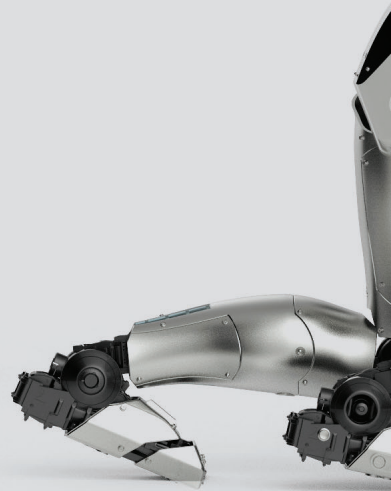
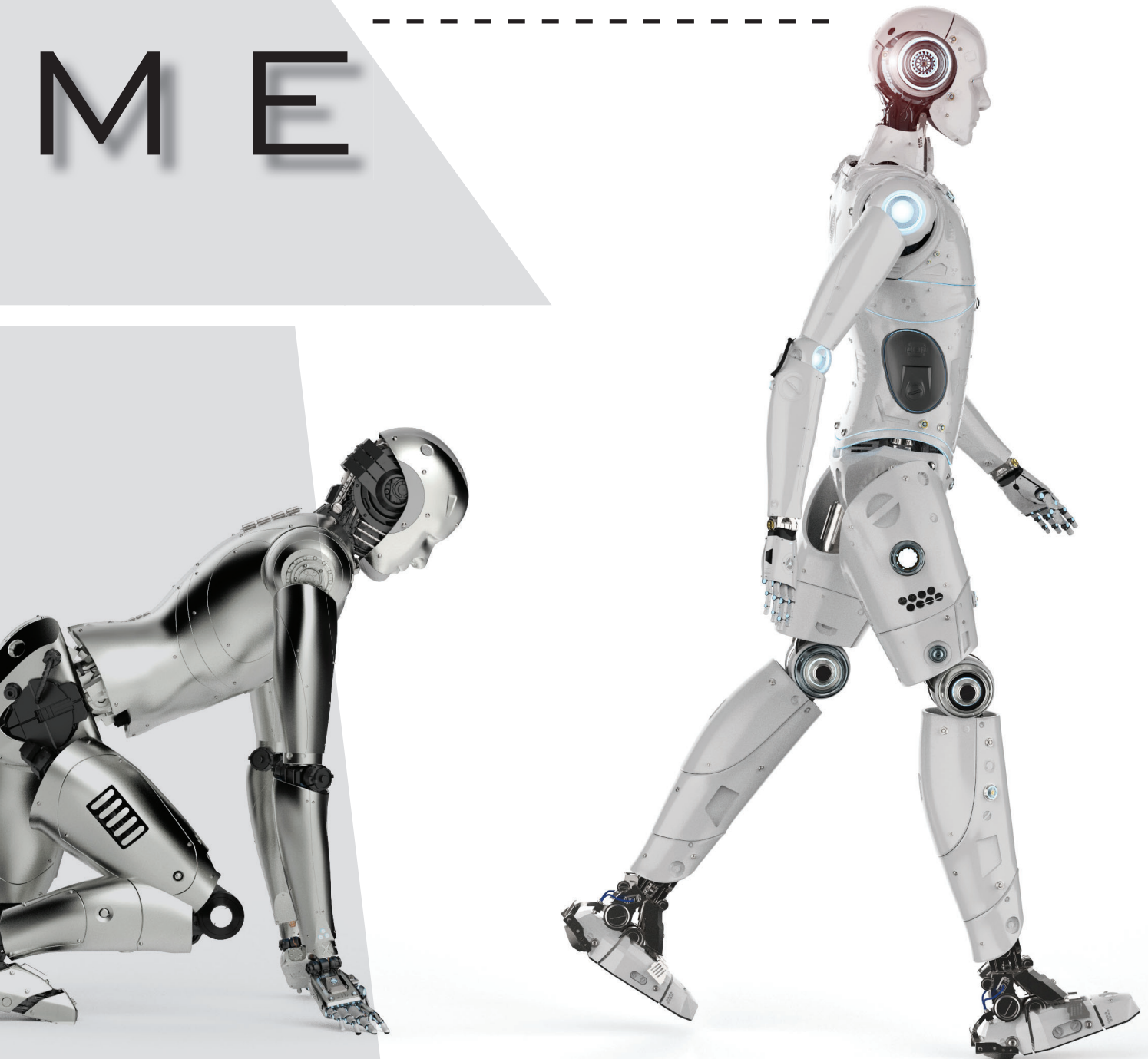


| FEATURED ARTICLE

IS IT TIME TO UP G A



YOUR TECH ----- ME



By Nick Romito

Like industries long before it, the commercial real estate sector is being rapidly transformed by technology. For brokers in the office and industrial sectors, professional achievement will be linked to their willingness to embrace technology: to learn it, master it, and power their businesses with it.

Technology and data have emerged as a defining factor – arguably *the* defining factor – for brokers who aim to up-level their service to clients.

In today's market, with huge amounts of valuable information at their fingertips, contemporary brokers can no longer afford to rely upon anecdotes and months-old information to assess

enable more brokers to take action where needed in order to execute leases more efficiently and accelerate deal cycles on behalf of clients. Those who close deals faster will be best positioned to rise to the top.

This mindset and tech-savviness helps brokers transform themselves from service providers into trusted advisors. Like we have seen in many industries that have experienced a tech revolution in years gone by, those who hang back, think technology is a mere fad, or who just passively let it pass them by, will fall behind, or worse, be out of a job.

To some, these may seem like strong statements to make. Let's take a step back and consider it from a few angles:

Robotics and artificial intelligence have been sweeping through manufacturing. Telecommunications is digitized, wireless, and smarter than ever before (Blackberry anyone?). Warehouses and logistics have become automated and paperless. Music streaming has ended the reign of the CD. Love is nurtured online. The list goes on, and the story doesn't end well for those who refuse to adapt.

#2 We are already seeing a tech revolution in our own backyard

Here within our home base, the world of commercial real estate has been revolutionized by data and technology. Unless you've been living under a rock, you are aware of the sea change in retail that has transpired in the wake of Amazon. Thanks to e-commerce, consumer behavior has been permanently altered, triggering a nearly existential crisis in the world of brick-and-mortar retail.

The numbers are staggering and continue to decline. Reis Inc. reported in July that net absorption in retail checked in at its worst quarterly total in nine years. The same report found mall vacancies hitting a level unseen since the third quarter of 2012.

Yet, on the flip side, we are seeing various commercial real estate sectors commandeering technology and data to their advantage, using it to boost efficiency and expedite deal making. The multi-family sector, for example, has been using market benchmarks to improve decision making for years – RealPage Yieldstar® helps multi-family owners capitalize upon real-time market data as a means of ensuring that pricing aligns with market realities.

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market conditions and spot trends. Not when there are leasing and asset management systems that let them gain insights that make more precise, fact-based recommendations to their clients.

It's pretty simple – those who manage all aspects of their leasing process with technology will be in the position to capture data across every stage of a deal. For instance, where is supply coming from? What does tour volume look like? What is the average number of tours required to close one deal, and are we seeing enough "at bats"? Are our deal cycle times shrinking or expanding and is that due to the market changing or our process? Insights into these areas

#1 We have seen this play out before

You do not have to look hard to see how virtually every industry has undergone, or is in the midst of, a tech revolution. Look, for example, at the floor of the New York Stock Exchange, where decades ago, thousands of brokers once wandered ankle deep in ticker-tape and handwritten buy and sell orders. All that paper on the floor has literally been swept away by powerful algorithmic trading, transacted in nanoseconds, and powered by real-time data.

"Given a choice between a tech-smart broker and an 'analog' broker, the pattern is clear: landlords and tenants will always opt for the former."

In the office space, Bisnow reported in August that investors had begun to sniff out "a new generation of office leasing platforms" that could eventually pose noteworthy competitive challenges for marquee-name brokerages. The news article found venture capitalists and angel investors had been "pouring millions" into startups that aim to expedite online office leasing for small and midsize firms. Industry observers asserted that these emerging competitors carry the potential to "arrange and profit from smaller deals that brokers at larger firms typically dismiss."

Not surprisingly, technological prowess in the real estate world does not only represent a competitive advantage – it also functions as a talent magnet. We saw this illustrated this past September, when one of New York City's most prominent and prolific investment brokers, Bob Knakal of Massey Knakal fame, made his home at a new brokerage firm, JLL.

Asked why, Knakal explained that the "main reason" for the move was his new employer's dedication to "leveraging cutting-edge technology to transform the industry." His new firm's commitment to "expanding and enhancing the technology they have...is critical, considering how important technology is going to be moving forward."

#3 The expectations of your clients, both landlords and tenants, have changed

Finally, hitting closest to home, office and industrial brokers need to adapt because their clients are doing so – and these clients expect the same from their brokers. A broker cannot be a step behind his

or her own client in respect to a key, competitive skill. With all the available tools and resources for gathering data and managing communication and processes, landlords and tenants now have increased expectations of how the leasing process is managed, the frequency at which they receive deal updates, and overall transparency. Brokers need to come to the table with technology that up-levels the service they are able to provide to clients or they risk losing out to tech-enabled competitors.

Many of the brokerage community's industrial landlord clients, for example, have transformed their leasing and management processes with systems like VTS.

Rexford Industrial, for instance, is a Los Angeles-based real estate investment trust that owns and operates a 20 million square foot industrial portfolio across Southern California. The firm has aggressive growth targets and needs to move fast to capitalize on the opportunity in the rapidly growing industrial market. Yet the company's manual, paper-based leasing process made it incredibly difficult to keep pace with high leasing volumes. Moreover, aging systems were delaying approvals and posing obstacles to overall growth. With constantly changing information about the firm's available spaces, it was difficult to keep the corporate website updated with accurate information, resulting in significant missed opportunities to capture new tenants.

However, thanks to a tech-focused initiative to implement leasing and asset management software, Rexford has completely transformed its processes. By managing all of its deals and leases online, the Rexford team now has

complete visibility into deal volume, updates, and progression, enabling the team to be far more efficient and responsive – ultimately accelerating deal cycles by 42 percent. Rexford also moved its entire approval process online, giving key players instant access to the information needed to approve a deal – and enabling them to execute approvals from anywhere, via mobile or desktop. This has expedited the approval process from 8.7 days to just 2.6 days, an eye-opening 70 percent increase in speed. And tech-enabled improvements to Rexford's marketing website have generated a 52 percent increase in leads per available space.

Given a choice between a tech-smart broker and an "analog" broker, the pattern is clear: landlords and tenants will always opt for the former.

Why would a landlord want to spend time bringing a broker up to speed on tech? They wouldn't do it.

Brokers have had to develop expertise in many spheres: negotiation, research, networking, architecture, zoning, office design, budgeting, and so on. They have had to steadily expand their knowledge-base in order to grow professionally. But to have a real shot at rising to the top of their industry, they need to possess a strong and ever-updated grounding in tech and digital analysis.

The evidence could not be clearer: to be successful, brokers must up their tech game, and fast. ♥