

What if we adopted residential agents' best practices?

COMMERCIAL REAL ESTATE

Commercial real estate professionals differ from our residential colleagues in many ways.

But how would our industry change if we adopted some of the practices of our residential brethren? Well, to coin an old phrase — “seven ways from Sunday” — here it goes.

- We would share our inventory with a realty board.

Residential agents belong to boards of Realtors. Many fine things are accomplished with this connection. Available houses for sale are readily accessible through a common multiple listing service. Status — active, pending and closed — is required of each listing. No such clearinghouse exists for commercial real estate.

- We would be more consumer facing. Once a listing is published through a realty board, the information flows to consumer websites such as Realtor.com, Zillow and Redfin. That transparency enables you to search for a house in your bathrobe from the comfort of your kitchen table. You can see commercial listings on LoopNet, but the process is flawed, the information incomplete and the goal is to point you toward a commercial broker for details.

- We would track “real metrics.”

Because the multiple listings are consistent — the number of houses on the market, number of houses sold, market time and new sale escrows — they can be tracked and provide residential agents a true look at what’s happening. In CRE, we are forced to react to our “gut feel” for activity or to rely upon global stats such as vacancy factors or absorption.

- Our use of technology would be much greater.

Wow! This topic alone is column-worthy. CRE professionals have been slow to adopt technology. We are an aging industry stuck with 1980s methodology. Doubt this? Some in my office still use a Rolodex!

- The majority of our deals would be sales, not leases.

Generally, eight out of 10 deals we do are leases. Our counterparts transact just the opposite — with many residential agents never doing leases.

- Most of our transactions would be owner-based.

Many in the commercial trade represent only occupants. These are known as “tenant

rep” companies — a specialty that places companies that seek to occupy buildings as owners or tenants. Shunned are assignments that require sourcing a tenant or buyer for a vacant building on behalf of the owner.

- Standardization would be encouraged.

Boards of realty have strict codes of conduct and forms for everything. Agents abide lest they be ousted from the board and lose access to available inventory. A death sentence of sorts as a potential ouster creates a sense of cooperation among agents and firms. *Allen C. Buchanan is a principal with Lee & Associates Commercial Real Estate Services. He can be reached at 714-564-7104 or abuchanan@lee-associates.com.*



What if the commercial real estate industry tapped into the technology and networks of the residential market?



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