

A Commercial Real Estate Study: The Use and Misuse of Data

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ABSTRACT

CRE agents rely on demographic, market, and economic data to advise clients on both owner and tenant representation. Tools such as Site to Do Business, CoStar, and comp maps are widely used — yet their accuracy and ultimate influence on deal decisions has remained underexamined. Seven active CRE professionals were surveyed on their reliance, perceived accuracy, and ranking of four common decision-making tools. Results revealed a consistent gap between data reliance (mean 8.3/10) and perceived accuracy (mean 7.0/10), and not a single respondent defaulted to data alone when instinct and data conflicted. These findings confirm the study’s hypothesis: quantitative data in CRE functions primarily as a reference tool, and effective brokerage integrates data with qualitative judgment.

METHODOLOGY

This study combined quantitative and qualitative data across two phases. Phase 1 — Comparative Data Audit: Using Site to Do Business: Business Analyst, demographic reports (age, income, growth trends) were pulled for five specific properties and compared against verified historical data (local census updates, actual sales tax revenue) to calculate a Variance Percentage for quantitative accuracy. Phase 2 — Practitioner Survey: Active regional CRE professionals rated their reliance on and perceived accuracy of demographic tools on a 1–10 Likert scale, ranked four decision-making tools by influence, indicated how they resolve data–instinct conflicts, and provided open-ended qualitative commentary. These metrics — the Variance Percentage and Likert rankings — were selected because they provide a mathematically grounded basis for assessing whether digital tools truly drive CRE decisions or merely serve as a reference, as hypothesized.

The reliance–accuracy gap (8.3 vs. 7.0) confirms that agents are active interpreters of data — applying professional judgment to compensate for limitations they recognize in the tools themselves. Limitations include a small sample size (n=7) that restricts generalizability; the experienced respondent pool (86% with 10+ years) may underrepresent early-career agents who rely more heavily on data. Self-reporting bias and the absence of property-type stratification (retail vs. industrial vs. office) are additional constraints.

An unexpected finding emerged: demographic reports ranked last in decision influence despite being the most commonly used daily tool — suggesting data may validate decisions already made on relational grounds, rather than originate them. If data functions primarily as a reference, training programs should teach practitioners not just how to use platforms like CoStar, but how to critically evaluate and contextualize what those platforms produce. As AI-powered analytics accelerate, the boundary between data-informed and data-driven decision-making may shift — making longitudinal study of these tendencies an important next step.

DISCUSSIONS

INTRODUCTION & SUMMARY

CRE brokerage is commission-driven — a good year may comprise as few as three or four transactions. Agents represent owners by marketing space and screening tenants [1], and represent tenants by securing favorable lease conditions [2]. Both roles depend heavily on data tools: Site to Do Business provides age, income, education, and growth trends [3]; NAR/CoStar offers population density, disposable income, and spending habits [4]; and comp maps provide comparable sale prices to validate pricing recommendations [5]. Despite widespread use, the accuracy of these tools is frequently debated — and the magnitude of their influence on actual deal decisions has not been formally studied.

Prior CRE research has addressed landlord and tenant representation mechanics and the growth of centralized inventories such as CoStar, but no study has examined how quantitative data and qualitative judgment intersect across an entire transaction. This study investigates data usage in both owner and tenant representation, its relative accuracy, and its efficiency compared to alternatives such as foot traffic, comp maps, and off-market relationships. It is hypothesized that because of inconsistency in data accuracy, quantitative data serves as a tool of reference — not a driver — and that the most efficient brokerage practice combines quantitative analysis with qualitative judgment and relational knowledge.

RESULTS & FINDINGS

Seven active CRE professionals were surveyed. Respondents reported a mean reliance score of 8.3/10 on demographic tools such as Site to Do Business and CoStar, while mean perceived accuracy was notably lower at 7.0/10 — suggesting agents knowingly work with data they do not fully trust. This divergence was most pronounced in Respondent 4, who rated reliance at 9 but accuracy at only 5. When asked how they respond when data and instinct conflict, 71% selected “Depends on the situation,” 29% said they follow instinct, and not a single respondent said they default to data alone.

As shown in Figure 1, respondents ranked four decision-making tools by influence (1 = most influential). Off-market relationships and personal networks ranked most influential overall (avg 2.29), followed by comp maps [2.43], foot traffic data [2.57], and demographic reports last [2.71]. Notably, off-market relationships were the only tool to receive a rank of 4 from just one respondent, while demographic reports received only one first-place ranking — meaning the tool agents use most daily ranked least influential on actual decisions. One respondent noted: “The data and demographic portion of the industry is dramatically different depending on the type of real estate — retail is most heavily impacted, while others are less so.”

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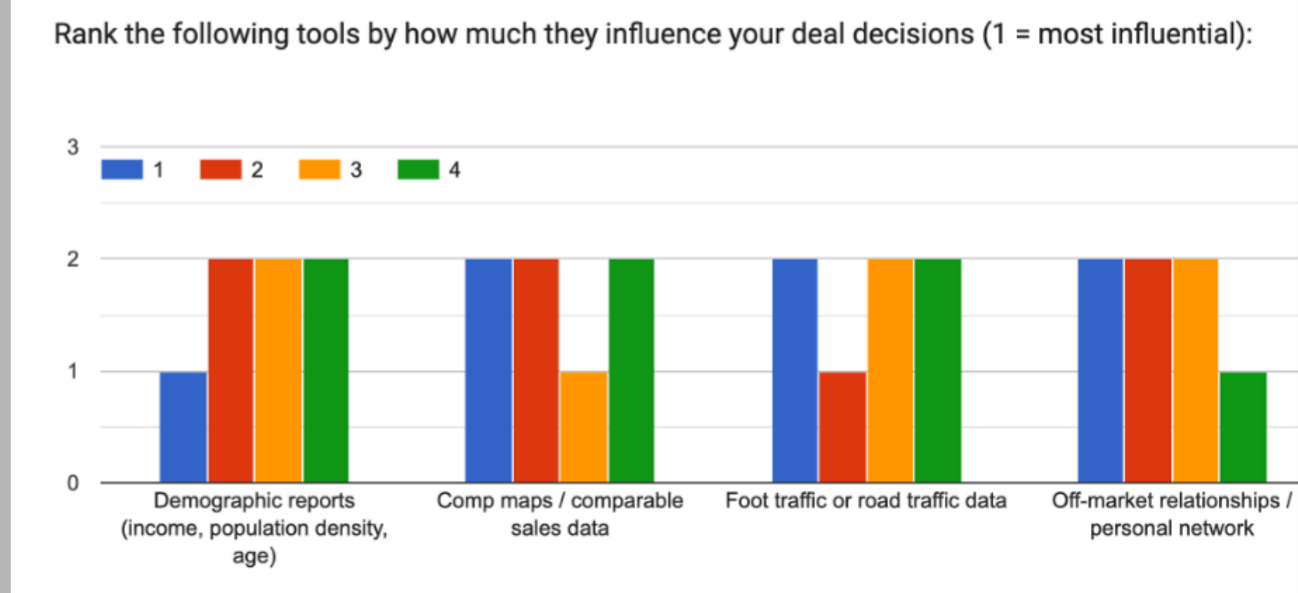


Figure 1: Tool Influential Ranking