

**A WHITE PAPER FOR THE
COMMERCIAL INVESTMENT REAL ESTATE INSTITUTE
TO COMMEMERATE ITS FIFTIETH ANNIVERSARY**



**REAL ESTATE WARP TO 2030
--- AND BEYOND**

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“The Broker With The Fuzzy Slippers”

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I would like to share a paragraph from an article that I wrote quite a while back. This was published in REAL ESTATE TODAY and was called THE COMPUTER: A POWERFUL AID IN SELLING INCOME PROPERTY. In it I said:

"As cities are being dramatically changed by modern building techniques and man has the prospect of far greater longevity due to amazing medical advances, so is the Realtor faced with dramatic changes in merchandising techniques. Realtors specializing in the brokerage of commercial investment property are faced with an amazing challenge: we are operating in the age of technology. Consumers in all fields want more in the way of service. Real estate investors are demanding and receiving increased professionalism. Technology now assists you in providing investors with the information they need to arrive at a sound decision. You must understand the capabilities and application of these space age products. The purpose of this article is to acquaint you with the basic application with these powerful marketing tools."

In that article, I continued on to show the ability of the computer to analyze real estate investments on a year by year by year by year basis, doing a five, ten or twenty year analysis. I also described an investor walking in to an office in St. Louis saying, "I would like to buy 42 apartments in Boston." The commercial Realtor in that office lit up a little screen and said, "Let me see what's available. Well, in Boston here are five properties that meet your criteria." And then the screen shows the lobby of the property, the neighborhood, the demographics, print it out to a printer and even print the airline tickets, if someone wanted to fly to Boston. People snickered a little bit when I wrote that article. I did point out that all of those tools (when that article was written) had already been developed and were available. That article was published in REAL ESTATE TODAY in **OCTOBER, 1968! -- the year right after this Institute was**

founded Those tools were available to us in 1968, **49 years ago**. Technology was ready for us -- but we were not ready for technology.

Two decades ago I visited South Africa and addressed 2,500 members of the real estate industry in 5 cities -- Johannesburg, Pretoria, Durbin, Port Elizabeth and Cape Town. I shared a vision of our industry in the year 2020. The year after I presented a vision of our industry and the world around us at the CCIM National Education Conference at Copper Mountain. I told them both that that I would love to be a 23 year old kid coming into this industry today. The tools that are available to us today and that will evolve over the next two decades will make the real estate industry a challenging and exciting place to be -- and this world an exciting place in which to live.

The vision that follows is based not only on 55 years of "fighting in the real estate investment trenches" in my fuzzy slippers, but also on my service to the industry in the Strategic Planning and Technology arenas. Many of these insights are based on the research support which the National Association of Realtors® provided me when I served as Chairman of the Strategic Planning Committee of that million-member organization.

Let's Look at the Year 2030--

By the year 2030 (and well before for much of this technology):

1. There will be a database of all buildings and land for sale. All -- period. A corner lot in Peoria will be in the database. The rarity will be sales that are not in this database -- that would be like selling a house in today's market that isn't in the MLS (which will not exist as we know it in 2030).

2. There will be automatic notification to brokers and principals registered by brokers of the availability of space or property. This technology exists now. The broker will be notified that there is a property for his buyer. The selling broker will be notified that there is a buyer for the property. And this will be operational across all geographical and language boundaries – and across all language barriers. The electronic notification will be in the language of the recipient and in his or her currency.
3. For example: as the global barriers to investment continue to break down, an investor in Germany, the German Investment Corporation Inc., is buying apartments and they want to buy in Chicago. You have placed a property into the system. A notice will automatically go out to German Investment Corporation Inc. with the summary information on the property, with your name, your address, (subject of course to the normal restrictions of confidentiality). It will automatically be in the language of the recipient. A notice may go out to Japan. A notice may go out to South America. Along with this information will be notification in the language of the recipient and with all the calculations done in his or her currency. Of course, we may have a world currency by that point so this issue may be moot! There will be follow-up copy that will be sent electronically, with up to 100 terabytes of graphics, video, photos and other information on the property, including information on you and your firm.
4. Consider that this year a company built a fully functioning house for under \$10,000 that will last at least 150 years using a 3D printer!
5. Consider that other companies are readying to similarly build apartment and office buildings
6. There will be new shapes on our skylines – and the skylines will change year by year.
7. Buildings will go up in a few months – rather than a few years.
8. Demand for Retail and Office Space will be diminished.

- 9.** There will be 3D Printers at home that will produce many of our personal needs - custom clothing to your exact custom specifications including size, material and pattern. You will also enjoy custom meals prepared instantly to your taste.
- 10.** Centurions will be the norm.
- 11.** We will see the Airbnb short term rental revolution continue to evolve to the point where Airbnb will be to hotels as Uber will be to taxis.
- 12.** Virtual and Augmented Reality will change the way we present and view materials.
- 13.** There will be little or no worldwide language barrier.
- 14.** Most cars will be without drivers
- 15.** There will be far fewer cars and new innovative methods of mass transportation.
- 16.** Drones will significantly affect our business – and our lives.
- 17.** There will be worldwide property registration and transfer with Blockchain technology
- 18.** This combined with integrated payment transfer technology using Bitcoin.
- 19.** We will be using “Smart Contracts” the “vending machines” for real estate transfer – (bye bye lawyers!)
- 20.** There will be instantaneous money transfers built into the smart contracts.
- 21.** Big offices will become unnecessary. Your office will be smaller than a briefcase. In it you'll have: A high powered audio visual communications device with printer and virtual screen. Instant communications and information access worldwide. All with super computational and analysis capabilities.
- 22.** There will be a wide array of publicly accessible conference rooms allowing for important face to face meetings between the generally mobile wired business community.
- 23.** There will be real estate visit sites called REVIS with regional and local feeders. Each of these sites will be equipped with enhanced virtual and augmented reality. At these sites the buyer will walk through the property, the

neighborhood and the city. There will be no need to print out those plane tickets I wrote about in 1968. Virtual/augmented reality will give us the ability to experience all of the sensory aspects of a property. You will walk through the building and open doors, look in closets, look in offices, and experience the feel and the sense of the property. Of course, this doesn't mean that we won't go and look at the real estate in time. But if you want to buy a plant in St. Louis, or maybe you are looking in Minneapolis or maybe in Chicago, what you will do first is go to the local REVIS site. You will not have to go more than 10 miles from your office (if you have one!).

24. Most properties will be pre-qualified for available financing. There will be a much higher degree of confidence in appraisals, which will be completed in hours rather than weeks. Most significant investors will be pre-qualified for available financing

25. Negotiating will only take a few minutes as opposed to months. Satellite broadcast TV, real estate buying conferences will bring together the 8 or so most logical buyers for each property. All will be pre-qualified, with their financing in place. It will only be a matter of what will the price be. The terms will be predetermined.

26. Transaction costs will be down dramatically including commissions and fees. But because there will be fewer of us, there will be a lot more business for each of us and we will be very well compensated.

27. We will also have to change how we view work. Much like in the industrial revolution when machines replaced physical labor, new technologies are now replacing cognitive tasks. Humans, therefore, will have to become more adept at things that machines can't do, namely dealing with other humans, and social skills will trump cognitive skills in the marketplace.

28. There will be other developments we can't even imagine today. Just as, when I started on my real estate road, I couldn't imagine the impact of the (now

disappearing) fax on how we would do business. There will be other exciting developments that we just can't imagine today.

===== Beyond 2013 =====

2035

By 2035 a Super Computer will exceed the computation capability of the human brain

2045.

By 2045 a \$1000 Computer will exceed the computational capabilities and knowledge of the entire human race

Down the Road.

Direct brain implants allowing users to enter full-immersion virtual reality—with complete sensory stimulation—without any external equipment. People will be able to have their minds in a totally different place at any moment – with the up to date knowledge of the universe implanted.

And the punch line ---

All of the technology to accomplish the 2030 projections above and more is available today!

And finally, unlike in 1968, we are ready for technology.

In October, 1968 I concluded my Real Estate Today article with the following two sentences:

"The benefits to Realtors and their clients derived from the use of computers and technology in selecting and analyzing investments are so startling, that when we look back from the vantage point of a few years, our present-day methods of merchandising investment property will look like a dark ages operation. We will be looking back sooner than most people realize."

Please invite me back in 2030 (I'll only be 97). If I can't join you with an update, I'll be orbiting the Earth for 240 years – thanks to Celestis -- REALLY! If I'm not with you – please go out in the back yard when I go over and wave.

God Bless

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Editor's Note:In addition to actively investing in and marketing investment real estate, Jack Peckham lectures and consults with real estate and financial firms worldwide on real estate corporate and marketing strategy, technology systems and on personal mastery. He is a Past President of the Massachusetts Association of Realtors®, Realtor of the Year for the Commonwealth of Massachusetts, and has served as Chairman of the Strategic Planning and Technology committees of the million-member National Association of Realtors®. Jack's "Master Guide To Income Property Brokerage", Wiley Publishing is in its third edition (16th printing). He has been involved in closing over one Billion dollars in real estate investment sales. He sums up his career (so far) by saying, "I love to sell real estate – but I hate shoes so I do it all on the Internet!".

cc PBAC 2017