

## COMMERCIAL REAL ESTATE

# Digital age adds new dimension to market

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One morning in March, Pat Finley, managing partner of Omni Property Cos. of Pepper Pike, sent an e-mail to about 1,000 Northeast Ohio real estate brokers and business owners he knows personally.

When opened, the e-mail showed Mr. Finley on an old-fashioned movie strip asking viewers to watch a digital video. On the video, he announced an offer by Omni to lease office or industrial space for as little as \$1 a year per square foot, plus operating expenses and taxes.

"The market needs a spark," Mr. Finley said of the offer and the digital video produced by The Impact Group, one of his Hudson tenants. "It was costly in terms of time to set it up and do the tape, but we got unbelievable results out of it." The system allowed Omni to track that more than 50% of the recipients viewed the video and 10% reviewed its web site after getting the offer.

It's the kind of personal touch and experimentation that shows how much digital and web technology is transforming elements of the commercial real estate industry after a slow start a decade ago.

The video featuring Mr. Finley "looking you in the eye with an offer was like shock and awe in terms of the technology," said David Browning, managing director of CB Richard Ellis's Cleveland office.

Mr. Finley said recently that Omni is working with five prospective tenants it reached through the video e-mail. He considers it such a



**ON THE WEB** Two brokers have created a business that provides web-based services to other agents. Go to [www.CrainsCleveland.com/Brokers](http://www.CrainsCleveland.com/Brokers).

success that he is thinking about buying specific properties that could benefit from such a pitch even though he worries the video promotion will not be novel long.

## New ways of doing business

While online commercial realty listing services such as LoopNet and CoStar make property listings available directly to businesses and more brokers, Mr. Browning believes new cyber technology is having a more profound effect on industry practices.

"Technology is accelerating the velocity of transactions everywhere from 20% to 30%," said Mr. Browning, whose firm's internal web site also allows agents to share materials about how they package properties and pitch clients.

"Deals can come down very quickly now," he said. "All the changes in (deal) documents are done electronically. Before, they went in the mail or in the overnight delivery service."

Technology also is changing the way brokerages and owners handle proprietary information about major commercial properties on the market. A decade ago, selling a skyscraper such as Eaton Center required four boxes of information, from building blueprints to rent rolls, that all were kept in a war



Pat Finley, managing partner of Omni Property Cos. of Pepper Pike, sent this video link in an e-mail. In it, he touts a firm offer to lease office or industrial space for as little as \$1 a year per square foot, plus operating expenses and taxes.

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room, said Bob Nosal, managing director of Grubb & Ellis Co.'s Cleveland office.

"We're not doing many gigantic, printed offering memos any more," Mr. Nosal said. "The buyers want the information electronically." So data that once was physically stored in an office visited by prospective buyers now is kept in password-protected form on servers.

Meantime, brokerages are starting to transfer funds online to close transactions. Mr. Browning said that just two years ago, the International CB Richard Ellis brokerage sent checks to a central location in California to close deals. Now clients wire money directly to a Chicago lockbox to close the financial side of deals.

"We no longer handle money," said Mr. Browning, noting that banks like the online fund transfers.

Brokerage firms throughout the region agree that the use of online data services such as LoopNet and CoStar and their own web sites means they are slashing spending on printing and mailing brochures for properties that used to be the stan-

dard for the industry. The online data services and company web sites tend to produce at least a half-dozen inquiries a week, compared to the occasional inquiry of a decade ago.

Ray Fogg Jr., president of Ray Fogg Corporate Properties of Brooklyn Heights, said the company used to direct prospects through its signs and newspaper advertising to its phones, but now they are directed to the company's web site, [www.rayfogg.com](http://www.rayfogg.com).

Mr. Fogg estimates that online sources account for about 5% of the company's new deals while brokers and signs account for most of its client contacts.

"I can get a lot more done by telling people, 'We've got stuff all over Northeast Ohio, see what might work for you,'" Mr. Fogg said. "But our goal is still to achieve contact with people and correspond with them."

## 'Still a relationship business'

Warren Morris, CEO of the Cleveland-based Colliers Ostendorf-Morris Co., estimates about 30% of his

company's initial client contacts come through its web site from "virtually nothing five years ago."

However, Mr. Morris said one of the challenges is that while younger people use cyber technology, some owners and brokers are not embracing it so the company still has to market through traditional means. He and others believe mailers and signs will be less common but not extinct.

"It's still a relationship business," Mr. Browning said, noting that the majority of deals result from brokers with clients contacting other brokers with listings for properties.

Mr. Nosal said signs on properties remain a key source of contacts for deals so he does not expect to cut the number of signs the company posts.

Jim Breen, principal of Breen & Co. of Cleveland, swears by the value of his web site to produce leads for prospective tenants and to present information about office buildings it owns and manages, but he wonders how far some industry practices will change as a result of technology.

Citing the ubiquitous TV ads by Mayfield Village-based Progressive Insurance Co., which advise customers to price insurance from multiple companies through calling or using its web site, Mr. Breen said he explored such a strategy for commercial properties to produce online quotes for leasing office space.

"A lot of (property owners) do not want you to throw out quotes online," Mr. Breen said. "You also invite criticism from other buildings (that a broker does not have a listing to represent) for misrepresenting their rate. But I'd like to take another run at it."