【Leader Interview】Mr. Yuji Sekino | An innovative real estate company that accompanies its clients as a one-stop service throughout their lives. Leading the way in asset formation for the new era with a diverse range of product development both in Japan and abroad.

How is the real estate industry changing, and where is it heading? The “Leader interview” series interviews influential leaders who are driving the industry forward with a clear vision, provide insightful and comprehensive perspective, and share their forward-looking guidance for their respective industry.

In this interview, we spoke with Mr. Yuji Sekino, the representative director of GATES Inc. The company operates across various business areas, including rental brokerage, rental management and sales, with its core business on providing a one-stop real estate investment service. These services are built around the concept of “creating a lifelong relationship with clients, starting with a single relationship.” We discussed the company’s strengths and the future of the real estate industry.

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Founded to Address the Challenges Faced by Real Estate Owners

How the company ventured into selling studio condominiums and on an overview of Mr. Sekino's career.

I started my career in the real estate industry around 2006. Before founding GATES, I spent seven years working for a company that primarily focused on purchasing and selling studio condominiums, eventually rising to the position of managing director, a position just below the president of the company. However, I decided to pursue independence to start my own venture.

The reason I decided to pursue my own venture was because I had heard many complaints from people who had purchased studio condominiums, such as "**the person in charge left in the middle of the process**" and "**I don't know how to exit and sell my property.**" **I founded GATES with the desire to create a service that could address and solve these issues.**

The challenges faced and significant opportunities seized since the company's inception

For the first three years after our startup, we experienced constant fluctuations in staff numbers. In the first year, we increased our staff count to around 40, believing we could maintain that level. However, by the following year, we had to reduce headcount to 15, with this cycle of fluctuating staff count continuing. Looking back now, it feels like we were growing incrementally, albeit with significant volatility, because we were expanding without having a proper management or organizational structure in place.

The turning point for us came when we met a particular individual. Until then, our activities were limited to purchasing and sales, with our transaction mainly involving real estate agents. But after being introduced to this individual, we began discussing "**the possibility of selling directly to end users**". However, at that time, we lacked sales and marketing strategies and partnerships with banks, so despite our desire to start, we were unable to proceed.

Through sales seminar collaborations with this individual, we established a partnership with ORIX Bank. This was unusual for a company engaged in real estate purchasing. With their help, we developed our sales structure and expertise, enabling us to make direct sales. As a result, our **sales grew rapidly over the next few years, allowing us to achieve our current growth trajectory.**

Key to Rapid Growth: Strategic Recruitment Approach and a Robust Education System

The company has achieved sales of 15.3 billion yen in 11 years since its inception, with projections to reach 25 billion yen in 2024. Could you share the factors behind this rapid growth, and what strategies and initiatives have been critical to your success?

After partnering with ORIX Bank, we also formed partnerships with other financial institutions, and now we have connections with 10 financial institutions. **Offering competitive prices and low risk by selling directly from the supplier was a significant advantage. Additionally, we benefited from the rising trend towards second-hand products as construction costs increased, which helped us expand our product range.**

I believe the biggest factor in our success was changing our recruitment strategy. Since our inception, we avoided hiring experienced workers. In the past, we offered high incentives to attract experienced workers for immediate impact, but we felt this approach presented risks for the company's growth, as sales were only temporary and there were many resignations. Therefore, we switched to hiring new graduates and individuals with no industry experience and established a robust training and education system.

We started using a professional company to provide the training. From pre-employment training for new graduates to the first six months after joining the company, we keep them off the front line, instead focusing on role-playing and other training methods. Those who performed well are given the opportunity to try sales, starting with rental property. Rather than immediately engaging in real estate transactions,

they gain experience in low-pressure roles like counter sales, while providing on-the-job training for about six months to a year.

We provide an environment akin to a club team dormitory, offering meals and housing so our trainees can focus on their development. For the first year, the rent is 50% off, with the company covering the initial costs. After the second year, employees can choose their own rental property to live in and are responsible for rent payments.

As a result of these efforts, no one who joined in 2024 have resigned, and the resignation rate in 2023 was kept around 15%. **I believe we have achieved proportional growth by training personnel who could become future executives and strengthening our sales capabilities as our business expands.**

What types of media are you using for your recruitment strategy?

In 2021, we successfully hired about 45 new graduates. The challenges of the COVID-19 pandemic led many companies to cancel their real-time information sessions. However, we continued to host these sessions, attracting many new graduates who were ultimately inspired to join our company. Based on that success, we repeated the same approach the following year. However, from 2022 to 2023, we could only hire a few new graduates.

So, we decided to focus on "Social Media". The trigger was when a student from the mountains of Kumamoto attended a recruitment briefing in Fukuoka and mentioned finding our company on Instagram.

We realized that people who discover us through social media are more genuinely interested than those who apply through traditional recruitment channels. This led us to shift our entire recruitment strategy to social media.

We still use major recruitment websites, but they are not our main focus anymore. Many people show more interest in our company when they discover us through social media, so we've shifted our recruitment strategy to align with current social media trends.

TikTok's strong viral power is especially beneficial for our initial awareness. From there, we direct potential candidates to Instagram, and then to YouTube for those who want to dive deeper and watch longer content. This flow helps connect interested individuals to our recruitment process. In fact, many of our applicants discovered us through various media, then follow us on Instagram to learn more about the company to ultimately apply to work with us.

Expanding Opportunities to Support Asset Formation and Self-Realization Through Real Estate

What do you think about the future of the real estate market, particularly in light of the rising interest rates and material costs?

Interviewer: Akito Suzuki, President, GMO ReTech Corporation

We recognize that rising inflation, interest rates, or increasing construction material costs is beyond our control. In addition, we anticipate a decline in consumption and a rise in real estate default rate. However, **we are using small-scale crowdfunding under the Real Estate Specified Joint Enterprise Act to maintain resilience even in the event of a real estate market crash.** We are also rapidly implementing systems to secure direct financing, minimizing reliance on financial institution, and drawing lessons of the Lehman Shock.

We also have a subsidiary company that specializes in voluntary sales, and we are preparing to respond to cases where payments become difficult due to rising interest rates and mortgages by arranging voluntary sales before auctions. We are shifting from a high-leverage operation style to one focused on addressing tax-saving and other investment needs, supported by strategies designed for deteriorating market conditions.

For example, **we handle new apartments with ZEH (Zero Energy House) specification that deliver an 8% yield**. These are using renewable energy and are being developed in Nagoya and Nagano. Using pre-cut construction methods in factories before on-site assembly enables us to control our costs.

We are also **starting to invest in older apartments and U.S. real estate as a risk hedge.** In particular, the U.S. market offers high growth potential and properties with a high building ratio due to depreciation, which addresses needs that the Japanese real estate market cannot meet. Texas was specifically chosen due to its relative safety, considering country risks and political factors.

Looking ahead, we aim to focus on directly selling properties to clients that can be fully financed, such as depreciable second-hand properties eligible for long-term loan. These properties provide tax-saving benefits similar to studio condominiums. With variable interest rates exceeding 1% and potentially rising to 2%, we would like to provide options that meet the needs of our clients.

Details about listing in the U.S. and the Philippines

Manila in the Philippines has potential for development and allows small-scale investments, making it a suitable option for those who want start investing with the similar savings mindset. While we haven't decided on an IPO in the Philippines yet, it remains an option because we can leverage the same preparations we are implementing in the U.S. The Philippines is an English-speaking country with a similar legal system to the U.S., so I believe it is an intriguing market within Southeast Asia.

Furthermore, we are also considering a new form of nursing care, such as attracting Japanese people to areas with good security and clean seas, such as Davao in the Philippines, and having Filipinos provide nursing care.

Is your company focusing on IT?

For our core system, we have created a digital system that connects the entire process, from the initial client engagement to payment and management. We are able to seamlessly handle all clients, whether they are selling, buying, or investing through crowdfunding.

We have built our own company-wide system capable of managing every step, from buying and selling to the final stage of rental management. Through this approach, we are promoting consistent digitization across our core systems to rental management.

Striving to be a Company Offering Lifetime One-Stop Services

Could you share your company's future vision and your personal aspiration for its growth?

The fundamental concept remains unchanged: **we aim to be a company that provides one-stop services to our clients throughout their lives.** Until now, we have focused on developing products for the younger generation and the wealthy individuals, but we plan to diversify our offerings to include overseas real estate moving forward. We are also considering providing nursing care facilities, facilities for people with disabilities, retirement homes for senior citizens, and services for inheritance planning, relocation, and final homes for people in their 50s and 60s. Furthermore, we are considering concept properties that cater to unique needs that other companies are not addressing, such as facilities specialized for pets.

Beyond studio condominiums, I also want to expand into the full-scale apartment business. For example, I want to focus on directly selling properties that can be fully financed, such as second-hand properties eligible for long-term loan that offer tax benefits and depreciation benefits like studio condominiums.

Recognizing that conventional methods are no longer sufficient, we aim to incorporate elements characteristic of a venture company and provide high-quality services.

Summary

Through the interview with president Sekino, I felt his strong belief “to create lifelong relationship with clients, starting with a single relationship.” While focusing on training new graduates and those with no prior experience, and developing recruitment strategies using social media, Mr. Sekino is also expanding real estate investment options both in Japan and abroad while exploring services for senior citizens. I felt a strong will to open up the future of the industry in his management style, which is always pursuing innovation while staying close to the clients.

About Yuji Sekino

Representative Director, GATES Inc.
Yuji Sekino

Born in 1985, Mr. Sekino started his career in the real estate industry at the age of 21, became independent after serving as the managing director of a major real estate agency. He established GATES Inc. in 2012 and GATES Enterprise Inc. in 2020 after serving as the representative director of Sellgate Japan Inc.

Company Profile

GATES Inc.
HP: https://gatestokyo.co.jp/

GATES Inc., established in 2012, is engaged in a diverse range of business activities, including the AI-based real estate platform “GAISS”, the metaverse real estate store “GATES WORLD”, one-stop service for real estate investment, real estate investment crowdfunding, and the sale of industrial solar power generation equipment. Guided by the concept of “to create a lifelong relationship with our clients, starting with a single relationship.” the company aims to grow and develop beyond industry standards.