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# Industry and Academia: The Combination for a Winning Team

*A Discussion with James R. DeLisle,  
Runstad Professor of Real Estate, University of Washington*

### *INTERVIEW BY ANGELA JAMESON*



**James R. DeLisle, Ph.D.**

For a number of years, Jim DeLisle, Runstad Professor of Real Estate and Director of Graduate Real Estate Studies at the University of Washington, has conducted a series of interviews with research-oriented leaders for ICSC's *Research Review* (now renamed *Retail Property Insights*).

The series has explored the extent to which the mind-set and skills cultivated in research roles have been instrumental in these individuals' professional development, as well as how they have built on that foundation. In this profile, Jim DeLisle is the interviewee rather than the interviewer, and he shares his experiences as a professional real estate researcher, as well as the unique insights that come from a career as both an academic and a practitioner in the retail real estate industry.

#### **Background**

***Jim, thank you for agreeing to the tables being turned on you and for sharing your experiences and insights as a professional real estate researcher. Let's start with your current position.***

Before doing so, I would like to step back and say that writing this feature for the past several years has been a tremendous experience. I have learned a lot about the individual interviewees, as well as what it takes to

excel at your chosen field. I am honored to be the subject of this interview, although I must admit that the soul-searching required is quite daunting. I find myself with an even greater respect for those interviewees who came before me.

I am currently the Runstad Professor of Real Estate and the Director of Graduate Real Estate Studies in the College of Built Environments at the University of Washington in Seattle. As a professor, I have three major responsibilities: teaching, research and service. On the teaching front, I cover a range of graduate courses including Real Estate Process, Real Estate Finance, Feasibility Analysis, Portfolio Management, and Capital Markets. I will come back to research a little later. On the service front I am actively engaged in industry outreach and I make a number of presentations at local and national venues. I have also developed a personal website, <http://jrdelisle.com>, to increase my outreach activities and reach a broader market outside the university.

As Director, I am responsible for our graduate real estate programs, including our interdisciplinary Specialization in Real Estate, as well as a two-year Master of Science in Real Estate (MSRE). We enrolled our first MSRE class this year and are off to a great start with a diverse contingent of motivated graduate students. Over the next two years, we hope to help them build an enduring foundation and to empower them to become the next generation of industry leaders.

***Academics have a very diverse range of responsibilities. What do you do day-to-day and how do you juggle your various responsibilities?***

Actually, I do not have any day-to-day activities to report; it is really more night-to-night. I say that

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somewhat lightly, but as my wife, Bennie, can attest, it is probably more accurate. Looking back at others who are driven to achieve certain goals and have the stamina to hang in there, I think many of us go through periods where we are “on” more than “off.” Like Dr. Seuss said, “You have to be a speedy reader, ‘cause there’s so, so much to read!” Unfortunately, I’m not that fast and thus find my days running into nights and nights getting shorter. Interestingly, as I get older things seem to be accelerating more each day! So, I am not a great juggler and may be more aptly described as a “plugger.”

I see myself as being in the knowledge business. Part of it is knowledge capture from reading and observing, some of it is knowledge creation from research and critical thinking, and the rest is knowledge transfer. In that sense, I am really fortunate that my life’s meanderings have brought me back to my academic roots where I can experience the full spectrum of learning and keep growing in the process. As I told my wife before we got married, “We may not be rich, but you’ll never be bored.” Unfortunately, that turned out to be more telling than I envisioned, but we have done alright on both fronts, although with three sons in college we are juggling the numbers side of the equation more than we would like. Fortunately, my wife handles the budget side of the family operation; I just have to bring it in.

I guess what I do on a daily basis is to try to understand what is going on in the real estate industry, why it is happening, and what to do about it. In that sense, I am something of a sponge, trying to soak up as much as I can in order to stay on top of the game. The reality is that I tend to do this all the time, so I find myself constantly trying to find the balance that eludes many of us; my wife helps with that!

***What areas of research have you focused on during your academic career? What are you currently working on?***

Well, focus might not be the right word. I am actually more of a multi-tasker who is a synthesizer rather than a focused researcher. I guess my curiosity, professional experience and academic training have caused me to be more of a generalist and to approach issues from a holistic perspective. I am also a behaviorist, trying to figure out why people, companies and other entities do what they do, as well as what they are likely to do. This personal style and philosophy take me down a number of research paths. My first area of focus was elderly housing back in the 1970s, followed by appraisal theory. I have also spent a lot of my time on the retail industry, looking at the discipline from a number of

perspectives ranging from consumer behavior to demographics, formats and investment performance. I am currently involved in a major research project exploring mixed-use retail/residential development. I am also investigating the notion of sustainable real estate, looking at it from an objective perspective devoid of the normative positions, biases or agendas many have embraced. I continue to conduct research on growth management, trying to argue for a more balanced, non-adversarial approach. Most recently, I have completed a study on affordable housing, an area where I started at the beginning of my academic career. So, I have learned that by being patient you can ultimately get to do what you want, assuming you still want to do it.

### **Career Path**

***Where were you brought up, and what made you decide to pursue a career in real estate?***

I am a Midwestern kid, born and raised in Wausau, Wisconsin, in the very home that my 93 year-old father built and still lives in. I got into real estate as a college student at the University of Wisconsin, starting on the construction side as a laborer and working my way up to an iron worker. Although I loved the work and the honesty of those around me who let me know where they stood, I thought the company was poorly run and I could do a better job for my customers and employees. Since the president of the company was an engineer, I thought I had to be one as well, being a first-generation college student from a working class family who did not know any better. I quickly learned that simultaneous courses in calculus, physics and chemistry were not for me, and moved over to business. There, I took a real estate course from the late, great Jim Graaskamp, Professor and Department Chair of Real Estate at the University of Wisconsin. And the rest, as they say, is history—at least my little piece of it.

***What path did you choose to take after graduating? Did you have a detailed career plan that you followed?***

I did not start out with a game plan but rather took the scenic tour. My start in business was as a consultant and part-time graduate student. I had taken a lot of real estate classes as an undergraduate, so I got my master’s degree in marketing and marketing research. That helped fuel my behavioral side and also prepared me for a research-oriented career. By the mid-1970s, I became tired of doing feasibility studies for others who did not listen, did not execute and in more than one case, spelled it “FEESibility.” I was hired merely to be a “yes man” so they could get financing for the deals they dreamed up.

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So, I transitioned from consulting to being a sweat-equity developer in the mid-1970s. Unfortunately, the capital markets failed to cooperate and when interest rates rose to the upper teens, I decided it was a great time to be a student. At that point, I needed nine credits to finish my masters. Serendipitously, Jim Graaskamp needed a teaching assistant, partly to cushion students from his intensity, and this position satisfied the nine-credit requirement. So, I found myself in the Ph.D. program. Once there, I realized that if I could reach students with a message and empower them to act, I could actually make a difference and affect the world on a larger scale than doing my own thing.

***As well as a career in real estate, you have also been a professional footballer, playing for the Green Bay Packers. Please tell us about your athletic career and what you learned from it.***

Football is where I got my first taste of real estate, grubbing around in the dirt. Like many Midwestern boys, I played a lot of different sports in high school—another example of lack of focus. Anyway, in my senior year I suffered a serious concussion, after which I was hospitalized for “observation.” I think that experience, where I was confined to a bed for five days in a manner reminiscent of the scenes in “One Flew Over the Cuckoo’s Nest,” was where I developed my drive and sense of advocacy. That is, they did not listen to me when I said I was alright; and, I was alright! So, my high school football career was over. Stubborn as I was, I wound up going to the University of Wisconsin as a walk-on, earning a scholarship after the first semester. Unfortunately, although I started as a sophomore, we went 0-19-1! Not good if you know anything about sports. Being a resourceful and creative bunch, we invented the “Bottom 10” category and the students invented the “fifth” quarter where they waited for the game to get over to celebrate in lieu of victories. In my senior year, we won our first home game, beating Penn State, which was coached by a moderately young Joe Paterno. We went on to win four more games and thus turned the team around, a formidable undertaking in the Big-10.

During our losing seasons, I helped anchor the defensive line, which was arguably our strongest area. We built a lot of character and learned a lot of lessons. Since we had no real offense, we spent a lot of time praying for first downs, not to win, but just to give us a breather. That is when I learned that the best defense is good offense. That lesson helped a lot with my work in

investment research, where we tried to anticipate questions so we had the time to respond to “crises” which kept popping up.

At the end of my senior year, I had hoped that I could take my game to the next level. During the National Football League [NFL] draft, I wound up waiting for a call that never came. However, the Green Bay Packers did call and say I could come as a free agent. Seemed *déjà vu* all over again after being a walk-on, but I was stubborn enough to make the trek to Green Bay, partly to show them they had made a mistake, and partly to cash in on the “big bucks.” I got a \$1,000 signing bonus and a \$19,000 salary! I made the team to the surprise of many, including my coach. On the first play of my second year in training camp, I suffered a severe hand injury. I wound up being put on waivers, going to the Cardinals and then back to Madison. I filed an injury grievance for breach of contract. I wound up losing arbitration, but got a settlement after filing for workmen’s compensation. I received just enough to pay my doctor bills and, much to my chagrin, to earn the label of “troublemaker,” which got me blacklisted from the NFL, World Football League and Canadian Football League. Well, that is my story anyway, and I am sticking with it!

***How did your career in real estate research unfold? At different points in your career you have been a practitioner and an academic. What caused you to change course and why did you return to academia a second time?***

As I noted, I was the reluctant academic, a non-intellectual, practical kind of guy. I was also a bit angry, especially since the deals I lost in the 1970s were great real estate solutions for difficult sites. One was a mixed-use student/retail development in Madison and the other was an elderly housing project, both urban renewal sites. Despite being the best proposals, we lost due to timing and politics. So, I realized that to pull off hard projects, you had to be someone, to have some credibility. I thought a Ph.D. might actually buy me some respect in the industry. In 1987, I found myself in an academic program that had great potential, but was not the right platform to allow me to “change the world.” At that time, the capital markets were increasingly shaping the direction of the real estate industry. Since I was trained in the old-Wisconsin school of real estate where we emphasized fundamentals and took a spatial look at the industry, I found myself lacking familiarity with the capital markets.

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After consulting with Jim Graaskamp, I decided to take a research position with Prudential Real Estate. I and another academic recruit were part of the company's strategy to defend itself from angry investors who were unable to withdraw their money in the face of expected further declines in property values. The thinking was that if you did not have good numbers, you needed a good story; and so management brought in a couple of storytellers. Actually, the firm was in such desperate shape—not unlike the current difficult situation of the industry—that management was willing to re-engineer the firm and to embrace a “research-driven” approach to real estate portfolio management. So, we founded the first investment research department in a real estate advisory firm in the world.

After working in the back office for two years, I became frustrated and wanted to run my own shop, so I answered a head-hunter's call. It turned out that Equitable Real Estate wanted to set up an investment research department. After exploring the job and making sure it would be positioned correctly, reporting to the president, I accepted the offer and moved to Atlanta. Unfortunately, it turned out that Equitable was not interested in being “re-engineered,” but had really hired me to respond to investors' and consultants' question, “where's the research?” It took a couple of years to establish a foundation, but within five years, we were one of the top research shops in the industry. Lend Lease acquired Equitable Real Estate in 1997 in a “marriage made in heaven” and I moved over to create a strategic planning department.

In reality, my move out of research turned out to be the start of a “strategic exit” from the business side of real estate and opened the door for me to return to academia. The good news is that Lend Lease gave me a big chunk of capital to extend to an academic institution to create a job for me. In hindsight, I realize it was more of a non-compete option; they were really paying me to stay out of the business. I jumped at the chance to end what turned out to be a much longer time away from academia than the brief sojourn I had anticipated.

After searching for the ideal position, I decided to buy some time and stayed in Atlanta where I joined the real estate department at Georgia State University and taught “on loan” at Georgia Tech. At Tech I was teaching real estate finance to non-business students, a challenge that forced me to develop a new pedagogical style in order to effectively serve a diverse group of students. It also helped refine the interdisciplinary framework I embrace today. While I enjoyed the experience, my position did

not provide me the opportunity to really affect change in the academic community and to implement the vision for education I had developed over the years. So, when the opportunity to design and run a new graduate real estate program at the University of Washington came up, I jumped at the opportunity.

As it turned out, my departure from Lend Lease was fortuitous, preceding the implosion of the firm which resulted in its demise. The dissolution of the old Equitable gang was met with much chagrin by insiders. This sense of regret and betrayal was particularly strong among those of us who had poured ourselves into it and had helped make it one of the top real estate advisory firms in the world. To me, Lend Lease violated a basic axiom of real estate investment management: Despite all the numbers, it is in the end a people business based on trust and relationships. As such, you have to focus on your clients and customers, always adding value and taking advantage of the opportunity to create the win-win situations that real estate affords.

### ***What was the best career-related decision you have made and what was the riskiest or most difficult?***

I am not sure I made a lot of career decisions; I just reacted to challenges and tried to make silk purses from sows' ears along the way. I suppose my best decision was really a series of decisions with a consistent theme: getting up out of the dirt, dusting myself off and being better prepared for the next battle or opportunity. Later, I became more strategic, trying to move up to the next level when opportunities arose, as well as creating new opportunities for myself by taking on what others thought could not be done and by just continuing to plug away.

### ***In what ways has your academic background been a competitive advantage or disadvantage when working in the industry?***

That is an interesting question and, in the best academic style I can muster, is best answered by two stories. In my first Investment Committee meeting at Prudential, an EVP asked me a question. There happened to be a flip chart in the room so, naïve as I was, I stood up and started illustrating my answer. As soon as I stood up, eyes started rolling. I sat down faster than I got up and took Ph.D. off my business card. I realized that my Ph.D. title did not on its own engender respect; like everyone, I had to earn it. It was the opposite of the start to my academic career. When my department chair introduced me as a former professional football player, eyes also rolled and it took me four years to establish myself as an intellectual rather than a bruiser. Go figure.

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***What roles have mentors played in your career? What is some of the best advice they have given you?***

Without exception, successful people have been lucky enough or smart enough—to work with a mentor who made a difference in their lives. That is one reason teaching is so great; we have a lot of opportunities to affect others' lives in a positive way. My first mentors were my parents, although none of us knew it at the time. They taught me the importance of getting back up when I fell down and of always doing the right thing. My next mentor was Jim Graaskamp, along with Dr. Richard B. Andrews, an urban land economist who exposed me to the theoretical foundation upon which the real estate discipline "should be" built. Finally, a colleague-mentor lost to an untimely death was Rebecca J. Griego. A former student and co-worker at the university, she inspired me and helped me learn how to teach again after so many years in the industry being a "talking head," which at times was influencing others through presentation skills and being quick on my feet rather than substance and knowledge transfer.

### **Interaction of Academia and the Industry**

***How do you rate the training the next generation of real estate professionals receives? How would you like to see it evolve?***

That depends on where they get it. Today, some 90% or more of our industry leaders probably learned on the job, at the feet of a mentor or through the school of hard knocks. That is not a negative, just a reflection that real estate education has not kept up with the growth of the industry. For those "next generation" professionals lucky enough to be mentored, the training is great. However, the reality is that there are not enough good mentors to go around. So, what is a professional to do? One option, which works for many, is to take executive education from various trade associations and pursue some designations where possible. Another option is to go to a university to study real estate or some related fields. The problem is that few real estate programs provide students with a "renaissance style" foundation that forces them to address strategic industry issues, many of which are far removed from the "dirt," and deal with policies and the institutions that set the rules within which we must operate. Too many programs focus on the capital side of the equation, creating students who can make numbers sing, but who are unable to think critically. This is not to negate the importance of finance or economics, but to argue for a balance with more emphasis on fundamentals and understanding decision-making, the behavioral side of the business.

***You are the architect of a new Master of Science in Real Estate program at the University of Washington. How have you tried to make this program relevant to the challenges that professionals face in the day-to-day workplace?***

Like a developer who plays the role of a quarterback (much better than my former role as a defensive tackle, I might add), my role has been to capture the inputs, resources and support necessary to get the deal done. I drew on my Graaskamp-anchored Wisconsin tradition, enhanced by my years in academia and the profession. From the "real world," I also talked to a lot of my peers, including many friends and colleagues on ICSC's North American Research Advisory Task Force. I also sent out requests for input from industry leaders, many of whom provided great advice about what it would take to prepare the next generation of leaders. From the academic community, I drew on real estate colleagues at various universities, as well as members of the American Real Estate Society and Real Estate Center Directors and Chairholders' Association, for which I am the current chair. The goal was to build a prototypical program to set the standard for applied real estate education that is interdisciplinary, theoretically founded, academically rigorous and professionally oriented. I think we pulled it off, enrolling our first cohort group this week. We will see what happens when they graduate in two years.

***What can the academic real estate discipline offer the industry? And how can the industry contribute to academia?***

This is a tough one. Let me say this: there is a lot of potential. However, to a great extent that potential remains unharnessed and needs to be nurtured, if the chasm is to be closed. Real estate, especially the retail side of the industry, is a behavioral science. Unfortunately, behaviorism is an area of specialization few academics have pursued and fewer yet have mastered. Part of the problem is one of positioning, and the other is the reward structure within academia. Most real estate programs are housed in finance departments in business schools. While finance and business are integral components of the discipline, real estate often winds up as a subset of another discipline. Indeed, in many cases, academics are content to borrow theory and principles from other disciplines, which forces them to focus on issues that are not germane to the industry. Additionally, to survive, an academic must be tenured and to obtain tenure—and to be promoted—an academic has to publish in the top journals in the field. Since real estate is often a subset of finance, the "top" journals in the field are finance journals. However, these journals

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accept few real estate articles and those that they do are written for other academics, not for practitioners. The work I have done over the years with the professional community, as well as a lot of my articles, fall under the service umbrella of my job. Unfortunately, no one was ever tenured for “service.” So, at each of the three institutions where I have been awarded tenure, my case had to be built on the more traditional metrics of teaching and research.

Some academics have a “give me data” approach to the industry. To me, that is a cop-out and incestuous, feeding the myopia of number crunchers. Although many academics are well-prepared and well-intended, they often lack real-world experience and the insight that comes with it. I have been fortunate to have been kicked around a bit in my career, bouncing from one side to the other. However, my background is somewhat unique and a curiosity to many on both sides of the industry. Indeed, it is such an anomaly that I have chaired a number of panels at academic meetings regarding “Crossing Over to the Dark Side,” which is how many academics view those who have defected from the ranks. I actually have not chaired a panel on crossing back, but maybe that is what we need. We might make progress if there were some form of exchange program—an internship for professors—whereby they spend time within a firm to experience real estate from the professional side. The key is establishing connections.

To me, giving money to academia is not enough and can be outright dangerous, allowing the academic community to continue its *modus operandi*. Perhaps I would see things differently if real estate were an established academic discipline with a unified body of knowledge. To help encourage innovation and motivate academic leaders to pursue the legitimacy the discipline needs, supporters should make it clear that they expect more. From my experience of academic fund-raising, donors are focused on making an investment from which they receive a return, whether it is their philanthropic legacy or proselytizing their world view. Instead, outside funding should be used to better position academia to assist the industry in meeting the tremendous challenges it faces, in improving real estate decisions and in enhancing the built environment in a sustainable manner using market-based solutions.

### **Professional Relations**

***You are very active in a number of professional organizations. How important is such involvement for professionals, as well as networking in general?***

Finally, an easy question! Networking and professional organizations are “mission critical” to

establishing and maintaining a successful career. This point has been driven home once again as the retail market has contracted in reaction to the recession, a plight that many companies find themselves in today. We are in the people business and need the support and insight of other professionals.

***You are a member of ICSC’s North American Research Advisory Task Force and have been a trustee of the ICSC Educational Foundation, as well as the Chair of the Research Steering Committee. Why did you become involved with ICSC and what has it contributed to your career?***

I guess it goes back to the “it’s the right thing” mentality, coupled with the opportunity. I have been fortunate in my career, first to survive and second to be able to play leadership roles here and there. At first, it was tough getting into the flow of the retail research community, partly because many members had worked together for so long and I was a generalist when I joined them during my early years at Equitable, where retail was only one of our property types. Granted, we had 70 regional malls and hundreds of smaller centers, but I was not a specialist. I have found with my ICSC involvement that the more you give the more you get. The connections I have established were critical to designing the MSRE at the University of Washington and keeping me grounded as I sit in my ivory tower.

***In 2008 you received the ICSC Distinguished Service Award, the highest honor awarded by ICSC. Why were you honored and what has the award meant for you?***

The award was a complete surprise and one I still do not fully understand. My plaque says a lot of great things about what I had given to ICSC. I never really thought of it as “giving” as much as doing what came naturally and what could be expected of a member of the association. In reality, I was more involved than many, but that was partly due to the fact that opportunities seemed to present themselves and I was in a position to accept them. The award was one of the highlights of my career and something I will always cherish, both personally and professionally.

### **Role of Research**

***How important is research to the industry? Is it receiving the recognition it deserves?***

Decision-support, which is what applied research provides, is critical to the industry. Purely theoretical or academic research may offer some long-term benefits, but often fails to provide practical guidance that can help the industry deal with the myriad issues it faces. Indeed,

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many of the most pressing issues—such as sustainability, growth management, value creation and value maintenance—are seldom dealt with in a proactive manner. I am troubled by some trends that began in the mid-1990s when the bull real estate market took off and the no-brainer, deal-driven, financially engineered paradigm kicked in. I think real estate researchers lost a lot of ground in that period and have still to gain it back.

Compared to other property types, retail researchers have traditionally played a much more critical role in the decision-making process. This is due in part to the greater discipline in this real estate segment and the need to stay on top of consumer choice and changing demographics in a hyper-competitive industry. More recently, I have been troubled by the fact that many of those I most admire on the research side have been displaced from successful careers within firms and that they are now providing the same services from the outside, working as consultants. Cutting back on applied research at a time like this is a false economy. As the commercial real estate market melts down further—something my crystal ball says is likely—there will eventually be an appreciation of the importance of research. Unfortunately, until this happens, the industry will make a lot of mistakes that will be hard to correct given the “irretrievable commitment of resources” involved in real estate development. It will be a very difficult period for many, but in the long run the industry and profession should emerge stronger.

***How can research contribute to the industry's efforts to recover from the Great Recession? Does the role of the professional researcher need to change in these difficult times?***

Researchers played a critical role in the last recovery in the early 1990s, when the market demanded fact-based answers to hard, probing questions. Since that time, even though research units are much more common, the discipline has lost ground as elder statesmen and women retire or are retired, and as replacements depend too heavily on third-party vendors. While there are indeed much more data available than ever before, researchers face the challenge of turning the data into information and insights which can provide an enduring competitive advantage. I believe that fundamental research needs to be placed back inside the firm and that the research function should be given seats on the executive and investment committees. That will be a hard transition, especially since some other players will

have to give up some of the power they wielded in a bull market.

In terms of human capital, I am worried that we are going to be short of talent with the maturity and wisdom to provide the necessary thought leadership on both the academic and professional sides of the discipline. So, researchers have an opportunity to reassert themselves, but it is still early in the cycle for this to happen. In a year, the opportunities will be clearer. However, researchers have to change as well. Like I learned a long time ago, you cannot rest on your laurels or credentials; you have to sell your ideas. You also have to expand your horizons, thinking more strategically and globally, but without compromising your understanding of industry and local market fundamentals. Do not get caught ignoring the blocking and tackling side of the business.

***What career advice and final thought would you like to share with Next Generation young professionals who are considering a career in research?***

I believe the industry will continue to get more complex and riskier. As such, the industry needs to embrace a research orientation to decision-making. So, my advice for aspiring researchers is to work hard and develop your technical skills and acumen. Continue to build on that foundation and learn how to extend the disciplined thinking that comes with it to everyday problems. A final lesson learned from my football experience might be helpful. In my day, a coach had to make a choice between big and slow or small and quick when drafting players. Today, the players are big and quick. It is the same in the retail profession; you have to bring a lot to the table so you must have the fundamentals down. To make the team, you also need to work on the people side of the equation and make sure you have the communication skills necessary to get others to buy your vision, to listen to you. Finally, stay connected and make sure you stay in a continuous learning mode since there will always be so, so much to learn in the retail arena. The good news is that it will never be boring and, if you are good at it, you can get rich along the way.

***Jim, many thanks for sharing your story and perspective on the role of research in the retail real estate industry. Good luck as you continue as an agent of change within the academic side of the profession.***

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