



Courtside *Newsletter*

Ahead of the Curve: Real Estate Technology & What It Means for You



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Tide and time wait for no man, and the Information Age's effect on real estate is no exception. However, it seems that recently we have been seeing an influx of new technology that not only targets how real estate practitioners distribute and execute forms, but also how consumers buy and sell homes. Currently, there is a back-and-forth argument taking place amongst many REALTORS® with many pushing for growth and expansion of real estate technologies, whilst others argue that these same technologies are disruptive and will take over traditional real estate practices.

Get on the Bus

In the words of Ken Kesey, “you’re either on the bus or off the bus. If you’re on the bus and you get left behind, then you’ll find it again. If you’re off the bus in the first place—then it won’t make a [darn].” The same goes for technology. It has been moving along at a steady clip since the 90s—we can all attest to that. The way REALTORS® do business has been revolutionized with the advent of the internet, email, and smart phones. With all that, consumers’ expectations, and even the consumers themselves, have also changed. According to the National Association of REALTORS® March “Home Buyer and Seller Generational Trends” report, “buyers 36 years and younger (Millennials/Gen Yers) is the largest share of home buyers.” Furthermore, per Goldman Sachs, Millennials make up the largest generation in history. As Millennials move into their prime home-buying years, REALTORS® are being faced with meeting the needs of a generation that grew up in a time of rapid change, especially when it came to technology. While many remember the tell-tale sound of an AOL dial-up, they are all now living their lives online.

The real estate industry has begun to respond in kind. According to Josh Team, Keller Williams’ Chief Information Officer, Keller Williams will invest \$3.5 billion into real estate technology in 2017. Companies such as Redfin, Open Listings, Opendoor, Offerpad, and Zillow’s “Instant Offers” are trying to close the perceived gap between what the consumer wants and what the industry provides. Zillow’s “Instant Offers” has caused some waves in the industry of late. The program is in a testing phase right now, but hopes to expand to offer homeowners a way to sell their homes quickly. Verified homeowners confirm information about their homes, list any improvements, and upload photos. They are also given a comparative market analysis (CMA) from a local real estate agent, and an estimate for what the home might sell for on an open market. Investors then present their offers on the home. Zillow ultimately acts as a middleman and encourages the use of an agent throughout the process, but an agent is not required.

HomeLight is a similar company in the Bay Area, playing matchmaker between home buyers and the best possible real estate agent to suit their needs. According to the CEO, Drew Uher, HomeLight’s “value proposition is quite compelling for potential homesellers: Get a better outcome by using an agent who’s proven to sell their listings faster and for more money... Our main challenge is simply...to educate consumers that there’s this better way to sell a home.”

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Of these trends that we're seeing, they seem to be focused on breaching the divide between the consumer and the real estate industry via technology. While that is admirable, consumers are not so easily fooled. According to a study by Aimia, Inc., "Born this Way: The Millennial Loyalty Survey," people aren't using mobile apps and technology simply because it's there. They are more discerning, looking at what technology is really doing for them. Aimia, Inc's study goes on to say, "All marketing is mobile because that's where technology is leading us... But...the winners will be marketers who answer that essential question for Millennials: Why?" Ultimately, this is a question that apps and websites can't answer.

The Human Element

The takeaway from this "real estate disruption" is that real estate professionals are being forced to redefine their role in the process of buying and selling a property, and how they work with clients. The information to make an informed decision about buying a home can be found online, so agents must bring more to the table than the facts that their clients could have found at the click of a mouse (and without the commission fee).

To bridge the divide between what consumers want and what the real estate industry has to offer, brokers and agents should focus on what they, and they alone, can bring to the table: the human element. Numerous articles have repeated the sentiment that nothing can replace a real estate agent as the local expert. Time Magazine reports that "real estate is a local game, and to win you need someone who plays in the areas where you're looking to buy." Local agents not only know the neighborhood and recent market trends, but also what is going on in the neighborhood on more granular levels. They'll know about the neighborhood mom group that meets in the park every Tuesday, and that the community association just voted for a five-year overhaul of the street that your potential house is on. They have their clients' best interests at heart. Live, human agents aren't middlemen like online platforms and, because of that, they remain exactly what consumers are looking for when making potentially the biggest investment of their lives.

The key for agents and brokers is to leverage technology to their advantage to show how they are the "local expert." While many agents are already doing this with their social media platforms, it's time to take these steps to the next

level. Now more than ever, it is important for agents to differentiate and show their value to potential clients. Not only is technology redefining how agents do business, it also seems to be redefining the concept of community. Communities have begun to be forged online, through social media and blogs. Agents can tap into this wellspring to engage with clients, on a personal level and build their own communities, offering the facts, transparency and guidance that people are looking for. This will be especially important for the new generation of homebuyers (Millennials) entering the market. The goal should be to help potential clients realize that you're not only tech-savvy but also that you communicate effectively and are listening to what they have to say. Agents can use technology to make themselves more effective and efficient, using their knowledge to deliver what the client wants.

No amount of technology will know and understand the myriad emotions involved in a real estate transaction like the competent agent will. In adapting to the future demands of the market, it is important for real estate agents to continue to build their client relationships while also becoming tech-savvy. According to Huffington Post, real estate is "an industry ripe for change." Technology will be the catalyst for this forward movement and agents can either fight the current, or get swept up in it—the choice is up to them. However, the growth of technology should not mean the inability to connect. Some of the soundest advice that we've seen is for real estate professionals to get on the bus and start directing it themselves, ensuring that it goes down a path that will benefit everyone involved.



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