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Crowd sourcing: Can it influence real estate? - by Daniel Calano

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Do you know what an “influencer” is? In short, it’s a person or a bunch of people who have an opinion that influences other people, whether the opinion is correct, well informed, or even slightly on point.

In a recent Wall Street Journal article, the writer was talking about people like Michael Jordan or Kim Kardashian opining on wine. Unlike former (and older) wine experts, think Robert Parker writing a detailed wine review, Jordan can bring a cabernet to stardom with an off- handed comment he makes about drinking a certain brand. Why? Not because he is one of the greatest basketball players ever, but instead, because, he has almost 50 million followers on each of his Twitter and Instagram accounts.

Even without Michael Jordan’s fame, a group of people can grow to a few thousand people chatting about a building or a neighborhood. As the discussion grows geometrically, the word “viral” comes to mind. With that level of approval, things can become very popular in short order.

I wondered how and whether it really does impact real estate. I decided that it does not work exactly the same way, to the same degree, but it does work. You may argue that real estate is too fixed, too solid, too concrete, to be fickle and so easily influenced. And I would agree. But, that notion does not pay enough respect to bloggers, influencers and crowd sourcers who can have an important impact. How else would somewhat “less noticed” cities like Nashville, Austin, Portland, and Louisville become “go to” places? Do you really think it’s the Chamber of Commerce? Yes, sometimes it’s large company draws like Google or Facebook offering jobs. But why did those companies locate there? Was it just because of cheap space? I don’t think so.

On the neighborhood level, why do we think “Seaport” and “Southieport” has become so hot, so fast? Sure, it’s about brand new modern space and reasonable job access, but it’s also about “word of mouth,” a quaint phrase with a lot more meaning in today’s world. Established places like Back

Bay and Beacon Hill will always be in demand, mostly because of what they have always been: beautiful, historic and charming. They will always have a draw, with or without influencers. But, they can get a little “tired,” if that’s what people begin to think.

Urban planners and economists find common patterns and trends in real estate. And real estate investors and developers can, and should, understandably follow some of those trends. But, these days trends can be quickly and abruptly changed, by the simple power of lots of people collectively changing their mind. Influencers and crowd sourcers on a Twitter feed can move a lot of people in a different direction than they had previously been following. Don’t underestimate a population of a hundred million or so reaching consensus on social media. When the buzz is that Nashville is cool, you’d better be aware when you’re the one focusing on Philadelphia.

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