

A JOINT STUDY BY LOOPNET AND GOOGLE

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# Commercial Real Estate Consumer Online Behavior and Trends



Google™



# STUDY OBJECTIVE

This joint study between LoopNet and Google aims to better understand the role of the internet in finding, selling and leasing commercial properties.

A blind, online survey\* was conducted by third-party research company Market Connections, Inc., to examine the online search behavior and sentiments of commercial tenants and investors. Google supplemented the survey results with internal data on commercial real estate search behavior, engagement and trends to provide a more well-rounded picture of commercial real estate searching habits. These sources combined reveal the importance of online marketing and advertising for the commercial real estate industry.

\* Blind survey recipients are not made aware of the group or organizations conducting the survey

# INTRODUCTION

**The commercial real estate market is an \$11 trillion industry that depends heavily on marketing. Commercial real estate professionals have a variety of options when it comes to marketing their properties and services—building signs, newspapers, networking, and most recently, online.**

Online marketing and advertising solutions have not been adopted by all commercial real estate professionals. However, consumer internet usage has grown immensely in recent years. In fact, the vast majority of Americans are now using the internet, and they are using it for pretty much everything:

**78% of adult Americans** look for information online about a service or product they are thinking about buying

**61% of adults** will make a travel reservation online

**93% of consumers** do research online before buying a car

**61% of adult internet users** bank online

**96% of baby boomers** are conducting a job search online

**90% of homebuyers** searched online at some point in the buying process\*

LoopNet and Google developed this joint study to explore whether this pattern of behavior also applies to commercial real estate searches.

This study aims to help commercial real estate professionals understand the way that tenants and investors are using the internet to search for property and make lease and purchase decisions. With this information, brokers and other professionals can adjust their marketing and advertising strategies to more effectively market to the modern commercial real estate audience.

\*Sources: Pew Trend data, Easyautosale.com, Multi-Generational Job Search; Millennial Branding and Beyond.com

# KEY HIGHLIGHTS

## From Tenants and Investors Surveyed

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### Sentiments about the Internet

- 80% agree that they rely on the Internet for their commercial real estate information needs now more than three years ago.

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### Searcher Behavior

- Over half of survey respondents (59%) begin their commercial real estate search with an online tool or marketplace. Another 25% indicated they start their online search by using a search engine.
- Overall, when looking at all online sources used, these numbers increase. Over three quarters (78%) use online commercial real estate services or tools.
- Commercial real estate related online searches have grown 60% since 2008.

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### Mobile Usage

- Six in 10 respondents search for commercial properties using their mobile devices at least sometimes.

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### Use of a Broker

- Over half the respondents (55%) reported that they perform their own online searches for commercial property, even when they are working with a broker.
- 62% percent of respondents believe the Internet is a useful tool for finding a broker.



# **SECTION 1**

## **Commercial Property Search Behavior**

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**What sources  
are tenants and  
investors using  
to search for  
commercial  
real estate?**

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**What source do  
they turn to first?**

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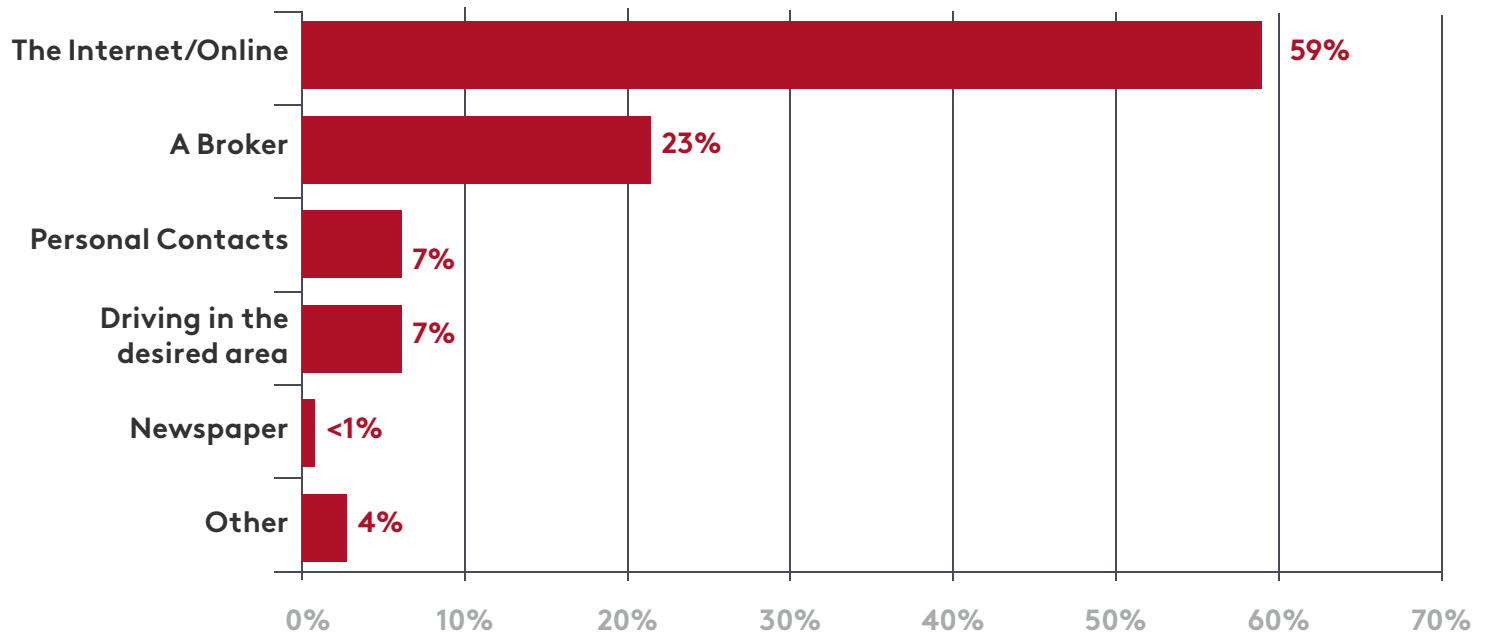
**What sources are  
most effective  
when searching  
for commercial  
properties?**

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## First Source Used

Over half of surveyed respondents generally turn to the Internet first when starting a search for commercial real estate.

Less than 1% begin their search with a newspaper, showing a clear shift from print to online.

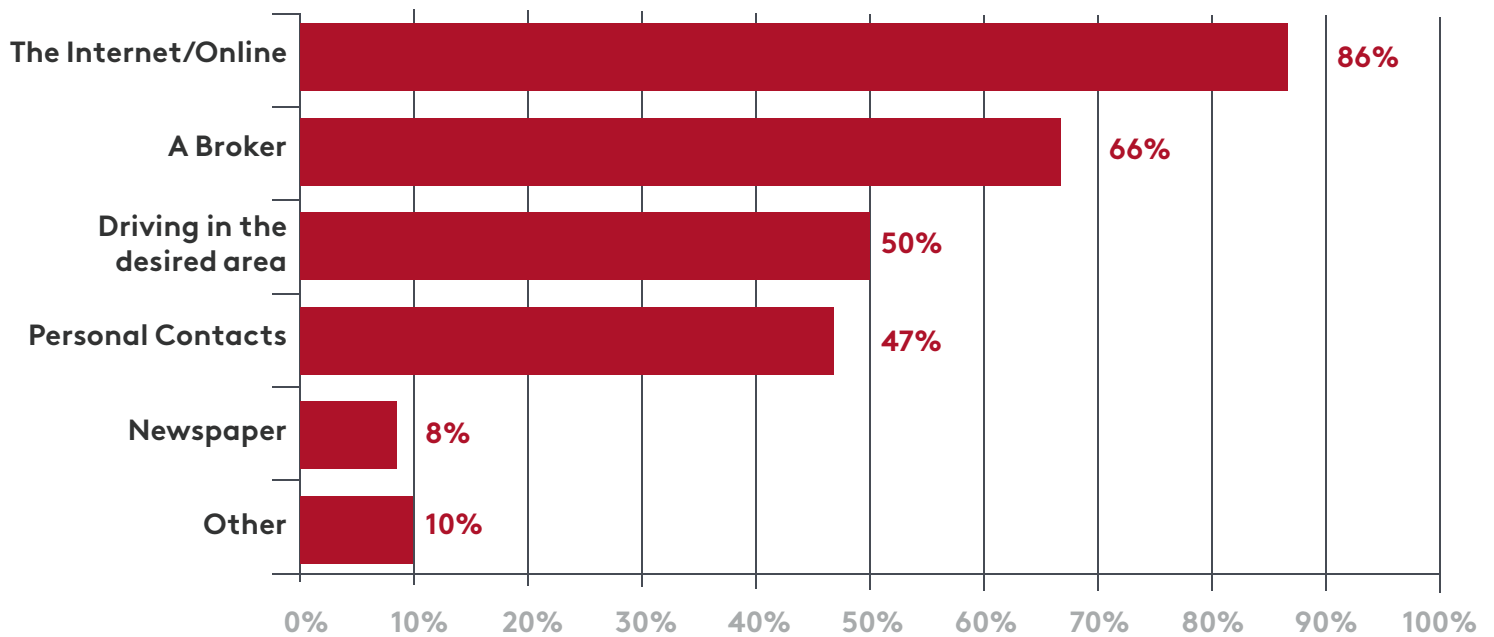


Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

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## All Sources Used

Overall, throughout the course of a search for commercial property, nearly all turn to the Internet.

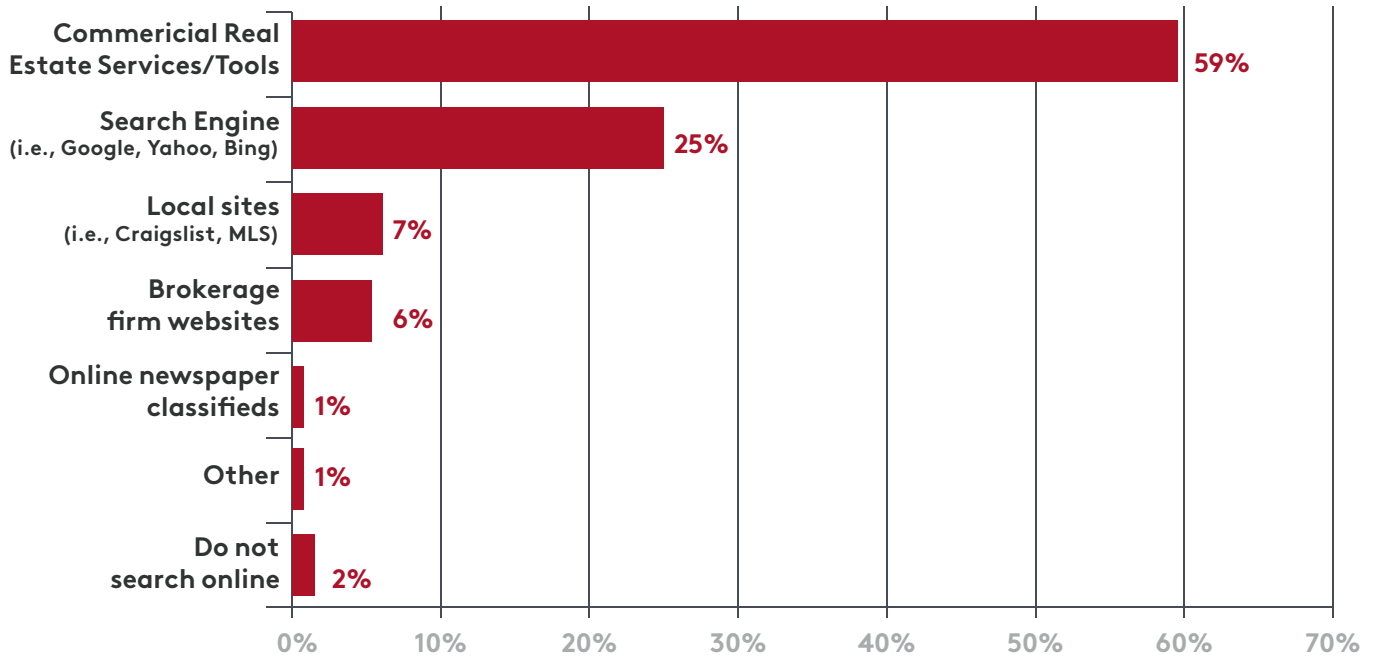


Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

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## First Online Source Used

When it comes to starting an online search, over half begin with commercial real estate services and tools and another quarter start by using a search engine.



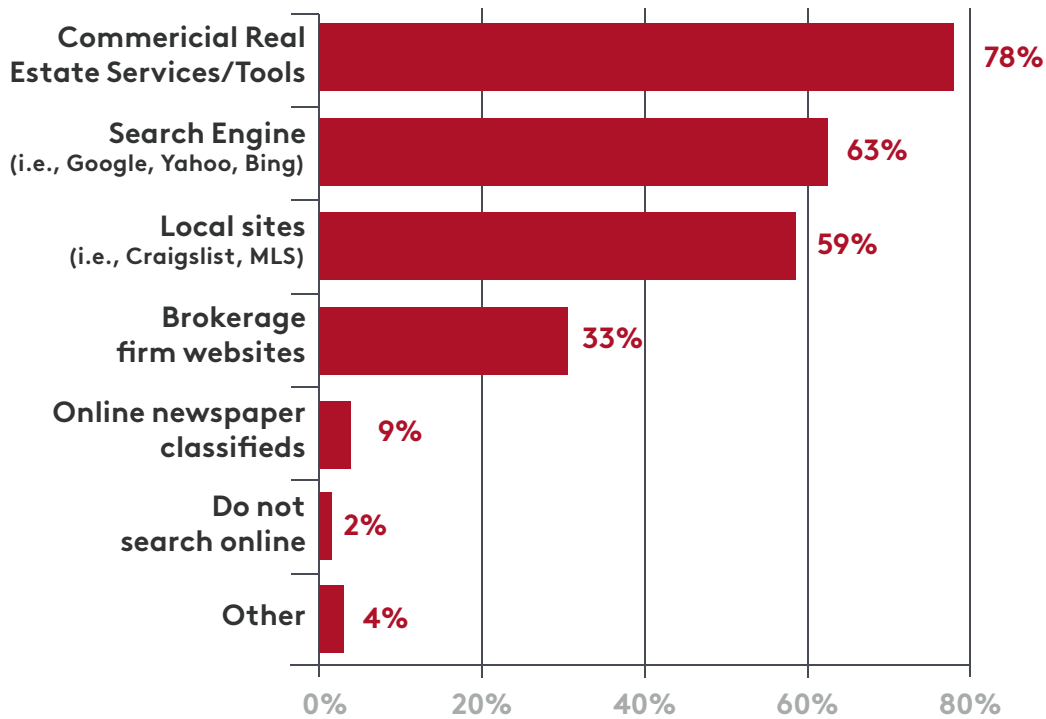
Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014



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## All Online Sources Used

Overall, three out of four turn to commercial real estate services and tools when searching for commercial property online.



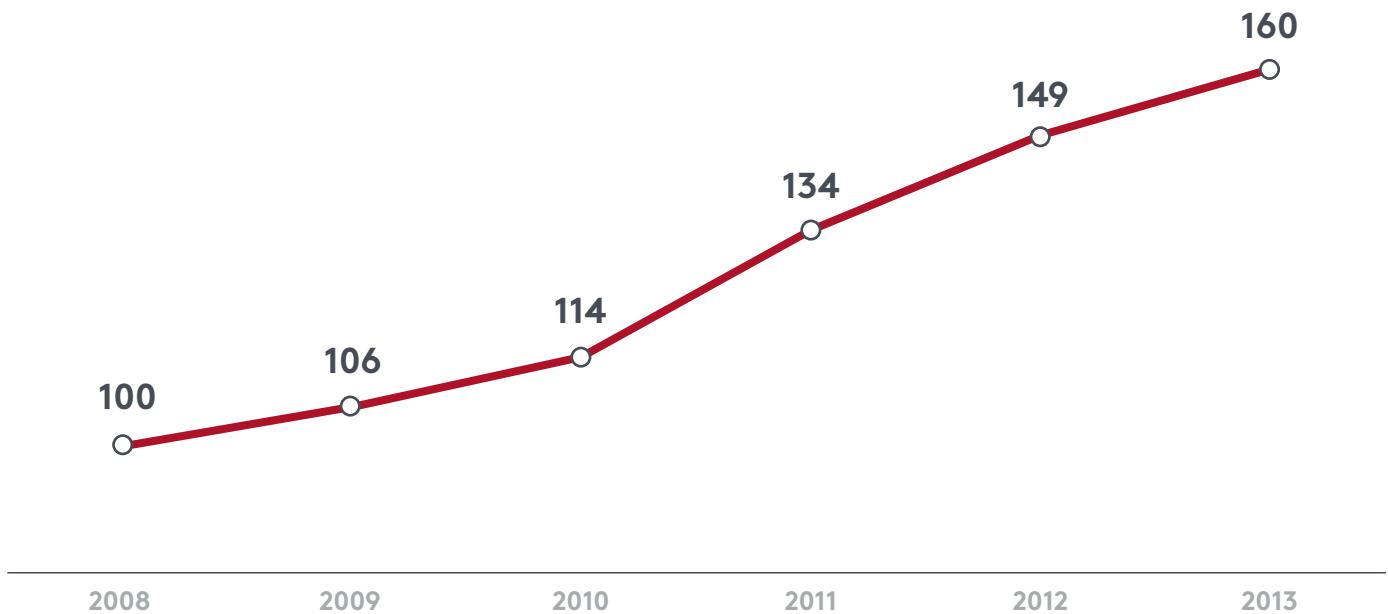
Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

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## Commercial Real Estate Search Query Growth

Commercial real estate search queries have grown 60% since 2008.

### Indexed Query Demand



Source: Internal Google data

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## Purchased or Leased a Property Found Online

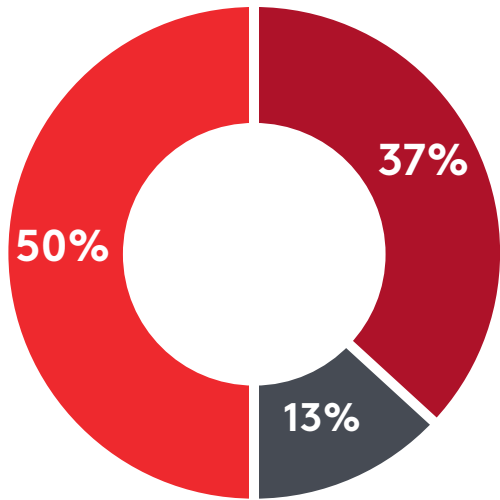
Half of respondents have purchased or leased a commercial real estate property originally found when searching on the Internet.

Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

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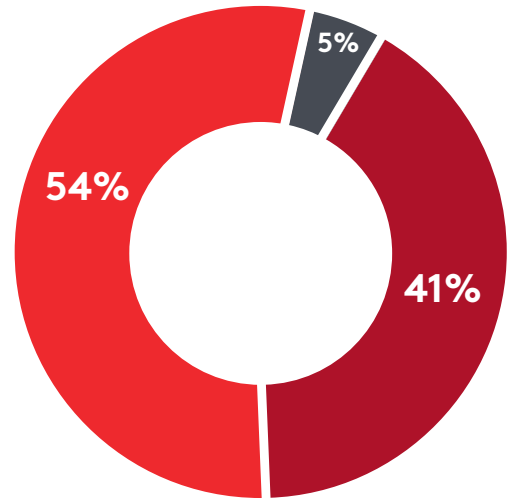
## Future Internet Use

Over half of searchers surveyed believe their overall use of the Internet as a tool to search for commercial real estate will increase in the next 12 months.



**Purchased or Leased  
a Property Found Online**

● Yes ● No ● Do Not Recall



**Future Internet Use for  
Commercial Real Estate Searches**

● Increase ● Decrease ● Remain the same

Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

### Section Takeaway

Brokers and firms not using online services to market listings are missing a significantly large portion of the prospects who are actively searching for commercial space.



## **SECTION 2**

### **Mobile Usage**

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**Are tenants and investors using mobile devices to search online for commercial real estate?**

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**How often?**

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**What are their mobile preferences?**

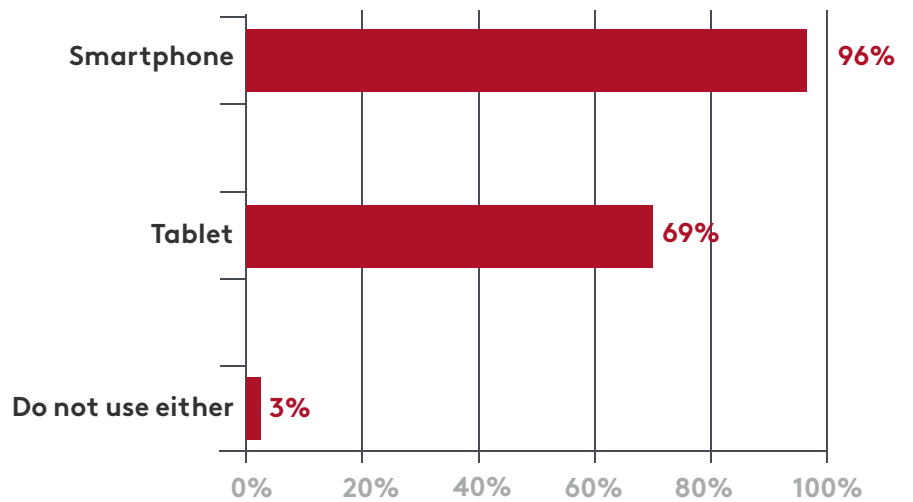
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# Mobile Device Use & Commercial Real Estate Searches

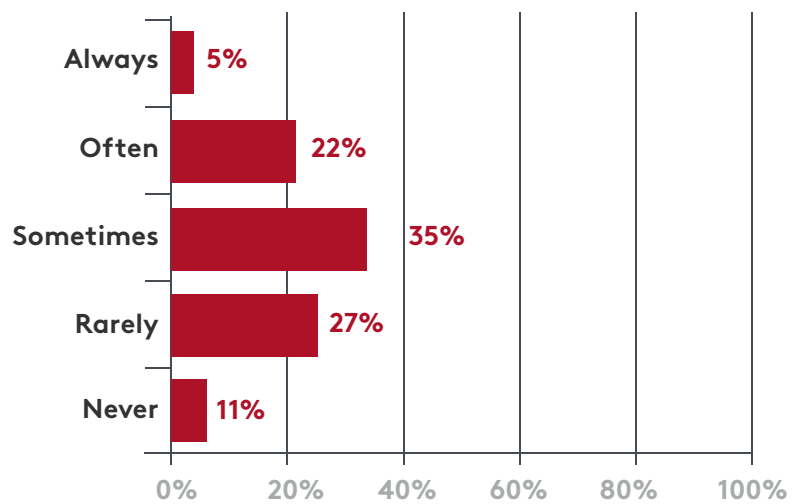
Nearly all respondents use a smartphone and two out of three use a tablet.

Over half use a mobile device "always," "often," or "sometimes" to search for commercial real estate.

## Mobile Device Use



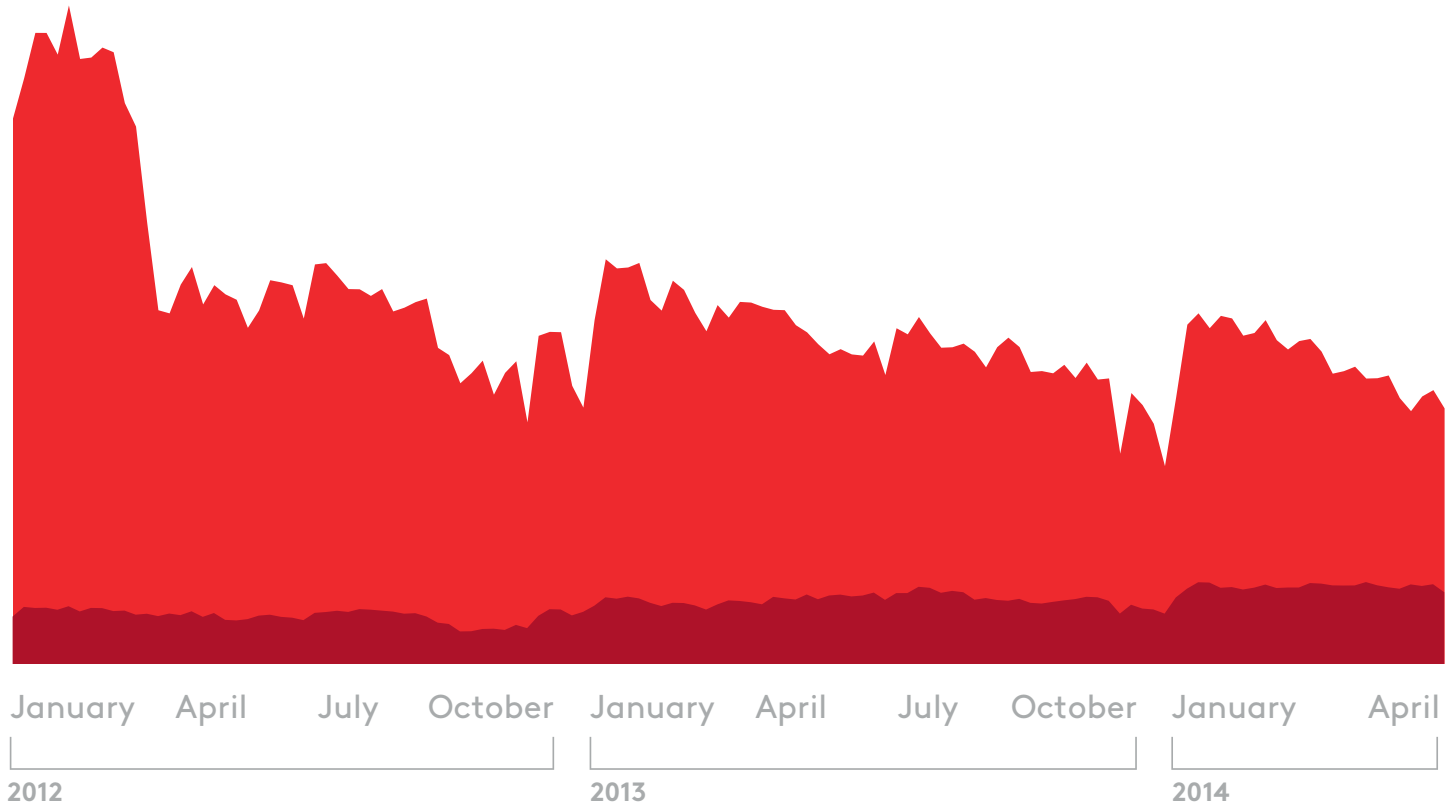
## Search for Commercial Real Estate on Mobile Device



Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

# Mobile Search Traffic

Mobile devices accounted for 19% of overall traffic for commercial real estate queries in early 2014.



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81% of overall traffic (Q1 '14)  
-11% YoY growth (Q1 '14)



19% of overall traffic (Q1 '14)  
25% YoY growth (Q1 '14)

Source: Google Internal Data

## Section Takeaway

Brokers and firms should look for mobile-optimized advertising solutions so they do not miss out on the large mobile searching audience that will likely continue to grow.



## **SECTION 3**

### **Use of a Broker**

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**How has online information affected the use of brokers?**

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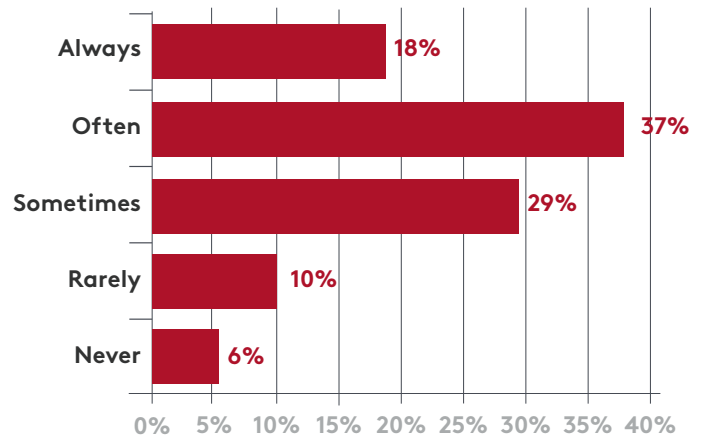
**Do tenants and investors still conduct their own online searches when working with a broker?**

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**Do they find brokers through searching online?**

## Performing Online Searches While Working With a Broker

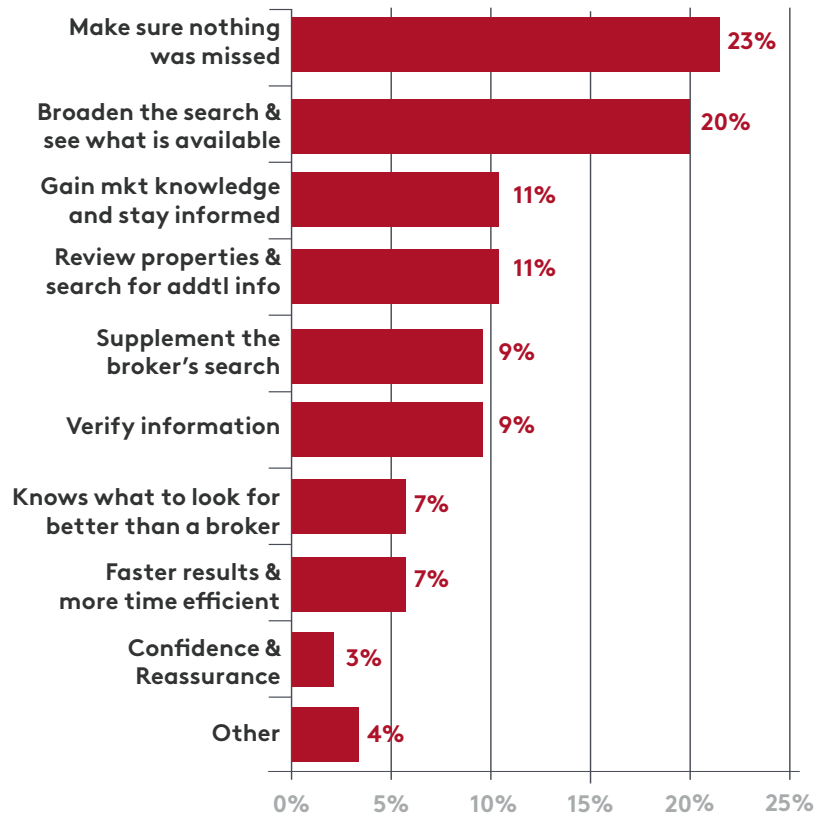
Over half of survey respondents reported performing their own online searches for commercial property “always” or “often,” even when working with a broker.



Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

## Reasons for Searching

Respondents most often report searching online while working with a broker to make sure nothing was missed.



Note: Multiple responses allowed  
Mentions of 2% or less are collapsed into “Other”

Source: Market Connections, Inc. Tenant and Investor Search Behavior Survey, 2014

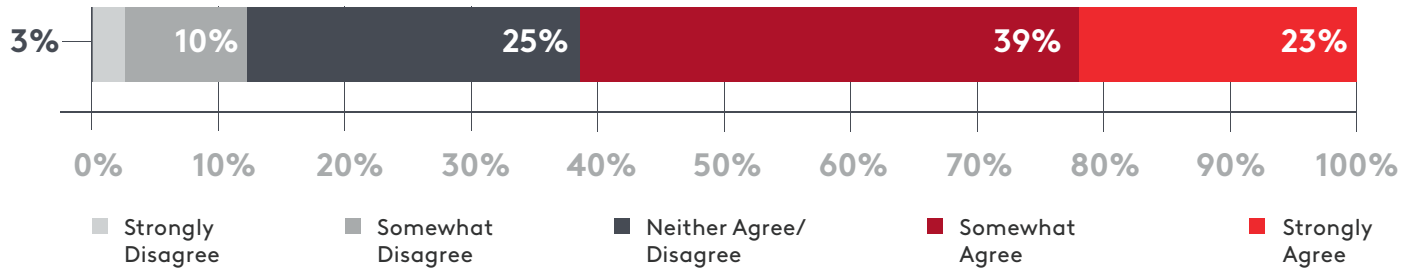


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## Searching Online For a Broker

62% percent of respondents believe the Internet is a useful tool for finding a broker.

The Internet is a useful tool for finding a broker.



### Section Takeaway

Brokers and firms should consider advertising their services online as a way to attract and retain new clients. Even if a tenant or investor is already working with a broker, they may be actively searching for listings on their own, which is another reason for brokers to advertise listings online.

# KEY TAKEAWAYS

## What Do These Results Mean for Commercial Real Estate Professionals?

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### The Internet plays a critical role in the way investors and tenants research commercial real estate properties.

Six in 10 respondents note the Internet as the first place they turn to when they start searching for commercial real estate. This number increases to 86% using the Internet along with other non-digital sources such as brokers, personal contacts and newspapers. Eight in 10 agree that they rely on the Internet for commercial real estate information more than they did three years ago.

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### Brokers and firms are missing opportunities by not advertising online.

Google data shows that commercial real estate related online searches have grown 60% since 2008. With the Internet as its medium, online advertising allows firms to be in touch with a broad marketplace directly. Brokers and/or other firms in the commercial real estate marketplace should make sure they market their property listings and advertise themselves online.

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### The use of a broker does not eliminate investors' or tenants' own online searches.

Even when working with a broker, investors and tenants say they will still conduct their own online searches at least sometimes. Investors and owners conduct their own searches to make sure nothing was missed or to broaden their search.

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### A variety of online sources are used.

Investors and tenants turn to commercial real estate tools most often when first starting an online search, but respondents are using multiple online sources for their commercial real estate information needs. Over half of survey respondents also use search engines and brokerage firm websites.

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### Ensure your online advertising solution is optimized for use with mobile phones and tablets.

Survey findings show that 96% use a smartphone and 69% use a tablet. Six in 10 respondents indicated they search for commercial properties using their mobile devices at least sometimes. Given these numbers and the current state of mobile usage in general, brokers and firms in the commercial real estate marketplace should acknowledge mobile devices as a critical touch point and adjust their marketing and advertising strategies accordingly.

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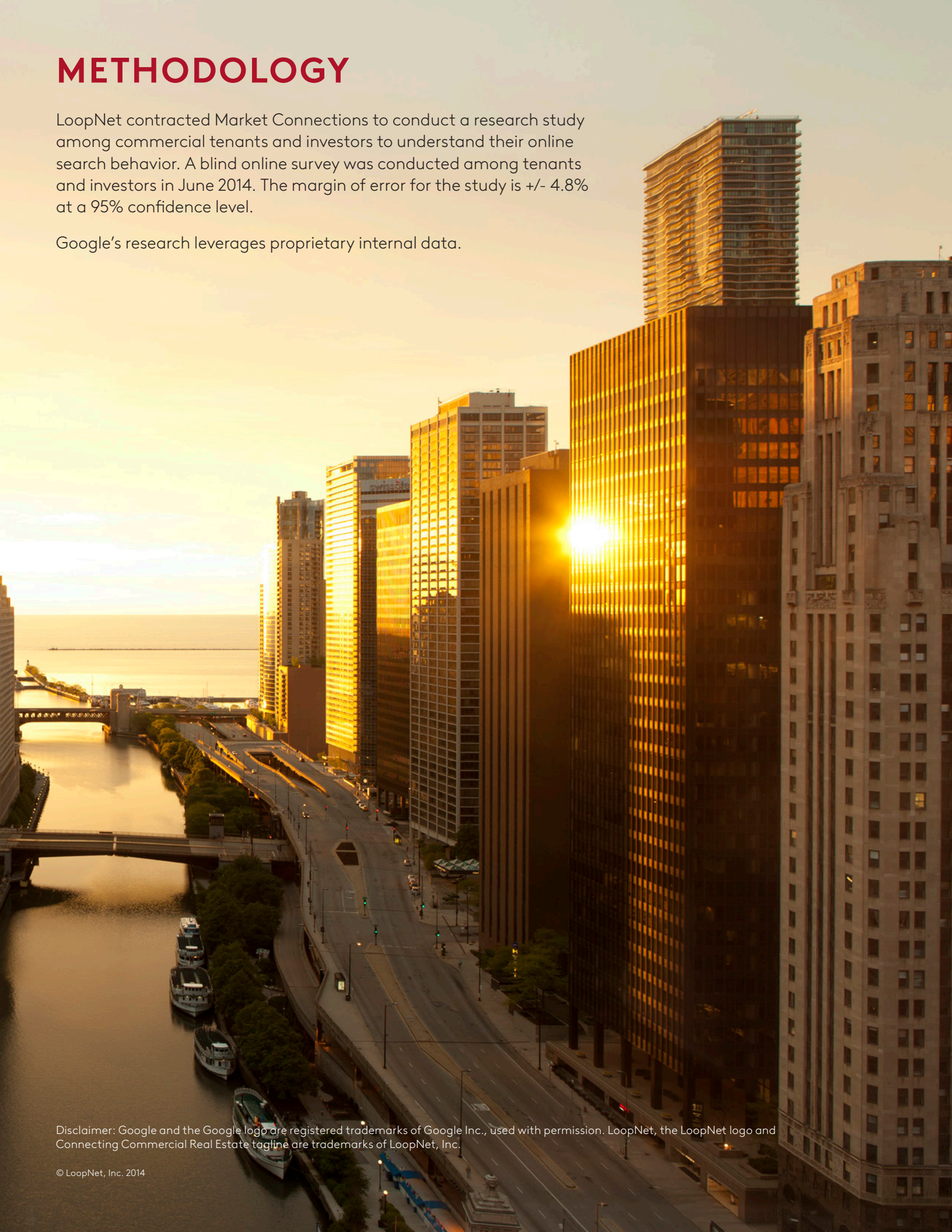
### Online property listings lead to property sales and leases.

One half of the tenants and investors surveyed reported that they have purchased or leased a property they originally found searching online. This result is most likely why almost all respondents believe their own use of the Internet for commercial real estate purposes will increase or remain the same.

# METHODOLOGY

LoopNet contracted Market Connections to conduct a research study among commercial tenants and investors to understand their online search behavior. A blind online survey was conducted among tenants and investors in June 2014. The margin of error for the study is +/- 4.8% at a 95% confidence level.

Google's research leverages proprietary internal data.



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