

Big Data Starting To Impact Commercial Brokerage

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Big data and web technology finally are having an impact on one of the most people-centric, relationship-building industries around, commercial real estate brokerage, according to a panel discussion this morning hosted by the Urban Land Institute (ULI).

The event, part of the ULI's "Real Disruption" series, featured speakers from several tech companies starting to make waves in the commercial real estate space: Nela Richardson, chief economist for web centric brokerage Redfin, Alex Kapur, founder and CEO of OpportunitySpace, Dave Cattell, founder and CEO of New Dirt, and Arie Barendrecht, founder and CEO of WiredScore. The discussion was moderated by Suzanne Mulvey, director of U.S. retail research for CoStar.

"Real estate is one of the most opaque markets there is - you are completely dependent on the seller to tell you about the house or the commercial property," said Richardson. "Anything you can do to eliminate that disparity by using data is really important."

The three start ups on the panel are attacking very different segments of the commercial space: New Dirt is a web platform that matches local brokers and owners of developable commercial space with major national retail brands which are constantly seeking new locations; WireScore is a service which audits and scores the telecommunications infrastructure of office space, allowing companies seeking office space to make sure buildings can meet their tech needs before signing a lease; and OpportunitySpace works with municipalities and other government agencies which have large portfolios of land to create searchable databases to make it easier for developers to identify potential opportunities.

Redfin, which is primarily known as a residential brokerage, is now using its vast database of info on where and what buyers are searching for to help both commercial and residential developers identify up-and-coming neighborhoods with a high demand for more amenities.

While all of the firms admitted there's lots of boots-on-the-ground work to be done to fully realize the potential of the services they offer - Kapur mentioned getting nipped by a dog recently while out walking a neighborhood to help identify potential local investors - all three are starting to see results. OpportunitySpace recently consolidated and brought online a database full portfolio of city- and agency-owned land in the city of Louisville that revealed that about 18 percent of the property in the city limits wasn't generating tax revenue. After launching in New York City 18 months ago, WireScore is working with national investors like Beacon and is already operating in 30 cities and has

rated more than 350 buildings.

Bringing some of the information that formally resided in broker's heads or bureaucrat's dusty file cabinets can help level the playing field for smaller developers, Kapur said.

"For us, it's about democratizing a process, urban development, which has really involved very few players. There's a great opportunity to have the rising tide lift all boats. Many of the markets where we're having a lot of success...are those where there's been relatively few developers which have access to the market. With more information, there's this ability to acquire capital more easily and allow a broader group of people to participate in the economic development that's going to happen [in those cities]," he said.