The Weekly Take

SEASON 5 EP 43

Spencer Levy
The past five years or so have been dramatic times for venture capital activity in the world of tech startups and other innovation-minded businesses. It's been a period of great invention and development, but also ebbs and flows and the market's appetite for risk. Companies out to change the world have made significant impacts on real estate and much more. On this episode, we log into CBRE’s latest tech talent research to decode the essential trends and developments in this vital sector. From the proliferation of AI to the human labor working in tech across industries to the overall effect of tech on real estate.

Colin Yasukochi
In the city of San Francisco itself, these AI companies are responsible for about 25% of the total leasing activity. It's actually phenomenal.

Spencer Levy
That's Colin Yasukochi, Executive Director of the CBRE Tech Insights Center. Based in San Francisco, Colin heads a team that's focused on the intersection of tech and real estate. In particular, he's the lead author of Scoring Tech Talent, the annual special report we're going to feature on this show.

Darcy Casarella
The VC money is in New York and San Francisco, so companies are being created there and funded there, and then therefore, they grow up there. But I do think there's opportunities in these other areas to create more of a network.

Spencer Levy
And that's Darcy Casarella, Director of Talent at NEA, New Enterprise Associates, that is, an influential Bay Area venture capital firm with over $20 billion of assets under management. Since its founding in 1978, NEA has invested in more than 750 companies, more than 500 of which have either gone public or been successfully acquired. Darcy’s team advises entrepreneurs and companies at various stages of growth on recruiting and hiring talent, from engineers to sales, financing, and various other key roles. Coming up, Scoring Tech Talent and measuring the impact of technology on real estate in a world gone wired. I'm Spencer Levy, and that's right now on The Weekly Take.

Spencer Levy
Welcome to The Weekly Take. And today we are revisiting one of my favorite CBRE reports, the Tech Talent Report, with its lead author and my good friend Colin Yasukochi. Colin, welcome back to the show.

Colin Yasukochi

Well, thank you, Spencer. It's always great to be here with you, and I look forward to a great conversation.

Spencer Levy
And Darcy Casarella of NEA, a major venture capital firm in the tech and related spaces, who is an expert in labor and talent acquisition. Darcy, thank you for coming out today.

Darcy Casarella
Thanks for having me. Great to be here.

Spencer Levy
Colin, could you tell us in a few words what is the Tech Talent Report and why do we do it?

Colin Yasukochi
The Tech Talent Report is a labor market analysis that's looking at tech talent conditions. And really, it started about 11 years ago, and people were asking us, where should we locate our next office? And the answer, really lied in, where can they find the available talent? So this report tells them everything they need to know about talent in North America.

Spencer Levy
Great. And this–North America, I'm glad you put it that way because you've included Canada, and you even have some commentary on Mexico this year, which wasn't always in the original report, correct?

Colin Yasukochi
That is correct. I mean, in total, we have 86 markets, Spencer. We have the top 50 in the U.S. and Canada. We've got 11 in Latin America, and we've got a lot of smaller markets, 25 of them, across North America that are markets people can look at and we've got some data on that.

Spencer Levy
Great. Well, it goes to something I say all the time when I talk about tech. Actually, when I talk about manufacturing. I talk about not just the United States of America, but the Americas. The Big Mac: Mexico, America and Canada. Is that how you look at the report, Colin?

Colin Yasukochi
It is indeed. These labor markets are quite fluid and international markets have become ever more important as technology has grown dramatically that their talent needs to be sourced from all over the globe. And North America is still the primary source of the top talent.

Darcy Casarella
And there's three new cities in Mexico this year. When did Mexico show up on the trends?

Colin Yasukochi
We probably started doing Mexico, I would say, about five years ago. And one of the top trends that we noticed there is that it had typically been a back office type of a market. A lot of the international consulting companies were there. They maybe had their Latin America headquarters. But the talent level in Latin America, and specifically in Mexico, has

increased dramatically over the last five years. You can still get it at a relatively low cost. But the quality and capability of that talent has gone up a lot.

Spencer Levy
And Darcy, since you grabbed the mic, I'd love to get your perspective. How do you use the Tech Talent Report?

Darcy Casarella
We love the Tech Talent Report. We give money to tech companies, healthcare companies, but they are all looking for the top talent and they are competing against the biggest names in tech. So Amazon and Apple and Facebook and they don't have the cash on hand to pay these top employees, amazing employees, what those companies do. So they lean towards equity to do that. But they're always looking for the best and we're trying to figure out where we can go and then how can we save money doing it? So can we find amazing tech talent in smaller areas that haven't been saturated? So San Francisco and New York are largely saturated, so we're always trying to stay one step ahead on the talent side of things. And where can we find these other pockets that maybe Amazon hasn't infiltrated completely? Maybe we can find some people in the Midwest or elsewhere that are still considered top talent but don't want to live in these two big cities, so we can compete and still grow these companies.

Spencer Levy
Colin, what's the big picture change, this year versus last?

Colin Yasukochi
The most interesting change that we had this year really had to do with the tech industry and what started to transpire over the last couple of years. So because there was reductions in staffing and layoffs in the tech industry and a bit of a slowdown, this was the first year that we had ever seen the non-tech industries actually outpace the tech industry in terms of hiring tech talent. And that was a new development this year. The second thing I think that was the most important aspect of this report was that artificial intelligence had a huge influence on exactly what type of tech talent was being hired. And that's specifically around software developers, which, as Darcy knows all too well, is really hitting the Bay Area in a very strong and positive way.

Darcy Casarella
It's a tale of two cities. I would say we're still seeing rifts. We're still seeing companies resetting that are not AI focused. There was so much money a few years ago, so many companies raising such big rounds. They went after a bunch of different product lines and now they've really had to focus and bring that back and decide, okay, what product line are we actually going after? Which one's actually going to work? And so we still have a lot of companies kind of resetting and figuring out what's the right path forward for them if they're not in AI. On the flip side, AI is what all these other companies were in 2022, 2021, when the valuations were through the roof. They are raising big rounds and they are looking to hire a lot of people. And I would say all the non-AI companies are being very prudent and careful about their hiring. So it's not that they aren't hiring. They are being very cautious and thoughtful about their org structure, which leaders they need, which hires they need to make.

Spencer Levy
Well, this is really the intersection of talent in AI and real estate, and I am not going to pretend to be an AI expert. I will pretend to be a real estate expert. And what I'm seeing is

the real driver of AI within our business, and Colin, I'm going to turn to you on this… is it correct that when we spoke, over 70% of every AI dollar for the IP part of it is going to San Francisco.

Colin Yasukochi
If we go back and look over the last five years, you've got almost 60% of all the money going to AI companies in the San Francisco Bay Area. And then if you just look at 2024 here today, Spencer, that's where you're getting to the 70 to 80% number in the Bay Area, specifically in San Francisco, because you've got the large companies that are receiving enormous funding rounds that are based in San Francisco. So it's definitely had that impact. And in the city of San Francisco itself, these AI companies are responsible for about 25% of the total leasing activity. It's actually phenomenal.

Spencer Levy
Let's go back big picture for a moment here, Darcy. Now, not to pigeonhole NEA, but you're focusing on venture capital, which, for our listeners, is generally earlier stage companies rather than later stage companies. You may have some later stage companies that you've invested in for a while, but nevertheless, you made a comment that AI companies are essentially hiring as much as they can. The other companies that may be backed by NEA and others are pulling back a bit. So you're basically valuing one dollar 10 years from now much more so there than you might be in a more established company. Is the pullback in tech related to the interest rate rise, or what would you relate it to?

Darcy Casarella
The amount of money that went into the market in 2021/22, from the government and everywhere else, made the whole market explode and a lot of money went out the door very quickly. Money was easier to raise so you could get money from limited partners more quickly. It's never easy to raise. I shouldn't say easy. It's never easy to raise money. But it was less challenging than normal. And so there was a lot of money to be had. Rounds were closing. And then it's like classic kind of market stuff. When there is a lot of money, you can deploy it fast. There's a lot of deals, there's a lot of people out there. So yeah, I think inflation was the initial driver, but I think the original trigger was Covid. The government flooding money into the markets and then inflation follows and then interest rates follow that to absorb some of the inflation.

Colin Yasukochi
I think that interest rates and inflation has a big impact on the market because obviously before, when Covid sort of hit, we were in a low interest rate environment. People were searching for yield and they could allocate more money toward these alternative investments like venture capital funding. The higher interest rates created a tighter lending environment, a little bit more scrutiny to the bottom line, and then the growth prospects started to diminish. And then came artificial intelligence, an area where it offers a lot of promise for future growth. And it just exploded in terms of popularity of what it can do. And I think one of the best comparisons that I've heard is that raising the parallel of when mobile internet devices came out. That opened up an enormous window of opportunity for companies to develop products and services, apps, and the whole app economy developed out of that. And artificial intelligence offers that same kind of potential. And a lot of people are excited about it. And there is a lot of money going into it. And a lot of the companies that are artificial intelligence probably will fail, just like they have in the past. But we're going to end up with this incredible thing in the future, and that's going to have massive benefits, I think, to the economy and the real estate market.

Spencer Levy
Now Colin, one of the things that I love about your report is you track not just the nuts and bolts real estate implications of tech hiring from a numbers standpoint, from an industry and sub-industry standpoint, from a rent standpoint. You also track VC funding itself. For the benefit of our listeners, just give us the arc of VC funding in round numbers from 2021 to today, and how that really impacted the business.

Colin Yasukochi
The venture capital funding had reached an all time high in 2019 and then it also continued to grow in 2020. And a lot of that had to do with Covid and the funding environment. And so many of these pre-IPO companies received enormous rounds of funding in the subsequent years: 2021 and into 2022. And venture capital funding actually doubled off of its historic highs. And so now the fact that it's come down 30, 40% in the last few years, it's still kind of at that point of our peak pre-pandemic. So there's a lot of venture capital funding out there and it's fueling a lot of hiring. And I think the one thing that we haven't really talked too much about is that the large tech companies have redeployed a lot of their resources toward artificial intelligence that doesn't show up in the venture capital funding numbers, but it does show up in their capital expenditures and investments that they're making into artificial intelligence then. And really, when you aggregate all that together, it actually dwarfs the amount of venture capital funding that's going into the marketplace.

Spencer Levy
Darcy, as a VC matter, you're looking for talent. And so first we'll ask the “what” type of talent are you looking for? Are these all software engineers? Are they all out of top ten colleges? Or do you go beyond that? And then second, where do you find them?

Darcy Casarella
So software engineering continues to be engineers. There's like more engineers needed on the planet than we have available. I think that's remained true. I think the demand is the lowest… in my nine years at NEA, we're in the lowest demand market right now, but it's still significant. We're still looking for software engineers and AI companies are trying to find software engineers with an interest in AI, I would say, because there are not too many with experience in AI today. Percentage wise, it's still a pretty small percentage of people who have actually worked in AI, versus the software engineers that are out there, that now need to skill up in AI. And they will, but I think talent wise, there'll be a big pivot towards that. But companies need everything. They need marketers, growth marketers, finance folks, HR folks, salespeople who understand the tech and selling other tech. So we need a bit of everything, but I would say software engineers, still. You tell me, Colin. Is software engineer still the number one job description we look for, do you track down to that detail?

Colin Yasukochi
We do. And software engineers is really responsible for almost all the growth that we've seen in tech talent because other tech occupations where they're running systems and I.T. support and all that is actually contracted in terms of the number of jobs there, but software engineers continues to grow. And we did also look at artificial intelligence talent. And then when you group together, I mean, really, the Bay Area is the largest AI talent market by far. Then you've got Seattle, New York and L.A. And if you take those four, over half of all the artificial intelligence across the country. Now, a caveat there is that it's difficult, as you had mentioned, to what is truly the AI skill that companies are looking for, and that varies company to company. The information that we can get is sort of skills based and exactly how those skills would match with the employers is still a little bit unclear. But with the fact that you have the clustering of AI companies and tech companies

in the Bay Area, Seattle, and New York, that's really where all the talent is located and that's where the talent is flowing. Anecdotally, from companies that we work with, and I'm sure you know this from your experience above ours, is that people are actually moving to the Bay Area to take these AI jobs.

Darcy Casarella
What I would love to see is kind of the map of tech talent before Covid and the map of talent today, right? Because they did go fully remote in Covid for many years and people left. And so now there are other smaller hubs from all over the U.S. and some people are staying and digging in and going for quality of life and being with their family and they bought homes. But there is a bit of… I would say we have founders who are maybe moved elsewhere and saying, okay, now it's time to get back to the Bay Area because I need to be back in the network to hire folks back here. So we're seeing a few people move back to the Bay Area for that, but it's definitely not everybody. So I wonder how many people have stayed and decided to dig in where they are, and how many people are coming back.

Spencer Levy
One of the stats that I look at, I try to use all of Colin's stats and I use all of his charts, but sometimes I like to simplify and I look at the fastest growing cities. Just raw numbers. And Austin, Texas is, I think, 2X any other city in America. But number two is Boise, Idaho. Salt Lake City is another fast growing city, we mentioned that. And the question is, can you hire people in a secondary city and get the same results? Any point of view on that?

Darcy Casarella
I definitely think you can. The Bay Area and New York do have advantages on networks, learning from each other. There are a lot of events in both of those cities. If you're in this ecosystem, there are CEO dinners constantly. There are talent happy hours and places to meet people and to learn from each other. I think that can be an exponential value. There's conferences constantly, like there's just a lot of networking being in those places. If you're in Boise, Idaho, you're not going to walk out your door and go to a big conference. In San Francisco, you could go to all of them. I do think there is that benefit. I think the thing we haven't figured out is, there's a balance between I need to go heads down and get work done and be left alone, and then there's collaboration when I get back with the team. And I think every company is still struggling with the right balance of when is that individual work where I go heads down and when do I come together as a team? And when we come together as a team, what's the bubble we put around ourselves for that time and place to be the most effective and most efficient? If we're in five days a week, we go back to putting on our headphones and trying to ignore everybody. And there's a balance of, okay, when can we be intentional about that time together and really capitalize on it?

Spencer Levy
One of the terrific things about the CBRE Tech Talent report 2024 is it goes into the average cost of a software engineer in New York and San Francisco versus what might be a secondary city. It also goes into the average rent in San Francisco, New York, versus a secondary city. How do you best balance or how should our listeners best balance the cost of real estate, the cost of labor versus the productivity argument we've been having overall?

Colin Yasukochi
I would say that most employers of tech talent really look at the availability of labor. Are there people that they can hire to fulfill whatever objective that they have? That is number one by far. You don't really get to the real estate question until like maybe number four,

number five. You're looking at talent, availability, pipeline, business conditions. And if all of those sort of check off your boxes, then you're looking at real estate. And the cost of labor, as you mentioned, is so much higher than real estate. So, the real estate is not really a needle mover. Sure, companies don't want to overspend on real estate because that's really not a good use of their funds, as they want to be spending on talent and innovation. And so when we looked at if you had to hire 500 people and you had to run sixty thousand square feet of office space, just those two items for a year, how much would that cost you? And the San Francisco Bay Area was by far the most expensive market, and that added up to $81 million. And then if you went to Quebec City in Canada, that was $35 million. So there's just a massive gap. But you really need to take that a step further. As we talked about, you know, are there the available labor that you need? And that really is a trade off between quality versus cost. And when we did that analysis on quality, we found that Seattle and the San Francisco Bay Area had the highest quality tech talent. And that was simply measured by what these individuals are capable of doing, where they went to school and those sorts of things. But they're also, again, the most expensive markets. But when you're in the innovation business, you have to innovate and develop products. And so saving money can actually be detrimental to your business, if you're not really getting the innovation that you need. At the same time, there are some of these markets that are extremely good values and they tend to be the Canadian markets because they're all about 30,40% less than the U.S., and a lot of Midwestern markets that offer a lot of value. So like a Pittsburgh, a Madison, Wisconsin, Waterloo, even the larger Canadian markets like Toronto and Vancouver all offer much better values than do some of the large, big name markets. We had talked about what are some of the markets that are most up and coming before: Salt Lake City, Raleigh-Durham, and Detroit is a market that is actually seeing a pretty strong uplift. They have a huge education infrastructure there with the University of Michigan.

Darcy Casarella
The Midwest has a number of top universities in engineering, so it's not a surprise that Wisconsin is coming up. Michigan is coming up. They should have come up a long time ago, to be honest. Like Carnegie is there. The University of Michigan is up there. Northwestern has a good engineering–like there are a lot of great engineering schools right in that Midwest area. And it seems that all that talent must be going to San Francisco and New York. If I was in charge of one of those states in the Midwest, I would be going out of my way to keep that talent there and start building companies there. To me, what I see as the difference between these markets and San Francisco and New York is the network. So when you're in San Francisco, when you're in New York, there are events constantly. You meet other people, so your opportunities to move jobs is easier, because a lot of the VC money is in New York and San Francisco, so companies are being created there and funded there, and then therefore they grow up there. But I do think there's opportunities in these other areas to create more of a network, in Chicago and in the Midwest, where they can then offer that there as well. And then the best talent could be in those locations, as well.

Spencer Levy
I was in Chicago last week, made exactly the same comment. You are in the center of this unbelievable education loop here, but the other cities like that are places like Charlotte, which has all of the Dukes, the University of North Carolina's just surrounding it. And you have in Texas, The University of Texas at Austin that also happens to be in Austin, but you have other great universities in the general area of Texas. Dallas, SMU and others. But at the same time, and Colin correct me if I'm wrong, even though Austin may be the fastest growing, even though Boise may be second fastest growing, they're still very, very small in

terms of overall number of people as compared to the New York's and San Francisco's, correct?

Colin Yasukochi
Yeah, that's right. The largest markets still have the largest labor pools of tech talent. And that's really the Bay Area, New York, Toronto, Seattle by far much larger than Austin. These markets in aggregate are really growing pretty substantial. And I think one market you didn't mention was Atlanta. Georgia Tech actually produces the most amount of tech graduates of any college across the U.S. So that is a huge growth factor for Atlanta.

Darcy Casarella
Yeah, it's a big up and comer. I saw Raleigh on your list of up and coming, also. I know our team spent time in Atlanta last week. It's a great market. I was going to ask, is there a direct correlation of where VC companies sit and the talent coming out of New York? I mean, I made that comment, but that's like that's my own anecdotal view of the world from being in it. You were saying San Francisco and New York dwarf Austin still. Is that because venture capital firms are in San Francisco and New York? How much money is coming out of San Francisco and New York versus how much is coming out of Austin, and is that the primary difference?

Colin Yasukochi
I think that is the primary difference. But also you just think about the population bases as well. And you know, how many universities and other, I would say associated industries, contribute to it because, I mean, obviously New York is huge in finance, right? And that's where a lot of the money has come from in the last several years, as opposed to before that, you didn't have quite as much Wall Street money in VC funding, but you do today. These are the first markets that the tech companies had started to grow outside of the Bay Area and Seattle and New York's of the World. So there's definitely a strong correlation as to where the money's coming from and then where it ends up going, and the size of these particular markets. The venture capital funding drops off pretty fast once you get out of the top 3 or 4 markets. That's where the serial founders are also located too, right? In the Bay Area and New York.

Darcy Casarella
Yeah, but it's a chicken and the egg problem. They’re here because the money's here, right?

Colin Yasukochi
Exactly.

Darcy Casarella
So it's like what is actually the driver of all that? I know our founders said we actually started with an office in Washington, D.C. and the Bay Area. And this is 45 years ago when remote work or not being in the same office as your partners was not the norm. It was very unusual, and he got a lot of pushback from the market and various people saying, you're crazy, that's never going to work. There's three founders. You guys are across the country from each other. And he said it made perfect sense to me because all the money we could raise was coming from back east and we needed relationships back east. But all of the deals were out west. And so he moved out here to deploy the money, but he needed his partners back east to raise the money. And I think that ironically, 45 years later, still where you can raise the money, it was like still you now raise the money in

San Francisco. But being deployed here is keeping founders and companies growing here, and that's keeping those talent markets going.

Spencer Levy
One of the case studies I remember speaking to CBRE's Labor Analytics group was, we represented a tech division within an older company, but it was in their tech division. And they chose to go to New Orleans, of all places. Why? They wanted to be the big fish in the small pond. And obviously New Orleans has got some terrific universities, including Tulane. But Colin, what's your point of view?

Colin Yasukochi
So I think that remote work has really opened up the possibility to go to a lot of these smaller markets, maybe not physically in the example that you're talking about. I do think a lot of large companies do look at these kind of markets, but at the same time, they can't scale to the level that they need in these small markets. So they don't really go all in because all of a sudden they've soaked up all the available labor market and they're stuck. So it does certainly appeal to, I would say, smaller to midsize employers who can be the dominant force in those particular markets. But larger companies will tend to need to go to at least medium size, if not larger markets, if they want to still have a physical presence and then they are still going to find the best available talent they can find. And a lot of times that is remotely or at a very small team level in some of these specialized markets that have highly specialized skills, like a Huntsville, Alabama, if you're into rocketry or aerospace or something like that.

Darcy Casarella
Yeah. If you're a small company, your challenge is you don't have a brand name and you are competing for talent against the top brands in tech and top dollars in tech, and they don't have the money to spend on people the way Amazon and Apple and Facebook. So that is a challenge. And it could be, they can go to smaller markets and they're a small fish in a small pond versus being a small fish in the big pond and competing against the top. They can go and create and they don't need a thousand people tomorrow, right? They're not going to need a thousand people for ten years. They need, you know, dozens or a few hundred if they're very successful and growing. And so can they find great talent in smaller markets and go from there? I think they can. Again, I think the challenge of not being in the Bay Areas is the networking and having access to all these… I still think you have to spend time there to get to know these people.

Colin Yasukochi
And I would also add at the same time, we've seen over and over where some of these smaller markets grow in stature because a company went there, they were really pretty much unknown and then they exploded into a very large and substantial company. And then it puts that market on the map and it attracts talent from other geographies. And that seems to be more of the natural progression than, you know, a market just sort of jumping on the radar screen and all of a sudden growing dramatically. You think about Salt Lake City. For a small market like that, it had the most unicorns. It's also the second largest location for Goldman Sachs. There's certainly reasons for that, but those kinds of things put that market on the map, as well as having a lot of colleges there.

Spencer Levy
Darcy, I would love your final thoughts here on where we're going over the next 3 to 5 years in tech talent. What are the trends you're going to see? Where are the pockets of

capital? And for your VC companies that you invest in, any advice you might give, not just to the companies, but to other potential companies that you might work with?

Darcy Casarella
I do think AI will be a gold rush. What I don't know is who will be the Levi's of the gold rush, and that's who I would be looking for, right? So Levi's famously made its place not mining for gold during the gold rush, but making the jeans that the workers required. And I think AI will be the same. I don't know what's going to hit in AI, but I think there will be supporters. I think Nvidia is a good example of that. There will be other supporters that AI requires for their infrastructure and those companies will be successful. I do think AI will continue to take the market in software engineer in the short term in the next 2 to 3 years. The talent market has to figure out what AI software engineers are and what that means. I think universities will pivot to provide more of that and then we'll see. I don't know if the first people to market will win, necessarily. I think we've seen with the example of the internet over the years, the first to market wasn't necessarily the winner. So it will be interesting to see who, in five years from now, were actually kind of the winners in the AI market and who are running away with it, and in ten years. So I think that will be interesting in the long term future of AI. And you know, I'd love to see cities… we are going more internationally now. During Covid, we hired more international people than we ever had before. I think what the RIFs, some of those people were drawn back. But I think we'll continue to hire internationally to save on cost of labor. And it really becomes a matter of just finding the talent, right? So we're in a down market now. I think we'll see that change over the course of the next year and maybe Q2 of next year. And we'll go back to hiring more folks. And at some point we kind of max out here and then we go back abroad again, and we start to look at international markets and where should we be hiring internationally?

Spencer Levy
A terrific description is Levi's. Listen, they did not only help gold miners, they were a major part of my childhood. My Levi's shrink-to-fit 501 blues. I had multiple pairs of them, and I used to take the ankles and turn them in such a way so that the bottoms would be slightly turned up. I miss those Levi's. Colin, what are your final thoughts for the next 3 to 5 years on tech?

Colin Yasukochi
I'll give you another one before I jump into those thoughts, too. I think one of the most in-demand skills is going to be– it's not a tech talent scale, but it's going to be bike riding. When we talk about the delivery of food and all that kind of stuff, you know, we were delivering on bikes, I don't know what it was 50, 100 years ago, and now we've got e-bikes. And that's really predominant in a lot of these urban areas that are delivering pretty much everything on a bike. So we need more bike riders, Spencer. And maybe when you cuff up your jeans, they won't get stuck in your chain.

Darcy Casarella
It's interesting that you say that. I work with a brilliant gentleman and he was saying with the AI revolution, the need for you to code, you're still going to need coders, you'll still need software engineers, but everybody's going to be able to code using some of these prompts, these AI prompts and tools. And actually the people who are going to be most in demand are those who can write because it's about directing the AI and asking the right questions to get to the right answers faster. And who can articulate that. And so lawyers and journalists and people who write for a living are going to be kind of super users of these AI tools, or could be if they position themselves. It just is a good food for thought,

like what are the talent demands going to be when AI becomes a part of our daily lives? What are the skills that we will need that we'll be using more often?

Spencer Levy
So Colin, would love to get your final thoughts on anything that we missed. Major trends in the Tech Talent report, how you see the Tech Talent report, and its findings evolving over the next 3 to 5 years?

Colin Yasukochi
We're on our 11th annual report. We've been doing this for quite a long time. And I think one of the things that is probably not, I would say, well known, is that when we think about who do these tech talent employees work for, 40% of them work for tech companies, but that means that 60% of them work for other companies. Every single business needs tech talent to a certain degree, and I think that talent will continue to be the number one important factor for anyone who is looking to employ them. And this Tech Talent Report provides a vast array of different metrics and benchmarks that employers can use to develop their labor strategies. We even go into diversity in terms of the demographics of race and ethnicity, males and females and what are the concentrations across different markets so employers can plan out strategies that way. What are the cost differences? We also took a look at that. As Darcy had mentioned, in tomorrow's world, that will be, probably, way more AI dominated than we are today. Selecting the right and most skilled talent is going to become ever more important. And I see this report continuing to evolve in that direction, that we are making sure that we are covering those items and providing the kind of information that our clients need to make these talent decisions. And then at the end of the day, once they do make these talent decisions, that's where the real estate comes into play. And so real estate investors really need to understand this report, as well, because they want to know what the talent employers are thinking. Where are they going to go? Where are they going to expand? And you want to own buildings in those particular markets to develop your real estate strategy.

Spencer Levy
On behalf of The Weekly Take, what a wonderful conversation today with my old friend Colin Yasukochi, primary author of the Tech Talent and the upcoming Tech 30 report. Based in San Francisco, and I hope to see you again soon, Colin. In person.

Colin Yasukochi
I would look forward to that, Spencer.

Spencer Levy
And then Darcy Casarella, who is with NEA, a VC firm that’s been around for over 40 years. It’s backed some of the major names in tech. Terrific job today, Darcy. Thank you for coming out.

Darcy Casarella
Thank you for having me, Spencer. And CBRE, we appreciate partnering with you. Maybe 2018, 2019, we started using your report and helping our portfolio companies figure out where they're going as a result of that. So thank you guys for all of your collaboration and for saving me from having to try to figure this out on my own.

Spencer Levy
For more insights to figure out your own tech talent solutions, look for related content and more about the tech sector and its impact on real estate, including the 2024 Scoring Tech

Talent report, as well as the latest from the CBRE Tech Insights Center, namely the Tech 30 report, which covers the hottest submarkets for tech around the country. You can find links to those reports on our show page at CBRE.com/TheWeeklyTake, and look for them on the CBRE Insights page, as well. We also encourage you to use the technology at your fingertips to share the show and also subscribe, rate, and review us wherever you get your podcasts. Plus, you can send us questions or comments through the Talk to Us button on our home page, and follow us on LinkedIn, as well. Thanks for joining us. Until next week, I'm Spencer Levy. Be smart. Be safe. Be well.