



# THE RISK OF LEGACY

Why Real Estate Family Offices  
Can't Afford to Further Delay  
Succession Planning

**Tripp Lyons**

Managing Director



## Succession planning continues to be a challenge for many privately held real estate owners and family offices.

It is a critical, ongoing process that involves a blend of financial strategy, legal frameworks, and people management to ensure a smooth transition of leadership and ownership. The goal is to ensure business continuity, minimize tax implications, and avoid family or employee strife.



**The need for formal succession planning is more paramount than ever for small-to-mid-sized Commercial Real Estate companies, as most currently lack a clear strategy.**

This urgency is driven by aging leadership, intricate family dynamics, and the unprecedented scale of generational wealth transfer. Implementing a plan is critical to proactively manage complex, illiquid real estate assets, address rapidly evolving regulatory environments, and mitigate the risk of financial or operational disruption, thereby ensuring business continuity and preserving family harmony.

## ACCORDING TO URBAN LAND INSTITUTE

*While family offices would usually prefer the next generation to lead operations, only...*

**30%**

of family-owned CRE firms transition to the **second generation**

**12%**

transition to the **third generation**

**3%**

transition to the **fourth generation**

ULI September 2024 report.



JACKSON | LUCAS

In today's market, privately held real estate businesses face an unprecedented set of challenges to ensure their successful continuation, **including the significant transfer of wealth, noteworthy generational differences, and the potential financial implications of these transitions.**

## ACCORDING TO A U.S HIGH NET-WORTH MARKET REPORT

by Cerulli Associates

*An estimated **\$84.4 TRILLION** in wealth is expected to transfer between generations by 2045.*

A substantial portion of family wealth is tied up in illiquid, complex real estate assets. Without a plan, the transfer can face significant tax consequences or forced sales to cover estate taxes, eroding family wealth. In addition, younger generations may have different priorities or lack interest in continuing the family business. **It is paramount that firms with this situation pursue professional management as poor transitions can trigger tax burdens, liquidity issues, and loss of investor confidence.**





**With technology accelerating the sophistication of the CRE industry, its more important than ever for generational real estate businesses to establish long-term succession plans in order to handle the challenges ahead.** The leaders/founders of these family dynasties must attempt to hand over the reigns whether to members of the next generation or professionals who can be entrusted to steward for years to come. A well-planned succession ensures real estate empires thrive for generations. But it requires thoughtful and long-term planning, buy-in from all decision makers, and a commitment to run a thoughtful process to determine the future's leadership.

**CONNECT WITH  
TRIPP LYONS  
FOR MORE INSIGHTS!**

**TRIPPL@JACKSONLUCAS.COM**

