Behavioural and Fit Questions (Real Estate)

Interview preparation summary · RE track

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INT.EB.1.a · Motivation, Fit and Property Judgement

Answer why real estate and why this firm with a specific reason, evidence from your own record and a reason tied to the firm's published strategy.

Interviewers ask why real estate to find out whether you understand what the job is, not to hear that you like buildings. A strong answer has three parts. First, a reason that is true of property as an asset: it is physical, local, income-producing and financed with debt, so returns come from rent, from the business plan on the building and from leverage, not from financial engineering alone. Second, evidence from your own record, such as valuation work, site visits, a planning application you followed or a deal you modelled, because evidence shows the interest is older than the interview. Third, a reason for this firm drawn from its published strategy, sectors, hold period and fund size, never from flattery. Check that the reason would not fit any other firm. The usual mistakes are saying you love architecture, claiming a family property background as a qualification, reciting the firm's website, and describing property as safe, since a levered owner can lose equity quickly when values fall.

WORKED EXAMPLE: BUILDING A NINETY SECOND ANSWER TO WHY REAL ESTATE AND WHY US

Priya Anand is an invented candidate who has spent three years as a valuation analyst at a surveying practice, where she visited about 60 buildings and built discounted cash flow models for 35 of them. She is interviewing at Harbourgate Partners, an invented manager whose published strategy is value-add logistics and build-to-rent housing with a four to five year hold. Her draft answer is: I have always loved buildings and I think Harbourgate is a great firm. Rebuild it into a ninety second answer.

Answer: A good answer is about 90 seconds: one reason that belongs to property, one piece of her own evidence and one reason specific to the firm, ending with a short statement of what she wants to do there.

> **Interview tip:** Say it in this order: what property is, what in my record shows I have worked with it, and why this firm's strategy and hold period fit. Then stop and let the interviewer pick which part to probe.

INT.EB.1.b · Motivation, Fit and Property Judgement

Describe a property you admire in a structured way: location, tenant or use, price against value, plan, return and what could go wrong.

The question about a property or deal you admire tests judgement and preparation. A weak answer is about beauty or fame. A strong answer treats the building as an investment: why the location works, who the tenants or users are and how long their leases run, what was paid compared with what it cost to create or what it is worth, what the business plan was or would be, and what return it implies. Use a few numbers and name the metrics: yield on cost, the market capitalisation rate for similar income, and the margin between them. Then say what could go wrong, such as a break option, a refinancing, a letting void, construction cost or a change in the exit yield, and whether you would buy it at today's price. Choose something whose facts you can defend under questioning, from public information, and state clearly what you know and what you are assuming. The usual mistake is to admire a trophy building without any view on price.

WORKED EXAMPLE: PRESENTING A CONVERTED MILL AS AN INVESTMENT

An invented candidate admires Ashby Tannery, a former leather works converted into creative offices. Assume, from public planning and press information, that the developer paid 11.5m, purchaser's costs were 6.8%, refurbishment cost 4.0m and letting costs 0.4m. Stabilised net operating income is 1.35m and similar offices trade at a yield of 5.75%. Present it as an investment in under two minutes.

Answer: Total cost is 16.68m, yield on cost 8.1% against a market yield of 5.75%, giving value of 23.48m and a profit margin of 40.7% on cost, which falls to 19.9% if the exit yield is 100 basis points higher.

> **Interview tip:** Open with why you chose it, give cost, yield on cost and the margin over the market yield, then volunteer the main risk and what you would pay today. Interviewers value a view on price more than a description of the building.

INT.EB.1.c · Motivation, Fit and Property Judgement

Present strengths and weaknesses with evidence a property interviewer can test, and show the strength matters to the job.

Strengths and weaknesses questions look easy and are often answered with adjectives. A property interviewer wants a strength they can test and see the use of in the job. Pick a strength that matters in real estate, such as accuracy on leases and cash flows, patience with local detail, persistence in chasing information from agents and managers, or clear writing, and prove it with one specific episode and a consequence, ideally a number. Detail in lease analysis is a good example because one missed break option changes the weighted average unexpired lease term and the value. For the weakness, choose something real but not disqualifying, show you noticed it through a specific event, and describe what you now do to control it. Avoid false weaknesses such as perfectionism or working too hard. Also be ready to explain the tension between strengths, for example detail against speed. The usual mistake is to claim a strength with no story behind it.

WORKED EXAMPLE: PROVING ATTENTION TO DETAIL WITH A LEASE SCHEDULE

An invented candidate says her strength is attention to detail. Her evidence: while checking a five-lease rent roll with annual rents of 0.60m, 0.40m, 0.30m, 0.20m and 0.10m, she found that the largest tenant had a break option at year 3, not the year 8 shown in the broker schedule. Years to expiry shown were 8, 6, 4, 3 and 2. Turn this into a proven strength.

Answer: The proof is one episode with a number: the average term fell from 5.75 to 3.88 years once the break option was found, which would have changed the price, and the method is to check every date against the lease.

> **Interview tip:** Name the strength, tell the one episode, give the number it changed, and then say how you keep the strength from slowing you down. One proved strength beats three claimed ones.

INT.EB.2.a · Setbacks, Relationships and Delivery

Tell a failure or mistake story that owns the error, quantifies the cost and shows a changed practice.

The failure question tests honesty, judgement and learning. Choose a real mistake that mattered but was not a breach of trust: a wrong assumption in a model, a letting period underestimated, a cost estimate that was too thin, or a missed check. Tell it in order: the situation and what you owned, the specific mistake and why you made it, how it was found, what it cost in numbers, and what you changed. Quantify the cost in the units a property investor uses, such as months of lost rent, extra interest, equity value or basis points of return. Own the error with I and avoid blaming the agent, the contractor or the market. Show a changed practice that you can describe concretely, such as testing a twelve month void case or asking for evidence of comparable lettings. The usual mistakes are a fake failure that is really a strength, a story with no number, and a lesson that is only try harder.

WORKED EXAMPLE: COSTING AN UNDERWRITTEN LETTING VOID

An invented analyst underwrote a refurbished warehouse with a six month letting void. The rent was 0.90m a year, empty-property costs were 0.18m a year, the loan was 8.0m at 6.0% and the unit actually took 11 months to let. Build a failure story with the cost in numbers.

Answer: The mistake cost 0.65m, being 5 months of extra void, which is 0.375m of rent, 0.075m of empty costs and 0.20m of interest, and I now test a twelve month void and ask for comparable letting evidence.

> **Interview tip:** Say what you owned, what you got wrong and why, the cost in numbers, how you raised it, and the specific practice you changed. Do not blame the market or the agent.

INT.EB.2.b · Setbacks, Relationships and Delivery

Explain how you would work with brokers, agents and operators: use their information, check it independently and disagree without damaging the relationship.

Real estate investors depend on brokers, letting agents, managing agents and operators for deals, evidence and delivery, and each has an interest. A broker earns on a sale and presents the best case, an operator wants fees and a long contract, and a letting agent wants the instruction. The skill is to use their knowledge while checking what they say against leases, accounts and your own comparables. A good answer shows respect, specific verification and a way to disagree that keeps the relationship: ask for the lease abstract, rebuild the yield net of rent-free periods and non-recoverable costs, then raise the

difference as a question about the figures, not an accusation. Also show you value the broker's market knowledge and the operator's day-to-day control, and that you separate fact from opinion. The usual mistakes are naive trust, treating every broker as an adversary, and failing to follow up in writing.

WORKED EXAMPLE: REBUILDING A BROKER'S HEADLINE YIELD

A broker quotes a net initial yield of 6.58% on an invented office building priced at 38.0m, calculated as headline rent of 2.50m ÷ the price. You find that 0.30m of the rent is in a rent-free period with nine months left, non-recoverable costs are 0.12m a year and purchaser's costs are 6.8%. Show how you would check it and what you would say.

Answer: The broker's 6.58% becomes 5.86% on a net basis, 72 basis points lower, with 0.225m of rent-free to be topped up, and I raise it as a question about the numbers and send it in writing.

Interview tip: Show three habits: reproduce their number, rebuild it on your basis, then raise the difference as a question. Say you value the broker's market knowledge while you verify the figures.

INT.EB.2.c · Setbacks, Relationships and Delivery

Prepare a story bank of four or five real examples and use it to answer questions on teamwork, disagreement and limited experience honestly.

Behavioural interviews reward preparation. Build a bank of four or five real stories, each with a situation, your specific action, a result with a number and a lesson, and map each to several themes so that one story can answer a failure question, a pressure question and a teamwork question depending on the angle. Test the bank for gaps: if no story covers disagreement with a senior person or working with an outside party, add one. If you have little property experience, use coursework, a valuation exercise, a site visit, a building you followed or a different field, and say what you did and what you would do differently, without inflating your role. Prepare for probing: the interviewer will ask who decided, what you personally did and what you would change. Answer with I for your work and we for the team. The usual mistakes are memorised scripts, the same story for everything and claiming credit for a team result.

WORKED EXAMPLE: TESTING A STORY BANK FOR GAPS

An invented candidate has four stories: A, a model error she caught; B, a site visit that changed a view; C, a disagreement with a senior valuer; D, a tight deadline for a committee paper. The six themes asked are failure, disagreement, pressure, teamwork, initiative and working with outside parties. Check coverage and decide what to do.

Answer: Four stories cover all six themes with 8 slots, but four themes rest on one story each, so the plan is a second failure story, with every story rehearsed for who decided, what I did and what I would change.

Interview tip: Say that you have a few stories you know well and tell them from the angle of the question. If asked about something you have not done, say so, and give the closest real example.