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Realtors report positive outlook in commercial market with increases

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Realtors who practice commercial real estate reported an increase in sales transaction volume and medium gross annual income last year, according to the 2014 National Association of Realtors (NAR) Commercial Member Profile.

NAR commercial members who were surveyed conduct all or part of their activity in commercial sales, leasing, brokerage and development for land, office and industrial space, multifamily, and retail buildings, as well as property management. The survey shows that even with challenges in the market, commercial members saw a rise in median sales transaction volume to \$2.554 million, up nearly \$50,000 from 2012.

"Despite a government shutdown, regulatory changes and a budget sequestration, ongoing job creation has helped the commercial market make continued progress," said NAR president Steve Brown, co-owner of Irongate Inc. Realtors in Dayton, OH. "Realtors who practice commercial real estate help build our nation's communities by helping their clients make informed business decisions and reliable commercial investments that support economic growth. A stronger commercial market is a good indicator of a recovering and growing economy."

Commercial members completed a median of eight transactions in 2013, equal to the previous year. Nine percent of commercial members reported not having a transaction in 2013, also the same as 2012. Brokers typically had a greater sales transaction volume than sales agents.

Seventy-six percent of commercial members reported having a leasing transaction; their median transaction leasing volume in 2013 was \$431,600. Twenty-nine percent of members cited investment sales as their primary business specialty, making it the most popular area of concentration. Land sales and office leasing were reported as the second and third most popular primary commercial specialties.

Realtors reported an increase in annual gross income for the fourth year in a row. The study found median annual gross income for 2013 was \$96,200, an increase from \$90,200 in 2012; that is the highest reported level since 2008.

Commercial members who manage properties typically managed 60,000 total s/f, representing twenty total spaces. Those who manage offices typically managed 25,000 total office s/f, representing eight total offices.

Twenty-eight percent of commercial members were involved in international transactions in 2013. Sixteen percent of commercial members reported an increase in international transactions, while only 1 percent had a decrease. Nearly one-fourth of commercial members reported international business is important to their company.

The typical commercial NAR member has been in real estate for 25 years, in commercial real estate for 15 years and a member of NAR for 18 years. Eighty percent of members reported working at

least 40 hours a week, with about half stating that they spend 75 to 100 percent of their time on commercial real estate activity.

Commercial members are predominately male with a median age of 59. However, women are slowly becoming a stronger presence in the industry; 35% of those with two or fewer years' experience are female, up from 33% last year, and sales agents have the largest representation of female practitioners with 29%.

The 2014 NAR Commercial Member Profile was based on a survey of 2,213 members. Income and transaction data are for 2013, while other data represent member characteristics in 2014. Approximately 70,000 commercial real estate professionals are members of NAR, making it the largest commercial organization in the industry.

The National Association of Realtors, "The Voice for Real Estate," is America's largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540