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# Residential Agents Can Hit Jackpot With Commercial Referrals

But synergy between the two sides is sorely lacking in the real estate industry, experts say.

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Residential real estate professionals may be leaving money on the table by neglecting to send referrals to commercial practitioners. But agents on both sides of the business should partner with each other to expand their clientele and improve their bottom lines, a panel of brokers told attendees at the Coldwell Banker Gen Blue conference in Las Vegas.

Robert Pressley, president of Coldwell Banker Commercial MECA in Charlotte, N.C., demonstrated how lucrative these partnerships can be. He recalled working with a New York–based residential agent in August who had a client looking to place \$100 million in

cash in a 1031 exchange. "I was able to close on more than \$70 million and sent the referring agent a \$345,000 referral fee," Pressley said. "That's one way to make money."

Synergy between the residential and commercial sides, though, goes largely untapped in the industry, which flummoxes Bob Fredrickson, CCIM, president of Coldwell Banker Commercial Danforth in Federal Way, Wash. Having worked on both sides of the business himself, Fredrickson said he's always had commercial and residential teams working together. "We've seen the results," he said. "In 2017, we had \$86,000 in referral fees, and in 2018, we had \$525,000 in referral fees on the residential side. That is powerful. We got [residential agents'] attention because they can add 10 to 20 percent a year to their incomes."

Pressley cautioned residential agents against pursuing their clients' commercial interests if they don't have experience handling such transactions. It's bad for the client and themselves if they do it wrong, and it's better to hand it off to a commercial pro, he said. "It's never the big-performing residential agents trying to do [a commercial] deal. It's the newer agents that don't have a lot going on, and the last thing they should be doing is a commercial transaction. I don't want to hurt anybody's feelings, but I have never sold a house in my life and never will. I will mess it up so fast."

But his advice is conditional: In rural areas where commercial transactions are more infrequent, agents may be wise to learn both sides of the business so they don't have to send a client to another market to find a commercial pro, Pressley said. But in larger cities with a wealth of both types of transactions, residential and commercial deals should be handled separately by knowledgeable agents.

Commercial pros, too, should understand when to seek the expertise of a residential agent, Pressley noted. Oftentimes, they must cooperate with one another in a leasing or multifamily transaction, and it's wise not to assume either party misunderstands the other and can be taken advantage of. Residential pros can be helpful to commercial brokers because they're good at developing client relationships and can offer advice on making deeper business connections, Pressley said.