



Commercial Classroom: Getting started in commercial real estate - By Edward Smith

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This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

New agents to commercial brokerage often ask me, "How do I get started?"

First recognize you cannot do it yourself; you need training. Join a firm that provides education, or take classes or find an experienced commercial agent to mentor you.

Let us next define what the goal really is. A successful career in commercial real estate brokerage requires sufficient compensation to make a living. At issue is how long it takes to market and close commercial properties. For the agent this requires a focus on cash flow and developing future business.

In analyzing commercial brokerage we can make some assumptions. Generally lease transactions are more time sensitive, certainly for the tenant that needs to move. Marketing properties for sale can take considerable time to actually sell, and then to close (subject to financing, environmental reports, engineering reports, and other due diligence items). Smaller spaces have a tendency to move quicker than large ones.

Most new agents need to focus on activities that will produce cash flow (commissions) in a relatively short period – basically smaller lease opportunities. However, they must also learn to balance their time between pursuing all of the opportunities in their market. Small lease focus can create a consistent cash flow, but the larger commissions will generally come from the sales and longer term or larger space leases. Initially spend half your day working on the "meat and potatoes" (leases) deals and half your day pursuing the "pie in the sky" (sales) deals.

To begin developing your future business make a list of literally every person you know: friends, neighbors, business associates. Get a roster of members of any organization that you belong to, include these names on your list. Include the names of any former customers of yours, whatever

your background. Send out an announcement letter to five people from your list every day. The letter should be brief, telling them that you are now in the commercial and investment real estate brokerage business, the firm you work for and your contact information. Then ask for a referral. "Is there anyone you can think of, who I could be of service to?" Reiterate the action you are hoping for by adding, "I am enclosing two business cards, one for your records and please pass the other to someone you think I could help." Close with a hand written personal note. P.S. How are the kids? How's your golf game? See you at the next meeting!

The secret is the follow up. If you send your five letters out on Monday, on the next Monday call these five people. "Did you get my letter? Did you think of anyone I could help?" Ask for the referral. When ending your conversation, ask for their e-mail address.

As time goes on periodically send an e-mail newsletter to the group. It can just be a short note; Commercial Community News, XYZ Sneaker Store is coming to town or something more elaborate. Newsletter templates are available online. The key with this follow up mailing is to again ask for the referral. "By the way have you thought of anyone I could be of service to?"

This system is the first step in developing your future business and should take 30 minutes a day; 10 minutes to send out five letters and 20 minutes for the five follow up calls to the recipients of the letters that you sent out a week ago. The quarterly or monthly electronic newsletter keeps branding you to this ever increasing group (and it's free). The key to success is regular, repetitive communication. More tips on getting started next month.

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