111214.pdf>

**The Future Of Retail Real Estate...A Tsunami Of Change Is Underway**

<http://www.celassociates.com/onlinenewsletter/FutureOfRetail-SA-K051914.pdf>

**Succession Planning Must Begin...Now!**

<http://www.celassociates.com/onlinenewsletter/SuccessionPlanning-SA-K041114.pdf>

**The Future Of The Office Sector**

<http://www.celassociates.com/onlinenewsletter/TheFutureOfTheOfficeSector-SA-K062013.pdf>

**Breaking Strategic Gridlock**

<http://www.celassociates.com/onlinenewsletter/BreakingStrategicGridlock-SA-K041713.pdf>

**The Great Generational Divide**

<http://www.celassociates.com/onlinenewsletter/TheGreatGenerationalDivide-SA-K091812.pdf>

**A Contrarian Perspective**

<http://www.celassociates.com/onlinenewsletter/AContrarianPerspective-SA-K110211.pdf>

