

DNA OF  
#CRE

2018  
BROKER

DNA OF #CRE 2018 BROKER  
INDUSTRY PREDICTIONS

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DNA<sup>of</sup> #CRE

2017

This year, as part of our annual DNA of #CRE survey, we asked brokers what they expect from the CRE industry in 2018 and beyond. The results of this survey serve as a benchmark for brokers to compare their 2018 practices to other firms and offer ideas to keep up with the competition.

Here's what we found out about how brokers view the future of CRE technology and the industry as a whole.

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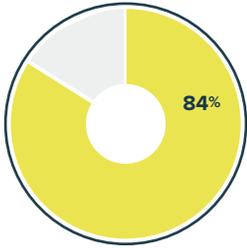


# THE FUTURE OF CRE TECHNOLOGY

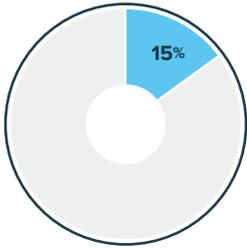
# 01

The CRE industry will embrace technology more in 2018.

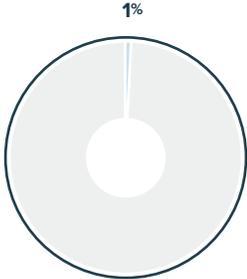
**CRE WILL EMBRACE TECHNOLOGY**



**MORE**



**THE SAME**



**LESS**

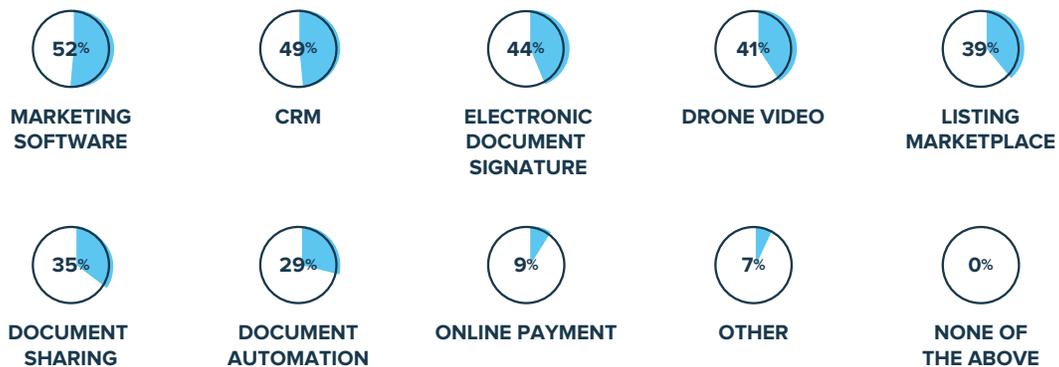
Unsurprisingly, an overwhelming majority of respondents (84 percent) said they expect the CRE industry to embrace technology even more in 2018. Although CRE has previously been considered a tech-averse industry, over the past few years, it has adopted new tech like drone video and photography, and marketing and customer relationship management software.

Now, some brokers are even using tools like 3D renderings and virtual reality to make property tours and information more engaging than ever. This will continue into 2018 and beyond as more tools become readily available and accessible to even small brokerages.



Brokers plan to adopt tools in 2018 that will save them time.

## CRE TECHNOLOGY TOOLS BROKERS PLAN TO ADOPT



Brokers understand that their time is extremely valuable when securing business, so in 2018, many noted they'll bring in tools that will simplify processes and cut down on administrative time. Some of these tools include marketing software, CRMs, electronic document signature programs and document sharing tools.

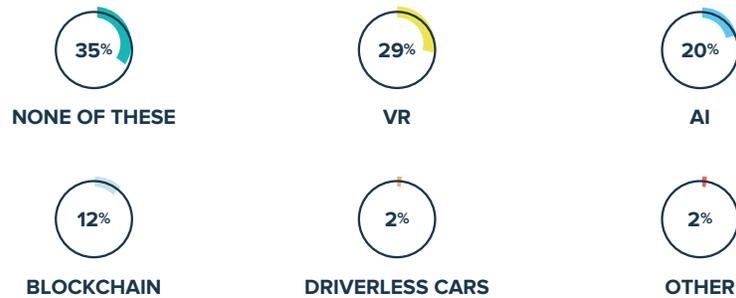
Additionally, many brokers told us they also plan to adopt drone videos and listing marketplaces to promote properties. Clients and buyers have begun

to expect modern, cutting-edge tools like drones for brokers to promote properties, and our survey results indicated that brokers are planning to deliver on that expectation.

No brokers said they did not plan to adopt any new CRE tech tools in 2018. This proves that attitudes in the industry around technology are universally positive and brokers are keen to implement new tools. This also demonstrates that tech budgets for brokerages may be rising in the coming year.

Thirty-five percent of brokers don't think cutting-edge tech like VR or AI will disrupt the industry in 2018, but could in the near future.

## TECHNOLOGY PREDICTED TO AFFECT CRE THE MOST



We asked brokers which, out of virtual reality (VR), artificial intelligence (AI), blockchain technologies and driverless cars, they expected to have the greatest impact on the CRE industry in 2018. Nearly 35 percent of respondents said none of those options, but close to 30 percent said VR would have the greatest impact on the industry. This makes sense because there are already many VR tools at brokers' disposal in the CRE industry.

Interestingly, while many brokers do not expect to see major changes in 2018, many noted in open-ended responses that noticeable changes are more likely to happen in the 2020s. Some responses we received from brokers about how they expect new technologies to affect the industry include:

- “Although virtual reality will be the technology of greatest importance in 2018, [artificial intelligence, blockchain and driverless cars] will certainly be important to CRE in the mid-to-long term.”
- “By 2025, all of these tech types will significantly change the CRE industry.”
- “I don’t see any of these technologies maturing in 2018, but possibly in five years from now.”
- “Driverless cars likely won’t start making real impacts on development until well-after 2020. However, forward thinkers may start planning around them now.”
- “Virtual reality is closer than AI and driverless cars. Autonomous driving and its variants will be a world-changing event.”

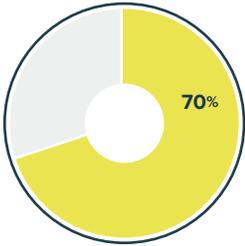


# THE FUTURE OF CRE BUSINESS

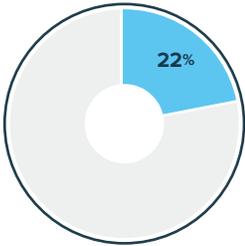
# 02

Brokers largely believe industry brokerage commission revenue will increase in 2018.

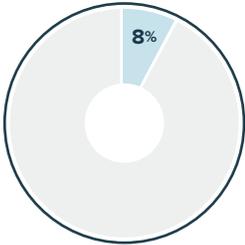
**BROKERAGE COMMISSION REVENUE WILL**



**INCREASE**



**STAY THE SAME**



**DECREASE**

Respondents to our survey feel optimistic about the future. A large majority (70 percent) of brokers believe commission revenue will increase in the coming year, and less than 8 percent foresee a decrease in commission.

Open-ended responses showed many brokers believe the new federal tax plan will have a major impact on the CRE industry as a whole, and could spur more transactions for those who deal in commercial real estate.

Most brokerages plan to actively recruit more brokers, and more than half of brokers predict growing competition in the CRE industry.

Because brokers expect the CRE market to pick up in 2018, they also expect recruitment to grow as well. Eighty-one percent of brokers told us their firms plan to actively recruit brokers and other team members in 2018, and almost 60 percent believe there will be more brokers in the business in the coming year. This means that while the industry as a whole is growing, there will also be more competition from other brokers.

In our survey of marketers, respondents agreed with brokers about the future of recruitment and staffing in brokerages. This shows that expectations of growth are consistent across varying roles in the industry.

## PLAN TO ACTIVELY RECRUIT MORE BROKERS



YES



NO

## THE NUMBER OF CRE BROKERS WILL



INCREASE



STAY THE SAME



DECREASE

## CRE INDUSTRY STAFFING NEEDS WILL



INCREASE



STAY THE SAME



DECREASE

# Brokers predict industrial will be the most active branch of CRE in 2018.



In our DNA of #CRE survey, brokers told us they sold or leased retail and office properties the most in 2017, but our Broker Predictions survey shows us they think industrial and multifamily will be the hottest markets in 2018.

As consumerism is on the rise, new tech promotes higher productivity and major companies like Amazon and Apple are expanding and building new campuses. All of this means there will likely be growth in manufacturing, distribution, warehousing, production and research in 2018 — and a need for spaces for these industrial activities. That's why almost 44 percent of brokers believe industrial commercial real estate will be the most active branch of CRE in 2018.

## MOST ACTIVE CRE BRANCH





National real estate  
license? The majority of  
our respondents say no.





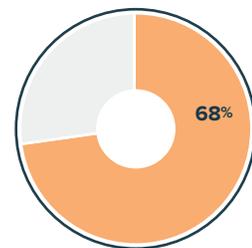
Even though it's becoming easier and more common for buyers and investors to seek spaces and brokers to do business in multiple states, most brokers don't think a national license is necessary.

This is likely because brokers largely focus on local business. Clients often prefer to work with local brokers when selling or leasing their properties because they're more in tune with the region and its needs. Brokers also benefit from competing on a local scale instead of a national one, where they can more effectively nurture relationships and become experts on the region.

## NATIONAL REAL ESTATE LICENSE SHOULD BE REQUIRED



YES



NO

# About the survey



## **WHO EXECUTED THE SURVEY**

Buildout and theBrokerList partnered to conduct the third annual DNA of #CRE survey. This is our first time conducting the Broker Predictions portion of the 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 year, we also wanted to get a sense of what brokers expect for the future of the CRE industry to help you prepare for shifts in technology and buyer trends.

## **WHEN THE SURVEY WAS CONDUCTED**

January 2018

## **THE RESPONDENTS**

370 brokers from all across the country participated in the 2017 DNA of #CRE survey, and 119 participated in the predictive portion. These respondents represented a range of demographics, roles, brokerage sizes, geographic regions and property focuses, all highlighted in our aggregate results infographic.

## **THE FULL DNA OF #CRE RESULTS**

You can view the aggregate results of the full DNA of #CRE survey [here](#) and our analysis of the differences between small, medium and large brokerages [here](#).

