

# 2017 DNA OF #CRE BROKER REPORT

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DNA<sup>of</sup> #CRE

2017

For the third year in a row, Buildout and theBrokerList partnered on the DNA of #CRE survey to learn more about the industry, the way brokers do their jobs, the challenges they have to overcome and the tools they use to be successful at small, medium and large brokerages. This year, we surveyed nearly 400 brokers from all over the country.

The annual DNA of #CRE provides a useful tool for CRE brokers to benchmark against competitors and get a clear reading on the current state of the CRE industry and how it's changing.

#### **WHAT DID WE FIND OUT IN 2017?**

- Brokers in firms of all sizes use similar tools and technologies to do their jobs, but large brokerages take advantage of a wider range of social media platforms.
- Fewer brokers are self-sourcing data than ever.
- Less than half of brokers at small firms have marketing support, while brokers at medium and large firms are much more likely to have that support available.

You can also view the aggregated survey results in our 2017 DNA of #CRE infographic.

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# About the respondents

Nearly 400 brokers from across the country responded to our 2017 DNA of #CRE survey. We've separated their responses into three categories so you can more accurately benchmark yourself and your firm against the results:

**SMALL BROKERAGES**  
**1-5 BROKERS**  
(43% of respondents)

**MEDIUM BROKERAGES**  
**6-50 BROKERS**  
(47% of respondents)

**LARGE BROKERAGES**  
**51+ BROKERS**  
(10% of respondents)



**YOUR BUSINESS**

**01**

# For the third year in a row, relationships are the biggest stimulus for winning business.

This is unsurprising for an industry with high dollar transactions and isn't likely to change anytime soon. Seventy-five percent of all respondents said relationships are their biggest stimulus for winning business, while just 12 percent said their own personal reputation was the biggest stimulus.

Clearly, trust is—and likely always will be—a major decision-making factor for commercial real estate buyers and investors. So, even as technology is on the rise in the CRE industry, tech tools will never displace the role of the relationship-driven broker.

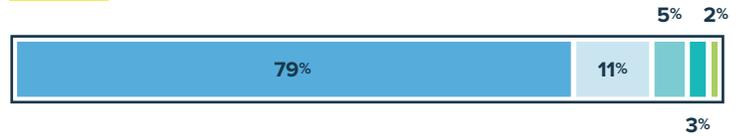
Relationships between brokers on either side of a deal are also crucial, as most respondents indicated that they co-brokered 30 to 70 percent of their deals in 2017. Eleven percent of respondents said that more than 90 percent of their deals were co-brokered.

So, brokers don't only have to use professionalism and strong branding to earn the trust of clients, buyers and investors. They have to build strong relationships with fellow brokers as well.

## TOP STIMULUS FOR WINNING BUSINESS

- Relationships
- Personal reputation
- Professional materials/presentations
- Data
- Company brand

### SMALL



### MEDIUM



### LARGE



## PERCENTAGE OF CO-BROKERED DEALS

- < 10%
- 10%–30%
- 30%–50%
- 50%–70%
- 70%–90%
- > 90%

### SMALL



### MEDIUM



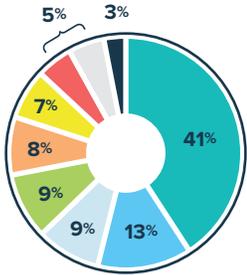
### LARGE



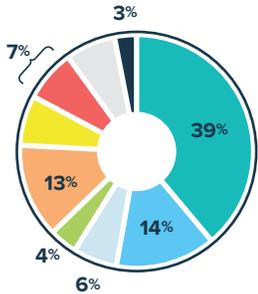
Maximizing listing exposure remains the biggest challenge for brokerages of all sizes.

## TOP CHALLENGE FOR MARKETING LISTINGS

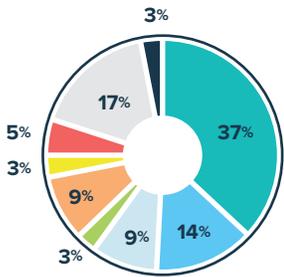
### SMALL



### MEDIUM



### LARGE



Of course, to sell properties, you have to get your listing in front of the right people. This is a challenge for brokers no matter what size firm they work with.

Interestingly, brokers at small- and medium-sized brokerages indicated their second-greatest challenge is gathering accurate data, while large brokerages are more concerned about speed to market. This is likely because larger teams with multiple moving parts can have more administrative bottlenecks in the listing-to-market process.

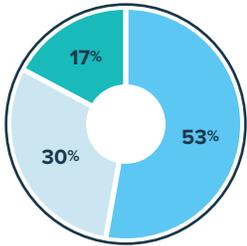
Additionally, there is likely more competition in large brokerages to win listings faster, and extensive processes for developing proposals may also be prohibitive.

- Maximizing exposure/going out to enough people
- Gathering accurate property data and research
- Redundant data entry for new listings
- Redundant data entry for updating listings
- Writing creative content
- Quality of proposals/listing presentations
- Preparing accurate analytics and/or pro formas
- Speed to market
- Lack of quality photography and/or video

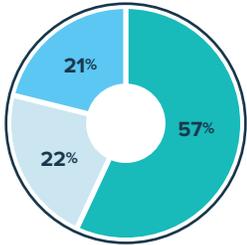
More than half of small brokerages don't have marketing support.

## PRESENCE OF MARKETING SUPPORT

### SMALL



### MEDIUM



### LARGE



Seventy-nine percent of brokers at medium firms and 80 percent of brokers at large firms indicated they have marketing support, but 53 percent of brokers at small firms said they do not.

This statistic proves that small brokerages need technology that streamlines marketing and other administrative tasks to keep up with the competition of medium and large firms. This is especially true for brokers in one-man shops, who accounted for 27 percent of our small brokerage survey respondents. Additionally, medium and large brokerages that do not take advantage of marketing technology are at risk of being beat out for deals if they don't adapt.

- Have support and firm pays for it
- Have support and pay for it
- Do not have support

Brokers at large firms are most likely to make over \$1 million in commission.

Seventeen percent of brokers at large firms said they made \$1 million or more on deals in 2017, while only 7 percent of brokers at medium firms said the same. Just 1 percent of brokers at small firms were able to cross that \$1 million commission threshold.

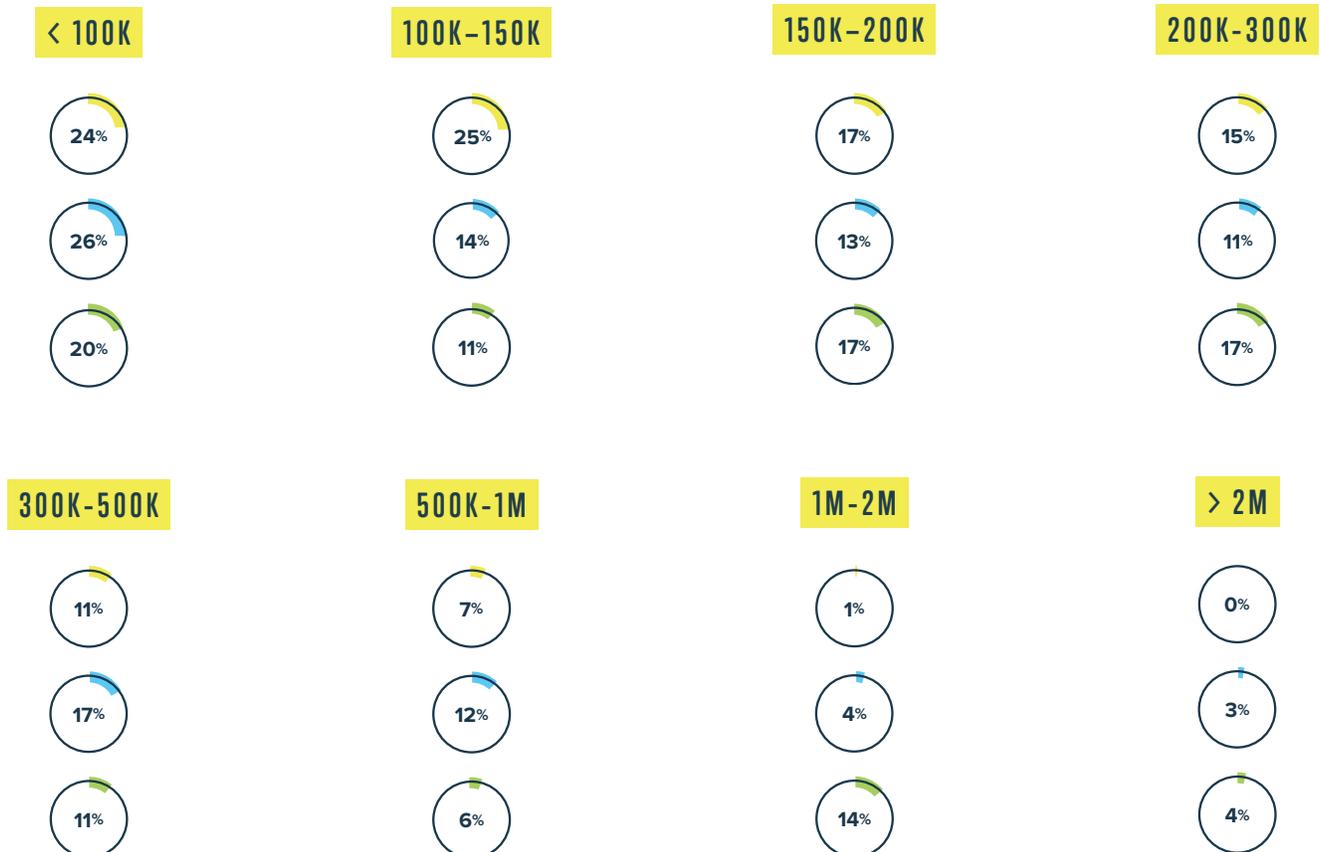
Ironically, no brokers at large firms said they feel that their company brand is a stimulus for winning business, but these brokers were also more likely to have marketing support available at their firm. And, they made the most in commission. With marketing support, assistants, a larger suite of tools and an established, large company brand comes greater

name recognition and man power, and in turn, more, larger deals for you and your brokerage.

With strong marketing and integrated technology, small and medium sized brokerages can elevate their status, find their competitive edge and compete with large brokerages for bigger deals. With tools like automation that accomplish the same things large teams and deep pockets do, small and medium brokerages can level the playing field with large firms. In our Broker Predictions report, we explore how brokers plan to invest in new tech tools in 2018 to remain competitive in the space.

## GROSS COMMISSION INCOME (\$)

■ Small ■ Medium ■ Large





**YOUR TOOLS AND TECHNOLOGY**

**02**



# Brokerages of all sizes use the same tools and technologies.

Despite other differences at brokerages of all sizes, we found that no matter how many brokers work with your firm, brokers use technology for:

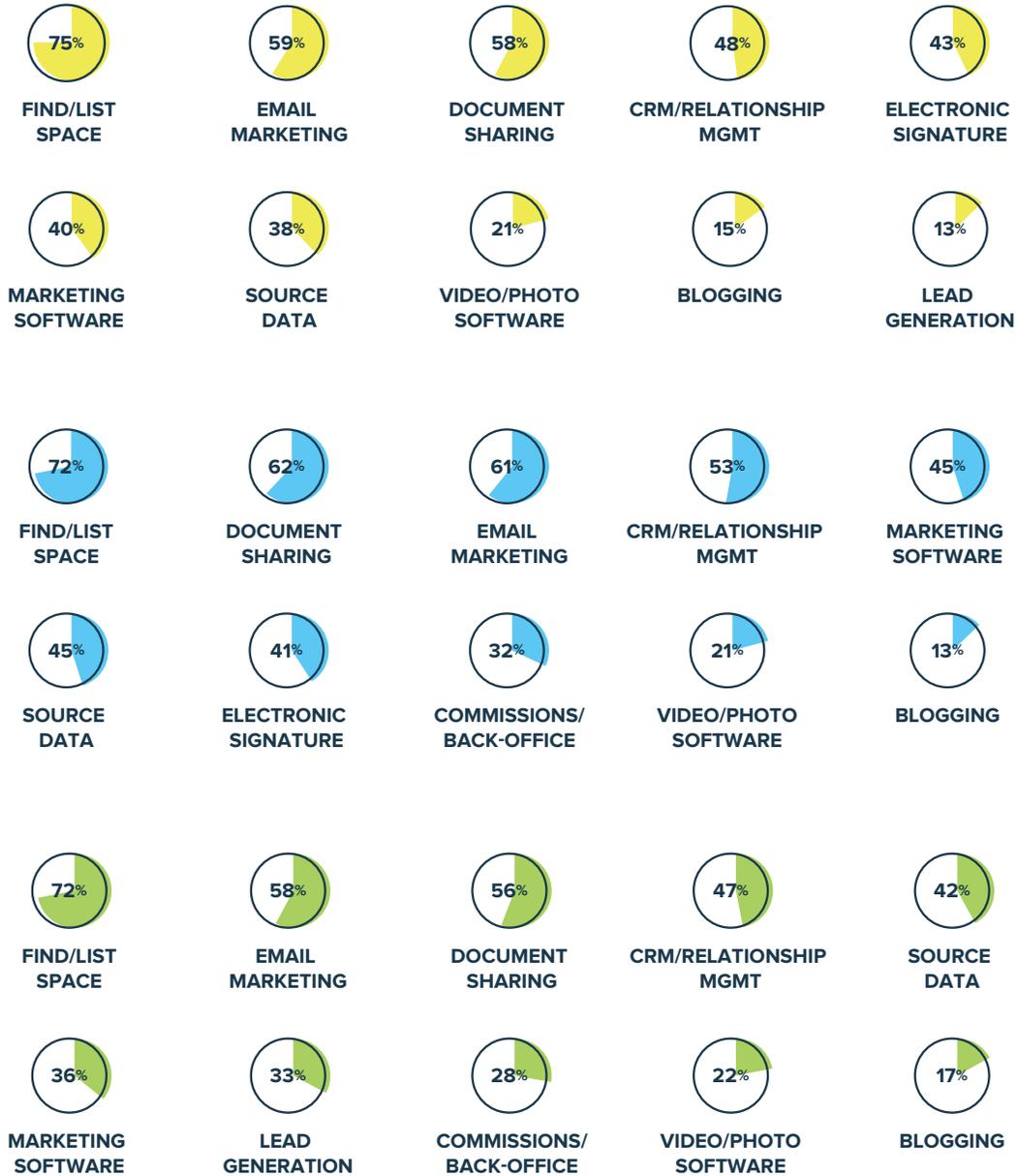
- Finding and sourcing data with tools like CoStar, Catylist, LoopNet, RealMassive and Xceligent
- Email marketing with tools like Constant Contact and MailChimp
- Document sharing with tools like Buildout, Dropbox and Real Capital Markets

These tools stand out as the most critical for brokers at all firms to maximize success and close deals faster.

This shows that while brokers in larger firms make more in commission, it's not about the types of technology they use, but instead, how they use it to leverage and elevate their brokerage brand and status.

## MOST USED TECHNOLOGY TOOLS\*

■ Small ■ Medium ■ Large



\*not shown for small: Commissions/back-office (7%), Connect tools (7%), Lease management (3%), Online payments (6%), Other (7%), and Virtual reality/3D tours (4%). // not shown for medium: Connect tools (10%), Lead generation (12%), Lease management (8%), Online payments (6%), Other (10%), Virtual reality/3D tours (8%). // not shown for large: Connect tools (17%), Electronic signature (8%), Lease management (11%), Online payments (6%), Other (8%), Virtual reality/3D tours (8%).



Fewer brokers self-sourced  
their information in 2017  
than ever, but some may  
begin again.

Until the 1980s, brokers would use much of their time to research buildings, neighborhoods and industries to acquire commercial real estate market data. Over time, the standard shifted to purchasing data from other sources, but many brokers still self-sourced their data. In 2016, our DNA of #CRE survey showed that 30 percent of brokers still self-sourced their data. We learned in our 2017 survey that fewer brokers self-sourced data than ever, at just 12 percent.

Now, industry dynamics are changing and there are fewer options to source data in 2018 than there were

in 2017. In our Broker Predictions report, open-ended responses indicated that for brokers in smaller firms who may not be able to keep up with rising data costs, it will become necessary to go back to self-sourcing data in the coming year, or leave the business entirely.

*“The costs associated with memberships are not worth agents staying in the business if their companies will not pay those costs. In certain data-empty cities, the CRE industry is nearly dead in the water and agents are frustrated.” –Broker response from 2017 DNA of #CRE*

## WHERE DATA WAS SOURCED

■ Small ■ Medium ■ Large

### COSTAR



### LOOPNET



### XCELIGENT



### SELF-SOURCED



### OTHER



### COMMERCIALSEARCH



### INTERNAL DATABASE



### REALMASSIVE



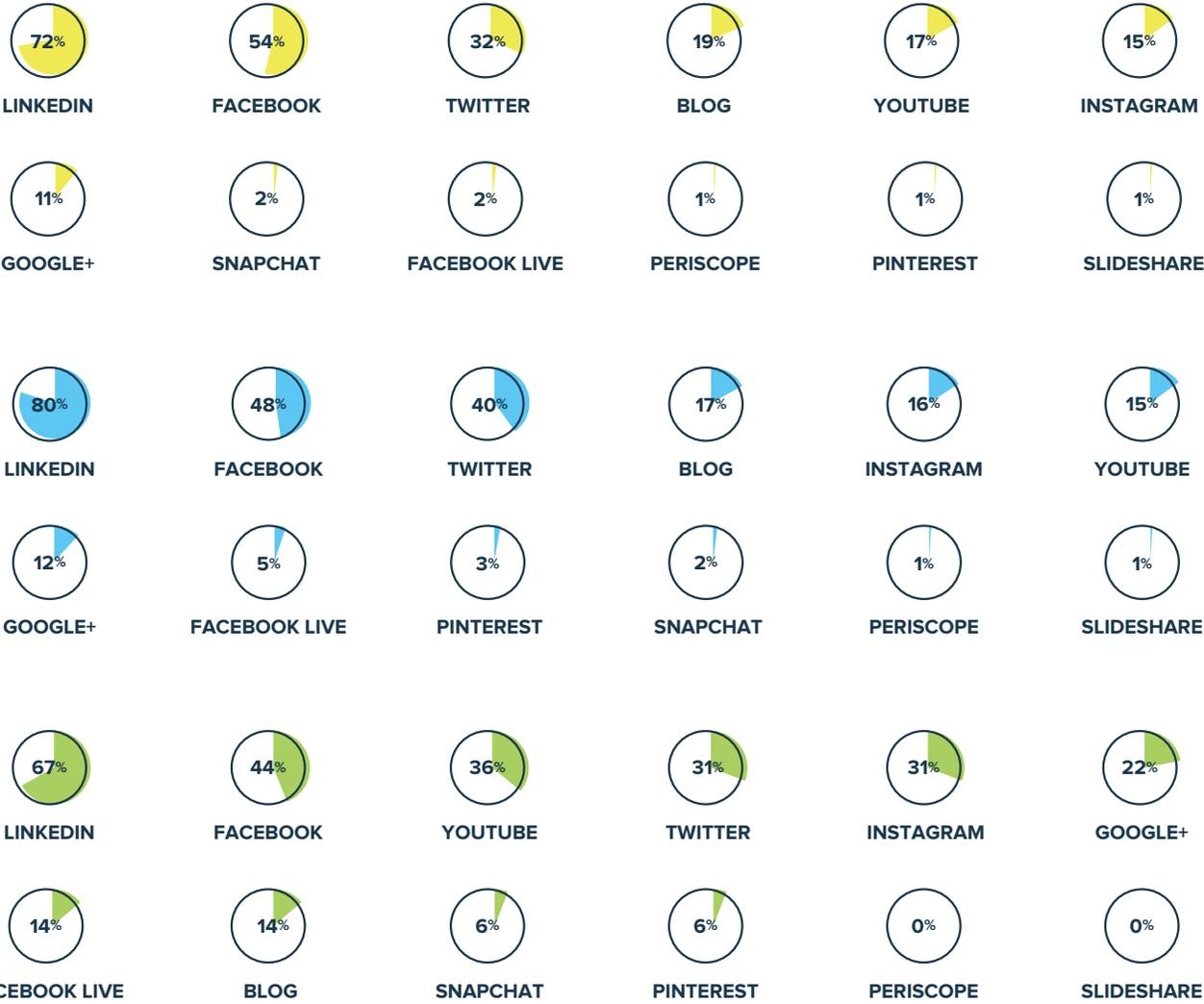
# More large brokerages use a wider range of social media platforms.

While brokers at small and medium firms told us they primarily use LinkedIn, Facebook and Twitter, brokers at large firms use more social media platforms, like YouTube and Instagram. This is likely because brokers at large firms have more team members and marketing support to run those social media accounts, as well as professional photographers and videographers on staff to generate content to promote on visual-heavy accounts. This allows them to maximize property and brokerage exposure on more channels.

However, brokers at small and medium firms indicated they're slightly more likely to have blogs than large brokerages. Many brokers at these firms may seek to make names for themselves in the CRE space as experts and thought leaders in order to compete with bigger brands.

# MOST POPULAR SOCIAL MEDIA TOOLS

Small Medium Large





YOUR ATTRIBUTES

03



# Years in industry

Brokers with one to five years of experience are most likely to work with large firms, but brokers with more experience are more likely to work with medium and small firms.

# Age

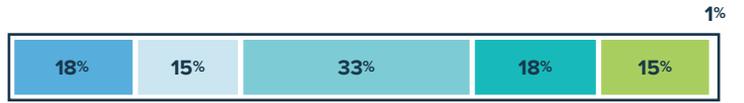
Most brokers are aged 50 and older, with brokers in medium firms skewing slightly younger.



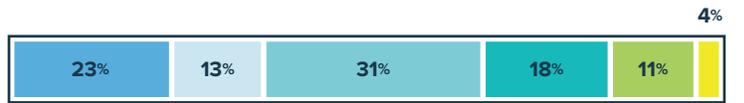
## YEARS IN THE INDUSTRY

- 1–5
- 6–10
- 11–20
- 21–30
- 31–40
- 41+

### SMALL



### MEDIUM



### LARGE



## AGE

- 21–29
- 30–39
- 40–49
- 50–59
- 60–69
- 70+

### SMALL



### MEDIUM



### LARGE





# Gender

More than three-quarters of brokers are male across all brokerage sizes.

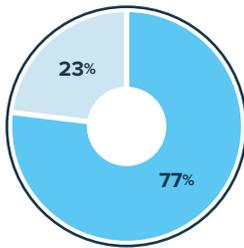
# Location

Respondents of our survey represented firms all over the country.

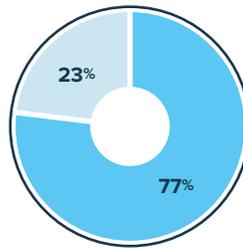


## GENDER

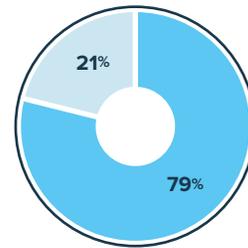
SMALL



MEDIUM

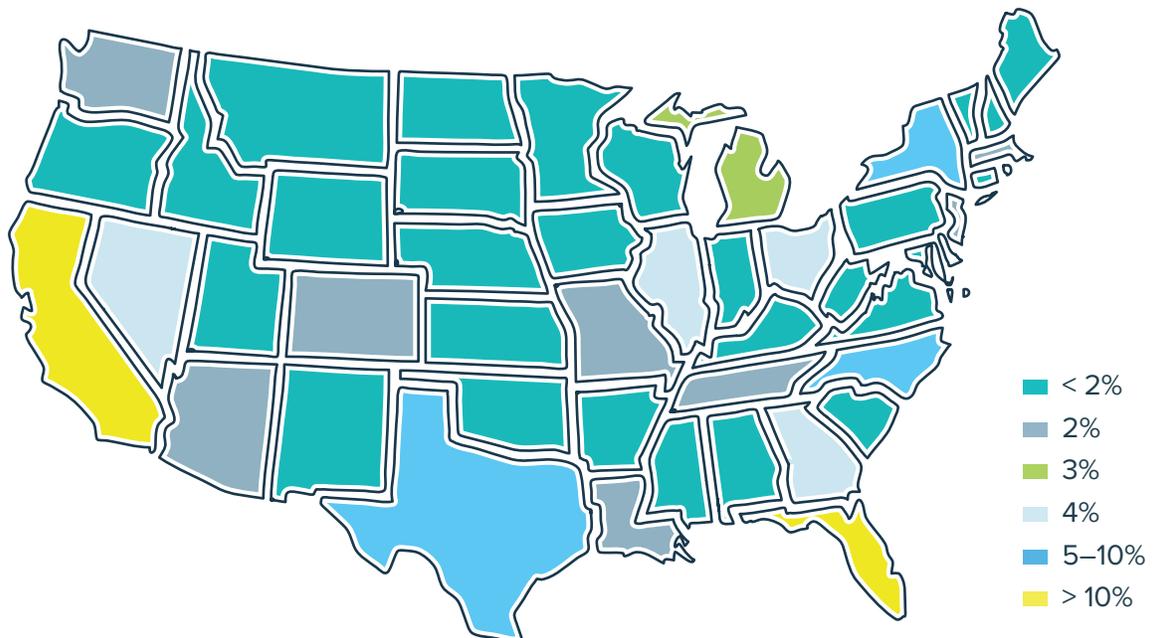


LARGE



■ Male ■ Female

## LOCATION



# About the survey



### **WHO EXECUTED THE SURVEY**

Buildout and theBrokerList partnered to conduct the third annual DNA of #CRE survey.

### **THE PURPOSE OF THE SURVEY**

In conducting the annual DNA of #CRE survey, our goal is to gather and share information about the commercial real estate industry, including what the most successful brokers do and the tools they use. This information provides a benchmark for other brokers to see how they measure up and learn about other brokers across the industry.

### **WHEN THE SURVEY WAS CONDUCTED**

January 2018

### **THE RESPONDENTS**

370 brokers from all across the country participated in the 2017 DNA of #CRE survey. These respondents represented a range of demographics, roles, brokerage sizes, geographic regions and property focuses, all highlighted in our aggregate results infographic.

