

DNA of #CRE

2018

BROKER REPORT

DNA^{of} #CRE

2018

Every year since 2015, Buildout and theBrokerList have partnered on the DNA of #CRE survey in an effort to deliver comprehensive, actionable data to the commercial real estate industry. CRE brokers and other professionals at brokerages all over the country can use this data to learn more about how others run their businesses and the tools they use to be successful.

The survey results give brokers and other CRE insiders a tool to benchmark against their competitors, learn more about industry-wide best practices, and understand where the industry is heading in the coming year.

What did we find out about CRE Brokers in 2018?

- Even though relationships are the most important driver of business, building those relationships is not necessarily how brokers spent most of their time.
- Brokers want a multiple-listing service (MLS), a better, straight-forward CRM or database for CRE professionals, more affordable and efficient data sourcing, and more integration across their tools.
- Despite industry-wide whisperings of a possible recession, brokers were optimistic CRE business will hold steady in 2019.

You can view the aggregated survey results in our [2018 DNA of #CRE infographic](#).

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01

YOUR FACTORS

For the fourth year in a row, building relationships was ranked as the most important stimulus for winning new business.

Relationships are considered to be the biggest driver of a broker's success by far, and relationship building has consistently been ranked at the top since 2015.

According to the 2018 survey, the next most important stimulus for winning business was developing a personal reputation, followed by prospecting. Least important to brokers were cultivating company brands and maintaining a personal online presence.

In other industries, one might think developing a personal reputation and maintaining a personal online presence would go hand-in-hand. However, it seems brokers do not think of their online presence as connected to their word-of-mouth reputation, and may believe they'll gain more valuable relationships through in-person connections as opposed to online ones.

How important were these stimuli for winning your business?



Maximizing exposure and reaching their target market group is still the biggest challenge for brokers when marketing their listings.

Just as building relationships has consistently ranked as the top stimulus for winning business since the DNA of #CRE survey first launched, maximizing listing exposure has consistently ranked as the biggest challenge.

Brokers' next biggest challenge was writing creative content, which highlights how important it is to brokers to ensure their listings stand out from others on the market.

Redundant data entry was the third biggest challenge for brokers, but using technology was considered the least challenging by far. In the past, brokers were hesitant to use technology due to the time it would take for them to learn how to use a new tool. Now, CRE technology has improved and the stigma of new tech in the industry is a thing of the past. This year's survey results show brokers no longer view technology as a challenge, but see instead that it can be beneficial when tackling other challenges like data entry and maximizing exposure. New tech with better integration can streamline broker processes and allow them to do more in less time.

How challenging were each of these factors when marketing your listing?



Maximizing exposure/reaching target market group



Writing creative content



Redundant data entry for updating listings



Speed to market



Quality of proposals/listing presentations



Gathering accurate property data and research



Preparing accurate analytics and/or pro formas



Lack of quality photography and/or video



Using technology



Redundant data entry for new listings





02

YOUR WORKDAY

Brokers did not spend most of their time building relationships.

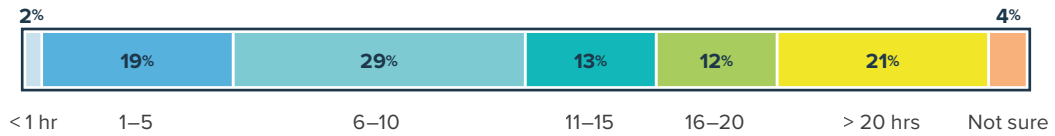
According to survey responses, brokers and their staff mostly divided their time evenly between administrative tasks, marketing tasks, and developing relationships. The data tells us:

- Brokers and their teams were most likely to spend six to 10 hours per week on administrative tasks.
- They were most likely to spend six to 10 hours per week on marketing tasks.
- They were most likely to spend six to 10 hours per week developing relationships.

This is interesting because, according to survey respondents for the last four years, relationships are by far the most important driver of business. However, it seems building those relationships is not how brokers spent most of their time.

This finding points to a need for more efficient systems in brokerages to give brokers more time to build those all-important relationships with their networks. When asked what tool or technology is currently missing from CRE that would help with day-to-day work, brokers responded about the need for better organization and integration. Brokers specifically called out the need for an easy-to-use CRM or database and more efficient integration across the tools they already use to save time. A firm that can provide these tools and capabilities to their brokers will be at an advantage when it comes to broker recruitment and retention.

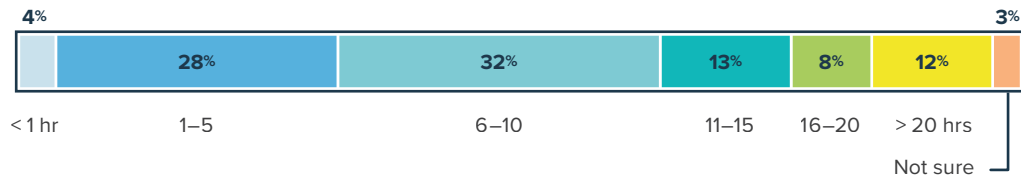
How many hours per week did you spend on administrative tasks?



How many hours per week did you spend on marketing tasks?



How many hours per week did you spend developing relationships?





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03

YOUR TOOLS & TECHNOLOGY

Brokers used tools to find and list spaces the most, followed by the use of email marketing and document sharing technology.

Ninety percent of DNA of #CRE Broker Survey respondents said they use tools to find and list spaces. Those tools include CoStar/LoopNet, Catylist, RealMassive, and their local CMLS. This finding connects with the desire to leverage tools to maximize the all-important listing exposure—the biggest challenge brokers face in their day-to-day work. However, even with these tools, brokers are still finding listing exposure to be their biggest challenge.

Next, 77 percent of respondents said they used email marketing tools including Constant Contact and MailChimp. (In our 2018 DNA of #CRE Marketer Survey, 45 percent of marketers said they used Constant Contact, 37 percent said they used MailChimp, and 28 percent said they used Buildout.)

The third most-used technology tool was document sharing, which includes tools like Buildout, Dropbox, and Real Capital Markets. This highlights the importance of efficient, secure ways for brokers to share property materials with buyers, investors, and other brokers.

What technology tools did you use regularly?



Find and list space



Email marketing



Document sharing



Source data



CRM/relationship management



Electronic signatures



Marketing software



Video/photography software



Commissions and back-office



Property and lease management



Blogging



Lead generation



Online payments



Connect tools



Virtual reality and 3D tours



Other

LinkedIn was by far the most popular social media tool, and a LinkedIn presence is a broker best practice.

Ninety-one percent of brokers said they used the professional social network. This was up 16 percent from 75 percent of respondents in 2017, showing that LinkedIn is growing in popularity in the industry, despite brokers reporting in this year's survey that they do not prioritize their online presence.

Additionally, in the 2018 survey, 50 percent of brokers said they used Twitter, which is up from 35 percent in 2017. Facebook use was up in 2018 as

well, with 64 percent of brokers saying they used it in 2018, compared to 50 percent in 2017. This differs from the results of our Marketer Survey, which showed a decrease in both Facebook and Twitter use among CRE marketers. This highlights the stark difference between broker presence online and overall company presence: brokers likely view social media as a place to develop their personal brands, not their firm's.

What marketing/social media tools did you use in 2018?



LinkedIn



Facebook



Twitter



Instagram



YouTube



Blog



Google+



Facebook Live



Pinterest



None



Other



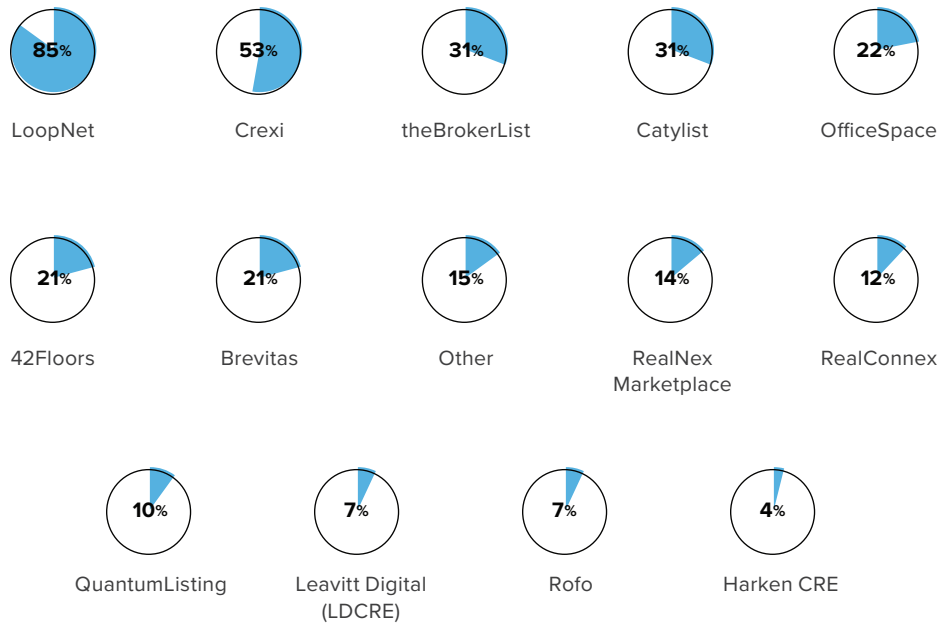
Snapchat

LoopNet is the most popular listing site, and brokers use CoStar/LoopNet the most to find property information.

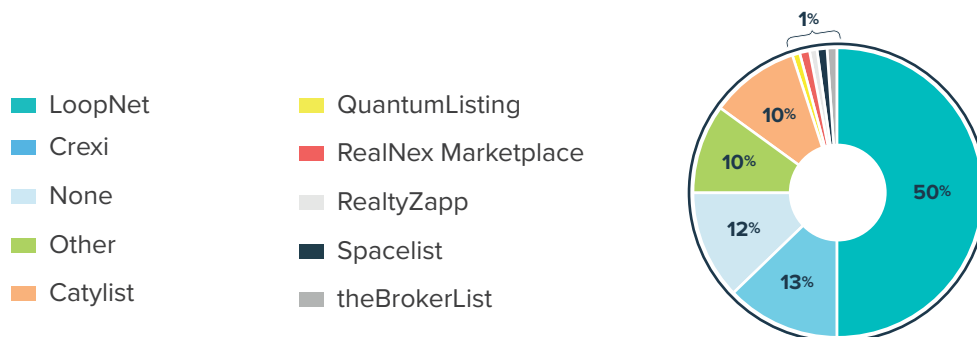
Eighty-five percent of brokers who took the 2018 DNA of #CRE survey said they used LoopNet to list their properties, followed by Crexi, with 53 percent. Half of broker respondents said they thought LoopNet was the most valuable listing site. Sixty-two percent said they valued exposure the most from the listing sites they used, followed by lead generation at 23 percent.

Of the broker respondents, 57 percent said they use CoStar/LoopNet to source data, and 14 percent said they self-sourced their data. Just 5 percent said they used an internal company database to find their property information in 2018. But brokers aren't necessarily happy with these options. According to write-in responses, brokers want "open access to data" and a "better, more complete data set on properties and ownership."

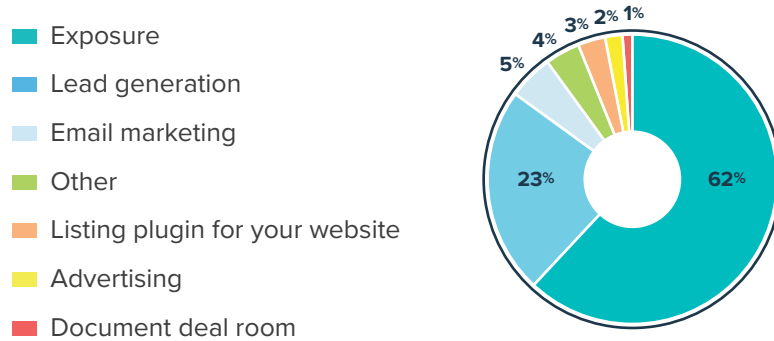
Which listing sites did you use?



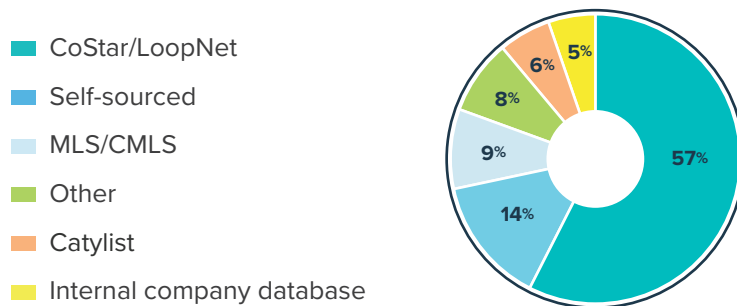
Which listing site did you feel was the most valuable to you?



What did you find the most valuable about the listing sites you used?



Where did you find the most property information?



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62 PERCENT SAID
EXPOSURE IS THE MOST
VALUABLE ASPECT OF
THIRD-PARTY LISTING SITES

Brokers overwhelmingly think the industry will embrace technology more in 2019 over 2018.

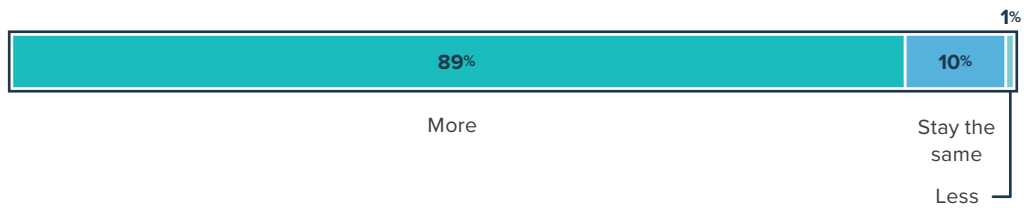
Similar to 2017, when the predictions section of the DNA of #CRE survey was launched, 89 percent said they believed the industry will embrace more technology in the coming year, and 10 percent said they think tech use in the industry would stay the same. Last year, 84 percent said there would be more tech in 2018, and 15 percent said it would stay the same, so there is a bit more optimism about the future of new CRE technology going into 2019.

Thirty-seven percent of brokers believe artificial intelligence (AI) will affect the industry the most in the coming year, and 26 percent believe virtual reality (VR) will have the biggest impact.

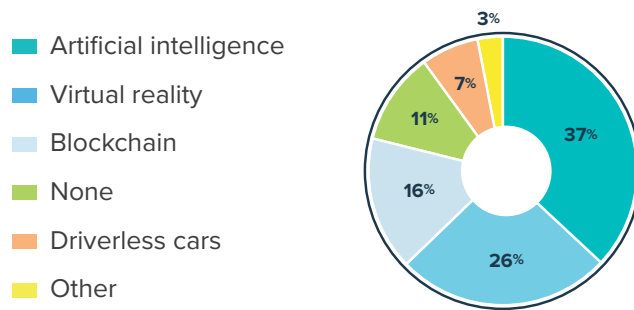
Virtual reality is likely to have a major impact on both property marketing and the properties themselves. Major brokerages are already using VR to show properties to potential buyers and tenants. And in retail properties, for example, shoppers will be able to visualize and “try on” more products without taking up a lot of showroom space.

The implications of AI will affect both property development and how brokers do their jobs every day. While some in CRE may be concerned that AI could spark disintermediation in the industry and eliminate the need for brokers, the fact of the matter is relationships between brokers and their networks are the glue holding the industry together today. AI will simply make CRE professionals’ jobs easier and give them more time to devote to those relationships.

Do you think the CRE industry will embrace technology more, less, or the same in 2019 over 2018?



Which new technology do you think will affect the CRE industry the most in the next five years?



We asked brokers what tool or technology they felt was missing from the CRE industry landscape to help with their day-to-day work. Here's what some of them had to say:

MLS/National Listing Site

“A comprehensive, reasonably priced commercial MLS like residential agents have”

“Better and more affordable listing service, Loopnet is expensive and doesn't function as accurate as the MLS”

“National listing/data service other than LoopNet that is affordable by smaller firms”

“One database where all brokers can list for free but would have to pay a reasonable fee to search it”

Straightforward, easy-to-use CRM or database

“A better data collection software that can accurately accumulate important performance and market data and input it into a usable format”

“A CRM that syncs to outside sites used in everyday business”

“Better CRM for commercial real estate professionals”

“Really good, straightforward CRM”

“An established 'user-friendly' database to track buildings and tenants”

Integration across tools, or an all-in-one platform

“The listing service that can competently integrate listing/marketing, prospecting, document sharing, and CRM into one easy-to-use service will win the technology battle”

“Affordable one piece of technology that does it all”

“Integrated, seamless & comprehensive CRE Tech”

“Integration between the listing platforms and the data platforms”

Affordable and efficient data sourcing

“Open access to data”

“Better, more complete data set on properties and ownership”



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04

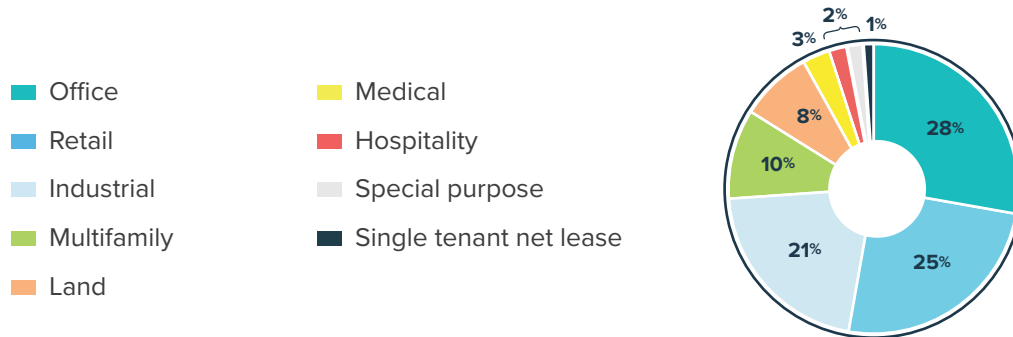
YOUR BUSINESS & BROKERAGE

DNA of #CRE respondents sold or leased office spaces more than any other type of property in 2018—and expect that trend to continue into 2019.

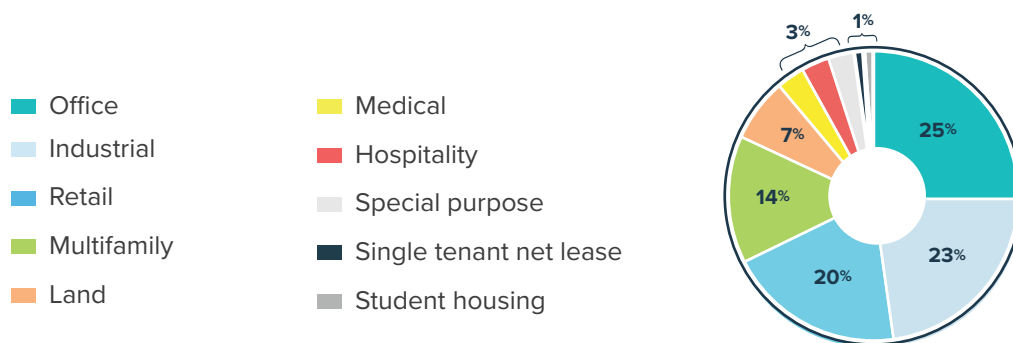
Twenty-eight percent of respondents said they sold or leased office spaces the most, followed by retail (25 percent), then industrial (21 percent). These findings mostly held steady with answers and predictions made in our 2017 survey, with the exception of industrial. In last year's survey, 44 percent of brokers thought industrial would be the most active property type in 2018, but according to the new survey results, it was actually the third most active.

Brokers seem to have lost faith in the state of the multifamily market. In 2017, 22 percent of brokers thought it would be the hottest market in 2018. However, only 10 percent actually sold or leased multifamily the most last year, and only 14 percent expect it to be the hottest in 2019. This aligns with CBRE's [2019 U.S. Real Estate Market Outlook](#), where they report fewer multifamily units will be delivered in 2019 than in 2018.

Which property type did you sell/lease the most of in 2018?



Which property type do you expect to sell/lease the most of in 2019?



More than half of brokers made more deals in 2018 compared to 2017. Forty-five percent believed industry commission revenue will increase in 2019, and 37 percent believe it will stay the same.

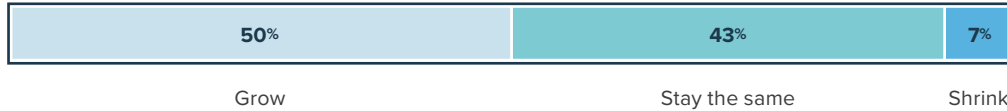
How did the number of deals you made in 2018 change compared to 2017?



Do you believe industry brokerage commission revenue will increase, decrease, or stay the same in 2019 over 2018?



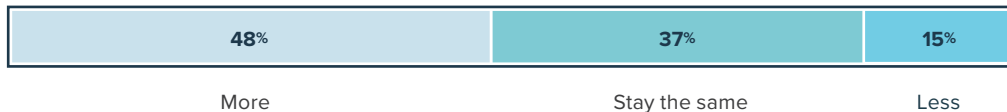
Do you believe the CRE industry staffing needs will grow, shrink or stay the same in 2019?



Does your company plan to actively recruit more brokers and other team members in 2019?



Overall, do you believe there will be more, less or the same number of commercial real estate brokers in 2019 over 2018?



Half of brokers think industry staffing needs will grow in 2019, and 43 percent think it will stay the same. Additionally, 83 percent said their company plans to actively recruit brokers in 2019.

Further, 48 percent of brokers said they believed there will be more brokers in 2019 over 2018, and 37 percent said the number will likely stay the same. This is down from last year, when 57 percent said they expected there to be more brokers in the industry in 2018.

So, despite industry-wide whisperings of a possible recession on the horizon, brokers remain confident in the state of our economy and expect business in the industry to hold steady in the coming year.



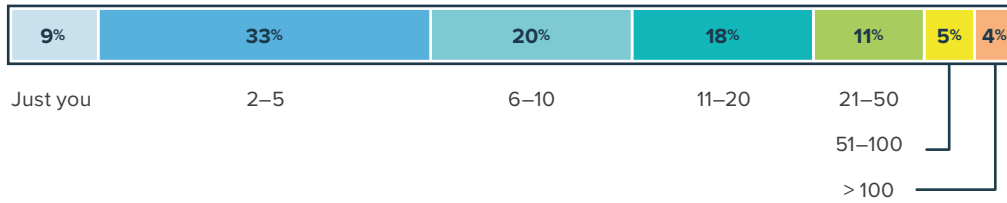
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BROKERS REMAIN
CONFIDENT IN THE
STATE OF OUR ECONOMY

2018 DNA of #CRE respondents were most likely to work in an office with two to five brokers, and more than half had marketing support their firm paid for.

Thirty-three percent of respondents said there were two to five brokers in their local office, and nine percent of respondents worked in an office alone. Four percent worked in an office with more than 100 brokers.

And of our respondents, 57 percent said they have marketing support and their firm pays for it. Forty percent work with just one marketer. This is closely related to our Marketer Survey results, in which almost half—47 percent—of marketers told us they were the sole marketer in their local office.

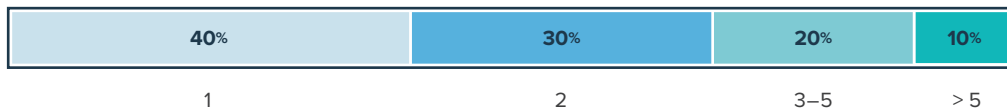
How many brokers are in your local office?



Do you have administrative and/or marketing support?



How many people are on your marketing support team?







05

ABOUT YOU

Years in industry

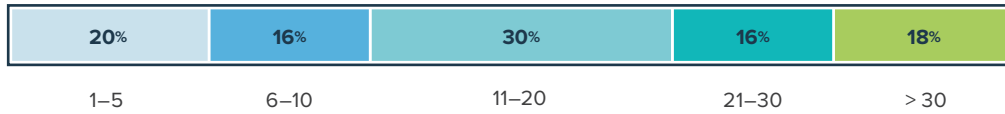
Thirty percent of respondents said they've worked in the CRE industry for 11–20 years.

When asked how they got their role in commercial real estate, 32 percent said it was incidentally, 22 percent said it was through a recommendation from a friend, and 19 percent said family influence. This varies a bit from our marketer respondents, where 60 percent said they came to the industry incidentally, and 10 percent said it was through a friend's recommendation.

Highest education level

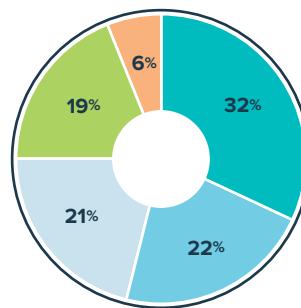
Fifty-six percent said their highest level of education was a bachelor's degree, followed by 17 percent who said they had a master's degree. Sixteen percent said they had some college and no degree.

How many years have you worked in commercial real estate?



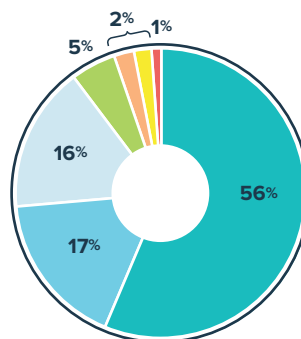
How did you get into commercial real estate?

- Incidentally
- Friend recommended
- Other
- Family influence
- Recruited from college



Highest education level

- Bachelor's degree
- Master's degree
- Some college, no degree
- Associate degree
- Professional degree
- High school degree or equivalent
- Doctorate



Age

Seventy-four percent of broker respondents were age 40 and older.

Gender

Almost 80 percent of respondents to our Broker Survey were male. (Conversely, 80 percent of respondents to our Marketer Survey were female.)

Company type

Fifty-two percent of respondents were from independent firms, and 48 percent were from national firms.

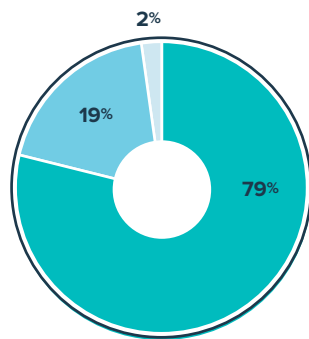
Location

Respondents of our survey represented firms all over the country.

Age

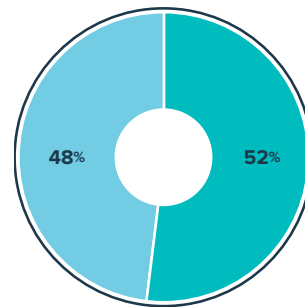


Gender



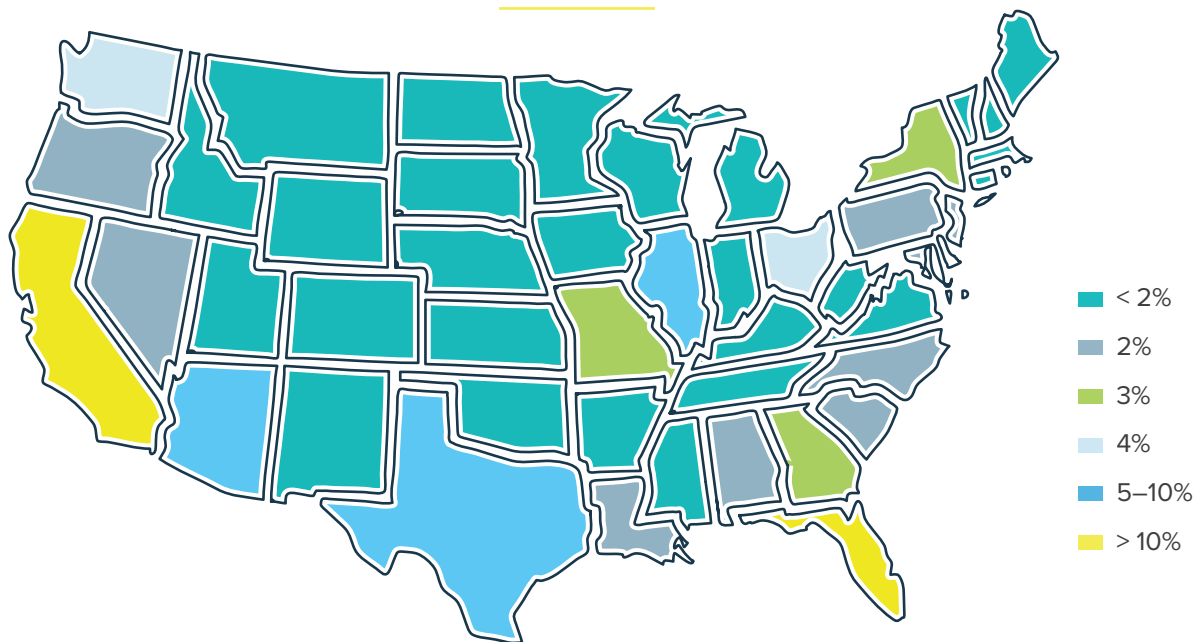
- Male
- Female
- Prefer not to say

Company type



- National
- Independent

Location



Who executed the survey

Buildout and theBrokerList partnered to conduct the fourth 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. This information provides a benchmark for brokers to see how they measure up and learn about other brokers across the industry.

When the survey was conducted

January 2019

The respondents

369 brokers from all across the country participated in the 2018 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](#).

DNA of #CRE

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