



Productivity Booster: Broker-owner Philip Becker, second from right, has set up a café in the office to entice his sales associates to come in early.

OSCAR WILLIAMS ©2016

Onboarding the Next Generation

Real estate has been slow to attract young professionals, but forward-thinking brokers are overcoming common barriers to entry. **BY MEG WHITE**

When Berkshire Hathaway acquired Prudential Real Estate in late 2012, Brian McKenna was in a pensive mood. The two upstate New York offices where he'd been serving as broker-manager had been in the same family for 90 years. At this moment of dramatic change, the demographics of the industry didn't jibe with what he was seeing in business news elsewhere.

"I keep hearing about different professions being overwhelmed with millennials," he remembers thinking. "Why isn't it

happening with real estate?" McKenna's questions blossomed into a book. *Generation Now: Recruiting, Training and Retaining Millennials*, published last year, dispenses what he calls "mini lessons written in real language" to brokers struggling with this issue. McKenna, 50, says more than 20 percent of the 84 agents he manages now are in their mid-thirties or younger, up from about 12 percent four years ago.

The industry as a whole seems to be moving in the right

direction, too. Although the median age of REALTORS® has been trending upward for most of the last decade, reaching 57 last year, the newly released National Association of REALTORS® 2016 Member Profile shows a sharp drop to 53. NAR Research says the shift was helped by an influx of new members, largely in their 40s. Still, there's a wide demographic disconnect when you compare real estate to the rest of the economy. Last year, millennials were the largest generation in the American workforce, according to the Pew Research Center. More than one-third of U.S. workers are between 18 and 34. Yet, just 5 percent of REALTORS® are under 30.

There are a number of reasons for the disparity, including the fact that real estate is often a second career and the fact that many baby boomers put off retirement as a result of the financial crisis. Over the past 15 years, the segment of REALTORS® 60 and older has grown from 22 percent to 30 percent of NAR membership.

The Educational Catch-22

Meanwhile, interest in sales as an academic discipline appears to be growing. Researchers at DePaul University's Center for Sales Leadership found that, between 2007 and 2011, the number of schools that featured sales as a significant area of study more than doubled, from 45 to 101. Professor Dawn Deeter, director of the National Strategic Selling Institute at Kansas State University and president of the University Sales Center Alliance, says schools are scrambling to meet the demand nationwide. "The growth has been fairly explosive," she says. "Almost faster than we can handle, frankly."

These new programs are starting to show results. Peer-reviewed research from Florida State University indicates graduates who participated in FSU's collegiate sales programs were more committed to their companies, crafted more effective presentations, and forged better connections. Deeter credits the hands-on nature of today's curricula, which can include tools as high-tech as Salesforce and as simple as a telephone. "They make phone calls, which is terrifying for them because they've been texting," she says. "When they come out of a program like ours, they understand what it's like to be in sales."

Whatever their undergraduate degree, many young professionals are attracted to continuing education in real estate. Albert Saiz is director of MIT's Center for Real Estate, which expanded its postgraduate offerings to include a certificate

"I don't think it's rocket science. I think it's just genuine sincerity. We genuinely care about you and your career."

PHILIP BECKER

program last summer. The program attracts young people working in finance, development, and architecture. "We see a lot of people in banking who really need those real estate skills," he says. Meanwhile, REALTOR® University has made advanced real estate education accessible online through its innovative, accredited master's program.

Given the surging academic interest, why aren't more young people choosing real estate

as a first career? One obstacle is surely the rapid increase in student loan debt. According to the national nonprofit organization Institute for College Access and Success, 69 percent of students who graduated from college in 2014 had student loans, with an average of \$28,950 in debt, a level that has increased by more than twice the rate of inflation since 2004.

"A commission-only business is tough when you've got student loans to pay," McKenna says.

Ironically, the college-bound mindset of America's high school graduates might be contributing to the problem. "College now is an expectation, like high school used to be 30 years ago," says McKenna, a former teacher. Yet many of the traits of a successful real estate professional—communication skills, honesty, and a solid work ethic—can be learned in the field. "While education is never a waste," he says, "it's sometimes a burden. It handcuffs us a little bit."

Given the constraints many young people face, what will happen as baby boomers start to retire in larger numbers? Will there be enough younger professionals in the pipeline to meet consumer needs? That question has forward-thinking brokers like McKenna focusing on ways to break down barriers to entry and prepare young people for long, successful careers in real estate.

The Paycheck Problem

Even with zero debt, it's tough to get started in any business that doesn't generate a guaranteed income. To attract new agents who can't cover their living expenses, some brokers pay a draw on future commissions for a prescribed length of time. While this arrangement offers a cushion to promising young pros, you won't see it advertised in many brokers' recruitment materials. McKenna says paying a draw is risky and sees it as yet another loan on young agents' backs. Also opposed to such programs is Philip Becker, BR, CRS, broker-owner of Becker Properties in San Antonio, Texas. He wants agents to "have some skin in the game." Instead Becker, 29, tries to help new agents earn income

quickly, setting them up with rental leads and training and waiving his \$100 monthly office fee. He says these tactics have led to a high retention rate: “We provide our agents with all the tools they need, as well as a road map to be successful in the first six months. They’re going to make some money and fall in love with the business.”

Jen Branchini, CRS, who handles day-to-day management at the 42-agent Better Homes and Gardens Tri-Valley Realty in Pleasanton, Calif., brings on newly licensed agents as “shared assistants” to more seasoned agents. The new agents bill for the hours they work, giving them an income stream as they learn the ropes. An office manager helps them track their hours and invoice the time they spend on each project. Branchini, 45, says this approach is a flexible way to keep sales associates from accumulating debt while reinforcing their independent contractor status. She also likes the flexibility it offers newcomers. “We’ll train you and pay you, and then you can decide which part of the business you want to be in,” she says.

A Culture Worth Tweeting About

Young professionals expect to be in an environment that embraces technology. Becker can tell this story from both sides. When he was first licensed in 2009, he wasn’t inspired to affiliate with any of the brokerages in the San Antonio area. “I didn’t see anyone who had a better website than I could build myself,” he remembers. He took that as an opportunity to start fresh, so he founded Becker Properties. Now he has more than two dozen agents—most of whom are under 30—at his brokerage, which he markets as “gen Y-owned.” But if younger agents want a broker who can demonstrate technological mastery, what they often need is hands-on, personalized attention. Becker tries to offer that, drawing agents to the office by providing the right kind of staffing at the right time. His morning receptionist is actually a barista, who can set agents up with the caffeine jolt they need to hop on the phones. Starting at noon, a licensed office manager is available to help with paperwork and other administrative duties.

Before she moved into management, Branchini noticed how seasoned agents, including herself, would blow through her office without making meaningful connections. She saw the detrimental effect it had on newer agents, who didn’t have the opportunity to listen in and absorb how business was being done. “It was about me being an observer in the office and saying, ‘Our culture is dead. We have no value, and if we want to

“Millennials typically are not looking for work-life balance. Everything is work-life integration.”

BRIAN MCKENNA

survive we have to create a new culture,’” she says. She made it her goal to increase collaboration with brainstorming sessions and marketing workshops and by having experienced agents ask newer ones to accompany them in the field. The changes have already made an impact, she says. “More people are working in the office again. They want to be around.”

McKenna sees this kind of setup as an extension of the educational environment

young people are used to. “Millennials have been brought up doing a lot more cooperative learning,” he says. When he coaches younger agents, he makes a concerted effort to keep communication flowing in both directions, noting that “micro feedback” provided in the moment is much more effective than the quarterly reviews some businesses rely on.

Another office priority that ranks high with younger agents is community involvement. Becker hosts dinners at the office that benefit a local nonprofit, in an effort to build “fellowship.” He recalls one recent recruit being impressed by a video of his team surprising a member of their janitorial staff with a new car after hers was stolen. Becker says younger agents want to associate themselves with a company that helps the community. “They really, really care about giving back, and if you’re not reaching out to them in that way, you’re missing the boat,” he says. If you prove your authenticity to this group, they will spread the word about your brokerage, which is far more valuable than traditional recruiting methods, McKenna adds.

As you make culture shifts within the office, though, be sure to keep your established agents in focus, too. “The agents who are not millennials don’t want to feel less important or valued than the new kids on the block, especially when they currently produce a vast majority of our business,” he says.

Changing Minds

One of the most important aspects of recruiting young professionals is understanding their mindset. Branchini recalls thinking in her early 20s that she was too young to sell homes, even after working for a real estate professional through high school. Now she tries to flip the narrative with young recruits, underscoring the idea of “real estate as your own startup” where “there’s no glass ceiling.” But the pitch isn’t always easy, especially in her area of California where the siren song of Silicon Valley rings loudly. “The cost of living is so high, it’s ridiculous,” she says, noting that college grads with a background in finance might be able to score an entry-level job for around \$90,000 a

year. "Gee, what's more attractive? I mean, it's easy for me to say, 'Come join this great profession.' But I've been doing it for 18 years, and I can support my family."

When he talks to young recruits, McKenna promotes the 24/7 nature of the business, a characteristic where they may have an edge over a highly committed veteran. "Millennials typically are not looking for work-life balance. Everything is work-life integration; that's why they have their phones attached to them at all times," he quips. "That fits the crazy real estate world remarkably well."

Other young people may be attracted to the opportunity to slowly ramp up their career. By rewriting the pejorative narrative of the "part-time agent," young people can feel freer to keep their part-time contracting or bartending gig until they're ready to commit to being a full-time agent, McKenna says: "People who are successful don't see it as part-time or full-time. They say, 'I work at real estate every day.'" A sustainable career in real estate the ultimate goal, Branchini says. "We need to make sure that we provide them the tools and education to transition to full-time."

Brokers reluctant to bring on younger agents can take solace

"If we want to survive, we have to create a new culture."

JEN BRANCHINI

in knowing that reverse ageism seems to be on the decline. McKenna says when he was in his twenties, his parents would never have sought his advice about major purchases. "But people in my generation are used to consulting a younger generation," he says.

Likewise, younger agents increase the potential for innovation, Branchini says. As her shared assistants get a close look at the processes that make a brokerage tick, their outsider's view is vital. "We've got to shake things up," she says. Even if the assistants don't stay with the brokerage long-term, "no matter what, you get fresh perspective."

Indeed, a new wave of practitioners can help the industry on a broader scale as technological opportunities and challenges continue to transform real estate. As MIT's Saiz notes, the exploding field of data science presents huge opportunities for new players who balance a service-oriented mindset and creativity with an interest in engineering and big data applications. "We're going to need people who can leapfrog on those processes," he says, "without losing sight of the people-centered relationship."

Guess Which CMA Won The Listing?



MLS Printout

Cloud CMA

Cloud CMA of Course!

REALTOR® Magazine readers can now **TRY CLOUD CMA FOR FREE.** Stop losing with MLS printouts and start winning with Cloud CMA. It's so simple - just email a property address, and Cloud CMA does the rest.



For AGENTS, BROKERS, and MLS.
Made by W+R Studios

One-Click CMAs **855.977.8834**

Get Yours **FREE** at RMAG.CloudCMA.com