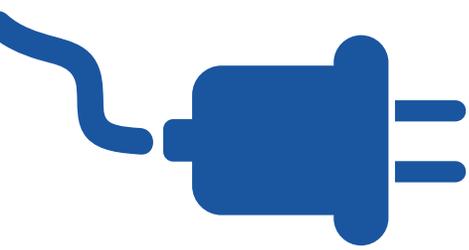


THE FUTURE OF REAL ESTATE

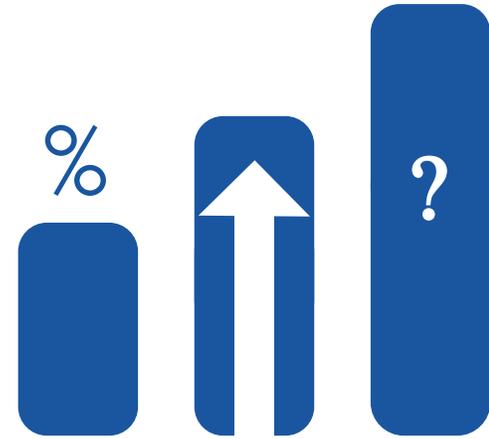
Are iBuyer Platforms bypassing
the need for Real Estate Agents?



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Ecommerce represents almost 10% of retail sales in the U.S. – and this figure is growing by nearly 15% every year. Now one of the most expensive possessions a person may sell, their home, can be sold on the ecommerce market.



Although most buyers and sellers are still utilizing traditional real estate agents for their house hunting or purchasing solutions, the home buying and selling process is shifting toward digital solutions to complement the “instant gratification lifestyle” that consumers have come to demand from every other aspect of their lives.

With this demand already effectively transforming the global retail market, the real estate industry is facing its first real technology threat. Although the multi-faceted real estate market generates **trillions annually**, traditional real estate agents and brokerages have generally relied on relationships, knowledge, access to professionals and customer service to generate clients. In fact many brokerages refrain from the online buy-sell experience as it undermines their relevancy and services. The emphasis on face to face services has opened up an online threat to the industry - “iBuyer Platforms”.



While hard to imagine a world where the services of a real estate agent will never be needed, iBuyer platforms and tech enabled services are attempting to service the instant gratification generation by eliminating agents entirely.

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Some tech solutions complement agents, like virtual reality solutions which significantly impact sales, or advanced data analytics that improve management or lead generation. Others, like ["Myfreecontract.com"](http://Myfreecontract.com), provide agents with online resources that help prepare contracts, listing agreements and other documents used in a real estate transaction. In a world where its impossible to completely stay off the grid, most agents are utilizing technology to respond faster, sell more homes and enhance the home buyer/selling experience for all parties involved.



Augmented reality (AR) supplements the digital real estate market well – with apps and features that allow consumers to use mobile devices to visualize items in a home, and even a home itself, before purchasing (and from the comfort of their own couch). 3D Virtual tours and other uses of AR have been a hit with real estate agents and consumers alike, but these immersive experiences could be another step forward in real estate that leaves agents behind.

With tools to have an always-open house and 3D showcase, agents have been able to offer cutting-edge technology and retain quality listings in the market. But it is just a matter of time before these pricey 3D scanning services are no longer limited to agents and brokerages, and the everyday consumer has the ability to utilize these powerful showcasing tools independently (diminishing the need for a realtors presence at presentation).



The iBuyer platforms or FSBO (for sale by owner) websites circumvent real estate agents amongst a niche group in the population of potential buyers and sellers. **While there is no question that a good real estate agent is worth their weight in gold**, increasing trends in discounted commissions, refund or savings incentives, instant responses and the transformation of buying demands (particularly amongst millennials), makes the prospect of forgoing the services of a real estate agent an enticing option. In addition, many of these platforms have investors already lined up to make quick offers on properties listed directly by owners.

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iBuyer platforms like Opendoor and Offerpad have created a digital marketplace from the unfamiliar process of buying or selling your home by moving it online.

IN JUST A FEW CLICKS, CONSUMERS CAN LIST, SELL AND CLOSE THEIR HOME WITH THESE INVESTORS WHO ACT AS MIDDLEMEN (the iBuyer platform becomes the new owner of the home so that they can then re-sell it), **ESSENTIALLY HOUSE-FLIPPING ON ANOTHER LEVEL.**

At first, this option appears incredibly attractive, with the ability to eliminate the uncertainty and hassle associated with a traditional sale. It is important to note however, that sites like Opendoor do not make offers on all homes (there are minimum qualifications that must be met as well as inspections to be made).

BUT WHAT'S THE CATCH?

Many would question whether these platforms truly offer the fair market value for their home, and indeed it is likely that the single offer from the platform will be less than you may receive from listing with an agent (generally Opendoor will try to rehab and turnaround properties as quickly and cheaply as possible). Also, there are service fees that accompany these transactions – Opendoor's service fee averages around 7.5 percent, with Offerpad around 8 to 9 percent. Put simply, the customer is definitely paying for the speed and convenience of selling a home

with an iBuyer platform through service fees, which are no different from commissions at the end of the day. Sellers also pay by discounting their homes more, which could be done on the open market anyhow.

Ease, speed, and certainty aside – it is unlikely that the iBuyer platform will be the undoing of your local neighborhood agent. First, buying a home is typically the largest purchase made in a person's life, and is therefore highly personal. Studies show that properties sold with an agent generally sell for 40% more than if listed by owners themselves.

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Real estate tech is wonderful, but eliminating the human element in a transaction that **revolves around emotion** is not for everyone.

Platforms and software cannot gauge sentiment or persuade clients, they do not have hyper-geographic knowledge of a community and cannot tell you how friendly your neighbors seem. These platforms will not provide you the counseling, guidance and strategy that a good real estate agent may provide. Agents have access to resources, can gauge the market and even help you transition into another home. When all is said and done, technology and websites will never replace the benefit of having a good agent on your side.

Ultimately, traditional brokerages and iBuyers will have to coexist, which will provide more choices to consumers. Technological advances have forced the industry forward, keeping agents and brokerages competitive in the marketplace and on their toes to react to the evolving needs of their clients, meaning extinction is unlikely as long as they **keep EVOLVING**.



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