How tech is disrupting - and benefiting - the corporate real estate industry

By Simon Black

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With the advancement of online content that's more reliable and accurate than ever, commercial property tenants are becoming more educated, switched-on and discerning as consumers of corporate real estate services than ever before.

Simon Black, Black Pepper Properties founder

Useful online tools

In an age of TripAdvisor, Kayak, Zomato and Tinder, consumers expect access to better-quality decision self-serving information, early. Commercial property's response is the widespread availability of useful online tools that allow potential tenants to conduct their own market research, before formally engaging with a property broker. For example, many property websites now offer comparable (like for like) property information in the same area, with detailed stats to go along with it. This allows potential customers to first get comfortable with the various property transaction mechanics, while at the same time avoiding the pressure often applied by agents during initial engagements.

"Almost live" data

Another factor in this tech disruption is the increasing availability of "near real time" data that is now available to customers directly from landlords. We, for example, receive a feed of aggregated industry data from property software platform Gmaven. This means that the property information on the website from the major listed/private sector property funds is highly relevant and up to date.

So where do property brokers fit in?

With all this data now available directly to commercial and industrial property customers though, how do property brokers fit into this new landscape – and is there even place for them?

In our opinion, the disintermediation of commercial and industrial property agencies won't happen due to the complexities involved with commercial property transactions. In these transactions, tenants and buyers both benefit, because they both get near-perfect market information.

In fact, the technology can actually help property brokers – not hinder them. As agents, we used to be delayed in servicing client enquiries due to collating and analysing data.

One potential adverse reaction to this new tech adoption is the increasing trend among some property agencies to publish 'window-dressed' website listings that don't actually exist or where their information cannot be trusted. These marketing tactics create the impression of 'below market' listings or the provision of fake stock to lure tenants and later claim a property has "just been let or sold – but can we offer you an alternative?". The dangers of agencies doing this is that they lose the trust of the customer for future transactions – if they manage to retain them that long at all.

It benefits landlords too

The adoption of more sophisticated tech platforms by property brokers for their customers is also a good thing for landlords, as it allows property owners the ability to control the quality of their information available to potential customers. This "one version of truth" solution significantly reduces the pen-and-paper, phone tag churn required to confirm financial information between all parties.

Up until now, property fund listings online are typically littered with poor, inaccurate or limited information. This unmeasured, almost slap-dash approach doesn't allow a potential tenant to make a firm decision, and this doesn't reflect well on the landlord at all. Streamlining this with tech improvements will go a long way to ensuring control of outgoing vacancy information to market both in terms of accuracy and quality – which ultimately means more deals for the landlords.

Property funds are also increasingly adopting these technologies to increase the chances of direct client engagements, while sidelining agencies and thereby avoiding having to pay sizeable commissions.

In a South African context, the benefits of a tenant dealing directly with landlords remain fairly limited. In most cases, a tenant doesn't have access to data like market trends and likely landlord concessions. They also lack experience in the industry and so have to rely on often-conflicted advice to navigate through complex decisions towards a satisfactory financial outcome. This is now changing: tech advancements do allow significantly more research to happen prior to formal engagement with a broker.

An industry switch

By employing an industry switch as seen with the banks and the medical industry, property industry data can flow in several directions, from property funds into property agencies and then in turn from agency websites to customers. This requires the aggregation of information to comparable formats, where data is standardised and displayed in decision-relevant ways. Commercial terms and information also need to be presented in a way that can inform, educate and empower.

Once this is perfected, property brokers can concentrate on increasing deal flows, interpreting the data, advising clients

and providing a more intimate and consistent property needs-driven pre-engagement with tenants. In this way, agencies are evolving from mere "dot joiners" to providing valuable consulting services in commercial property transactions – which ultimately benefits both tenants and landlords alike.

ABOUT SIMON BLACK

Simon Black is the principal at Black Pepper Properties, a personalised commercial property broking firm that sources office, industrial and investment property for clients.

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