A **Marketing Edge** Article by:
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The Commercial Real Estate Internet Disconnect

Every day, thousands of commercial real estate buyers and tenants search the Internet to find new properties. What they are looking for is the building (or handful of buildings) that best meet their needs and a phone number for the broker who can tell them more.

Regrettably, what buyers and tenants find is a frustrating online experience. The Internet predominantly provides massive directories filled with thousands of complicated listings. When these frustrated searchers fail to find the buildings they are looking for, commercial brokers miss the opportunity to connect with new customers.

This Marketing Edge article examines this Internet disconnect and discusses several possible reasons and solutions.

I. How Big Is The Internet Disconnect?

A Google-LoopNet study and some simple math indicate that the disconnect is vast.

Google - LoopNet Study

During late 2014, Google and LoopNet published a joint study, *Commercial Real Estate Consumer Online Behavior and Trends*. The study reported that:

- 59% of investors and tenants begin their search for a new property on the internet.

- Only 23% reported that they started their search with a broker.

Google also noted that a 60% increase in commercial real estate-related online searches had occurred during the six year period preceding the study.

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Simple Math

Simple math indicates that the majority of commercial properties are not being marketed on the Internet. Here's the math:

1. The U.S. Environmental Protection Agency reports that there are 5.6 million commercial buildings in the United States. Of that total, approximately 900,000 are owned and managed by the Federal Government. Knowledgeable sources estimate that 80% to 90% of the remaining 4.7 million properties (3.8 to 4.2 million) are available to be marketed to commercial real estate buyers and tenants.

2. LoopNet, the largest online commercial real estate marketplace, reports that they have approximately 800,000 properties listed. LoopNet has very few online competitors, the largest of which has about 100,000 listings.

3. On this basis, adding perhaps another 200,000 alternative directory listings to LoopNet's 800,000 indicates that perhaps as few as **1.0 million commercial buildings** are currently being marketed on the Internet.

So, here's the conclusion of this simple math: **1.0 million ÷ 4.0 million = only 25% are being marketed online.**

While Google indicates that 59% of buyers and tenants are searching for buildings on the Internet, it appears that 75% of the buildings they search for are missing in action.

Missing In Action

Bottom line, it appears that approximately three quarters of America's commercial buildings are missing in action when it comes to taking advantage of Internet marketing.   Clearly, there is a big disconnect between the buyers and tenants who are searching the Internet to find better buildings . . . and the commercial real estate brokers who would very much like to help them.

In a report titled *The Growth of Online Commercial Real Estate Sales* Media Metrics, a leading provider of Internet business statistics, states that ". . . reliable industry analysts predict robust long-term growth in online commercial real estate traffic and transactions. Most authorities say commercial realtors have barely begun to tap the power and profit-making potential of the world-wide web."

With so much opportunity on the table, yet so little action, the burning question is . . . What's the problem?

II.   What's The Problem?

Why are so few commercial real estate brokers taking advantage of the Internet to meet new customers? The two primary reasons seem to be **small budgets** and **inadequate solutions**.

Small Budgets

Most brokers represent small buildings and small buildings generate small commissions. As a result, brokers have small (and often no) budgets for Internet marketing.

According to the U.S. Energy Information Administration (EIA), the average size of buildings constructed before 1960 (26% of the commercial building stock) is 12,000 square feet. Buildings constructed between 1960 and 1999 (55%) average 16,300 square feet; and buildings constructed in the 2000s (18%) average 19,000 square feet.

By commercial real estate industry standards, these are small buildings. Small buildings have small budgets for marketing (if they have any budget at all).

Inadequate Solutions

Given the pressure to sell and lease their buildings and the constraint of small marketing budgets, brokers need Internet marketing solutions that 1) achieve top search engine visibility, 2) are easy to use, 3) create an attractive property showcase, and 4) above all . . . are affordable.

To date, solutions that deliver on all four of these criteria have not been available.

III.   Current Solutions

At present, the two types of products that have potential to overcome the commercial real estate Internet disconnect include: 1) websites, and 2) directories.

Websites

Without question, a website is one good way for brokers to present properties to Internet searchers. A professionally designed and optimized stand-alone property website can make a compelling Internet marketing presentation.

In general, there are two categories of websites that a broker may want to consider:

Custom Websites

When built by a skilled vendor, a custom website can have a distinctive design, cover any number of building features, contain any number of pages and be optimized for top search engine rankings.

Typical initial costs range from $5,000 to well in excess of $10,000, depending on the customer's requirements. In addition to this initial expense, ongoing optimization and content updates typically cost from $300 to more than $1,000 per month.

For brokers, the primary benefit of a custom website is its ability to present a property at the top of the Internet. The primary drawback is the fact that creating individual custom websites, for any number of properties, would be very expensive.

Do-It-Yourself Websites

A wide variety of do-it-yourself website building tools are available. The primary benefit of these tools is low initial cost (typically a few hundred dollars). The primary detriment of do-it-yourself website builders is that achieving high-level search visibility generally requires substantial additional investments in copy writing, graphics and optimization.

Some better known do-it-yourself products include Squarespace.com, GoDaddy.com, Weebly.com, Wix.com and Websitebuilder.com.

Directories

Placing listings in online commercial real estate directories is a more economical alternative to individual property websites. Their primary benefit is the potential to display listings within directories that achieve top search engine positions. The primary drawback is the fact that viewers of any given property are only one mouse click away from all of the other competing properties within the directory. Another drawback is the level of frustration that searchers experience as they attempt to get their arms around the information within complicated listings.

In general, there are two categories of online directories, big ones and small ones.

Big Directories

CoStar Group's LoopNet™ is unquestionably the most visited online commercial real estate directory with more than 8 million registered members and 5 million unique monthly visitors.

The listing exposure offered by this directory is indeed massive. However, as is the case with any large directory, visitors to any individual property listing are exposed to dozens (and possibly hundreds) of competitors.

LoopNet offers a free one property Standard Listing that reaches a limited portion of their audience. Reaching the full audience requires a Premium Listing that currently starts at $69.95 per month for one property.

Small Directories

Like big commercial real estate directories, smaller directories also have potential to generate top level Internet search engine visibility. The benefits of a smaller directory generally include 1) lower cost, and 2) reduced potential for searchers to click through to competitive listings.

Unfortunately, the number of stand-alone, smaller directories is limited because CoStar Group (LoopNet's parent company) has acquired several of the category leaders and is now offering them as part of the LoopNet Premium plan.

IV. A New Solution

As discussed throughout this article, brokers have three basic options for fixing the commercial real estate Internet disconnect. They can purchase a custom website (expensive), or a do-it-yourself web builder (less expensive) . . . or they can create a directory listing (less expensive than a website but frustrating for Internet searching buyers and tenants).

Better Building Showcase™ is a new option for overcoming the commercial real estate Internet disconnect. It solves the problem of small marketing budgets and gives brokers the power to 1) achieve top search engine visibility, 2) create property showcases quickly and easily, 3) and above all, make their online marketing affordable.

During the Introduction, brokers can create as many Better Building Showcases as they like . . . for **FREE**.

Learn more or just **GET STARTED**.

About The Authors

The authors of Marketing Edge Articles are Bob Roth and Jim Burpee, co-founders of Better Building Showcase. The series of articles is available at BetterBuildingShowcase.com. And, just one more thing, please share your news and views about marketing commercial real estate in our LinkedIn group "*Increasing Commercial Real Estate Value*" at https://www.linkedin.com/groups/8344027/.

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