

Differentiation— Develop a Niche and Create Value

Bill Gladstone, SIOR, CCIM



Bill Gladstone, SIOR, CCIM, is the principal of the Bill Gladstone Group of NAI CIR in Harrisburg, Pennsylvania. Bill has been active in commercial and industrial real estate since 1987 and has been among the top five agents at NAI CIR for the last 9 years.

I did it my way—benefits of focusing your skills on a particular niche.

- You can focus on what is of interest to you; your job can become your passion.
- You differentiate yourself from your competition and have the opportunity to become better known within the market.
- As your job becomes your passion, your specific knowledge and your reputation for that knowledge make you a better broker...and your income can soar.

There is a niche out there for you if you want to be in it, but becoming a niche player does not happen overnight. You need to know the niche in which you want to work and be prepared with a valid game plan. This means you will need a good business plan and a methodology to implement that plan. You may need to spend money to differentiate yourself in the market as a niche player. And you must have a very positive attitude as you reorient yourself with a different focus.

Niches—Yesterday, Today, and Tomorrow

Bear in mind that the concept of a niche has evolved over the years (and it continues to evolve) so it could mean something totally different now than it did 15 or 20 years ago. If you were in a niche years ago, you were most likely an industrial broker in a big box niche, an office broker in a medical space niche, a land broker specializing in farms for commercial and industrial development, or a retail broker focusing on pad sites. There was not a great variety of niches, or at least of niches that attracted many brokers.

Today niches abound. New niches appear daily as brokers think about how they would like to perform better within this industry while meeting (or exceeding) their economic goals. But your local market remains a major factor. You may be very excited about jumping into a niche in which you feel comfortable, but there may not be a demand for that particular niche in your market. If there isn't,

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you're in trouble. If there is, your work becomes a passion, and you become successful.

You can be in an industrial niche such as truck terminals and intermodal or a retail big box niche. Or you could expand your market, doubling or tripling its size to be an industrial specialist who only offers tenant representation. Maybe you want to be known as the “boutique firm” within your market. That means you have the local relationships and the local knowledge—and a national affiliation is not critical to your success. You might want to be known in your market for providing the most detailed and useful financial analysis of both investment and user properties.

Your choice of niche need not be a lifetime commitment to be a success. My Firm had two niche players who were industrial specialists who chose to focus on industrial space throughout the country. They were very successful, earned a very good income, and developed a reputation that allowed them to compete with the national brokerage firms. As the end of their 12-year agreement approached, they started their review. They looked at the market trends, their personal lives, and other issues, and they decided to move out of that particular niche after 12 years of being successful. They rethought their niche and moved in different directions.

Some Niches Can Be Risky; Some Are Crowded

A younger agent in my office was talking with me about getting into a retail niche—pad sites and small space. Out of 20 agents in our office, there might be one or two that do some retail, but no one specializing in retail pads and smaller strip space. Working in a retail niche under current market conditions could be risky. However, he might be set up well for it. He still lives at home, has minimal expenses, is willing to stay late on a daily basis (quickly shortening his learning curve), and he has a lot of time to prospect for both tenants and listings.

On the other hand, another niche in my area (Harrisburg, PA)—the professional A and B office market—is getting overcrowded. Harrisburg, the capital of Pennsylvania, has a population of only 47,000; the population of our immediate SMA is only $\pm 250,000$. As more brokers move into that niche, it's obvious that the amount of money moving around within it is fairly static, but it is being divided up among more brokers almost on a monthly basis. To ensure their market share, some brokers are making stronger personal presentations; others are nurturing their client relationships using top-shelf written economic analysis (lease vs. lease, etc.). Still others

are finding different types of value and services they think are important to bring to the table. Some are spending time developing better social relationships with their clients. Whatever their choice of action, all these brokers are trying to be perceived as above average within their niche.

How I'm Doing It My Way

I wanted to be a niche player early on. I wanted to be a marketing specialist providing marketing services way beyond those currently being offered in my market. To do that, I had to be a generalist, working in a small geographic area, a half-hour in any direction of Harrisburg. I would represent landlords and sellers and infrequently act as a tenant rep. I also wanted to be known for bringing high levels of financial analysis to the table.

Over the years, in order to be known as a “marketing guru,” I developed a team of people that now numbers six, including myself. On a daily basis three of those six are devoted strictly to marketing our exclusively listed properties. They are all licensed so they can talk directly to the client without having to wait for me. Thanks to the other two team members (in administration and operations) I had the time to learn my financial software package so I could bring that higher level of analysis to the table as properties were identified (lease v. lease—both tenant and landlord perspectives, lease v. buy, NPV, IRR). Clients enjoy talking to the other team members as they realize the depth to which we provide the services for which we were contracted.

Another level of service for which I wanted to be known was exceptional market knowledge (which I am able to do because I have kept my market small). My niche was being a generalist in a small market, providing unsurpassed marketing and high levels of financial services, all with accurate market knowledge. I achieved this by developing a structured business plan. To date, 15 years later, I am still the only one in that niche in my market—enjoying my work and providing a good income for myself and my family.

Still thinking about it? Think it through carefully otherwise you will spend a lot of money and could be disappointed. Before taking the plunge, talk with other people either in your office or in your market who are niche players. See what the positives and negatives were for them. Remember that being a niche player can be approached many different ways. You can work in a specialized field or solely with landlords and sellers. You can work as a tenant rep, or you can specialize in one or two of the submarkets within your market. You can do it as a sole practitioner, you can work with assistants, or you can partner with another agent in your office.

You need imagination, belief in yourself, the desire to differentiate yourself within your market, and the courage to take that first giant leap. If you have all these, and if you stay focused and follow a well-thought-out program, I think you will be very pleased with the results you can produce. Good luck. 