



Issue K080525

So, What Does It All Mean. . . And Where Do We Go From Here?

- ◆ *Declining Marriage & Birth Rates*
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Friends & Colleagues:

Leading and planning for tomorrow can be a challenge amid the uncertainty, doubt, and direction of events beyond one's control. That is especially true with today's economic, financial, cultural, global, and societal changes occurring at warp speed. A vicious circle of tribalism, declining public trust in government, and conflicting opinions on facts (true or false?) contributes to a maze of unknowns, uncertainty, and a preference for what was vs. what can be. Suzy Kassem is an American author who said, ***"Doubts kill more dreams than failure ever will."*** Compounding this current condition is the failure of once-trusted institutions to present facts versus opinions, plus financial mismanagement, abuse of sound business principles, disregard of core values, and the seemingly insatiable appetite of some people for more of the same. All have contributed significantly to the current condition. Separating good from evil and right from wrong used to be equated with having common sense. Voltaire observed in the 18th century, ***"Common sense is not so common."*** As Rene Descartes said, ***"It is not enough to have a good mind; the main thing is to use it well."*** Our society and social fabric are a blessing, but now we are in a transformative time. We seek solutions not sound bites, clear direction not reactions to moments in time, and a return to values-based leadership as guideposts in our individual and collective journeys.

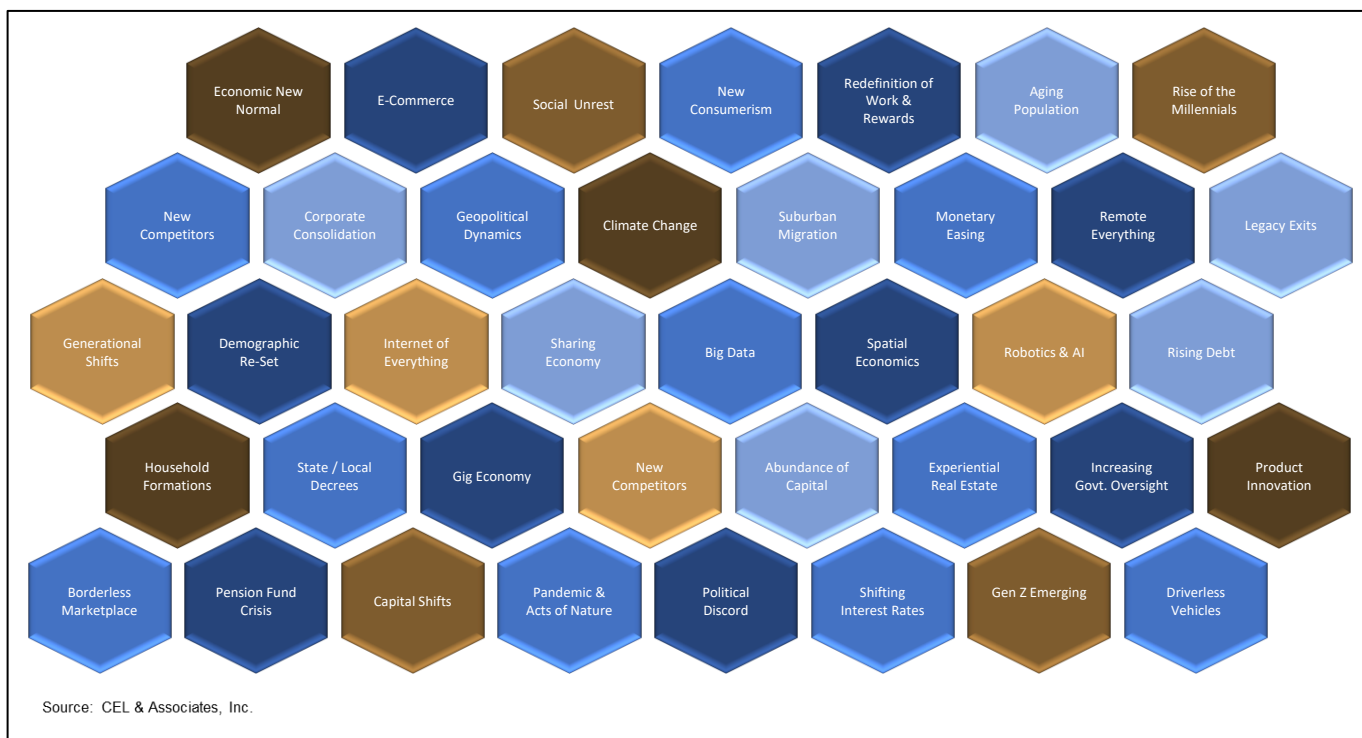
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The real estate industry has a key and possibly pivotal role to play in this transformative time. For centuries, the real estate industry was a proponent of and a catalyst for fulfilling society's needs, expectations, and dreams. The real estate industry solved problems, created valued community solutions, and was the fulfillment center where people lived, worked, raised families, shopped, entertained, and turned to when in need. Over the years, real estate founding patrons created new communities, dynamic downtowns, and iconic buildings; they valued environments and places where people wanted to go and enjoy. Doing what was right, seeking mutually beneficial outcomes, and actualizing "real" goals and strategies that addressed all Stakeholder needs were paramount. Marcus Aurelius, a Roman emperor and Stoic philosopher said, ***"Just that you do the right thing. The rest doesn't matter."*** Trammell Crow made several keen observations and among them that **life doesn't guarantee you everything**, and it must be understood that, ***"It's all up to you!"*** He said that learning about kindness and facing life wasn't because he was smart...but instead, ***"I had the good fortune to learn it by experiencing it."*** Today, in a time of transformation to a New Normal, the real estate industry needs leaders, companies, and team members who can see through the fog, focus on the long game, and are committed to doing the right thing when few appear to be looking for better outcomes. The graphic below highlights the **nearly 40 transformational shifts that are occurring simultaneously**...each individually and/or collectively have and will continue to have dramatic impacts on how real estate is acquired, financed, developed, managed, leased, sold, and operated.

Key Transformative Shifts Occurring Within The Real Estate Industry



The accelerating shifts of the real estate industry from asset- to capital-centric, from community/people to financial metrics, and from core values and integrity to transactional scorecards and rankings have disrupted the true value of real estate in society. Remember that real estate is the unfinished business of society. Margaret Mead once said, ***“We are continually faced with great opportunities which are brilliantly disguised as unsolvable problems.”*** We are in an exciting but daunting period as we move from what noted authors William Strauss and Neil Howe called the Crisis period to a High period when the catalytic energy of innovation, transformation and shaping purpose is manifest...and **the real estate industry is front and center in this cyclical and societal shift.**

Today is a result of the 1960s and 1970s. In th time frame most, if not all, of the ideological drivers of disruption today were born and nurtured [e.g., political polarization, Me Generation, denormalization of core values, greed-is-good northstar, facts-don’t-matter...it is how you “feel,” politics is personal, victimization, and an attitude of “if it feels good, do it”] and **relegated the real estate industry to a supplier of product, not a valued contributor of better outcomes for all.** Common themes included: developers were cast as evil, real estate investors were greedy, and quantity not quality often mattered the most. Outcomes were measured in quantitative not qualitative KPIs. Financial returns took precedence over Stakeholder returns. As a result, the real estate industry lost its mojo of creating great places as contradictory values, agendas, and priorities took center stage. Yes, there were many incredible exceptions to this norm, but the “straying from its roots” has placed real estate firms and leaders in the crosshairs of strategic choices...and it is those strategic choices that will determine the future role, outcome, and success of and within the real estate industry.

Further compounding the challenges facing the real estate industry are the top 10 issues every firm is addressing or should address now.

Top 10 Current Challenges Facing The Real Estate Industry

☐ Economic Challenges

- Inflation, Historically High Interest Rates, Slowing GDP, Global Conflicts, Recession and/or Stagflation Likelihood, Inability to Access Feasible Debt, and Tariff Impacts

☐ Talent Challenges

- Recruitment, Retention, Rising Compensation Expectations, WLB, Succession

☐ Workplace Challenges

- WFH, Quiet Resignations, Space Utilization, Virtual Interactions

☐ Investment Challenges

- Too Much Capital Chasing Too Few Deals...Rising Debt and Construction Costs...Seller/Buyer Pricing Gap...Supply/Demand Imbalance

☐ Technology Challenges

- Automation, AI, Predictive Analytics, Digitization, Modularization, Robotics

☐ Regulatory Challenges

- Protracted Permitting/Entitlement Process, Environmental Regulations/Oversight, Vacancy Taxes, Higher Permitting Fees

☐ Operating Challenges

- Rising Costs To Conduct Business [Legal, Rent, Insurance, Utilities, Labor, External Service Providers, Materials, etc.]

☐ Public/Private Indebtedness Challenges

- National, State, City Pensions, Personal Debt and Obligations

☐ ESG Challenges

- Actualization, Scaling, Adjustments

☐ Market Challenges

- Shifting Demographics, Migration, Generational Transition and Conflicts

Source: CEL & Associates, Inc.



The table below highlights some of the Megashifts that have transformed the real estate industry.

Real Estate Industry Megashifts

Category	Long Ago	Yesterday	Today	Tomorrow
Business Focus	Local / Regional	Regional / National	National / Global	Cyber
Operational Focus	Collecting Assets	Collecting Fees	Collecting Relationships	Collecting Predictive Data
Market Focus	Seeking Sites	Seeking Market Share	Seeking Customer Share	Seeking Connective Share
Service Platform	Focus On Service	Focus On Solutions	Focus On Connectivity	Focus On Customization
Business Driver	Market-Driven	Capital-Driven	Knowledge-Driven	AI Driven
Brokerage	A Representative	A Broker	A Consultant	An Advisor
Property Management	Facility Manager	Property Manager	Business Leader	Enterprise Leader
Leadership	Founder(s)	Executives	Transformational	Visionary
Talent	Employee	Associate	Collaborator	Partner
Organizational Design	Hierarchical	Flatarchies	Holacracy	Virtual

Source: CEL & Associates, Inc.

We are in, what I like to call, an Age of Consequences. Today, all facets within the real estate industry are exposed to unprecedented challenges, transformational impacts, fresh beginnings, and surprises around every corner. In these times, **one must look forward rather than backward; pivot and accelerate, not stay in place; and do different things not do things differently.** For the real estate industry, possessing historical experience is not enough...it is not what you know or have done...it is what you do with your knowledge and how you convert unique experiences and insights into opportunities. In this Age of Consequences, **success will be determined by the anticipation of and the ability to overcome consequences with the rapid industry, financial, societal, and technological changes.** This is not the time to be apprehensive and fearful...it is a time to step forward, innovate, and lead. In the 2020s and 2030s, the real estate industry [companies and professionals] must **evolve from a reactor to change to becoming a creator of change, and focus from being a reluctant observer to being an integral part of tomorrow's abundant opportunities.**

Statements to Ponder

- ❖ *"Your pathway to tomorrow begins today."*
- ❖ *"The best preparation for tomorrow is doing your best today."*
- ❖ *"Yesterday is not ours to recover, but tomorrow is ours to win or lose."*



Questions Every Real Estate Leader & Firm Should Address

1. What are our core values and why do we exist?
2. How do we define success?
3. How do we want to be remembered?
4. Have we made the lives of all Stakeholders better because of our actions?

The focus today must be on “what’s next” not “what used to be.” The real estate industry must reclaim its vital and valued role as the unfinished business of society.

By 2030 it is estimated that up to **30% of real estate firms existing in 2020 will disappear, and by 2040 that will likely reach 40%.** Within a decade, artificial intelligence could “take over” up to 50% of today’s operational and/or transactional functions. By some estimates, over 70% of today’s real estate CEOs are age 60 or greater. As the real estate industry moves through its current 10-, 20-, and 40-year cycles, and the U.S. moves toward its High period, a new era of leaders and leadership is needed to guide their respective companies and the real estate industry

successfully through this transition and transformation into an exciting, vibrant period of invaluable opportunities and the fulcrum to transform where people live, work, shop, and recreate. **The next epoch is upon us. Every real estate organization must set a laserlike focus on realizing their full potential,** establishing a compelling vision for success, and creating a rewarding path for all Stakeholders along that journey. The passion to explore new ideas, new ways of conducting business, embrace new technologies, and adopt new organizational architecture and new enterprise-based operating systems/practices will guide you well into the 2030s.

A New Business Model Is Emerging

Current Model	Future Model
Dominated By Personalities	→ Dominated By Knowledge & Data
Staffed By Employees	→ Comprised Of Collaborative Talent
Hierarchical Structure/Silos	→ Virtual Integration & Teams
Geo-Centric	→ Knowledge-Centric
Driven By Process	→ Driven By Creators Of Value
Governed By Organizational Charts	→ Consisting Of Networks & Empowerment
Market Share	→ Customer Share
Based On Contracts	→ Based On Relationships & Connectivity
On-Time Fulfillment	→ Real-Time Fulfillment
Commodity-Driven Customers	→ Values-Driven Resident Outcomes
Service By Policy	→ Service By Intuitive Behavior
Focus On Service	→ Focus On Valued, Recurring Experiences

Source: CEL & Associates, Inc.



The good news is that we are moving toward the end of this Crisis period, and **the cyclical shifts over the new High period will present many exciting opportunities for investors, owners, operators, and service providers within the real estate industry. But success will not come to those who stay anchored in the past.** The current disruptions, and there are multiple, will result in a combination of good and not-so-good outcomes. However, change is needed and real estate's role in remaking our communities is paramount...and long overdue. The real estate industry and your company, yes, your company, are the epicenter of this change and unprecedented opportunities. The industry has been and continues to be a positive catalyst for shared outcomes, addressing affordable housing needs, restoring infrastructure, healthcare, consumerism shifts, workplace environments, and designing ecologically friendly buildings. Remember, literally everything in this country has a direct or indirect link to real estate. In this new cycle and era we are entering, the mutually beneficial outcomes transcend "What's In It For Me" behaviors. The real estate industry and every real estate professional intending to prosper in the 2030s, must pivot and reset...now. The real estate industry must lead the charge for positive change, not wait to accept the change defined by others. One leads by example and adherence to core values, and **"play the game as it was intended to be played."**

The following are eight of 50 trends that CEL & Associates, Inc. tracks for our strategic planning and forward-looking clients. These highlight significant changes ahead and are intended to encourage readers of *Strategic Advantage* to pause and consider the impact[s] and opportunities.

Declining Marriage & Birth Rates

The National Center for Health Statistics, Bowling Green University and other sources, revealed that the U.S. marriage rate has dropped from 90.2 in 1950 to 28.1 in 2020 [number of women counted per thousand in a given year]. **The percentage of households headed by a married couple peaked at 78.8% in 1949. The percent of women who are married peaked at 65% in 1950, dropped to 60% in 1960, and declined to approximately 47% in 2024. In some U.S. cities, just 22% of the population is married.** Approximately 40% - 50% of first marriages end in divorce. Around 25% of children [more than 23 million] live in a one-parent home. In 2006, around 50% of U.S. adults considered it "very important" for couples having children to be married. By 2020 that percentage had dropped to 29%. **In recent years, the percentage of births to unmarried women in the U.S. is around 40%, or double the percentage in 1980.**

The U.S. fertility rate in 2025 is projected to be 1.79, well below the 2.1 births per woman needed to

Net Results of Trending Family Data

- ❖ Increased demand for affordable housing.
- ❖ Increase percentage in work-from-home parents and/or singles [creates less than for traditional office space].
- ❖ More accessible healthcare options [e.g., digital and medtail].
- ❖ Higher demand for e-commerce options.
- ❖ Growing need for larger housing units to accommodate changing lifestyles.



maintain a stable population. The median age for first time marriages in 1920 was 24.6 for men and 21.2 for women. In 2024, the average age for first marriages was around 30.2 for men and 28.6 for women. **In 1960, 72% of U.S. adults ages 18 and older were married. By 2025, that number has dropped to around 50%.**

In 2025, Hispanic women are expected to have an estimated 20% of all births in the U.S. The growth in Hispanic retail, grocery, financial, and health services has been extraordinary. **Today, 25% of the U.S. population is Hispanic. By 2035, over 50% of the population in California, Texas, Florida, Arizona, and New Mexico will be Hispanic.** The shifting demographics and declining marriage and birthrates are redefining the type, nature, design, and features of multifamily, retail, healthcare, and warehouse/distribution facilities...all driven by this generational shift.

Generational Customer Shift

Generation	Ramp-Up	Peaking	Decline Begins	Gone
Silent	1945 - 1965	1965 - 1985	1985 - 2005	2005
Boomers	1965 - 1985	1985 - 2005	2005 - 2025	2025
X Gen	1985 - 2005	2005 - 2025	2025 - 2045	2045
Millennials	2005 - 2025	2025 - 2045	2045 - 2065	2065
Z Gen	2025 - 2045	2045 - 2065	2065 - 2085	2085
Gen Alpha	2045 - 2065	2054 - 2085	2085 - 3005	3005

Source: CEL & Associates, Inc.

Shifting Age Cohorts & Ethnic Composition

By 2030, all Baby Boomers will be age 65 [around 73 million or 20% of the U.S. population]. **The number of people age 75 and older is projected to be over 33 million.** Since the 2010 census, every day about 10,000 people have turned 65. By 2034, older adults [65+] will outnumber children under age 18...the first time in U.S. history. While the U.S. population is projected to grow from 334 million in 2020 to 398 million by 2050, **the percentage of foreign-born population is expected to grow from 14.3% [47.9 million] to 18.2% [72.3 million] over that same period.** By 2060, Hispanics in the U.S. will account for nearly 29% of the population; in California and Texas, that percentage is expected to be around 50%.

In 2025, the U.S. Hispanic population is over 65 million. **In 2025 the purchasing power of Hispanics is expected to reach \$2.6 trillion, and by 2040 that total is expected to be \$4 trillion.** Today 52% of Hispanics rent their homes [vs. 28% of non-Hispanics who rent]. Hispanics are the fastest growing demographic of home buyers in the U.S. Perhaps a swap between the aging Baby Boomers needing less “homeownership hassles” and Hispanics who “want to rent a home” will emerge over the next 10 – 15 years. These shifting age and ethnic cohorts will open a floodgate of real estate



opportunities in multifamily, grocery anchored retail, starter homes, service retail, retirement housing, mixed-use projects and convenience retail.

Increasing Digitalization & Automation Of Real Estate

Globally the enterprise data management market size is expected to reach \$221.6 billion by 2030...growing at a CAGR of 12.4% from 2025 to 2030. **The AI global marketplace is projected to reach approximately \$1.8 trillion by 2030**...growing at a CAGR of 35.9% between 2025 to 2030. The global data center market revenue is expected to be around \$453 billion in 2025...growing to \$624 billion by 2029. The U.S. data center market is expected to reach \$309 billion by 2030. **Today the U.S. has 5,426 data centers.** The rapid enterprise digital transformation shift is dramatically changing how real estate firms operate.

AI Is Dramatically Reshaping The Real Estate Industry

- | | |
|--------------------------------------|------------------------------------|
| ▪ Predictive Analytics | ▪ Preparation of Lease Documents |
| ▪ Virtual Tours | ▪ Negotiation Scripts |
| ▪ Service Chatbots | ▪ Target Prospects |
| ▪ Automated Property Management | ▪ E-Commerce Tie-Ins |
| ▪ Lease Reviews & Audits | ▪ Market Analyses |
| ▪ Manage Tenant Requests | ▪ Competitive Set Reviews |
| ▪ Demographic Analytics | ▪ Investment Ranking |
| ▪ IoT of Everything | ▪ Architectural Plans |
| ▪ Proprietary Data Generation | ▪ Loyalty Program Administration |
| ▪ Heat Mapping | ▪ Equipment Monitoring |
| ▪ Creation of Play & Plug Models | ▪ Investment Sales Packaging |
| ▪ Interior Finishes | ▪ Investment Sales Lead Generating |
| ▪ Risk Mitigation | ▪ Emergency Responses |
| ▪ Data Analytics | ▪ Document Production |
| ▪ Work Order Automation | ▪ Vendor Fulfillment/Processing |
| ▪ Real Time Feedback/Analytics | ▪ Personalized Offerings |
| ▪ Accelerated Underwriting Decisions | ▪ Automated Compliance Data |
| ▪ Extraordinary Insights | ▪ Remote Maintenance |

Source: CEL & Associates, Inc.

The global robotic industry is expected to grow to a \$190 billion industry by 2035, remaking manufacturing, warehouse, and distribution facilities. The dramatic rise in WFH, “Everything As A Service” business model, and the exponential increase in cloud-based computing is spurring a dramatic growth in real estate development opportunities. In addition, dramatic changes to the real estate services industry are mandating significant organizational and structural changes, including the use of automated platforms, chatbots, contract management, predictive analytics, lease/contract execution, CRM systems, maintenance, rent collection, marketing, property management, budgeting and reporting, resource optimization, and many more applications that are rapidly reshaping the real estate services industry. The digitization of real estate is causing leading real estate firms to ask strategic questions such as: what will brokerage look like in 2030 and beyond; how many property management and corporate operation services can be automated and digitized; and how



will the investment and development processes change? **Some indicators show that up to 50% of functions in today's service companies can be automated or digitized.** So, what does a real estate company truly look like in 2030? It will be different than it looks today. As Winston Churchill said, **"To improve is to change; to be perfect is to change often."**

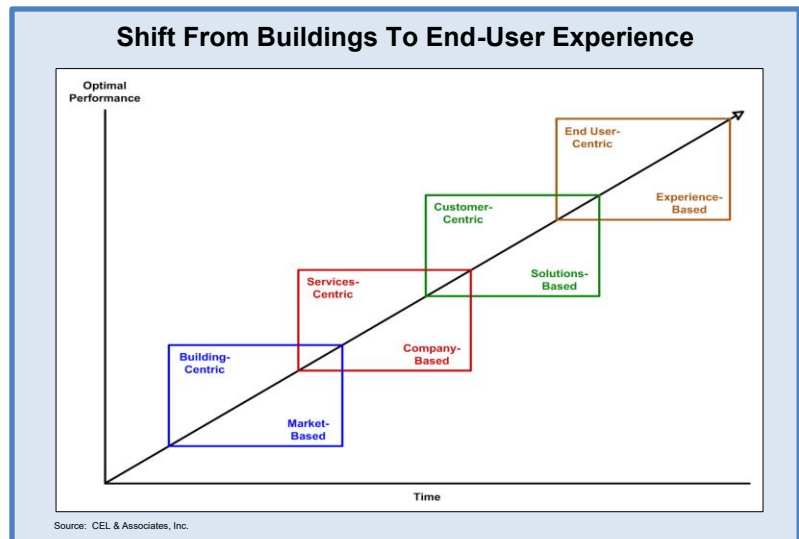
Shifting Work Patterns

According to a 2023 McKinsey report, 58% of Americans who had the opportunity to work from home at least one day per week would do so. Thirty-five percent [35%] of Americans had the option of working from home five days a week, and 28% of Americans had the option of working from home part-time.

Remote work may no longer dominate the U.S. labor force as it did during the height of the pandemic, but it

still represents a substantial share of employment today. **In 2025, it is estimated that approximately 36 million Americans will be working remotely, approximately 22% of the workforce.** Today Americans are embracing the practice. Many employers have adopted the two- or three-day per week remote option. Studies have reported that with remote workers, an employer can save nearly \$11,000 per employee, and the employee can save up to \$12,000 per year by working remotely. The role of hybrid work combined with offshoring, automation, and AI has and will continue to have a negative impact on office buildings. With the national office space vacancy rate around 19% - 20%, around 14% for prime office space, and new, more contemporary office buildings coming online, **the outlook for older office buildings is not encouraging.** Cushman & Wakefield estimates that **approximately 1.4 billion square feet of U.S. office space could become obsolete by 2030, including 330 msf that will never be leased again.** If 25% of the U.S. office inventory is vacant, the number of square feet of office space likely to become functionally obsolete is increasing rapidly. Genster estimates that between 25% - 30% of today's office buildings are suitable for conversion to residential units [today that cost could run \$700 or more psf].

With a rise in virtual meetings, by 2030 the global virtual meeting industry is expected to reach \$297 billion. Hotel, office buildings, and convention/meeting facilities will bear the brunt of the shift in work patterns. A number of real estate opportunities address these shifts, including: [1] conversion to residential; [2] creation of neutral structures that can adapt/pivot based on new technologies and changing space needs; [3] redesign of traditional buildings to reflect a place that engages and inspires tenants and surrounding community partners; [4] create a robust concierge platform that shifts from



taking care of the building to care of the tenants; and [5] reconfigure space to bring the outside ambience [lighting, landscaping, etc.] indoors. **The shift in the work patterns of Americans is well underway...the real estate industry must get ahead, and not play “catch up” with existing and emerging trends to capitalize on this dramatic sector redo.**

Consolidation...The Big Will Get Bigger

By 2040, as many as 35% - 40% of real estate companies in existence in 2020 will be gone via merger, acquisition, Founder retirement, and/or financial challenges. Remember the dramatic entrepreneurial spirit of the 1970s and 1980s, which saw a boom in the formation of real estate companies, and later in the 1990s experienced a record number of “spin-offs?” Fast forward to 2025, and many of those leaders have already retired, are in the process of, or beginning to consider retirement. Unfortunately for many real estate firms today, there are no “clear” handoffs, transition pathways, viable successors, or assured protection of career nest eggs. **Less than 10% of privately held real estate companies survive after the third generation.** Further compounding the challenge is that many aging Founders are reluctant to invest monies in new technologies and growth opportunities, talent, and taking the necessary steps to restructure their organization for tomorrow's opportunities. As a result, these firms slow down, lose marketshare, are unable to compete strategically, and have difficulty retaining great talent. Sources vary, today there are approximately 2.4 million commercial real estate firms, over 54,000 housing developers, and around 120,000 commercial real estate sales and brokerage firms in the U.S. **The opportunities for M&A are increasing every day.** Those real estate firms looking to grow and be competitive in 2030 should take advantage of this trend now. Setting oneself up for success tomorrow, reducing risk, and maximizing revenue potential should be at or near the top of every Evergreen real estate firm.

Increasing Government Intrusion & Oversight

Once the darling of Congress and local/state governing bodies, **the real estate industry has lost some of its influence, clout, and key role in policy formation...despite its best intentions.** An endless storm of paperwork is inhibiting the realization of many great projects due to protracted entitlement processes, rising insurance rates, increasing construction and labor costs, Covid-based moratoriums, environmental regulations, ESG and DEI requirements, changes in tax laws/compliance regulations, inclusionary zoning, supply chain challenges, and surprise legislation. According to the National Multifamily Housing Council [NMHC], **the regulations imposed by government – at all levels – account for an average of 40.6% of multifamily development costs.** NMHC further reported that 87.5% of developers “avoid” work in jurisdictions with rent control. There have been concerns over the past four to five years that the Federal government may: [1] declare housing a right; [2] make substantive changes to 1031 like-kind exchanges; [3] modify depreciation schedules; and [4] alter Carried Interest provisions. New tariff policies could increase material costs. **All-in-all, the real estate industry, while vocal, is not driving the eventual outcomes.** The privatization of Freddie



and Fannie, expansion of enterprise zones, embracing of low-income housing tax credits, and making permanent the expiring ordinary income tax rates could be a win-win for government and the real estate industry. Remember, politics can be messy, unpredictable, and too often difficult and disappointing. There is light at the end of the tunnel...unfortunately, some tunnels just seem longer than others.

Capital Remains In The Driver’s Seat

The estimated market value of U.S. commercial real estate in 2025 is expected to reach \$25 trillion. Multifamily is nearly \$3 trillion of that total. In 2024, \$437 billion in real estate was transacted – up 12.8% from 2023 totals, but down 50% from its peak in 2021. **Approximately \$1 trillion of real estate debt is considered “troubled.”** In 2025, office and multifamily maturing loans total near \$500 billion. An estimated \$1.1 trillion in float rate loans have matured and are maturing between 2024 – 2026. Currently around \$250 billion in real estate fund capital waits to be deployed. With transaction volumes down but improving, interest rates remaining elevated by historical standards, and market uncertainty, **capital will dominate headlines in 2025 and beyond.** The equity market value of all U.S. REITs at year-end 2024 was approximately \$1.4 trillion. The total gross real estate value of all U.S. REITs reached \$4 trillion by year end 2024. There are over **2,000 real estate funds that operate in the U.S. market,** plus countless small syndicated funds. Capital is clearly the driver of today’s real estate marketplace and industry.

Also impacting the future of the real estate industry in a capital-centric market is a pattern existing to

varying degrees in major urban areas. How does an urban community address its challenges if the “ownership capital” is not based/does not reside in the city, state or in some cases, the country in which it invests? When Yield, ROI, ROE, DCR, occupancy, effective rent, and other financial metrics dominate daily discussions and focus, how does any major metropolitan area make qualitative improvements? This presents an opportunity for the real estate community to lead, not follow. **In Los Angeles, for example, around 50% of downtown buildings and 67% of residential units are owned by people/entities that do not live in Los Angeles.** The Los Angeles District Council of ULI recent

Real Estate Continues To Be The Unfinished Business Of Society		
Decade	Real Estate Characteristics	
1950	More production oriented	
1960	Shaped a cultural revolution	
1970	Growth driven by “all-about-me” generation	
1980	Driven by greed and financial engineering	
1990	Transformed by digital revolution	
2000	Moved from local to regional and national firms	
2010	Began to lose control of its destiny as capital dominates	
2020	Reacted to uncertainty, pandemic, AI, and analytics	
→ 2030	Will become the driver of community purpose and redefi	
→ 2040	Will create the intersection of society’s needs	
→ 2050	Will shift from asset- to network-centric	

Source: CEL & Associates, Inc.

“Project Recovery: Rebuilding Los Angeles after the January 2025 Wildfires” was a dramatic, positive step in the right direction.

Leading Rather Than Managing

There are some real estate leaders who are leaders in title, leaders by attrition, or leaders by *crisis du jour*. There are other real estate leaders who are visionary, transformative and empowering. Leadership is not management...leadership requires transformative vision, innovation, aspirational communication skills, and outstanding interpersonal skills. Leadership and management work together, each in important roles. Leaders create change, while managers create process and stability. Leaders focus on strategic initiatives, while managers are tactical and focused on shorter-term priorities. Managers follow rules, policies, and procedures, while leaders thrive on out-of-the-box thinking, innovation, and unique ideas. Leaders ask why, managers ask how and when. Leaders care about people overall...while managers focus on process. Leaders set expectations and nurture future leaders...managers abide by historical precedents.

In today's new normal, real estate professionals must get out of the mundane and repetitious and into aspirational visions and actions that move the needle. In times of turmoil, transformation, and transition, leaders empower and collaborate, set priorities, overcome setbacks and challenges, encourage teamwork, and exemplify the core values of the organization. In the tumultuous world where the real estate industry finds itself today, the need for leaders and leadership is urgently clear. Creating a leadership development program, identifying and nurturing your organization's HIPOs, rewarding leadership excellence, and setting the expected measures of success are important. John Maxwell once said, ***“A leader is one who knows the way, goes the way, and shows the way.”*** A leader enables others to do great things. How does your leadership team stack up? I recommend you read the January 10, 2020 *Leadership Imperatives* issue of [Strategic Advantage](#) to gain further insights on this topic.

Closing Remarks

The uncertainty of today will become more clear over the next 18 months. The future, however, is very bright for those transformative visionaries who innovate, move beyond “doing what we have already done,” and empower others to do great things. Tom Fitzgerald, a Disney employee, said, ***“If you can dream it, you can do it.”*** Walt Disney said something similar, ***“All our dreams can come true, if we have the courage to pursue them.”*** As St. Francis of Assisi said, ***“Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible.”*** The ball is in our court...time to be transformative.

Regards,



Christopher Lee, Editor



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