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Crowdsourcing

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Not too long ago, our real estate market strategy consisted of a sales office, a few quarter page ads and an insert here and there in a local paper. This created the necessary buzz that drew the buyers to your first construction pre-sales with competing offers in hand. Four years later, the market that has more than a few of us shaking our heads wondering where things are headed, doing whatever we can to attract the narrowing pool of buyers out there. So as we adjust to the new terms being set forth by the credit market and consumer confidence it's time we begin to think about an alternative effort.. In actuality the buyers are out there, they are just on the other corner calling the shots. It's not that bad; it's simply time for a bit of innovation and that's where we are headed.

In this three-part series, we will highlight the efforts of one group's effort in Washington DC that is tapping into a seemingly endless supply of ready buyers on a \$500 marketing budget and an innovative approach to a sluggish market. This group is hedging their bet that this minor budget for a 16-unit condo development will be enough to harness the power of community change, while building in democracy to a process which by many consumers in past had been marginalized via escalating property values. Not bad for a project in one of Washington's hottest behemianesque neighborhoods, considering their marketing strategy was nothing more than a concept just three years ago. Also, the project is looking to reach a sustainability certification.

Who puts a project together on a shoestring budget in a market like the one we are experiencing? These are the times when we implement extensive marketing budgets and hire consultants trying to outshine our competition for simply half as many buyers. How is this possible? Simply refer to their motto, "open up the problem

and outsource it to the crowd" or rather crowdsource your community of buyers. There is no better time to try something innovative as when you are on the heels of an economic downturn, this group looks to really test out a "concept". This is what Cooltown Studios & Green DC Realty are finding out by crowdsourcing their second beta community on a project referred to as "Sherman Green". They are finding that the community grows organically in a way that adds a sigh of relief back to developing. Well not everything is perfect here, crowdsourcing has its kinks to be worked out, let's just say it can open vastly more opportunities for you as a developer while simultaneously building a more dynamic brand.

If you are looking for an absolute way of defining crowdsourcing, it is delegating the traditional task of the agent/marketer and outsourcing it to the crowd through an open undefined call. In a development setting, it is looking at ways that we can ultimately reach our community of users (residents) by having them be the driver in the building of sustainable communities via attainable approaches. Although this might seem a bit complicated, this does somewhat borrow from the co-housing model, but in a much more dynamic way. This group sees crowdsourcing as a way of focusing on specific niche markets such as green building, which has long been touted as being too costly or marginal number of interested consumers. Their goal thus far has been to demonstrate that sustainable housing can be built via attainable means when approached with the consumer in mind rather than focusing exclusively on the "green" certification of the homes and seeking to up sell a product that missed the consumer needs. They see this as an alternative way of building brand recognition and consumer loyalty by working directly with your audience in mind from the start.

Crowdsourcing, if you are not yet aware is occurring all around us through all our trusted social connections such as Face book, My space and Wiki. This group's efforts in developing the 16-unit garden-style building is proving to be pretty effective in this current market place as others begin to rethink their business model. Their review of the market place one year ago indicated that it was the tragedy of the commons and that those who could afford had already purchased, and the real driver for the market would be the middle class or that "gap" income group moving from renting to owning.

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With a few modifications and parameters they have come up with an approach that is tapping into social media connections and reaching into a diverse framework of “cultural creatives” and LOHAS (Lifestyles of the healthy and sustainable) via monthly focus groups and social media website to create inter connectivity amongst the group members. When they pitch the undefined open call to the community where the “we” is smarter than me approach, it reinforces community involvement and social action as the driver in building green.

They have found that building community-first is somewhat of a novel idea. Taking the traditional top down development model starting, with the bottom up is providing opportunity for democracy and diversity in this project as the buyers build community before ever moving in; a rare occurrence in most developments.

Some of their initial discussions with developers and architects indicated that most projects were being designed and marketed to the public based on a straight market proforma and past consumer trends. that approach, as you can understand, might need some adjustment in the current market, so we will outline some of the startling differences between crowdsourcing and traditional development models.

As we peel back the layers of developing, we start to see the opportunity that exists with implementing a crowdsourced development strategy. By no means is crowdsourcing absolute or perfect, however neither are traditional development efforts which have a fair amount of market assumptions. Some of the initial upsides to developing with your community in place can be the favorable financing terms that can be set in place for the construction and insight into unit / building amenities. In addition, many developers simply would enjoy the option of avoiding time on the market costs.

Although crowdsourcing is not perfect, it opens opportunities for re-branding and accelerating the development of sustainable communities via attainable approaches. As we continue to follow “Sherman Green” through its development stages there will be modifications to this group’s model.

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