



Issue K110725

The Real Estate Industry In 2040. . . Cycles, Psychology & Key Questions To Ask Today

- ♦ *Real Estate Is A Cyclical Business*
- ♦ *The Psychology Of Real Estate*
- ♦ *Staying Relevant & Competitive*
- ♦ *It Is All About Talent*
- ♦ *Closing Remarks*

Friends & Colleagues:

The father of history, Herodotus [484 BC – 425 BC], stated, “Circumstances rule men; men do not rule circumstances.” Simone de Beauvoir [1908 – 1986], French philosopher and writer, said, “Change your life today. Don't gamble on the future, act now, without delay.” **This is very true in the real estate industry as entrepreneurs, professionals, advisors and specialists seek to convert circumstances into value, moments in time into opportunities, and insights into tangible results.** As Peter Drucker stated, “The best way to predict the future is to create it.” Eleanor Roosevelt commented, “The future belongs to those who believe in the beauty of their dreams.” **Because real estate is the unfinished business of society, the future belongs to transformative visionaries.** Entrepreneurs who embrace what “can be” instead of replicating yesterday's successes will outperform in the years ahead. Real estate opportunities now and into the 2040s, are actualized by those who see beyond today, who are willing to step out of their comfort zone, and who want to make a difference for all Stakeholders. Charles Kettering, an American inventor, said it best, “My interest is in the future because I am going to spend the rest of my life there.” How do you intend to spend the rest of your life? Will you be a spectator or a participant, a way-we-have-always-done-it or a transformative visionary? Will you move the needle by shifting real estate from an asset to a dynamic environment, from four walls to what goes on inside the four walls, and from an industry increasingly governed by capital to an industry guided by making a difference in people's lives?

Today, the real estate industry, according to [The Real Estate Roundtable](#), **has a market value of more than \$25 trillion, and employs over 14 million professionals.** Today, CRE's overall contribution to GDP is estimated at \$2.5 trillion and makes it the eighth-largest economy in the world [just below France's GDP]. Despite its size and daily impact, the real estate industry has underperformed its potential but that is about to change. More than **60% of today's real estate CEOs and senior leaders are expected to phase down or retire by 2035.** While markets continue to evolve,



and building design and operating platforms are rapidly changing, the tsunami of changes created by Artificial Intelligence [both generative and predictive], digitization of literally every aspect of real estate, and massive demographic shifts are creating challenges for those who see day-to-day and opportunities but not for those who are looking in the rear view mirror. “Leadership is the capacity to translate vision into reality,” according to Warren Bennis. **When one’s vision is clear, the results can surpass expectations.**

In this issue of *Strategic Advantage*, we will examine a few of the major factors creating and impacting a tsunami of opportunities ahead, and provide 32 key questions every real estate firm should be asking in order to stay relevant and prosper in the years ahead.

Real Estate Is A Cyclical Business

While Joseph Schumpeter’s business cycle theory in 1912 was among the first explanations of economic and business cycle interactions, it was in 1946 that business cycles as we know them today were identified by Arthur Burns and Wesley Mitchell. Despite various attempts to quantify, define, and justify real estate cycles, it wasn’t until **2004 that CEL & Associates, Inc. first shared its now widely used definition of real estate cycles.** According to CEL & Associates, Inc., the commercial and multifamily sectors within the real estate industry experience three distinct cycles... every 40 years, every 20 years, and every 10 years, as highlighted below.

The Real Estate Industry Has 3 Distinct Cycles

Mega Cycles – Occur Every 40 Years		
1920 – 1960	Nation Building	
1960 – 2000	Boomer Awakening	
→ 2000 – 2040	Digital Age	
Super Cycles – Occur Every 20 Years		
1920 – 1940	Infrastructure Expanse	
1940 – 1960	Post-War Economy	
1960 – 1980	Period of Social Change & Challenge	
1980 – 2000	Financial Engineering	
2000 – 2020	Internet of Everything	
→ 2020 – 2040	Generational & Demographic Transition	
Decades Cycles – Occur Every 10 Years		
1990 - 1999	Age of Start-ups, Entrepreneurism & Multiculturalism	
2000 – 2009	Age of Exuberance and Debt	
2010 – 2019	Age of Capital, Asset, Entity Rebalancing & Consolidation	
→ 2020 – 2029	Age of Legacy Exits, Technology Disrupters, Innovation & Demographic Shifts	
2030 – 2039	Age of AI, Automation, Digitization, Sustainability, Individualization & New Urbanism	

Source: CEL & Associates, Inc.

The following table highlights the cyclical nature/unique aspects of four phases in life [the saeculum] and real estate.

Everything Seems To Come In Fours

Category	1	2	3	4
Seasons	Spring	Summer	Fall	Winter
Life	New Beginnings	Young Adulthood	Mid-Life	Peaking/Legacy
Family	Single	Married	Children	Empty Nester
Career	First Job	Calibration	Hitting Stride	Leveraging Wisdom
Capital	Invest	Grow	Transition	Exit
Company	Start-Up	Growth	Maturity	Renewal
Retail	Convenience	Personal	Discretionary	Essential
Multifamily	On My Own	Roommate[s]	Family	Buy A Home
Organization	Functional	Divisional	Matrix	Holocratic
Compensation	Salary/Wage	Annual Bonus	Profit Sharing	LTIP
Real Estate Cycle	Recovery	Expansion	Peaking	Recession
Economy	Expanding	Accelerating	Contracting	Trough
Personal Growth	Achievements	Improvements	New Experiences	Fulfillment
Leadership	Autocratic	Democratic	Laissez-Faire	Transformational
Balance	Love	Health	Work	Freedom
Psychological	Mimicry	Exploration	Commitment	Legacy
Capital	Open-Ended	Close-Ended	Private	Public
Investing	Core	Core Plus	Value Add	Opportunistic
Pillars	Cash Flow	Amortization	Appreciation	Depreciation
Archetypes	Prophets	Nomads	Heroes	Artists
Measures	Gross	Modified Gross	Net	Percentage

Typically there are four phases in every real estate cycle: the **Growth Phase**, the **Plateau Phase**, the **Crisis Phase**, and the **Transition Phase**. During the past six decades, nearly all real estate cycles [with some anomalies, e.g., Covid] typically begin on a year ending in 2, 3 or 4, and peak in a year ending in 7, 8, or 9, with a 12- to 18-month variable based on government intervention [or lack thereof] and other external factors. However, **generally the end of a decade** and the early years of the next decade **have been, with few exceptions, the Crisis Phase for the real estate industry**.

Thirty-five years ago Neil Howe and the late William Strauss, after examining the past 500 years, determined that **modern history moves in cycles...each cycle lasting approximately 20 years or the four periods of a life cycle**. Each era [High, Awakening, Unraveling, and Crisis] is due to the different social generations behaving differently. We see that today as many real estate founders/entrepreneurs are phasing down or retiring and a new generation of leaders is emerging. However, the response of those exiting or emerging leaders is directly tied to their ability to navigate the four phases of each real estate cycle with success.

For aging real estate leaders, “why invest in a technology I don’t know and will never use,” or “why change, I’ve been doing it this way for many years” are too often the result. In this **Age of Consequences** and the early stages of a Growth period, **those who can transcend the past, invest in talent and technology, attract and motivate great talent, and “let go” of day-to-day operations will be the beneficiaries of a successful future**.



Real estate cycles create opportunities, highlighted below.

2000 – 2040 – Digital Age

2020 – 2040 - Generational & Demographic Transition

2020 – 2029 - Age of Legacy Exits, Tech Disrupters, Innovation & Demographic Shifts

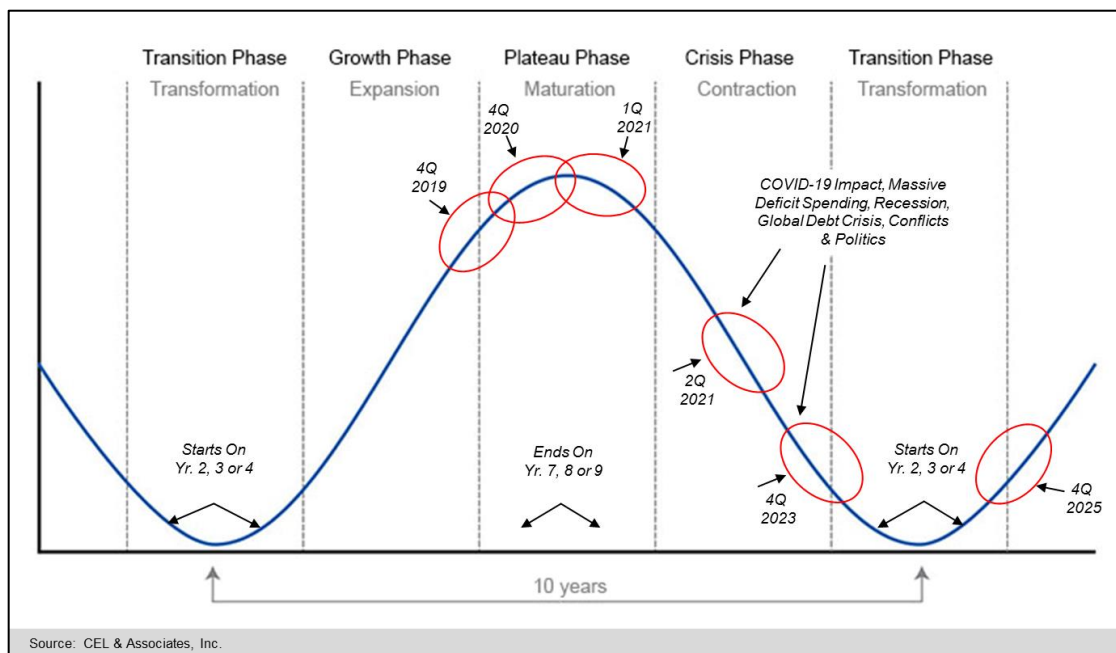
❑ Increasing Demand For:

- ★ For-rent, affordable, and valued residential properties
- ★ Grocery- and healthcare-anchored retail/mixed-use
- ★ Repurposing of non-core properties
 - Conversion of “aging” hospitality, office, and retail assets
 - Community-based outpatient healthcare facilities
 - Infrastructure and dynamic capital accessibility
- ★ Last-mile warehouse/distribution facilities
 - Contemporary senior housing facilities [requires a Best-In-Class Operator]
 - Brandable products, services, and proprietary knowledge
 - Best-In-Class Asset/Property Management
- ★ Urban/Suburban and Suburban Assets [move away from CBD]
- ★ Entity Acquisitions/Legacy Exits/Under-Capitalized Enterprises

Source: CEL & Associates, Inc. and published sources.

So where are we today in this real estate cycle? **We are at the beginning of the next Growth Phase.** Within the next two to three years, supported by the recently passed Big Beautiful Bill, lower interest rates, pent-up demand, and wave of manufacturing investments in America, it should create unprecedented opportunities. **Unfortunately, this Growth Phase will not succeed in cities and states that are not business- or asset-friendly.** Markets hampered by regulations, drop-of-the-hat moratoriums, protracted permitting processes, elevated crime, higher taxes, fees and rising living expenses will **vastly underperform their potential.**

Real Estate Cycles



CEL & Associates, Inc.

Real estate cycles are real and predictable. If you understand where things are going, you will succeed while others languish. Remember, everything you want is available if you are just bold enough to act. One must learn how to see things differently...look beyond the immediate fences and focus on seeing through the fog of uncertainty, doubt, and/or fear of failure.

The Psychology Of Real Estate

The real estate industry, particularly when making decisions in the investment stage, is often 50% quantitative and 50% qualitative. Go-no-go decisions are often tied to emotions ["how I feel"], insecurities ["what if I'm wrong"], memories ["I don't want to repeat my past mistakes"], biases, and anxiety ["fear of the unknown"]. As Mark Twain said, "*Courage is resistance to fear, mastery of fear-- not absence of fear.*" Seneca, the [Stoic](#) Roman philosopher, stated, "***It is not because things are difficult that we do not dare, it is because we do not dare that they are difficult.***" We are in different times, uncharted waters that mandate bold actions. To paraphrase a quote attributed to George Adair who was a post-Civil War real estate developer in Atlanta, "*On the other side of fear are the best opportunities you will ever experience.*" **As we enter the next real estate cycle's early stages, the elimination of fear, doubt, uncertainty, and personal insecurities will open the doors to a wealth of exciting growth opportunities.**

Noted human behaviorists including B. F. Skinner, John B. Watson, Ivan Pavlov, Leon Festinger, and Steve Marabdi have written extensively on human behavior and the impacts of external factors and learned associations. However, it wasn't until 1943 when Abraham Maslow created his hierarchy of needs theory. His theory is that **people have basic needs that must be met before one can pursue higher social, emotional, and self-actualizing needs.** Self-actualization is not an end point but a process in which people continue to stretch themselves. In the real estate industry, **the asset classes that traditionally outperform in good times and bad are those tied to food [grocery-anchored retail], shelter [apartments], and wellness [healthcare]. One can also add warehouse distribution assets [the fulfillment process of food, shelter, and wellness] to get a very clear picture of the role psychology has within the real estate industry.** Interestingly, few college curriculums include the psychology of real estate. To our knowledge, a number of major real estate organization courses have limited discussion of the impact of psychology on decision-making investment, operations, talent management, and leadership.

When real estate leaders and Boards of Directors interpret the world based on past experiences, biases, and context, they significantly limit a path toward prosperity, growth, and success. When one avoids the unknown or hesitates to step forward, those decisions reinforce the idea that the unknown is dangerous. Look at what Jim Rouse, Trammell Crow, Jonathan Rose, Gerald Hines, Rick Caruso, Bob Faith, Hamid Moghadam, Peter Bronfman, and many others accomplished by having the



confidence of their convictions, a vision of what could be, and an engaging leadership style that enabled others to exceed their perceived potential.

Real Estate Industry's 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.

Real estate is woven into the fabric of one's personality, emotions, confidence, and interactions. In 1924 while addressing the English Architectural Association, Winston Churchill said, *"There is no doubt whatever about the influence of architecture and structure upon human character and action. **We make our buildings and afterwards they make us.** They regulate the course of our lives."*

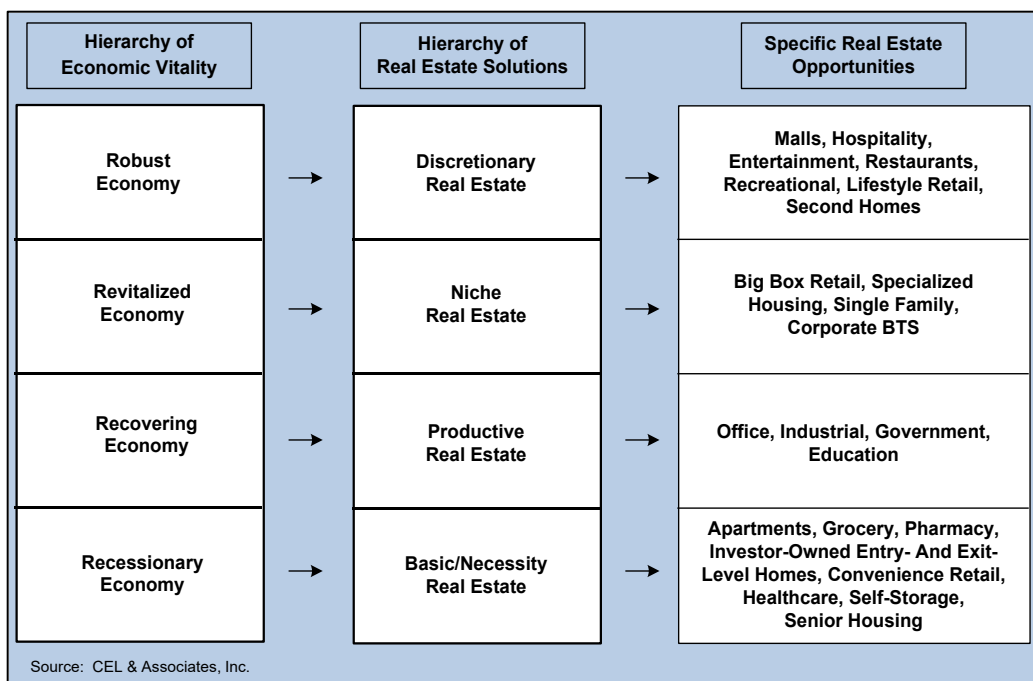
Our surroundings, our home and workplace environments, and our shopping experiences affect our lifestyle, mannerisms, overall wellbeing, and social interactions. Far more publicity has been given to the tallest buildings [**sense of conquering**, achieving the pinnacle of success, personal notoriety and accomplishment]; the largest malls [**sense of belonging**, a surge of dopamine, satisfaction of wants and needs, and **a place for both necessity and pleasure**]; and the grand apartment complex [**a place to call home, escapism, and recognition of accomplishment**], but buildings **are far more dynamic than acknowledged**. It is not the four walls, but what happens inside the four walls that is most important.

Today, the workplace environment, the omnichannel retail experience, and the multipurpose functions of a home are undergoing massive redefinition. An overlooked fact is that **around 70% of all major decisions in life** [go to college, get married, change jobs, divorce, have a child, make a

major purchase] all occur in the home. Yet for decades the multifamily industry recognized size, financial results, and value as the measures of success. That quantitative process is undergoing major change and reprioritization today. By 2040, it would not be surprising, for example, for every major owner, developer, and/or manager of real estate to have a full-time psychologist on the team. **Real estate firm today [large or small] have not truly perfected the monetization of the customer.** In the real estate industry, you never truly understand your customer until you consider things from their perspective and expectations. Blending cap rates, cost per square foot, IRR, equity multipliers, LTV, etc., with end-user customer satisfaction, customer retention, multiplier effect, and length of stay factors is essential to truly outperform one's competitors over the next 15 years. **Real estate appeals to all senses, is emotional and all about experiences.**

The table below highlights the Maslowian motivations and connectivity between the hierarchy of the economy, real estate and opportunities.

Real Estate Hierarchy OF Needs



Based on a thorough understanding of the Psychology of Real Estate, **the three asset classes that always outperform all others are those associated with Food, Shelter, and Wellness.**

❖ "Food"	-- Grocery/Discount Retail
❖ "Shelter"	-- Rental Housing
❖ "Wellness"	-- Healthcare
❖ "Transition"	-- Niche Real Estate



At the end of the day, people need a roof over their head, food, and a source for medical attention. Everything else is discretionary. Special or transition real estate [data centers, infrastructure, and niche real estate] complement the Food, Shelter, and Wellness assets.

Over the 2026 – 2040 period, **the 68 asset types that will consistently outperform the market** are highlighted below. These 68 asset types, when fully digitized and integrated with AI, will reshape, redefine, and re-energize the real estate industry.

Asset Classes That Will Outperform The Market 2026 – 2040

Food ✓			
☐ Precision Farming	☐ “Low Cost” Food	☐ Experiential Dining	☐ Natural Foods
☐ Grocery Hubs	☐ Convenience Stores	☐ Virtual Restaurants	☐ Omnichannel Retail
☐ Organic	☐ Fast Food	☐ Service Retail	☐ Influencers
☐ Digital Experiences	☐ Cloud Kitchens	☐ “Luxury” Food	☐ Personalized Options
☐ Discount Options	☐ Vertical Farming	☐ Healthy Foods	☐ Individualization
Shelter ✓			
☐ SF Homes for Rent	☐ Affordable Housing	☐ Co-Ops	☐ Congregate Housing
☐ SF Homes to Own	☐ Corporate Housing	☐ Senior Housing 55+	☐ Nursing Homes
☐ Conventional Apts.	☐ Condos	☐ Manufactured Home	☐ Mobile Homes
☐ Workforce Housing	☐ Subsidized Housing	☐ Student Housing	☐ RV Parks
Wellness ✓			
☐ Rehab Centers	☐ Birth Centers	☐ Walk-In Clinics	☐ Mental Health
☐ Surgery Centers	☐ Dialysis Centers	☐ Diabetes Centers	☐ Addition Centers
☐ MOBs	☐ Labs / Testing	☐ Diagnostic Imaging	☐ Orthopedic Centers
☐ Urgent Care	☐ Primary Care	☐ Pharmacies	☐ Podiatry
☐ Oncology	☐ Dermatology	☐ Neurology	☐ Urology
☐ Physical Therapy	☐ Gynecology	☐ Obstetrics	☐ Respiratory
Transition ✓			
☐ Self-Storage	☐ Adv. Manufacturing	☐ Single Credit Tenant	☐ TripleNet
☐ Data Storage	☐ Warehouse / Distr.	☐ Flex Industrial	☐ Select MPCs

Source: CEL & Associates, Inc.

Understanding human behavior and the psychology of real estate will unlock the door to an endless conduit of opportunities. Plato stated, *“Human behavior flows from three main sources: desire, emotion, and knowledge.”* Johann Wolfgang von Goethe, considered to be one of the most influential German writers, noted, *“Behavior is the mirror in which everyone shows their image.”* Those who lead the real estate industry and its multiple companies **must embrace the concept that “it is not about the four walls...it is what happens inside the four walls that matter the most.”**

Staying Relevant & Competitive

Socrates highlighted the need to acknowledge that **one doesn’t know anything and the best outcomes occur when individuals begin to question dogma**. In many real estate companies, these dogmas are those unwritten rules, assumptions based on the way we have done it, core values that are

not adhered to, and a lack of shared purpose. To be successful and relevant in the years ahead, the best approach is to ask questions and assume you may not be certain of the answers. This approach was made famous by Descartes in his Meditations book.

It is surprising that in the pursuit of outstanding performance, many real estate leaders, at all levels, follow historical precedents and too often don't take the

time to ask why. Sakichi Toyoda, the founder of Toyota Industries, deployed the technique of asking "why" five times to get to the core issue or answer. **The real estate industry should be asking more questions.** When discussing a challenging matter/question next time, ask these 13 questions highlighted above.

To stay relevant, I recommend real estate firms encourage all C-suite Executives to read one "relevant" book, attend one industry "knowledge-sharing" event, and/or attend at least one online industry insights seminar or webcast each Quarter. Perhaps have Executive Summaries prepared containing "takeaways" that could be utilized to make their organization more effective, and what follow-up actions they intend to undertake leveraging their "added" knowledge. These **"what I learned" moments** can be quarterly or three times a year. Just think about this...say five to seven C-suite Executives reporting three to four times a year on new ideas could bring 15 – 28 [say 20] "new" ideas to the organization to debate and decide on the regenerative applicability. The following list is just a few of the numerous annual unique conferences available.

- | | |
|---|---|
| ➤ Cruise Lines International Association [CLIA] | ➤ Family Office Club |
| ➤ Cruise Ship Interiors [CSI] Design & Expo | ➤ Milken Institute Events |
| ➤ CES Technology Conference – Las Vegas | ➤ SHRM Events |
| ➤ SXSW Innovation Conference | ➤ IMpower FundForum |

Key Questions That Must Be Asked Before Making Key Decisions

- ☐ What led you to this conclusion/recommendation?
- ☐ Do you truly believe you have asked all the questions?
- ☐ What will be the outcome of the recommended action?
- ☐ What must change to accomplish the goal?
- ☐ What resources, talent and investment are needed for success?
- ☐ What have others done in this situation?
- ☐ What questions have not been asked?
- ☐ What is the best-case scenario?
- ☐ What is the worst-case scenario?
- ☐ How accurate is the data you are using?
- ☐ What is unique about this question/matter?
- ☐ If you had "free rein," what would you do?
- ☐ What will be the long-term impacts?

Source: CEL & Associates, Inc.



Books open the door to challenge the conventional, stimulate new ideas, and provide foundations for additional discovery. John Steinbeck said, “*I guess there are never enough books.*” Readers of *Strategic Advantage* frequently ask my recommendations or which books I’m currently reading. Accordingly, I have listed below 10 books that I’m currently reading or re-reading...some for the third or fourth time, as we often read or perceive information differently at various times in our lives.

SUGGESTED READING

The following books are very timely and worth reading.

- ◆ *The Fourth Turning Is Here: What the Seasons of History Tell Us about How and When This Crisis Will End*, by Neil Howe, Simon & Schuster, July 2023.
- ◆ *The New Makers of Modern Strategy: From the Ancient World to the Digital Age*, edited by Hal Brands with numerous contributors, Princeton University Press, May 2023.
- ◆ *The Two-Parent Privilege: How Americans Stopped Getting Married and Started Falling Behind*, by Melissa S. Kearney, University of Chicago Press, September 2023.
- ◆ *American Urbanist: How William H. Whyte's Unconventional Wisdom Reshaped Public Life*, by Richard K. Rein, Island Press, January 2023.
- ◆ *Investing: The Last Liberal Art – Second Edition*, by Robert G. Hagstrom, Columbia Business School Publishing, January 2013.
- ◆ *Work Rules!: Insights from Inside Google That Will Transform How You Live and Lead*, by Laszlo Bock, Twelve, January 2023.
- ◆ *Generations: The Real Differences Between Gen Z, Millennials, Gen X, Boomers, and Silents—and What They Mean for America's Future*, by Jean M. Twenge, PhD, Atria Books. April 2023.
- ◆ *Meet Me by the Fountain: An Inside History of the Mall*, by Alexandra Lange, Bloomsbury Publishing, June 2022.
- ◆ *Cubed: A Secret History of the Workplace*, by Nikil Saval, Doubleday, April 2014.
- ◆ *The Invention of Nature: Alexander von Humboldt's New World*, by Andrea Wulf, Vintage, October 2016.

Source: CEL & Associates, Inc.

Which leads us to, “What questions should I be asking myself, my team, and my company?” While the following 32 questions are not presented in order of importance or priority, they provide a framework for debate and discussion. Whether you use the Socratic Method, Bloom’s Taxonomy, Kolb’s Learning Cycle, or the Question Formulation Technique, asking effective questions enables one to make good decisions. But you must ask the right questions to reach the foundation for great decisions.

Key Questions Every Real Estate Firm Should Ask . . .Today!

CEL & Associates, Inc. encourages all CEOs, Boards of Directors, and Senior-Level Executives to ask these questions and explore the strategic solutions and opportunities. These questions are not listed in order of importance.

- ☐ What is the core purpose of your company?
- ☐ Why does your company exist?
- ☐ Do you want your company to continue beyond you?
- ☐ What are your 2030 and 2035 measures of success?
- ☐ What are the biggest risks facing your company and how can you mitigate these?
- ☐ Are you prepared to pivot...quickly?
- ☐ What concerns you most about tomorrow?
- ☐ How are you staying ahead of your competitors?
- ☐ What KPIs are truly driving performance?
- ☐ How is your company staying ahead of the curve?
- ☐ Is your company sustainable? Will it be competitive five, 10, 15 years from now?
- ☐ How does your company foster a culture of innovation and celebration?
- ☐ What are the top three strategic initiatives you must accomplish this year?
- ☐ How is your company preparing to capture tomorrow's opportunities?
- ☐ Does your company have the leadership, talent and capital to grow?
- ☐ What is your company's flywheel for success?
- ☐ How has your company embraced new technologies to boost performance?
- ☐ What role does your company's core values have in governance?
- ☐ How are you becoming a better leader?
- ☐ What have you not been prepared for?
- ☐ What are your moral compass guideposts?
- ☐ What aspects of your business will be replaced by AI?
- ☐ What operational processes can be automated and/or outsourced?
- ☐ Is everyone aligned for success?
- ☐ How can you reduce risk?
- ☐ How are you motivating your team to go the extra mile?
- ☐ Has your company made its core values a behavior, not a poster?
- ☐ What has been learned from past mistakes?
- ☐ Can you clearly define the expectations for each Stakeholder?
- ☐ How will your company change to meet the digital era?
- ☐ What is your company's emotional salary?
- ☐ What is needed for your company to be relevant and competitive in the years ahead?

Source: CEL & Associates, Inc.



It Is All About Talent

Nothing goes on within the real estate industry without people. Even automation requires talented specialists to keep everything current, protected, and relevant. Around 70% of today's operating expenses are salaries, bonuses, benefits, and talent management. Working from home did not change that. Offshoring did not change that. **People, not machines, make the decisions.** The scorecard for real estate leaders, entrepreneurs, and companies is based on the quality of decisions made. Decisions shape the future. Whether you are the CEO, a Property Manager, a Leasing Agent, an Analyst, or the Director of Development...no matter what the title...**assembling the right team with shared values, a clear vision and defined purpose will make the difference between success and underperformance.** The secret sauce for best-in-class results is best-in-class talent and leadership.

Real estate firms aiming to be competitive today, in 2030 and beyond, must: [1] foster a collaborative, continuous learning environment; [2] empower others to make decisions; [3] build an agile, dynamic, and resilient workforce that is aligned behind a clear vision, purpose, and core values; [4] develop and implement a balanced and enhanced employee experience; [5] prioritize upskilling, reskilling, and internal mobility; and [6] achieve the ability to link concepts and knowledge from multiple perspectives. Technology should be deployed to maximize the ability of each employee to meet/exceed your and their expectations. AI should be a resource, not a crutch. Leadership must be visionary, transformative, collaborative, and transparent.

Assembling, perfecting, and harvesting the talents of skilled professionals requires having a comprehensive talent management plan and strategy. At every stage, from recruitment to onboarding, from training to career development, from compensation to employee recognition, and from a job to a passion...talent management always makes a difference. As Henry Ford said, *"If everyone is moving forward together, then success takes care of itself."* The role of every real estate leader must be to

Leadership Traits To Successfully Navigate Today's Uncertain Times

- Adopt imperfection and ambiguity
- Become curious...embrace Socratic ignorance
- Be able to quickly pivot...look forward not backward
- Access and leverage proprietary knowledge
- Proactively innovate...become a relentless experimenter
- Be resilient...while exhibiting strength of convictions
- Understand emotional intelligence...build connective trust
- Have a clear vision, purpose and aligned values
- Prioritize clarity of communications
- Focus on each challenge, while ignoring the noise
- Exhibit adaptive leadership...while empowering others
- Ensure all voices are heard...accommodate diversity of opinions
- Reward initiative...celebrate commitment and dedication
- Be prepared for the unknown
- Foster a culture of trust and transparency
- Be a transformative leader of change

Source: CEL & Associates, Inc.



align the goals, enhance the experience, create a path to success, recognize the contributions of others, and inspire great performance.

Moving forward, real estate firms must: **take care of their high performers, elevate compensation to a core competency, prioritize human outcomes, accelerate talent engagement, and above all, create a “trusting” workplace environment where the company and the employees’ ecosystem of values and goals can be realized.** Be sure to hire talent better than you. Talent enables real estate dreams to become a reality.

Several critical factors are highlighted below, including the impact of work from home policies and practices.

Startling Work From Home Facts/Suveys

- ☐ Remote workers save an average of 55 minutes every day by not having to commute to work, and 60% say the top benefit of remote work is not having to commute...savings on gas and lunch costs are second at 44%.
- ☐ The average employee working remotely five days a week can save up to \$12,000 annually [gas, lunch, work clothes].
- ☐ 72% of remote workers want to be able to take a nap or exercise during the work day, and 73% want to be able to watch TV while they work.
- ☐ Companies can save on average up to \$10,600 per employee who works remotely.
- ☐ The top health benefit [48%] say they have “less stress.”
- ☐ 36.5% of remote workers are Millennials...only 10.7% are 65 or older.
- ☐ Colorado has the highest percentage of people working from home; Oregon and Arizona round out the top three.
- ☐ The U.S. has the highest percentage of hybrid remote workers globally [average 1.9 days per week]. On any given day, around 35% will be working from home.
- ☐ 63% of workers say having a remote work option is the most important aspect of a job.
- ☐ Nearly 29% desire a job where they can work remotely 100% of the time.
- ☐ 79% of those working remotely full time feel that their manager “trusts them a lot.”
- ☐ Around 34 million Americans [22%] of the U.S. workforce work remotely.
- ☐ In April 2025, 25% of women worked remotely vs. 19% of men.
- ☐ Most common WFH days are Monday and Friday...Wednesday is becoming a popular choice, too.

U.S. Cities With Most Remote Workers

- Arlington, VA [29.3%]
- Seattle, WA [28.6%]
- Washington, DC [27.2%]
- Denver, CO [26.2%]
- Portland, OR [25.5%]
- Ann Arbor, MI [24.6%]
- Pasadena, CA [24.6%]
- Columbia, MD [24.4%]
- Alexandria, VA [24.2%]
- San Francisco, CA [23.4%]

Source: Fullstack Academy



Most Common WFH Jobs...Look Out Office Sector

- | | | |
|----------------|----------------------|----------------------|
| – Marketing | – Communications | – Accounting |
| – Advertising | – Cybersecurity | – Legal |
| – Finance | – IT | – Healthcare |
| – Travel Agent | – Software Developer | – Research/Analytics |

Closing Remarks

As we continue with budgeting season and plan to kick off 2026 initiatives, step back, take a breath, and ask strategic not tactical, questions. The real estate marketplace is changing rapidly, transforming itself from buildings to experiences. I hope the information shared and questions posed in this issue of *Strategic Advantage* will jumpstart a true strategic planning process and enable you to launch tomorrow's solid success.

Regards,



Christopher Lee, Editor

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