Real Estate Predictions 2021

Gaming the commercial real estate talent conundrum

Talent strategy in a post-pandemic world
The COVID-19 pandemic has disrupted human connections, which are at the heart of the commercial real estate (CRE) business. Leaders in all industries were challenged to digitalize many aspects of work while shifting and engaging employees in that now-virtualized environment. Companies had to provide the infrastructure that would enable employees to work effectively from home, while prioritizing health and safety. Looking ahead, what does this tell us about the future of work? How can we prepare for the challenges of talent strategy in real estate?

One implication is that the ability to succeed in the post-pandemic world will be hampered in the near term by employee concerns about returning to work. This was acknowledged by more than 50% of respondents to the Deloitte Center for Financial Services’ Global Outlook Survey 2020.

**Traditional skills or advanced technology skills?**

The pandemic also highlighted challenges in a highly manual business model dominated by traditional job roles and skills in critical business areas including accounting, building maintenance, and customer service. Pre-pandemic, some CRE companies were continuing to lag other industries in their adoption of certain technologies and recruitment of tech-savvy talent. To support this, our analysis of skills demand in the United States during the 2014-2019 period revealed a higher and sustained demand for traditional skills. In contrast, there was muted growth in demand for advanced technology skills such as data analytics, software development, and cloud computing (see Figure 1). Additionally, our analysis of job openings for 500+ roles showed that traditional skills were highlighted as “must-haves” across all construction and general management job openings. Only risk management, and marketing and CRM-related job postings required advanced tech skills in more than 10% of job postings.

The focus on traditional skills was pervasive across different CRE subsectors as well. For instance, REITs looked for traditional sales and marketing skills in more than 60% of job openings. More than 50% of brokers’ job listings sought finance and accounting (F&A) skills. However, advanced data analytics skills were sought by REITs and brokers in only 1% and 3% of job listings, respectively.

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**Figure 1: CRE companies continue to demand traditional skills**

Proportion of job openings demanding traditional and advanced tech skills

<table>
<thead>
<tr>
<th>Traditional skill areas</th>
<th>Advanced tech skill areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance &amp; accounting</td>
<td>Data analytics and AI</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>Software development</td>
</tr>
<tr>
<td>Property management</td>
<td>Cloud computing</td>
</tr>
</tbody>
</table>

Source: LinkUp jobs data of US real estate companies; Deloitte Center for Financial Services analysis.
**Refreshing talent strategy is a growing imperative**

It is a growing imperative for CRE companies to digitalize business processes and refresh their talent strategy so as to not lag further behind. Of note, 41% of survey respondents agree or strongly agree that their company has accelerated efforts to use technology and tools in redefining business processes, job roles, and skill requirements (Figure 2). Regionally, a higher proportion of European respondents (47%) are likely to do this, as compared to those in APAC (44%) and North America (32%). And only 36% of the respondents acknowledge that their organization is refreshing its talent/recruitment strategy to shift to future technology and skills needs.

**Figure 2: CRE companies’ urgency to redefine talent**

My company has accelerated redefining business processes, job roles, and skill requirements to include use of technology and tools.

<table>
<thead>
<tr>
<th>Region</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>2%</td>
<td>5%</td>
<td>17%</td>
<td>30%</td>
<td>29%</td>
</tr>
<tr>
<td>APAC</td>
<td>20%</td>
<td>18%</td>
<td>18%</td>
<td>35%</td>
<td>9%</td>
</tr>
<tr>
<td>North America</td>
<td>7%</td>
<td>26%</td>
<td>34%</td>
<td>24%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Note: Responses might not add up to 100 due to rounding-off.

**Redefining roles and skill**

To illustrate future work and job roles, we have envisioned how modernizing work could transform three positions: leasing manager, valuation advisor, and accounting specialist. (See figure 3.) Analysis of three main job components—the automation of certain tasks, emphasis on analyses and insight generation, and tenant engagement—reveals how CRE roles would likely need to evolve to meet future needs.

Workers in these roles will probably spend more time using technology while devoting their expertise to conducting analyses and strengthening tenant engagement. For instance, leasing managers could have more time to focus on enhancing tenant or client engagement if they used predictive analytics to help develop different lease optimization strategies. And other tasks, such as invoicing, would be automated, freeing up even more time.

As responsibilities shift, the skills and qualifications needed for each role are expected to evolve as well. At a minimum, each role would require technology or analytics coursework such as a bachelor’s degree or certification in big data or real estate analytics. Employees will also need to excel at soft skills such as critical thinking, problem solving, communication, presentation, and relationship building.
Figure 3: Evolution of CRE roles

<table>
<thead>
<tr>
<th>Role</th>
<th>Key components of the role</th>
<th>Automation of certain tasks</th>
<th>Emphasis on analyses and insight generation</th>
<th>Strengthening tenant/client engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasing Manager</td>
<td></td>
<td>• Prepare and maintain physical lease contracts and invoices</td>
<td>• Conduct predictive analytics and identify opportunities for lease optimization</td>
<td>• Be the single point of contact for tenants and enhance engagement and service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Manually enter and extract lease data and manage on disparate systems</td>
<td>• Draw insights from sensor data to improve building management</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Future tasks (2023)</td>
<td>• Conduct predictive analytics and identify opportunities for lease optimization</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Create and maintain digital lease contracts</td>
<td>• Work with sales team to promote properties and with legal team to vet lease documents</td>
<td></td>
</tr>
<tr>
<td>CRE Valuation Advisor</td>
<td></td>
<td>Currents tasks (2020)</td>
<td>• Interpret and share lease information and analysis on spreadsheets</td>
<td>• Follow-up on rent payments with tenants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Prepare valuation reports on paper or spreadsheets</td>
<td>• Share lease and market information with internal departments</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fill back-up data like demographics, comparable properties etc. into report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Specialists</td>
<td></td>
<td>Currents tasks (2020)</td>
<td>• Conduct virtual inspection using geospatial platforms and use mobile apps for physical visits to centrally store the data</td>
<td>• Provide valuation report to clients, as per the agreed timeline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Manually compare and analyze work orders, invoices, and payments</td>
<td>• Perform competitive analysis of rents, market value of similar properties etc.</td>
<td>• Manage regular communication with clients and resolve queries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Future tasks (2023)</td>
<td>• Utilize AI-assisted valuation models that combine and analyze sensor and other alternative forms of property and market data</td>
<td>• Advise clients on asset strategy based on valuation forecasts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Enter digitized source documents of bills and checks</td>
<td>• Perform risk modelling and advise clients on wider risks associated with a property</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Enter ledger entries, reconciliation, reporting, and compliance checks</td>
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<tr>
<td></td>
<td></td>
<td>• Leverage AI and data analytics to identify irregular expenses and raise flags for review</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>• Partner with internal clients and stakeholders on accounting treatment and help forecasts income, expenses, and budgets</td>
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</tbody>
</table>

Key benefits across roles:

• Enhanced efficiency and productivity
• Simplification of tasks
• Improved data accuracy
• Additional time to perform higher order tasks
• Deeper and forward looking insights
• Risk mitigation
• More nuanced, informed, and faster decision-making
• Learning and exposure for employees
• Increased synergy within teams
• Stronger relationship with clients

Source: Deloitte Center for Financial Services analysis.
Modernizing recruiting approach
CRE organizations could use different technologies during the recruitment process to attract the right-skilled talent. Talent leaders can create digital content and use an array of social media channels and job platforms to promote open positions. For instance, Intuit uses virtual reality technology to provide candidates with a real-time experience of what it would be like to work at its campus, and to gain a deeper understanding of the organization’s culture and ethos and its use of technology in day-to-day activities. This is likely intended to not only enhance a candidate’s understanding of the company, but also its brand.

For job postings, CRE organizations should use shorter descriptions and enable a more mobile-friendly application process, which would help candidates apply easily. For shortlisted candidates, organizations could use automated interview scheduling solutions that are synced with interviewers’ calendars, allowing candidates to find an interview slot in real time.

Creating alternate talent marketplaces
To get access to these new skill sets and increase workforce agility, CRE organizations should consider recruiting through a variety of channels and not rely on the traditional approach alone.

For example, the alternate workforce, consisting of e.g. contractors, freelancers, and gig workers, is expanding rapidly and could offer CRE organizations wider access to talent with advanced tech skills. For instance, the estimated number of self-employed workers in the United States in 2020 is 42 million. Therefore, CRE companies should consider developing a talent marketplace to include alternate workforce, and offer rotation programs, stretch or voluntary assignments to existing employees.

For an internal talent marketplace, companies would need to look at job processes and identify intersection opportunities where employees in one department could work in another. They may have to upskill or reskill existing employees, which could include revamping of existing training curricula, redefining expectations and skills, and developing effective measurement criteria.

CRE organizations could consider developing internal knowledge-sharing and mentoring programs. Experienced professionals could then teach younger employees core sector and soft skills that are related to leadership and relationship-building. At the same time, younger employees can provide informal learning sessions with older employees to help improve their use of digital tools and absorb the business impact of digitalization.

Strengthening talent analytics
CRE leaders are more likely to make sound talent decisions if they are backed by data and analytics. Workforce analytics programs can also help CRE organizations attract and retain the right talent. For example, data analytics can be used to improve resumé sourcing and screening to get candidates with the right fit, while avoiding any selection bias. Data mining and pattern recognition can help talent leaders to shortlist appropriate candidates, after matching their skills, experience, and background with job requirements. As shortlisted candidates go through the interview process, more structured and unstructured data would be generated based on their responses and behaviors. CRE organizations can then combine this data and select candidates by predicting their success in a role through machine learning models, which leverage past data on hiring and success of candidates.

Essentially, digital HR systems can help firms collect and manage data better which, in turn, would enable predictive analytics to help leaders make more informed talent decisions.

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2 Ruma Batheja, “Recruitment technology tools that every recruiter must know,” People Matters, May 23, 2019.
5 Ibid.
**Gaming the talent gap**
The need to quickly change and adapt has never been so high for the CRE industry. Right-skilled talent can play an important role in determining whether a company stays ahead of the competition or plays catch-up as the business environment evolves over time. CRE leaders should consider redesigning talent—rethinking and adapting the way their employees work, embedding technology into their decision-making, and redefining skills, talent processes, and practices to help them prepare for the future of work.

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