

What has changed

Now that you understand what happened during the first decade of the 2000s, let's take a minute to understand what has changed. Over 200 **Coldwell Banker Commercial**® professionals from across the U.S. responded to a survey about what they felt has changed in the commercial real estate industry.

If you've been in the business for more than 12 years, what is different in the way you do commercial real estate now, than in times before the year 2000?

- **Less Personal**—Smartphones have made it easier to become accessible. However, it also made it easier to “text” answers to questions. There are a lot less face-to-face meetings. The personal meetings to develop strategic decisions and action plans are drawn out by streams of piecemeal emails. The transactions may initiate with a face-to-face meeting, but much of the follow up is done via texting and emailing. Although we haven't fully transitioned away from it, the “old school” style of brokerage is slowly fading and may fade more in years to come. However, it may never die, technology will just integrate more.
- **More Information**—Increased sophistication of marketing tools via the internet along with “user-friendly” software and sites allowed more users access to materials that were easy to understand, increasing the public's awareness and exposure to deals that were typically only available to “A” list and institutional clients. We can no longer use our “possession” of the information to attract clients. Instead, we must focus on how clients use the information - helping them - understand it, interpret it, analyze it, simplify it and utilize it.
- **Less Localized**—The internet has paved grounds for wider dissemination of marketing material and improved communication. We are doing more regional and national business than we've done in the past. Networking is also much easier. You can connect with many more professionals and potential clients on the various social media sites in a matter of minutes. This would have taken years in the past.



What are clients doing differently?

- **Demand Information faster**—Most want property offering brochures sent by electronic means, not by fax or regular mail. They want you to text them regularly to keep them updated. They don't want to sit down for an hour lunch; they are happy with you emailing the necessary info.
- **Shift in what they need**—Clients don't need someone who is just going to complete the transaction. Sites such as Craigslist are assisting small property owners to market their property without the help of an agent. Clients now need an advisor. On the leasing side, they are using space more efficiently and using an open plan “bullpen” set up more and more. They are getting smarter with the amount of “actual” space they need.
- **Due Diligence**—Since information has become more readily available, clients are spending more time “crunching the numbers.” They are being extremely patient, waiting for the right opportunities. Many clients are only buying when the seller and buyer can make a deal without the banks participating; or, there is a deal below a reasonable market price. Many are also purchasing based on cash flow rather than appreciation. Clients are pre-qualifying professionals they hire by visiting websites which include personal sites, national websites, listing database sites and social media sites. They expect more and won't work with you if you are not qualified!
- **Expect You to be Prepared**—As a result of the client's due diligence regarding professionals, clients now expect their professionals to know something about their property and/or their corporate structure at the initial meeting. Professionals must be prepared to discuss various strategies with their clients before their first face to face meeting or first conference call.
- **Feeling the effect of the Credit Crunch**—Most transactions only occur when the sellers are willing or able to sell at steep discounts compared to the asking price of a couple of years ago or are able to provide some form of owner financing or some combination thereof. As a result, most sellers with better options are sitting on the sidelines while waiting for values to return. Even when sellers have sufficient motivation to sell and they and ability to lower their price, buyers often times cannot secure sufficient financing to complete a transaction with loan-to-value ratios being as low as 65% or lower. While owner financing is usually an option, many sellers are not in a position to offer it which results in many deals that fall through.