

# **UNLEASHING THE POWER OF REAL ESTATE DATA**

**THE IMPACT OF DATA ANALYTICS, AGENT TEAMS  
AND MILLENNIALS IN AN ON-DEMAND WORLD**

**MAY 2016**

**STRATEGIC ISSUES WORK GROUP  
ASSOCIATION EXECUTIVES COMMITTEE  
NATIONAL ASSOCIATION OF REALTORS®**

# 1. INTRODUCTION

*“Real estate will be moving from business based on intuition and conducted over the kitchen table to a data-driven consumer engagement science.” —A technology consultant*

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 document that will assist real estate associations, brokers, sales associates and affiliated professionals in their strategic planning. This is the eighth such report in the last 16 years.

On February 23–24, 2016, 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 next few years.

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.

# 2. STRATEGIC ISSUES WORK GROUP PARTICIPANTS

Karl Berron  
Chris Carrillo  
Russ Cofano  
Ryan Conrad  
Kipp Cooper  
Anne Marie DeCatseye  
Ginger Downs  
Jarrod Grasso  
Theresa Hatton  
Mark Lebowitz  
Joel Singer  
Mike Theo  
Tricia Thomas

**FACILITATOR**  
Jerry Matthews

**NAR STAFF**  
Cindy Sampalis

**WRITER**  
Richard Westlund

# 3. EXECUTIVE SUMMARY: FOUR HIGH-IMPACT TRENDS

*“With so much data available, real estate companies should have tools that let them identify the most probable buyers and sellers in an efficient and accurate way.” —A national broker*

Advancements in data analysis, new concepts of “home,” the values of the Millennial generation and the growth of the on-demand economy are four high-impact trends driving change in the nation’s real estate markets.

This report covers these trends — and a wide range of other structural changes in real estate — in order to help brokers, agents, managers and associations better understand emerging challenges and opportunities.

Our previous reports (2001, 2003, 2006, 2008, 2010, 2012 and 2014) focused on defining value in a changing world; simplifying the consumer experience; the convergence of mobile, social and local trends; changing consumers; technology innovations; alternative business models; and the issue of value as key themes in the ongoing conversation about the future of real estate. Many of those trends are still occurring, and we invite our readers to review those reports at [www.AssociationStrategicIssues.com](http://www.AssociationStrategicIssues.com).

Building on our prior work, this 2016 report addresses the evolving issues in regard to consumers, brokers, agents and technology, including the multiple listing service (MLS), beginning with four important trends.

## #1: UNLEASHING THE POWER OF DATA ANALYTICS

Successful real estate professionals know that buying or selling a home is an emotional as well as a financial decision. Listening carefully to a client, cultivating a sense of empathy and being able to “step into the shoes” of a buyer and seller are key skills for becoming a trusted advisor to a typical residential client.

However, that ability to use emotional information effectively in serving clients has led many real estate professionals to “trust their gut” exclusively when making business decisions, such as investing in marketing programs, purchasing new software or recruiting new associates.

As a result, today’s real estate industry lags behind many other economic sectors in gathering and organizing data, and using analytic and reporting tools to make evidence-based decisions. For example:

- Stock brokers can receive alerts when changes in the financial markets affect their largest clients within predetermined individual risk parameters, allowing them to reach out and provide immediate personalized advice.
- Physicians are learning which surgical procedures produce the best statistical outcomes for their patients based on studies

involving thousands of electronic medical records (EMRs) in national databases, as well as the biometrics for individual patients.

- Major retailers can dig deeply into buying patterns, repeat purchases and other factors to quantify a customer's lifetime value (CLV) — a metric that's still unfamiliar to many real estate professionals.

Now, the race is on to manage brokerages and teams through data analytics. "Historically, it's been hard for brokers to measure what agents were doing, other than closed transactions," said a technology consultant. "It's also been hard for agents to measure what's effective for them. That's changing quickly, though, with the growth of data science."

Today, a younger generation of professionals who recognize the untapped power of data is entering the real estate industry and rising to positions of leadership. Unlike many of their older counterparts, they are comfortable with technology and look forward to using these powerful tools to build their businesses while serving clients more effectively.

Here are several data-related opportunities that will emerge in the next few years:

- **USING PREDICTIVE ANALYTICS.** Using predictive analytic tools will allow brokers and agents to invest their time and financial resources wisely. If an agent receives 100 leads from a variety of sources during a typical month, she would be able to tell which buyers or sellers are most likely to need her assistance now. Predictive analytics can also help determine whether a buyer is likely to qualify for a mortgage loan, whether an offer is likely to be accepted, or even the future value of the property. The industry-changing potential of predictive analytics — and the substantial investment in technology and personnel it demands — could separate real estate firms into "haves" and "have-nots." It also opens the possibility of entities outside the industry creating and controlling this powerful next-generation business tool.
- **MAPPING THE CUSTOMER JOURNEY.** Digital tools will give real estate professionals a far better understanding of the best sources for gaining new customers, the comparative costs to acquire a customer, and the steps necessary to turn a lead into a closed transaction. It's a "game-changer" for agents and brokers who currently focus on the raw number of leads they get from online and offline services. By mapping the entire customer journey, real estate professionals will be able to make smarter decisions and improve their return on investment (ROI) among marketing choices.
- **PROVIDING CUSTOMER CONTEXT.** Major retailers and service companies are deploying sophisticated digital tools to deliver better customer service. If a customer is browsing a website, for example, and calls a toll-free number for help, a service representative can see the context for the call. Rather than answering "how can I help you?" and spending time gathering information, the representative can see the same website page and how long the caller has been browsing the site, a good indication of whether the prospect is ready to buy or just "kicking the tires." In real estate, these contextual tools will let an agent answer a call with, "Hello, Mrs. Smith. I see you've been looking at one of our listings in the Cherrybrook subdivision. How can I help you?"

Because real estate is a people business, the ability to listen and empathize, and serve as a coach or a counselor, will remain the foundation of the real estate business. But the future lies in being able to combine the "art" of real estate with the science of data.

## #2: THE CHANGING CONCEPT OF "HOME"

Any residential builder will tell you that a home is a product, constructed by a skilled labor force that includes materials, appliances, HVAC systems and interior furnishings. Many owners believe in the old saying, "My home is my castle," where they are the rulers (although they may share the decision-making power with a condominium or cooperative form of ownership.)

But there are several emerging forces that are changing this traditional concept of a home as shelter:

- Many artists, photographers, designers and other creative professionals are incorporating commercial studios into their residences (when permitted). Other entrepreneurs and professionals — including REALTORS® — run their businesses from an office in their homes, creating work/live spaces.
- Some owners are generating supplemental income by renting their homes to transient guests using the Airbnb model. This approach can turn a home into a lodging business, changing the emotional and financial dynamics of ownership. In the next few years, some owners may expand on this concept, offering to rent space in their homes to office tenants, further blurring the lines between residential and commercial uses.
- In the next decade, more seniors will be "aging in place" and requiring nutrition support, assistance with activities of daily living and other health-related services. That turns the home into a service platform where family members and health professionals come and go on a regular basis. Even though an elderly individual or couple remain the owners, other people will increasingly make the decisions about the home.
- As homes grow smarter with sensors, control devices and integrated systems, owners may view their homes as "technology under a roof." Like a computer, tablet or phone, they will expect regular updates for the home's operating system (OS), and new downloadable applications.

All these changes in the concept of homes have implications for real estate professionals. For example, a home with a large spare bedroom or guest area might be particularly appealing to a buyer considering an income-producing lodging or office use. It also means that agents need to stay current with local zoning ordinances, homeowner association codes and other regulations so they can advise clients on what uses may or may not be permitted.

## #3: THE VALUES OF MILLENNIALS

One of the nation's favorite pastimes is taking the pulse of the Millennial generation, the more than 80 million Americans born between the late 1970s and early 1990s. While there are wide

individual variations — as there are with any generation — researchers have found several common cultural values for the Millennials. Those themes will be increasingly important to the real estate industry as more Millennials move into the workforce and into the housing market. Here are several examples:

- **Comfort with technology.** Millennials have grown up in the digital age and are often light-years ahead of their parents. Text is typically a preferred form of communication, rather than emails or voice calls. They also like to gather data from different sources — reviews, online friends, websites, etc. — before making decisions. Therefore, they are likely to lead the industry in the adoption of analytic tools and applications based on data science.
- **Salesperson or Entrepreneur?** Many Millennials don't like the concept of being a salesperson. They are skeptical of adults who try to "sell" them on products or services, and don't want to be placed in that role themselves. However, many do like the idea of becoming an entrepreneur — starting their own business and making the decisions themselves. In that regard, real estate can be a natural career as agents have an opportunity to build a successful business while receiving education, training and support from a brokerage company. Clearly, brokers and managers who emphasize the entrepreneurial spirit are likely to be more successful in recruiting younger agents than those who talk about a career in sales.

Whether looking for a home or considering a real estate career, Millennials are likely to check off as many data points as they can. But they will still want advice from an experienced professional. "You can serve as a 'remote parent' who can guide them in making those critical life decisions," said a broker. (This surrogate parent role applies to Millennial agents as well.)

#### **#4: THE ON-DEMAND ECONOMY**

Real estate businesses need to pay close attention to the local consumer market. Are people feeling confident about the economy, earning reasonable incomes and saving for the future? Or are they worried about current conditions and delaying major investments like buying a home?

In addition, successful brokers and agents must keep pace with changing consumer habits and demands in order to deliver effective services. As one broker said, "Businesses need to meet customers where they are — not where they were yesterday. For example, it's exciting to see McDonald's change its menus to offer breakfast 24 hours a day — a consumer-friendly decision that's boosted the company's sales."

In recent years, consumers pressed for time have increasingly been seeking "on-demand" services in their local markets. Rather than wait for a taxi, they use their mobile phone's app for a ride with Uber or Lyft. When they need someone to pick up groceries or dry cleaning, they send a text to Alfred (an online "butler" service), or Postmates, an on-demand delivery service for retail purchases. Coffee drinkers can use their Starbucks app to order and pay in advance, then pick up their

lattes without waiting in line. And to push the concept further, Amazon now offers same-day delivery in several markets.

Today, consumers are used to ordering products and services with just a click or two. While they don't expect to buy or sell a home quite that easily, it's clear that desire for rapid, on-demand service will be an important driver for change in the real estate sector as well:

- A buyer with a long lunch break or an opening in her work schedule will use her brokerage company's app to request an immediate showing of a listing.
- A couple who have made an offer on a home want an instant decision on a mortgage application or a quote on property insurance.
- More buyers will demand closings that fit their schedule, rather than the closing agent's.
- Sellers who see a new "for sale" sign in their neighborhood will want their agent to provide instant advice on positioning themselves against the competition.

Successful agents and brokers are already gearing up to provide this type of highly responsive on-demand service, which requires a powerful technology platform along with "high-touch" personal service. As one real estate consultant said, "We have to provide a customer experience that's in line with consumer expectations, and those expectations are constantly rising. That is both our challenge and our opportunity."

## **4. HOUSING TRENDS: A GROWING MARKET**

*"Real estate is a broadly based business, and maintaining the economic health of the nation's middle class is essential. We need to be advocates for better jobs and education in our communities."* —A regional broker

In the next few years, the U.S. housing market is expected to see steady growth, due to strong fundamental dynamics. Overall population growth of about 1 percent per year with about half due to immigration and half to natural increase. That will result in the formation of 100,000 to 150,000 new households every year that will need some form of shelter.

In addition, more and more Millennials will be moving out of rental apartments or family residences and purchasing their own homes. A steadily improving economy, more career stability, and the desire to marry and start families will all be factors in this trend. As one consultant said, "Millennials have delayed their life decisions due to the financial crisis and its aftermath, but surveys show a substantial number want to own their own homes, have children and move to the suburbs just like their parents."

On the supply side, U.S. homebuilders have ramped up their production of single-family and multi-family homes, but the level of new construction is much lower than the boom years of the early 2000s. As a result, the demand for existing homes will remain strong, barring an unexpected downturn in the economy.

Mortgage rates are expected to remain low, and the tight credit market for borrowers is likely to improve. But affordability will remain an issue, particularly in communities where median income levels are well below housing prices.

Despite these positive market forces, there may be fewer household moves in the future for several reasons:

- A slow-growth economy reduces the need for corporate transfers.
- Many professional/service jobs can be done remotely from any location.
- Seniors may be more likely to age in place rather than moving to smaller “retirement homes.”

Summing up the outlook, a national economist said, “Housing typically leads the business cycle but this time the growth rate has been lower than in other recoveries. On the positive side, the level of volatility has dropped and we’re not seeing steep peaks or sharp valleys in the market. We look for continued steady growth in line with the U.S. economy.”

## 5. BROKERAGE TRENDS: A CLOUD ON THE HORIZON

*“Most consumers are pretty happy with the agent and the transaction. Our industry is not standing on the edge of the cliff.” —A regional broker*

While many variations on the traditional brokerage model have been introduced in the past decade, they have failed to gain traction, except in niche markets. That’s because approximately 90 percent of buyers and sellers continue to value the services of a trusted real estate professional to advise them and represent their interests in the transaction.

“I don’t see this business model changing in the short run,” said a broker. “Using technology to lower costs is just a refinement of the current model. An innovative model would be offering something so valuable, buyers and sellers would be willing to pay more for the service — and that hasn’t happened yet.”

However, brokers continue to be concerned about third-party online portals, such as Zillow, that repackage listing data and provide agents with leads. Those services can compete with a broker’s own offerings, while raising a host of data-related issues. In addition, there continue to be new entrants to the brokerage field, such as OpenDoor.com, which will buy a seller’s house and present a binding offer in 24 hours — an attractive “on-demand” service for sellers who can’t wait weeks or months for a traditional sale.

But there is one major cloud on the horizon: the possible loss of “independent contractor” status for brokers’ agents. Several legal actions involving independent contractors in various industries are now moving through the court system. A ruling that agents are employees rather than independent contractors would be a disruptive change for

most brokers, adding significantly to their operating costs. “It would drive massive consolidations and reduce the number of practitioners,” said one broker. “It might never happen, but every broker, association and multiple listing service (MLS) should have a contingency plan in place, just in case.”

Other brokerage trends to watch:

- **AFFILIATED BUSINESSES.** Many brokers rely on their affiliated mortgage, title and insurance companies to generate operating income. However, the federal Consumer Financial Protection Board (CFPB) has been looking at these types of relationships throughout the financial sector. A change in the rules that would require divestiture would have a significant impact on many brokerage companies.
- **PROPERTY MANAGEMENT.** To serve owners and investors in the residential market, many brokers are expanding their property management divisions, especially in states with strong second-home markets like Florida, Hawaii and Colorado. “This is now a core business for a growing number of companies,” said one broker.
- **YOUNGER LEADERSHIP.** Family-owned firms led by owners in their 50s and 60s are selecting their “heirs apparent” for the future or are moving toward retirement. “The next generation in firm leadership will be coming into their own in the next few years,” said a broker.
- **BUILDING TECH PARTNERSHIPS.** Some brokers are investing in technology firms and building partnerships to develop tools that can differentiate their agents from the competition. “We teamed up with a firm with an email presentation application that’s several steps better than a PDF,” said one broker. “It also tracks how much time the client spends on each page, giving us more insights from the data.”
- **CONCIERGE SERVICE.** One of the more intriguing issues (addressed in previous reports) is finding the right balance between technology and personal service. Today’s consumers want an engaging website, a powerful mobile app and other tools to make it easier for them to select homes, neighborhoods and communities. “But consumers still rely on a trusted human advisor to make sense of the mountains of data online,” said a broker. “An artificial intelligence application can be helpful, but consumers still need help in most phases of the transaction. The result is turning a company’s offering into a concierge service.”

## 6. AGENT TRENDS: IT’S TIME FOR TEAMS

*“If agent teams become the norm, do you need the broker?” —A national broker*

Agent teams are playing a greater role in the real estate industry, developing their own brands, offering coordinated services and blurring the lines with traditional brokers. “You have to be small, nimble and responsive to serve consumers today, and agent teams are organized

to do just that,” said a broker. One indication of the power that agent teams now have in the market are “signing bonuses” in the six- and seven-figure range to lure successful agent teams from one brokerage to another.

The growth of agent teams has changed the value proposition offered by brokerage companies. Instead of technology tools and training services — which can be obtained from a number of sources — many teams look to brokers to deal with the “paperwork,” including legal issues, insurance coverage and regulatory issues. “However, state licensing rules are not in sync with market realities because they put brokers in the position of managing agents on a team that they don’t really control,” said a consultant.

While agent teams continue to gain momentum in the market, brokers are at different points of acceptance in regards to the concept. Some are uneasy about the trend, while others see it as an opportunity. “Teams are here to stay,” said one broker. “Our company offers training to team leaders, since that requires management as well as sales skills. Our goal is to help our team leaders be better and grow their businesses with our firm.” It is notable that established brokerage models that have resisted teams in the past are now moving to accommodate them within their brokerage philosophy.

Here are other agent trends to watch:

- **BUILDING TRUST ONLINE.** Today, agents earn trust in local markets by online reviews and rating services, as well as personal referrals. The traditional self-promotional approach (“I’m the best agent to sell your home”) is steadily changing to a lower-key strategy. Praise from trusted friends — especially online — is more valuable than advertising for many agents.
- **LESS ATTENTION TO ONLINE LEADS.** Many agents are moving away from an “infatuation” with online leads provided by third-party portals. As one technology consultant said, “We think online advertising spending will decrease, because it’s not a nourishing meal. One company with a 25 percent share of the market only produced 4,600 transaction sides for agents last year.”
- **FACEBOOK IS THE NEW FARM.** Many successful agents are changing their online advertising programs from Google’s search platform and Zillow’s third-party portal to Facebook, which dominates social media. As one agent said, “Facebook lets me target households in the 50–55 age range with \$100,000 income who have recently been to a college graduation and live within five miles of my office. You can’t beat that strategy.”
- **A RETURN TO DIRECT MAIL.** Along with online marketing, some agents are returning to traditional direct mail, sending out “just sold” or “just listed” postcards to local neighborhoods. Others are providing email market updates to their sphere of influence.
- **BECOMING STORY-TELLERS.** Successful agents know how to tell a story that interests and engages consumers. Talking about an agent’s personal experiences, the local market, a neighborhood or a

particular home can strengthen relationships with buyers and sellers without falling into the danger of self-promotion.

- **NURTURING LONG-TERM CLIENT RELATIONSHIPS.** Agents need to look beyond the immediate deal and nurture an ongoing relationship with the client, according to several consultants. As one said, “We have a 90–90 problem. NAR studies show 90 percent of clients like their REALTORS®, but 90 percent use someone else the next time. That makes real estate a ‘churn and burn’ business. If we could get a 90 percent retention rate, that would transform the business.”

## 7. TECHNOLOGY TRENDS: MORE ‘COOL’ TOOLS ON THE HORIZON

*“With wi-fi enabled balloons hanging in the atmosphere, you’ll never have to reboot your sweater to go online.” —A technology consultant*

Powerful data analytic applications aren’t the only “cool” technology tools on the horizon. New devices and applications are introduced every day that could change consumer behaviors and impact the real estate industry.

One example is wearable technology, which is progressing from fitness sensors and wristwatch devices to exciting new concepts. “Google has launched a project to embed Internet-enabled devices in the fabric of your clothes,” said a consultant. “Other companies are looking at extending wi-fi coverage using balloons, rather than expensive ground stations. That will add to the utility of any type of mobile device.”

Virtual reality (VR) systems are also likely to impact the real estate industry, making it easier for agents to “walk” buyers through a listing without driving them to the actual property. A 3D virtual tour can be a time-saving convenience for agents and buyers, and new augmented reality (AR) applications enable explanatory text like “granite countertops” or “crown molding” to be added to the visual tour. AR can even display alternative usage options or views of property features.

Potential applications include incorporating 3D tours of comparable homes into an agent’s listing presentation, or using AR to suggest and display possible income-producing uses like “home office” or “rental cottage.” As one consultant said, “Real estate is all about location, location and location. VR and AR let consumers experience that location in very different ways.”

Here are some other technology trends to watch:

- **MOVING FROM SEARCH TO SERVE.** Search applications are becoming “smarter” and more interactive with their user’s requests. For instance, Apple’s Siri will go beyond searching for nearby movies, and make suggestions based on the user’s history. From there, it’s a natural step for “serve” applications to curate active listings and make recommendations to a buyer.

- **TRANSACTION DASHBOARDS.** Consumers who wear fitness devices, adjust their home's lighting systems with tablet controls and deploy a video camera in the baby's room wonder why it's often so difficult to track what's going on with their real estate transaction. "They want an easy-to-use dashboard that let's them monitor the status of their purchase or sale," said a consultant. "We need that application now."
- **LIVE VIDEO STREAMING.** Applications like Periscope let agents share what they're seeing with clients, while engaging in a real-time conversation. This application can be particular value to agents working with out-of-town buyers or sellers, who can see a property, ask questions and get answers immediately, rather than having to wait.
- **SMART CONTRACTS.** Building on the foundation of online forms and digital signatures, technology companies are moving toward "smart contracts," which would pull in data from many sources. This could simplify the process of making an offer or counteroffer, while protecting the interests of the agent's client, whether buyer or seller. Could such advanced contracts diminish the agent's role?
- **DIGITAL AUTHENTICATION AND VERIFICATION.** New types of encryption technology may support powerful digital authentication and verification applications. These tools can support smart contracts, mortgage loan applications and many other aspects of a real estate transaction. They will also make it easier to automatically coordinate the process and thus conduct closings in a secure online setting, rather than in person. Blockchain, a technology of secure validation of transaction participants and information, is an emerging platform for such applications, and leading-edge real estate players are investigating the possibilities.

## 8. MLS TRENDS: DYNAMIC VS. STATIC DATA

*"Is the local MLS the most logical provider of real property data or does its value lie in protecting cooperation and compensation?" —An MLS executive*

Multiple listing services (MLSs) continue to face challenges to their traditional role of standardizing the presentation of listing information, while creating a level playing field for brokers and their agents in local markets.

One of the biggest potential changes in the MLS market is the UPSTREAM™ project by a broker cooperative, developed by the National Association of REALTORS® and its wholly owned subsidiary, Realtors Property Resource®. Upstream is designed to create a single entry point for brokers to manage property data — including its distribution to multiple listing services, publishers and vendors — saving time, effort and expense, and ensuring more accurate, consistent data.

UPSTREAM™ would create a resource for brokerage firms of all sizes and models to provide a better consumer experience for today's home

buyers and sellers and enable brokers to more easily manage where and how their listing information is displayed as well as the terms for the licensing and use of that property data. As one consultant said, "It's just a concept at this point, but if successful could lead to a national MLS in the future."

In the meantime, there are a number of immediate challenges that need to be addressed for MLS organizations to remain relevant and deliver value to their members, including the following:

- **IMPROVE LISTING PRESENTATIONS.** Some third-party portals incorporate photos, graphics, maps and charts in a package that's visually appealing to consumers. "A portal's information may not be as accurate as the MLS data, but consumers like a graphic presentation," said one broker. "They would also like to see more information about the history of the property." The portal experience is more engaging than a typical MLS to the consumer.
- **INCORPORATE DYNAMIC LISTING DATA.** Right now, a broker owns the listing data for a "snapshot in time," as one consultant said. "But what happens when there's a change in that picture several weeks later? We have to remember that listings are dynamic, rather than static. That means the MLS should facilitate the orderly and responsible flow of updated data, rather than simply freezing the listing at a moment in time."
- **INVEST IN ANALYTIC TOOLS.** Another decision facing MLS organizations is whether to invest in analytic tools that would help agents interpret listing information for buyers and sellers. "Many larger brokers have these capabilities, while the smaller firms do not," said one consultant. "Should an MLS become an analytics provider or stay on the sidelines? In a data-driven world, that's an important question to consider."

## 9. CONCLUSION: DOES MARKET DISRUPTION LIE AHEAD?

*"Creative disruption is the engine that drives progress. That disruption has not occurred in real estate yet, but we must be mindful of the possibility." —A real estate consultant*

It's easy for real estate brokers, managers, agents and associations to become complacent in a housing market with strong fundamental drivers. But some type of change, either sudden or gradual, is likely to occur in the next few years. "The consumer hasn't dictated a new real estate structure yet, but the way our industry is organized does not match how consumers interact with each other today," said a broker. "I think it's likely that we will reach a tipping point in the future."

Today, there are several potential disruptors on the horizon, including:

- A change in the independent contractor status of agents.
- A regulatory action to separate real estate brokers from their affiliated lines of business.
- An evolution of the cooperative “sharing” attitude between buyers and sellers, leaving real estate professionals on the sidelines.
- An unexpected terrorist event, security breach or natural disaster that triggers a sudden economic downturn.

As one broker said, “The world continues to evolve, and we don’t know what will happen yet. We have to be ready to adapt and look at change as an opportunity rather than a threat.”

## RESOURCES

A website, [AssociationStrategicIssues.com](http://AssociationStrategicIssues.com), contains this report in various formats and platforms. It includes a video presentation, designed brochures as well as a text version for printing, and Keynote and PowerPoint presentations. The previous seven strategic issues reports are there in print and electronic formats. Other strategic research, books, articles and videos are also available.