

Strong Market Keeps Recruiters Busy as Ever

Demand for commercial real estate professionals remains unabated, fueled by a growing cast of firms seeking a wider range of expertise and qualifications.

Recruiters report their pipelines of assignments are as big or bigger than they were a year ago. And there aren't enough qualified professionals to go around, making for an increasingly competitive hiring environment that requires more effort to fill each opening.

Real Estate Alert's annual survey of recruiters tracked 52 shops working in commercial real estate. A decade after the market's downturn, the scope of their work continues to expand.

Real estate firms flush with capital are increasingly moving into niche asset classes, like senior housing and healthcare, and other sectors such as infrastructure — requiring them to look for staffers with expertise in those areas.

“What's changed is the type of experience investors and developers are looking for, and the quality and depth of experience,” said **Steven Littman**, president and managing partner at **Rhodes Associates**. What employers want from a candidate “is getting narrower” as more specialization is needed to find suitable investments, he said.

At the same time, professionals are being lured into so-called “disruptor” companies such as **Domio** and **WeWork**, and firms that seek to integrate technology into various aspects of real estate. “They are taking a lot of the talent pool away from traditional real estate companies,” said **Chris Papa**, senior managing director at **Bachrach Group**.

Another factor driving hiring demand is the need for succession planning. “The real estate industry is increasingly moving toward generational change . . . in the board room and in the executive ranks,” said **Anthony LoPinto**, global sector leader of real estate at **Korn Ferry**. The trend “is creating demand for more directors and senior c-suite executives,” he said.

Complicating that effort is a demographic gap that has persisted since the downturn, when many left the sector and hiring was interrupted. Ten years later, there are fewer people to move into middle- and upper-management positions.

“You have certain generations that are simply underrepre-

sented,” said **William Ferguson**, founder and chief executive of **Ferguson Partners**. “There are holes across all layers of most organizations.”

These dynamics are all generating plenty of business for recruiters. “I would say it is 20-25% higher than we were a year ago,” said **Kent Elliott**, a principal at **RETS Associates**. He noted that in some cases, searches are taking longer, which increases the number of assignments being handled at a given time. But he added: “At the end of the day it is larger in number because clients continue to hire. It is surprising that it is that high.”

The competition for talent has some recruiters casting wider nets. “Some clients are starting to look at candidates whom they would hire more on potential than deep experience, whether they are more-junior or pivoting from a different function,” said **Emily Von Kohorn**, a managing director and co-head of **Sheffield Haworth's** real estate practice. “When candidates are great cultural fits with outstanding skills, they can sometimes learn the rest on the job.”

Finding the right fit is a process that runs both ways. In a tight market, recruiters must also pay attention to the priorities of candidates, said managing partner **Gregory Shultz** at **Newbridge Search**. “If you are trying to hire for longevity, you really have to put emphasis on your culture and the growth opportunity in a role,” he said. “It's not only compensation that people are looking at.”

Recruiters also have to stay in closer touch with potential candidates than ever before. “Because of the competitive nature of the market, you need to have an even deeper relationship with your top five candidates . . . and stay close to them as many entertain multiple offers,” said **Debra Barbanel**, who leads the global real estate practice at **Russell Reynolds Associates**.

While the hiring market remains strong, recruiters said the possibility of a slowdown, particularly given the length of the current cycle, is always a consideration. Financial-market volatility late last year caused a brief pause in hiring, noted Ferguson. “We saw a lot of things go on hold and a lot of things put to the side in January until the equity markets came back,” he said, describing business as robust, but “pretty fragile for sure.” ❖