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Why smaller real estate brokers are a vitally important element in the real estate biotope

The trend for the big internationally-known names among real estate brokers to increasingly dominate the market has been evident for some time, similar to the development in other industries. Does this raise the prospect that, at some point, only the biggest fish will be swimming in the pond?

As regulations in the industry become ever more overbearing, domestic and international investors are increasingly driving this agenda, as German residential property continues to be viewed as a 'safe haven' in an international comparison of investment opportunities.

In many A-, B- and meanwhile also C-locations in Germany, heavy demand is being met by a limited supply of available property for sale. To elicit offers as early as possible and to ensure that deals are transacted quickly and efficiently, big real estate investors very often opt for a certain broker on the principle that a broker's size and name recognition means there's less risk involved. This, of course, is not necessarily true. That's because smaller brokerages often have a very stable client portfolio as a result of their longer-term orientation, and as a result can often conclude deals more quickly.

This begins with the actual selection of the property asset. While, as a rule, the big real estate brokers maintain offices only across the larger cities, smaller brokers are focused on one specific location, which they know intimately. This means they have a stronger local network, which gives them

access to properties which would normally not feature on the radar screen of the big players. Smaller brokers are more approachable than the bigger houses, and are often the first port of call for locally-established property owners such as families with roots in the area, to whom they have personal connections underpinned by mutual trust. These are often relationships that go back years, and have included repeated transactions.

If a transaction is imminent, the smaller broker is able to mediate dynamically between buyer and seller, and quickly and flexibly communicate any changes desired. The large brokers, by contrast, have to process a transaction through their whole hierarchy levels, so that short-term changes have to initially surmount an array of bureaucratic obstacles, or be subjected to any manner of tactical game-playing, all of which can delay or prevent the transaction from being swiftly concluded.

"Given their reality, smaller brokers have a different mindset to that of an employee working in a large brokerage house. As an entrepreneur, the smaller broker accepts a bigger risk for his decisions when attracting clients and helping to close deals."

Given their economic realities, smaller brokers necessarily exhibit a different mindset to that of an employee working in a large brokerage house. As an entrepreneur, the smaller broker accepts a much bigger risk for his decisions and is therefore more motivated to attract solvent clients, build up long-

term relationships and conclude successful transactions. This leads to both satisfied buyers and sellers.

The smaller broker, as an intermediary, is in a better position to really get to grips with the individual wishes of his client and come up with a tailor-made offer. Since for him, quality trumps quantity, he generally takes more time in really taking care of his client. The client's long-term satisfaction is his priority and not just short-term profit maximization.

It would be a pity, therefore, if at some point only the biggest broker fish could swim in the property market biotope. Smaller, more agile brokers are a valuable enrichment in this biotope, with their inherent in-built advantages - such as superior local knowledge, exclusive networks and more individualized customer care. This is not to say that the bigger brokerage houses don't have their own specific qualities, such as their international and pan-regional connections, but it DOES depend very much on the individual case.

Greenwater Capital is very happy to exploit the expertise and competence of smaller brokers, and we've seen how long-term co-operation leads to both parties gaining a better understanding of the needs of the other in terms of asset selection and handling deals. For us, that's a win-win situation.