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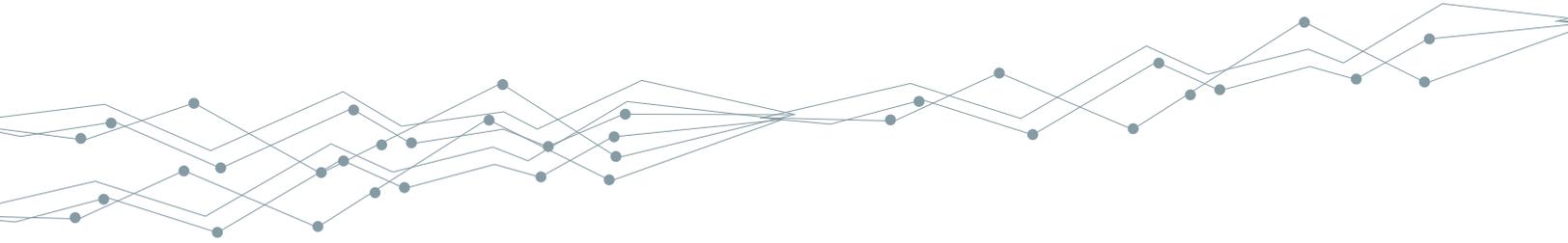
# TECHNOLOGY

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TO KEEP AN EDGE



By Dr. Elaine M. Worzala and Andrew J. Braden



Recent technological advancements have changed the real estate brokerage industry. Using technology to sort through and analyze data is important to keep a competitive edge.

Business intelligence is crucial, now more than ever. As new technology becomes available it is changing the real estate industry and it is important for professionals to stay current and up-to-date. As with most professions, the real estate industry has changed drastically over the past decade due to innovations within the information technology arena. For example, innovations in mobile applications are changing the ways we stay in touch on-the-go. The ever-increasing presence of social media is changing the way in which we interact and share information.

## **As real estate information becomes more readily available, it is essential to maximize the use of technology in order to be as productive, efficient, and informed as possible.**

As real estate information becomes more readily available, it is essential to maximize the use of technology in order to be as productive, efficient, and informed as possible. Improvements in research and analytics are making real-time data readily available for more informed decision-making. Databases have evolved over time and are an extremely important part of this trend. It is critical for industry professionals to determine the ways in which they will organize and use the data that is

available to them. Industry information technology systems currently assist professionals in a broad spectrum of applications.

### **Information is Key**

Those who use and adapt with technology for their benefit hold an extreme advantage over those who don't. In his book *Business @ The Speed of Thought*, Bill Gates, the founder of Microsoft said, "Information technology and business are becoming inextricably interwoven. I don't think anybody can talk meaningfully about one without talking about the other." Business and technology have become intertwined due to the large role they play in our lives. We now have access to mini computers in our pockets at all times, providing us vital information for our everyday lives. With

in the commercial brokerage industry. Technology allows us to more quickly and more collaboratively offer expertise to our clients."

There is an ever-pressing issue in real estate to know the crucial information about a property. There are hundreds of different property data fields providing beneficial information when pursuing real estate transactions. In the past, this information was only accessible through word-of-mouth or public records. Today, as a result of mobile technology, entire libraries full of information are at one's fingertips.

As technology advances the need to obtain more information to remain competitive increases. Real estate databases derive from a variety of sources. They can be free or very expensive. They can originate from internal or external sources. The only thing they all have in common is that they are all different. The key to having the correct database is specific to each user's needs.

Creating an in-house database is an option chosen by some firms to organize property information. Examples of available programs include Microsoft Access and Excel. There is no one database where you can pull all the necessary information. The data must be cross-referenced and carefully vetted in order to understand what errors might exist. Double-checking data with reliable sources is key in this industry. One benefit of an in-house database is that it provides control over where information originated to ensure it is not "garbage in, garbage out." A primary draw-back is that many offices don't have the time to spend creating and updating their database. A potential solution to this dilemma is the use of a summer intern from a local university. As a summer

rapidly changing technology, real estate professionals must adapt as well and use it to our advantage.

### **How This Effects Real Estate**

As technology advances, information regarding real property becomes more and more readily accessible. Bruce Harper, SIOR, president and broker-in-charge of NAI Avant believes, "Time and knowledge are key assets





intern I found there was no better way to learn the local market and absorb the vast array of information available. Hiring an intern to help develop and maintain an in-house database is a win/win scenario, providing an opportunity for an eager student to learn about the local real estate market, while providing a valuable service to your team.

Databases can be designed to provide the team with accurate information as to the property status, property address, tax number, owner contact, property make up, square footage, current tenant, past sales, lease and sale comparables, past flyers, and any additional in-house information regarding the property. The majority of the information is readily available and free, but considerable time must be committed to pull the data from a variety of sources to create an accurate database.

There are multiple approaches to valuation. The three primary are: cost, sales comparison, and income approach, and all of them require a significant amount of data to be calculated properly. In a 2007 Forbes article, Fredrick W Smith, founder of FedEx, said, "Information about the package is as important as the package itself." This statement rings true for real property valuation as well. If all of the information about a property is not accurate then making an informed decision is nearly impossible. The need for correct information to be stored all in one place is even more amplified with the advent of the Internet and the easy access clients have to some relevant data regarding a property.

In an Auction.com blog, Rick Sharga, executive vice president of Auction.com said, "For the past 200 years, real estate professionals have basically controlled 90 percent of the transaction, the

internet has flipped the model upside down and put the customer in charge." Clients have access to just about the same amount of property listings as agents. It is the agent's job to make sure that the information is accurate and available before their clients find the data. This is an area where brokers can add value helping their clients understand that not all data on the internet is current, accurate, and useable.

Public record deeds and similar documentation have been available for years, but the information has only recently been available through the internet. In the 80's, the local multiple listing services (MLS) made it possible for members to access property information online through their designated computers. Even as the web became more widely available in the 90's, real estate professionals continued to market their properties through more traditional outlets. As more people migrated to the internet, real estate professionals slowly moved from newspaper and magazine print ads to online service providers and social media platforms.

In today's market, there are countless online platforms in which real property is marketed, particularly for residential real estate. More recently, commercial real estate information has become more easily accessible through online data providers. The MLS systems provide listing information, but only for licensed members. A variety of commercial real estate databases are available from such companies as Real Massive, Compstak, and CoStar. CoStar offers one of the largest and most widely used databases on a subscription basis. Some firms find a recurring subscription cost to be less expensive

and more comprehensive than creating an in-house source. The commercial providers pull information from a variety of locations to create and maintain vast quantities of data. In addition, they provide tools for analysis and reporting. Albert Einstein is quoted as saying, "Information is knowledge." The more information a real estate professional has access to, the better equipped the individual will be to help his/her client.

To be a successful real estate professional, it is extremely important to stay at the forefront of information technology, and often it is more productive to outsource data collection. If an outside provider can produce a more efficient and accurate collection of data, in many scenarios it is worth paying for these services. However, real estate professionals cannot blindly trust the data obtained and must carefully consider the relevance of all information gathered for maximum efficiency. In-house databases can be hyper-focused and specific to asset class and local markets. They are useful, even if not updated monthly or yearly, as they provide, at a minimum, a historical reference.

To stay ahead, an intern is an ideal person to consider to set the database and cull the data from CoStar, the local MLS and other sources. Business intelligence is what keeps a real estate brokerage relevant and information technology is the future of business. Don't get left behind. ♥