



Simplify: Real Estate Trends
in a Time
of Uncertainty

March 2012



I. Introduction: *“Change occurs most often during down markets.”*
—An industry consultant

What forces and trends will be shaping the industry in the next few years?

The Strategic Issues Work Group of the National Association of Realtors® Association Executives Committee was charged with identifying emerging trends and issues that are likely to have a significant impact on the real estate industry in the near future. The goal was to prepare a report that will assist real estate associations, brokers, sales associates and affiliated professionals in their strategic planning. This is the sixth such report in the last 12 years.

On February 6–7, 2012, the work group held a series of structured discussions with U.S. brokers, sales associates, real estate consultants, economists and technology experts, asking them to comment on industry trends. For reasons of confidentiality, the names of those participants are not included in this report; however, their comments are cited as direct quotations. The participants were asked the following two questions:

1. What do you see as the future of real estate in the next few years?
2. What are the major changes in the real estate business ahead?

Those candid, interactive discussions are summarized in this report, which covers both the challenges and the potential opportunities facing the U.S. real estate industry in the new few years.

While participants reached consensus on many points, there were also strong opposing opinions. In these cases, we are presenting their contradictory comments, without making a judgment. As with our previous reports, this examination of strategic trends draws no conclusions and makes no recommendations. Any action you take as a Realtor®, association executive or affiliated professional must be your own decision, based on your own unique market, goals and skills.

II. Strategic Issues Work Group Participants

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III. Executive Summary: The Value of Simplicity

“How do you rise above being a commodity? You need to design a new experience that delivers real value to a customer.”

—A services consultant

Today, consumers are bombarded with information about real estate:

- News stories about home prices, sales volume and other trends
- Thousands of online sites offering property facts, analysis and opinions
- Social media pages with text, photos and videos
- Multimedia branding messages from agents, brokers and franchises
- Multiple listing service (MLS) and syndicated sites with listing information

In addition, consumers are trying to make sense of daily news articles about the economy and financial markets, while dealing with concerns about their jobs, their savings and their retirement plans.

Clearly, the real estate industry has an opportunity to simplify the consumer experience, bring greater clarity to the transaction, and provide trusted advice in these uncertain times. That need for simplicity is already driving trends like curation of consumer experiences and collaboration by multidisciplinary specialists.

Real estate agents, brokers, managers, association executives and multiple listing service (MLS) specialists often have very different views of the real estate industry. But based on our task force’s interviews, there are several common themes:

- More is not always better.
- Collaboration, not competition, is a growing trend.
- Consolidation will accelerate at every level of the real estate industry.

At that same time, agents and brokers are also searching for ways to enrich their consumer experience. That’s driving technology trends like mobile applications, interactive videos, and tablet-based showing and listing presentations. By giving the consumer more options, more access and “gee whiz” applications, real estate professionals can distinguish themselves in the marketplace. After all, consumers continue to ask, “What is your value?” as traditional pieces of the transaction are shifted away to digital, social and mobile media sites.

Associations and MLS organizations are also considering alternative models for addressing their loss of membership, revenue, and services. For them, “simple” means improving the member experience and consideration of new approaches that include consolidation, or strategic alliances, with other Associations

Our previous reports (2001, 2003, 2006, 2008 and 2010) focused on the convergence of mobile, social and local trends; changing consumer, technology innovations; alternative business models; and the issue of value as key themes in the ongoing conversation about the future of real estate. We invite our readers to review those reports, as many of those trends are still occurring, and in many cases, growing.

Building on our prior work, this report addresses the latest trends relating to consumers, the housing market, business models and technology.



IV. Simplification: Driving Industry Consolidation and Collaboration

“We live in a world with massive amounts of easily accessible information. We need to simplify things for our customers.”

—A top agent

Thirty-somethings Susan and her partner are trying to buy their first home, but feeling frustrated by the process. They've picked out five condos in their neighborhood that looked promising, but found the websites gave conflicting information. The first agent they contacted didn't know how to send text messages. The second agent didn't know as much about the buildings as they did. But Matt, the third sales associate, made it simple for them. He advised on their approach, validated the information, helped negotiate the contract, and made sure everything was in place for a smooth closing. Now, Susan is sending Matt a steady stream of referrals — by text.

In an era of digital, mobile and social communication, buyers and sellers have no problem gathering vast amounts of detailed information. But in many cases they don't know what's accurate, what's relevant and what issues are important when buying or selling a home.

The same problem exists in other areas of the real estate industry. It's not always easy for a buyer or seller to understand the nuances of the agent-broker relationship, including concepts like dual agency, or the tall stack of disclosure, contact, inspection, mortgage and closing documents.

Even in technology, less is often more. “Apple has done it better than anyone,” said one agent. “Its minimalist design philosophy led to a more powerful phone, yet with just one button, while also simplifying how we use computers, and purchase music and videos.”

Consumer product studies show that simplification often results in increased sales. For instance, one supermarket was offering 27 brands of jam. When it reduced the variety to only six brands, the rate of purchase actually tripled. The lesson: consumers are less likely to act when faced with too many choices.

Brokers and agents have simplified their businesses. They are more focused on areas of excellence and have stripped away the excess such as marginal branches, unnecessary services, and low return marketing. In the process they have become not only leaner, but also more productive.

As one broker said, “We need to look at how we can simplify our services, so that we can, in turn, can simplify a customer's life.”

Emerging Opportunity: Curation of content

Just as a museum curator sifts through a collection of art or antiquities in order to select and produce an attractive display for the public, real estate agents can become content curators for their customers. This involves sifting through the data, determining its relative value, and sharing the most relevant information with buyers, sellers and investors.

Brokers can apply the same strategy to strengthen their agent relationships, such as making technology choices. As one broker said, “Agents today don't know which tools to buy or how to implement them. As a result, they spend too much time learning about technology rather than going out and serving their customers.” So brokers can provide the “service” of constantly evaluating technology and making choices for the agents.

Consolidation: Addressing Industry Overcapacity

“We have too many agents, brokers, associations and MLS organizations. So, what steps do we need to take to move toward greater efficiency?”

—A large broker

As a regional manager for a far-flung Southwestern brokerage company, Rosalie pays close attention to her daily calendar, which is always close at hand in her iPhone. Today, she will be spending the morning in the downtown office holding a series of videoconference sales meetings with the agents in each of her broker's satellite offices. Although the last round of staffing cutbacks left no managers at those sites, Rosalie has been able to keep the teams rolling through technology and once-a-week personal visits.

Some consultants forecast a steady reduction in the number of real estate professionals over the next few years, continuing the shrinkage trend. The extended downturn has been particularly difficult for brokerages with modest profitability, and cutting expenses even further is no longer an option. Such pressures naturally lead to consolidation.

Another factor leading to consolidation is that many real estate professionals in their late 50s and early 60s are taking a good, hard look at the future. Is this the time to groom a successor or is it better to find a buyer for the business? One of the key factors is a lack of “bench strength” at many companies, according to one consultant. Developing a succession plan and grooming younger managers for leadership positions is essential for real estate companies of all sizes.

Meanwhile, larger companies with access to capital can pick and choose their acquisition and merger targets. Ironically, a slightly improving real estate market will help with firm valuations and could increase acquisitions.

Technology has also made it easier for agents, brokers and associations to operate effectively with fewer people to manage business operations. “Brokers will keep on cutting expenses, hoping to improve profitability once transaction volume starts to increase again,” said one broker. “But it's going to take a while before most firms see a return to healthy levels of profitability.”

The consolidation trend has also impacted associations and MLSs. In the task force's companion survey of all association presidents and all association executives, the most often cited future trend was “merger or consolidation with other associations.” The reasons ranged from making life easier (and simpler) for members to enhancing the value of membership. Like brokerages, associations have cut all possible expenses and overhead and now face tough decisions on core services, or even survival, going forward in the midst of falling revenues.

Emerging Opportunity: Scale Up

While many boutique firms continue to “think small,” mid-size brokers may want to scale up their operations through mergers or acquisitions. One consultant notes that broker profitability improves substantially when there are 75 agents or more per office. “For several years, the findings have been fairly consistent,” he said. “Size matters when it comes to traditional broker productivity.”

Collaboration: A Rising Trend

“Agents and managers need to huddle together, rather than move farther apart. That's the best way to solve difficult problems.”

—A regional broker

Jose can look back on his first year as a broker with a feeling of satisfaction. He has recruited a team of young, enthusiastic agents, trained them in using a common technology platform and set high standards for customer service. He's branded his company as a boutique firm specializing in the starter-home market and rave reviews of his agents are already spreading across Facebook. He believes his broker-centric model is the wave of the future, and even though his agents might get a higher commission split with another firm, the financial advantages are outweighed by the sense of collaboration and teamwork at his brokerage.

Traditionally, the real estate brokerage industry has been extremely competitive as agents vie for customers and brokers seek productive agents. That competitive spirit isn't going to disappear any time soon — a good thing since competition can lead to better customer service and innovative solutions.

However, there are clear signs that collaboration is an emerging trend, particularly with the younger real estate professionals (Generation Y or Millennials). Unlike the Gen Xers and Baby Boomers, who value individuality and independence, the Millennials are used to working in teams to solve common problems. In the real estate sector, a growing number of agents and brokers have been able to harness that collaborative spirit to form high-producing teams or nurturing office environments.

One of the benefits of collaboration for brokers and team leaders is a smoother, more consistent delivery of services to the customer. Another is an increased sense of “belonging” that can reduce agent turnover and improve customer acquisition. Finally, a collaborative approach supports specialist roles, enhancing the collective knowledge and skill set of the entire team.

Emerging Opportunity: Recruiting a Collaborative Team

Brokers and team leaders who create a collaborative work climate are likely to have an edge when recruiting new talent. So rather than promote the potential for individual financial success (“The sky's the limit!”) a different appeal may be more effective (“The team assures individual success!”).



V. Consumer Trends: Seeking Trust, Transparency and an Enriched Experience

“We need to simplify our services so we, in turn, can simplify our customer’s life.”

—A leading broker

Mobility, speed and personal service are critically important for serving today’s consumers. But understanding local markets and building relationships with buyers and sellers — using their preferred communication channels — remain the keys to success in the real estate industry.

Establishing trust remains a vital issue for buyers and sellers of all ages, who are skeptical of “established wisdom” in all its forms. “Many buyers would like to see more agent ratings and reviews, providing more visibility into the process,” said one broker. “Our industry would also benefit from high standards of data accuracy and integrity, since there seem to be different levels of information quality on every non-MLS site.”

Along with trust, buyers and sellers want greater transparency at every stage of the process. Real estate professionals need to be “straight-shooters” when answering questions like these: What services am I paying for? What fees can I expect? How do I know if my contract will go through?

Due largely to the trust issue, some buyers now prefer to spend hours and hours searching for homes on third-party sites, such as Realtor.com, Zillow and Trulia, before contacting an agent or broker. Once they land on an agent’s or broker’s site, they don’t like to register or provide personal information for fear that they will be bombarded with unwanted sales solicitations.

But when prospective buyers are ready to act, they want an immediate response. An agent who has been nurturing an online lead for nine months might get a sudden text: “We want to see this house tonight. Can you arrange a showing?” And if the agent takes more than 10 minutes to get back to the prospect, it may already be too late — another sales associate may have taken her place.

However, consumers are also relying on their Facebook friends and other online sources for referrals to real estate professionals. “Social media is so important today, because that’s where everyone looks,” said a broker. “But you have to know how to build trust online, and provide people with valuable information — not sales pitches.”

Once that initial contact is made online, many prospective buyers prefer to continue the conversation using text — the most popular form of communication among Millennials. Agents who rely on voice and email messages must adapt to this shift in preferences — just as they changed from phone to email a decade ago. “There are young buyers today who would be happy not to talk to an agent — ever,” said one broker. “They like the high tech part of the business, but they reject the high-touch approach.”

But consumers still rely on agents for help in sorting through the data, negotiating the transaction and walking them through the rest of the process. One leading Sunbelt agent has found success by enriching the buyer’s informational experience — pulling together video tours, interactive floor plans, blogs and neighborhood photos, along with the listing data – in order to give a “360-degree” picture to the buyer. “Why should a buyer have to cross-reference different websites?” she said. “That’s our opportunity to provide truly exceptional service and earn our customer’s loyalty.”

Opportunity: Host a client party and extend the impact through social media

A successful Mid-Atlantic agent likes to host an annual party for her clients, taking lots of photos and videos. She interviews them about what they like about their home, neighborhood and community. Then she uploads those photos and videos to her social media pages and website. Her clients love it and tell their friends — and her business gets new referrals.



VI. Housing Trends: More Renters and Fewer Owners?

“Will Millennials be attracted more to rentals than homeownership? If so, brokers should spend more time and energy developing the rental and property management lines of business.”

—A consultant

Demographics drive the housing market. That’s why real estate professionals are eagerly awaiting the leading wave of Millennial buyers, now in their late 20s and early 30s. That’s because these consumers substantially outnumber their predecessors in Generation X, now in their 40s and 50s, and are roughly equal to the aging wave of Boomers. The Millennials’ lifestyle choices — combined with their careers and economic opportunities — will be key factors shaping the housing market in the next decade.

Many young adults now prefer to live in urban condominiums or rental apartments with plenty of social and cultural activities, rather than a traditional three-bedroom home in the suburb. But that situation may change when the U.S. economy regains its health. “Right now, young adults are postponing marriage and family,” said a broker. “I think that when the economy improves, we’ll see younger people buying homes again. Don’t give up on the Millennials as homeowners.”

But not all industry observers are that optimistic. Given the overall high debt levels among Millennials and the challenging job market, they may not be able to make the transition to homeownership as easily as prior generations. As one consultant said, “You can Facebook your way to their hearts, but someone who is \$80,000 in debt and underemployed as a retail clerk isn’t going to be buying a house any time soon.” Others are concerned that the nation’s long period of economic and financial stress has trained a generation that homeownership is not the promised dream, and may not be worthy of pursuit.

In the next decade, the U.S. will also see a sharp increase in the number of non-Caucasian households, headed by Hispanics, African-Americans, Asian-Americans and recent immigrants. Many of these groups — particularly recent immigrants — are comfortable with having several generations under one roof. If the traditional pool of buyers for larger single-family homes shrinks in the next few years, multigenerational families may provide a new source of demand.

Meanwhile, the nation’s housing market is continuing to change. Homeownership levels have fallen to the 64 percent range, after peaking at nearly 70 percent five years ago. The uncertain U.S. economy, tight credit marketplace and young adults’ deferral of marriage and family are among the reasons.

Other issues impacting the housing market include buyer concerns about ongoing foreclosures, falling sales prices and the shadow inventory. Those issues continue to get plenty of media attention, contributing to feelings of uncertainty. “I don’t think we’ll see a real recovery until the distressed ‘shadow inventory’ is foreclosed and sold back into the private market,” said an economist. “The sooner that occurs, the sooner we can return to a normal transaction volume.”

There have been other significant shifts in consumer attitudes and behaviors. For example, in 2006, homeowners expected to stay in their properties for eight years, according to the annual National Association of Realtors® Profile of Home Buyers and Sellers. In 2011, the expectation had jumped to 15 years. That change, if it comes true, would signal a substantial drop in transaction volume over the next decade.

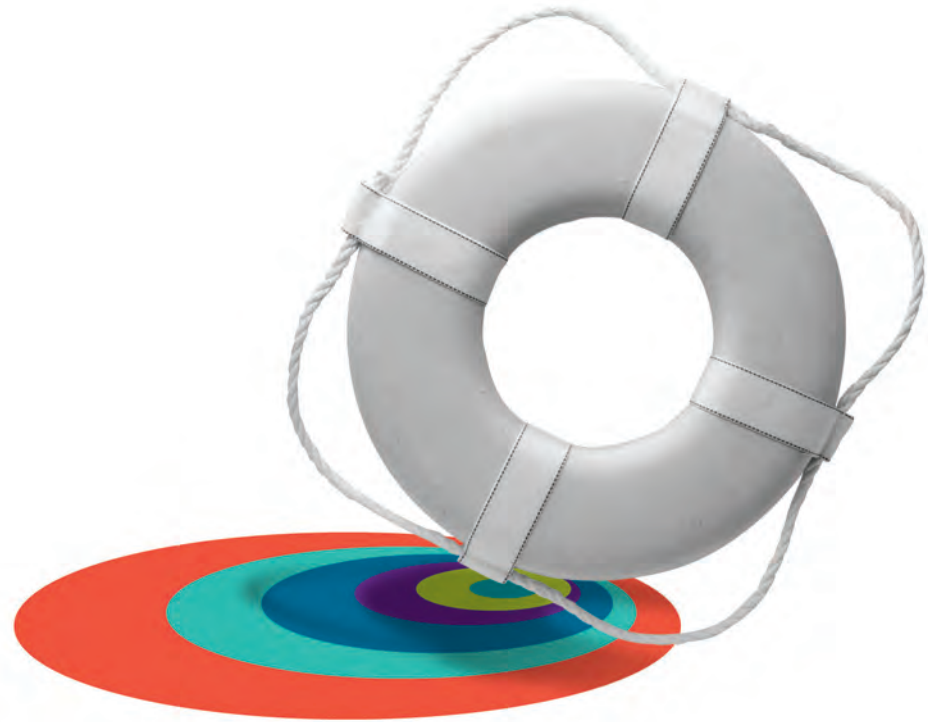
However, there are indications that global buyers could increase their pace of real estate investments over the next decade, both residential and commercial. Strong economic growth in emerging markets combined with U.S. visa policies have made investing in the U.S. more attractive to affluent individuals and families. In addition, U.S. agents and brokers in many “gateway” markets are reaching out to their international counterparts, building referral relationships. “At some point, real estate may move toward a uniform global platform,” said a consultant. “That would certainly have a profound change on our industry”

Opportunity: Track inventory levels

To address consumers’ fear of falling home prices, agents and brokers can track the monthly inventory of homes available for sale in their local markets. Traditionally, 6.5 months of inventory is a balanced market; if the level rises to 10-12 months, then prices start to fall, but if the level is 4-5 months, then price appreciation may occur. “It’s important to help consumers get a clear picture of the local inventory, and to explain why this figure is important,” said an economist.

Opportunity: Serving investment buyers

In a market filled with more renters and a large inventory of distressed properties, real estate professionals need to understand how to serve investment buyers. “They have different criteria for selecting a rental property,” said a consultant. “And they are playing an important role in the market because they are removing homes from inventory. That will help the market return to more normal conditions.”



VII. Industry Trends: Models that Blur the Boundaries

“I came from a traditional background, so I had to reinvent myself when I formed my own company. That is not easy because it’s a scary process. But when I look at brokers today, it seems like most of them are rearranging chairs on the Titanic rather than facing reality.”

—A small broker

For the nation’s real estate industry, simplification, consolidation and collaboration are blurring traditional roles, and all eyes are now on the consumer. “Workflow models will have to improve,” said one consultant. “We need to have a value proposition that is understood by the consumer without needing paragraphs of explanation.”

Traditionally, there is a hierarchy of services within organized real estate: agents serve consumers, brokers serve agents, and real estate associations and MLS organizations serve their members. There have been challenges to that model, including Internet-only brokers, companies that focus on “for sale by owner (FSBO) listings, and lead generation companies.

But, today there are clear signs that this structure may be changing. For instance, many agent teams operate as virtually independent businesses. As one team leader said, “We don’t need our broker’s systems. In fact, I don’t need my local broker at all. He is clueless to my business.”

At the other end of the spectrum, some brokerages are taking more control over agent training, technology and service delivery to create a new consumer brand. “I want to prove that the consumer relationship can be with the brokerage, rather than the agent,” said one broker. “Based on the reviews we’ve been getting, this strategy is working well.”

But brokers also have to generate online traffic in order to compete with the lead-generation companies, and find other ways to provide value to their agents. “In some ways, it’s becoming a more collaborative effort,” said one broker. “We build the web experience, create the videos and reach out to the consumer, so our agents can deliver outstanding service to the client.”

Some companies have developed segmented business models, offering agents a choice of “full service” or “freedom shops.” However, it remains to be seen whether a company can grow in two different directions at the same time. And some are considering moving completely from one model to the other.

Meanwhile, MLS sites now offer gateways to the public, either directly or indirectly, and associations are also engaged with consumers in multiple ways, such as publishing market updates, advocating housing issues and launching neighborhood improvement projects.

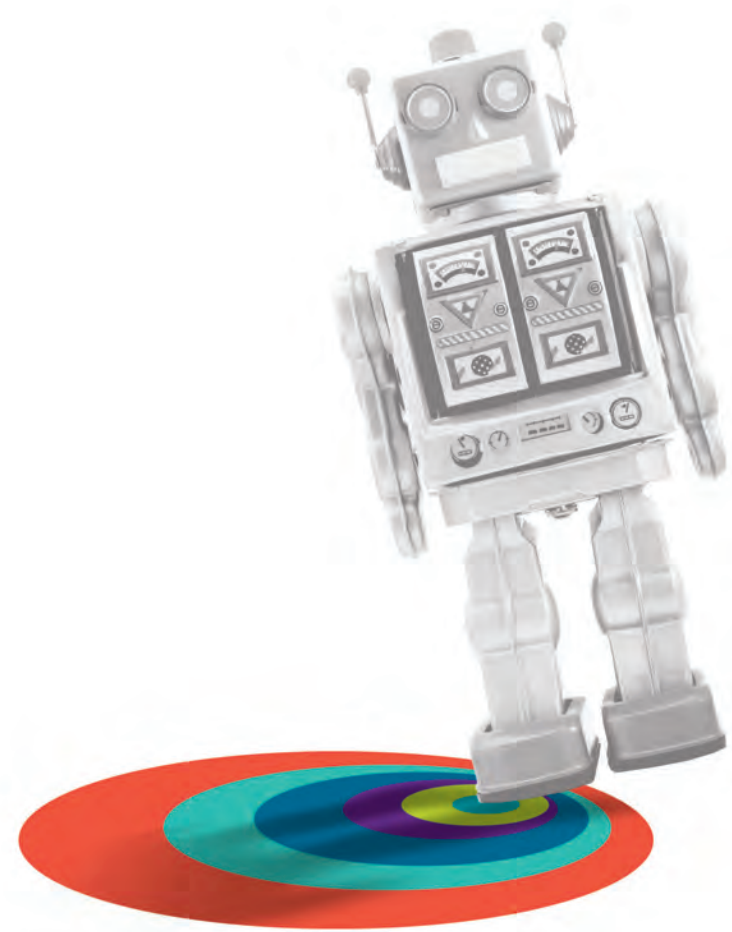
From the standpoint of the consumer, a simpler, “flatter” real estate industry makes a great deal of sense — particularly if it provides greater transparency and streamlines the transaction process. Mobile, social and digital technology has opened up a new world of information, making consumers less dependent on agents, brokers and MLS systems for information. And having fewer players “in the mix” could also reduce the number of transaction-related charges and fees for buyers and sellers.

Emerging opportunity: Learn how to engage

Many younger real estate professionals are more comfortable engaging consumers via text or email than in voice or face-to-face meetings. On the other hand, other real estate professionals (of all ages) don’t have a Facebook page or understand how to use all forms of social media. Therefore, brokers and associations can train agents on how to develop their communication skills — in both directions — and improve their business.

Emerging opportunity: Gaining lifetime customers

More than 85 percent of consumers are satisfied with the level of service they receive from an agent, according to NAR studies, but only about 14 percent use that agent when selling the home. That presents an opportunity for agents and brokers to find new ways to interact with homeowners over an extended period and gain customers for a lifetime.



VIII. Technology Trends: Turning Data into Wisdom

“In a few years, we may not need aggregated sites like MLS because search, and other technologies, will become so powerful.”

—A technology consultant

In the past decade, many types of new technology companies have entered the real estate data industry. Today, companies of all sizes compile information, build databases and develop search, social and mobile applications tools in order to attract consumers and generate revenue from agents, brokers and advertisers.

But it's much easier to gather and store data than to turn that information into knowledge and wisdom. As one broker said, “Since answers are becoming a commodity, the real value in our business is being able to ask the right questions.” Crafting the specific question creates direct consumer value and moves from information (commodity) to advice (wisdom).

Being able to ask — and answer — consumer questions is one of the uniquely valuable services provided by real estate professionals — at least until more powerful “thinking machines” arrive on the scene. As one consultant said, “Most of what a real estate agent does today is answer questions. But since computing power continues to increase exponentially, it may not be long before intelligent software will be able to answer those questions using sophisticated algorithms and search tools.”

It's possible that this advanced technology — as demonstrated by the 2010 victory of IBM's Watson computer in the TV game of “Jeopardy” — will improve agent and broker productivity. Imagine having a computer in customer support that answers the phone on the first ring, listens to the consumer's request and provides an appropriate response. That would be a clear improvement over a “voicemail jail.”

The latest version of iPhone has Siri, an application that verbally answers spoken questions. Though simple — and fun — Siri is a harbinger of intelligent software agents of the future. Arrival of more sophisticated Siri apps, or Watson computers, would disrupt the current online data functions.

If a thinking machine can answer a consumer question like “Which neighborhood is best for me?” or “Which property will appreciate more?” the role of the agent or broker would be impacted. It would certainly create a different landscape for customer acquisition and other real estate staples.

Relentlessly, technology continues to accelerate. “Since 2009, mobile Internet usage has doubled every year,” said a technology consultant. “By 2013, one in six U.S. consumers will access the Internet via a mobile device. That's a dramatic change in the way people access information.” Such massive shifts in technology platforms have historically challenged the industry, which has lagged in innovation.

Real estate professionals and service providers now have to consider how to simplify information and send data “downstream” to smart phones and tablets that have less computing power than a laptop or desktop computer. They also need to develop convenient mobile apps or links that provide answers and bring mobile consumers to their sites. Such data moves are also accelerated by the increased use of cloud-based service technologies, which require less upfront investment than on-premise systems.

Opportunity: Sharing databases

In the near future, agents, brokers and affiliated professionals may collaborate more closely by sharing databases. That would allow for the integrated delivery of consumer-centric services (such as brokerage, mortgage loan and title insurance) at a lower overall cost. Data sharing at any level of the transaction or data collection/distribution simplifies the business for practitioners and the consumer. The rapid growth of cloud computing platforms may enhance this trend, provided the data is secure and customer privacy is protected.

Opportunity: An end to lock boxes?

One of the more time-consuming tasks for agents is trekking back to the broker's office to pick up a key to a lock box for a showing. Lockboxes has improved this task, but physical keys and boxes do not completely make access transparent. Rapid advances in mobile devices, perhaps coupled with a security camera or biometric technology, might make lock boxes obsolete. An agent could go directly from listing to listing and always “lock up” each home afterwards — a much more efficient process.



IX. Conclusion: Leadership in a Time of Uncertainty

“The issues facing real estate today are larger than our industry, but we can start taking steps now to gain more control of our destiny.”

—A Western broker

Today, homeowners, buyers, sellers and investors feel uncertain about the future of the nation’s residential and commercial real estate markets. Will the global economic recovery continue? Will mortgage financing become more easily available?

Brokers and agents have similar concerns. Will the flow of foreclosures and other distressed property sales begin to abate? What is the size of the “shadow inventory” of homes and commercial properties? Have prices finally stabilized? Will a future “dumping” of inventories destroy the fragile beginnings of stability?

Because of that uncertainty, agents, brokers and consultants interviewed for this report, point to three possible scenarios for the next few years:

- 1. Doom and gloom.** “I feel the future of the industry is a little dark on the current path,” said a consultant. “The era of government support for homeownership may be coming to an end.” That might include the closing of Fannie Mae and Freddie Mac, the government-sponsored institutions that provide a secondary market for mortgage loans, with no indication that private lenders would be willing to pick up the slack. “I think we will see some significant pullbacks from housing,” he added. “All the other trends pale by comparison if that happens.”
- 2. Steady state.** “I believe the next few years will be much the same, as our nation continues its slow recovery from the deep recession,” said a broker. Because real estate is an infrequent purchase for most Americans, there is no big push from consumers to change housing policy or to revise the agent-broker service delivery model. “Change occurs very slowly in the real estate industry,” he added. “Sometimes that’s a good thing.”
- 3. Cautious optimism.** “There are plenty of good reasons to buy a home now, and things will look even better in the next few years.” said a leading agent. “As real estate professionals, we can succeed by offering consumers the optimum home selling and buying experience.” Today, the first wave of the Millennial, nearly 80 million strong, is entering the real estate market, and taking advantage of affordable prices and low interest rates. In addition, growing demand is expected from minority households, recent immigrants and global buyers seeking to invest in the United States.

Since there is evidence to support each of these conflicting positions, it will be important for real estate professionals to pay attention to shifts in consumer sentiment, public policy statements, stay in touch with the lending community, and analyze market demand to see which, if any, of these scenarios becomes reality.

The underlying concern in all the scenarios is that the problems of the real estate industry are at a level that is beyond the industry’s ability to correct. Massive institutional problems, with heavy governmental influence or control, create a feeling of impotence and anger among practitioners. Regardless, real estate agents, brokers, managers and associations will still need to make wise business decisions in this time of uncertainty.

Defining Our Future

“If we have learned anything over the last few years, it’s that we are the tail of the dog — we can’t drive the economy. But we can try to influence its direction and provide a voice for the consumer.”

—A Southern broker

Today, the real estate field is filled with “fruit flies” and “zombies,” in the words of one real estate consultant. Agents, brokers and consumers tend to focus on the short-lived trends, which are proliferating like fruit flies. Things like a hot new mobile app, a controversial blog or a Twitter tweet generate immediate interest and excitement, but soon disappear from sight.

At the other end of the spectrum are the zombies — the real estate professionals who are simply going through the motions without thinking about what may lie ahead. Many say, “This will pass and everything will be back to normal again.” And that inertia is a powerful obstacle to meaningful change on any level. “There are people today who think our entire industry is a zombie,” said the consultant, “and they are eager to cut off our heads.”

In our research, we saw many creative brokers and agents redefining their business model. Some have left one business behind to create what they think will be the future. That reflects a long-term industry trend: Business cycles always seem to produce the most creative responses on the down side. As one broker opined, “I am taking the leap. What do I have to lose?”

The lesson is clear: fresh ideas, innovative service models and strong leadership are needed at every level of the real estate industry. A focus on high impact areas will leverage positive results. Leaders in all phases of business cycles analyze the moment, abandon the past, and take bold steps.

Simplification in all areas will provide a market advantage to the broker, the agent, or the association executive. We hope this report will provide a powerful stimulus in that direction.



“We have honed our strategies for playing checkers, but now our game has changed to chess. It’s different and more complicated, and that requires new learning if we are going to meet the ongoing shifts in consumer expectations.”

—A top agent

A website, AssociationStrategicIssues.com, contains this report in various formats and platforms — including a video, supporting research, presentations, prior reports, and other strategic items.
Writer: Richard Westlund, Design: Rushing & Associates Design, Inc.