Overview

As you drive your Range Rover up the New Jersey Turnpike through *Sopranos* country, you glance up beyond hundreds of acres of landfill and see the lone pencil of the Empire State Building glinting in the distance. You think to yourself, "This is the perfect place for a golf course and housing development—a refuge for hundreds of golf-starved New Yorkers, with homes on the links minutes from Manhattan. And to round it out perhaps some light industrial space…." Your mind races with plans for how to put it all together—government permits, environmental impact reports, financing, a top-tier architect, a master contractor, sales agents, brokers. You get home and tell your girlfriend, swearing her to secrecy. Bad news, she tells you, your project is already underway. Undaunted, you start thinking about the next opportunity.

Thinking big is part and parcel of the real estate industry, and grandiose speculation has created some of America's greatest fortunes. John Jacob Astor traded in his empire of beaver pelts for a gamble on uptown Manhattan real estate and in the process became the richest man in America. Arthur Levitt's development virtually created the mainstay of American life: the suburbs. More recently, moguls like Sam "the grave dancer" Zell and the perennially overreaching Donald Trump have made fantastic fortunes on real estate gambles. Even for nonbillionaires in the industry, the thrill of deal making, the promise of substantial financial reward and the potential to have a lasting impact on cities and communities make real estate a rewarding profession.

The real estate market has undergone dramatic changes in recent years. Real estate investment trusts (REITs) have become a major source of financing for property acquisition and development. According to the National Association of Real Estate Investment Trusts, the total market capitalization of public REITs in the U.S. has grown from about $10 billion in 1990 to more than $355 billion in about 200 funds in 2006, causing a revolution in real estate financing similar to the rise of the individual investor in the stock market. Sources of financing have been steadily moving from cabals of private investors to public equity, in the form of REITs. With this shift has come more transparency in the market and a slow whittling away of the old boys network for which real estate investment is famous. This transparency also shines a critical light on investment strategies, which are now subject to public scrutiny and are therefore more accountable to the will of investors. Families with their savings invested in REITs are unlikely to tolerate the wild swings of fortune of stereotypical real estate tycoons; Wall Street and REITs have had a stabilizing effect on the industry. Finally, mergers and acquisitions have increased the size and scope of firms involved in real estate, with companies like brokerage and hotel franchiser Cendant leading the charge.

Nevertheless, the industry itself is slow to change. Two of the largest real estate investment companies, Donald Trump's Trump Organization and the Lefrak family's Lefrak Organization, are decidedly private and operate almost exclusively in the New York area. With its unpredictable cycles and idiosyncratic geographic markets, the real estate industry continues to defy taming by modern organizational structure.

If you have the right skills and are undaunted by the vicissitudes of the industry, real estate can afford a phenomenally challenging and rewarding career. People skills are paramount in real estate. Everyone, from brokers to investment fund partners, relies on the relationships they forge throughout their careers to find clients and understand the subtleties and caprices of the market. Professional real estate investors need a well-honed financial and analytical tool kit to evaluate the investment potential of properties as well as keen sales and marketing instincts to sell not only their developments, but also their funds to investors. Project management skills are as critical to the tasks of ongoing asset and property management as they are to coordinating large-scale deals. People who endure in this industry have the fortitude to see themselves through the famine of down markets.

CAREER TRACKS

Job opportunities in the industry are divided into four distinct fields: sales, management, development, and acquisition and analysis. Although crossover among these sectors is possible, most people start out specializing in a specific area.

Sales and Leasing

Sales and leasing includes everything from residential real estate brokers such as Century 21 and Coldwell Banker to larger corporations that broker bigger commercial properties such as office towers. Grubb & Ellis has one of the largest global brokerage divisions, offering sales and leasing services in many U.S. markets and in Europe. Cushman & Wakefield is another giant, with offices nationwide. Its clients are primarily corporations and other institutions, for which it negotiates sales and leases. Trammell Crow Company is a third large player in this sector.

Management

Property managers are responsible for maintaining property values. They deal with tenants, manage finances, and physically tend to the property. Of all the segments of the industry, this one has been hit hardest by the recent wave of mergers and acquisitions. For job seekers, this means fewer jobs, as companies look to become more efficient and cut redundant staff. However, rising property values have led many "mom and pop" owners to turn over property management to property managers, helping increase revenues and opportunities at many firms.

Development

Developers are responsible for taking a property idea and making it a reality. This is a complex process involving architects, engineers, zoning officials, builders, lenders, and prospective tenants. Development is not always the gravy train some make it out to be. In the early 1990s, when real estate prices crashed, construction dried up and a lot of