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COMPLIMENTS OF

KANSAS ASSOCIATION OF REALTORS®

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CONTENTS

RINSE AND REPEAT

THE HOUSING MARKET, COMPANY VALUATIONS, & LOW INTEREST RATES

Could the decisions being made in the financial and housing markets be déjà vu all over again?

By Steve Murray, president

First, we get Zillow, Redfin, and eXp getting huge valuations on businesses that have made no discernable profit in their years of existence. For Zillow and Redfin, it's been over ten years since their founding.

Then, we get the entry of iBuyers, who are on the way to buying tens of thousands of homes each year, now followed by Realogy, Keller Williams, and a host of others offering to purchase homes. We also have Knock and Ribbon advancing funds to assist people in buying their first or move-up homes.

REALTRENDS
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Just when we thought there might be some sanity, Compass raises over $1.5 billion to fund the acquisition of agents, teams, brokerage firms, and an enormous tech platform. In doing so, they get a reported private market valuation of $6.4 billion—more than Realogy and RE/MAX LLC combined.

Now, such firms as Divvy, ZeroDown, and Flyhomes are buying homes for people and pursuing a rent-to-own strategy (with some variations) for families who either can't qualify for a mortgage or lack a down payment, or both.

Let's not forget how many housing-related shows are being broadcast these days, popularizing the buying and selling of homes, and how cool it is to be a real estate agent.

Does it seem like there is the same crazy belief as in the past that housing prices have only one way to go—up? Does it remind you of the way it was in 2005-2006?

DOES IT SEEM LIKE THERE IS THE SAME CRAZY BELIEF AS IN THE PAST THAT HOUSING PRICES HAVE ONLY ONE WAY TO GO—UP?

Someone asked me a great question the other day about interest rates. I didn't have a good, technical answer. He asked, "Is it possible that we'll see negative interest rates in the United States, as they are now seeing in Europe and Japan?" I responded that I found it hard to believe we would get there, but that I genuinely did not know whether it was feasible in our country.

Think about these truths for a moment:

- Rates are already lower than anyone can remember, and there are plentiful sources of funds from the regulated side of the banking business, and the less-well regulated.
- Despite the low rates, housing sales are mostly flat. We know that much of this is caused by a lack of inventory and critical levels of affordability. Then again, while everyone knows the solution is more housing construction, many local and state governments are doing their best to depress housing construction through rent controls and other measures.
- Housing price increases have calmed somewhat but are still higher than the increase in average household incomes.
- Investors are now pouring billions into the housing market to help people buy, sell, or rent-to-own homes. Other billions are pouring into housing services, as mentioned above.

Back to the question of negative interest rates—this appears to happen when the economy of a nation cannot generate the kind of growth it needs, resulting in that nation's central bank lowering rates to provide stimulus. The lack of growth can lead to deflation, something more dangerous than moderate inflation.

Have you noticed that our nation's leaders for the past ten years have been running massive deficits in an attempt to keep the economy going? And, that's been happening in addition to record low rates? Yet, the economy seems to be slowing down. What tricks do they have should this modest slowdown turn into more of a recession?

Lower rates? How low do they have to go to cause an uptick in the economy? I am no economist, but it does seem that low rates and deficits that pump excess liquidity into the economy are meant to prop up an otherwise underperforming business climate. But, how much liquidity and how low do rates have to go when both are already set on one of the highest gears we've ever seen?

Now, let's get back to housing—let's stimulate housing through low rates. Let's have dozens of firms buy homes for people who can't otherwise afford them. Let's constrain housing stock supply driving prices up further.

It should give us all pause. Could it be déjà vu all over again?

LESSONS LEARNED ALONG THE WAY

By Steve Murray, president

In January, REAL Trends will be offering a video series entitled *Lessons Learned Along the Way*. Here's one lesson that I think is particularly important right now.

THE NAÏVE PRINCIPLE

Paul DePodesta shared this at the 2013 Gathering of Eagles. DePodesta was the young, data-driven exec hired by Billy Bean of the Oakland A's to restructure that baseball team.

The back story that DePodesta shared was that Oakland had several years of losing both baseball games and money. DePodesta said that first, he and Billy Bean looked at each other and asked The Naïve Question—How would we be doing things if we weren't doing things the way we have been? What if we started our planning from scratch and, using our experience, and access to data, we reformulate how we run the Oakland A's?

Real estate brokerage firms have had to do a lot of adapting these past 40 years. There have been at least four different housing recessions since 1979. There was the entry and growing strength of RE/MAX and the 100% commission concept, and the entrance of financial giants from Merrill Lynch and Sears in the 1980s. Then, we had Realogy and Berkshire Hathaway in the late 1990s, and the rise of the web and online listings and resultant portals from the late 1990s to today. Add to that the emerging strength of the systems of Keller Williams, the growth of the number and size of teams, and the rise of very low-cost brokerage models.

That's a lot to deal with since 1979.

For the most part, incumbent traditional brokerage firms and national real estate organizations have tweaked their commission splits and service delivery methods to accommodate these changes. Many also focused more attention on core services, such as mortgage and other settlement services, as a way to grow earnings over the same time.

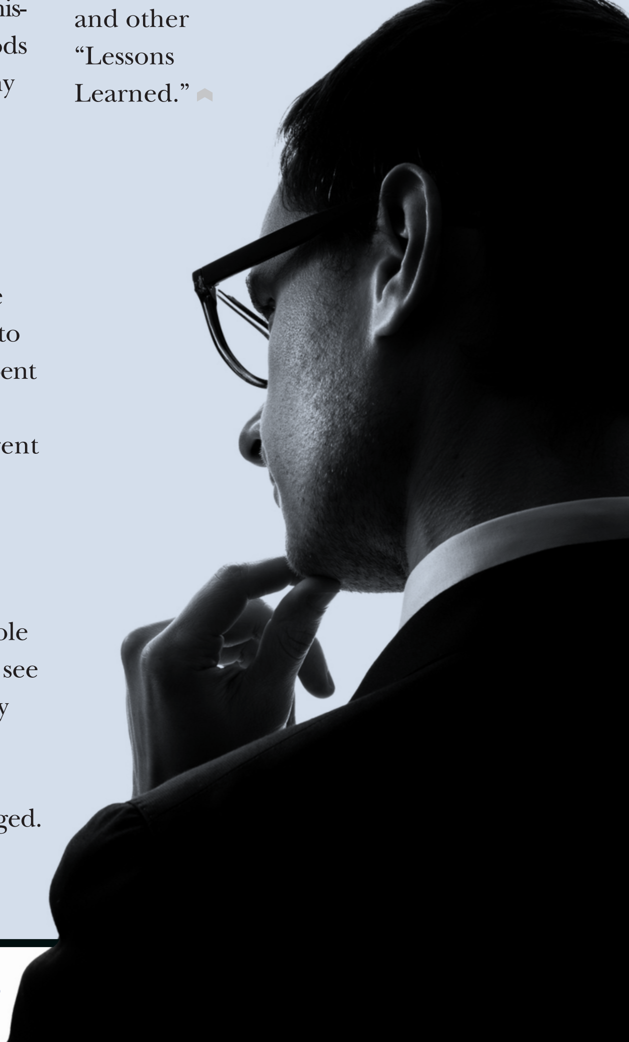
We do sense, however, that firms are going to have to do more than that to prosper in the future. How do incumbent firms thrive given what they know about the market, the changes in agent behavior, and these new forms of competition that have arisen in the last three to four years?

We don't see any evidence that the role of the agent has changed, nor do we see any slackening in the use of agents by housing consumers. However, the economics of how brokerage firms develop and support agents has changed.

What does one do now?

Perhaps it's time for brokerage firms to take a page from DePodesta and step back, gather data on what is working around the industry (and there are many emerging, fast-growing brokerage firms today) and ask the question—"If we weren't doing things the way we are, how would we be doing them?"

Look for the video series in January for this and other "Lessons Learned."



THE STATE OF THE iBUYER FOOTPRINT

By Brian Bair

The landscape of real estate today looks increasingly diversified as new, tech-driven companies are entering the market and offering additional services to home sellers and buyers. Now, there are multiple real estate tech players—some similar, some distinct—offering something that generally hadn't been available in real estate before: a direct sale and simplified purchase.

These PropTech companies—referred to as *iBuyers* due to their specialties in near on-demand, tech-enabled home buying—are known for leveraging modern tech and connectivity to buy and sell homes. These companies have launched with significant public awareness over the past five years; as they grow in volume and their footprint in the industry widens, their offerings continue to mature beyond the novelty they introduced consumers to direct home buying for ease and convenience.

A testament to their success, even industry-leading organizations like Keller Williams, are joining the movement. Consumers, investors, like-minded companies, and others are taking notice and starting to get involved to leverage the real estate tech impact that is taking shape nationwide.

OPERATING IN LIMITED MARKETS

Though this tends to be a big news topic to industry professionals and active home sellers and buyers, the reality is that iBuying companies are currently operating within a limited number of markets around the country and now command a relatively small portion of market share within those areas of the country. Last year, iBuyers accounted for less than 1% of home transactions in the United States. The reason such a relatively small-impacting movement is getting so much attention, however, is because the real estate industry has never experienced this kind of shift before—the technological upgrade many industries have already received. Many anticipate that this express version of home selling will continue to increase significantly in popularity and value to consumers over the coming years.

Most consumers are buying or selling where iBuying capabilities are not yet available. But maybe the topic is gaining disproportionate traction beyond the number of consumers they currently serve because it has the potential to scale and secure a more significant share of the national market. The demand for the iBuyer solution is proliferating. It's already changing the way homes are sold and purchased–even among traditional organizations.

MANY ANTICIPATE THAT THIS EXPRESS VERSION OF HOME SELLING WILL CONTINUE TO INCREASE SIGNIFICANTLY IN POPULARITY AND VALUE TO CONSUMERS OVER THE COMING YEARS.

PHOENIX IS iBUYER HOTSPOT

All the major players in this niche currently share the same 20 metro areas in the United States, where the iBuyer option is available today.

Of those markets, Phoenix has become known as the iBuyer hot spot. It is where iBuying began five years ago, and where consumers are most aware of this option. More than 5% of home transactions in 2018 were conducted by iBuyer companies there. Phoenix's housing market could also be contributing to the greater iBuyer market share in the metro, as well as the type of buyer in the area, and many other factors. If time alone is the crucial element, we can expect other iBuyer markets to reach this level of popularity within the next few years.

Consumers may wonder why these companies are all competing in the same markets, while the majority of home sellers and buyers nationwide do not yet have them as an option. As the iBuyer niche is still being refined, these organizations tend to find that specific markets are best for their services and optimized capabilities.

ADVANCES IN iBUYING

The iBuyer solution provides value to consumers when they can make competitive home offers quickly and efficiently. Algorithms, numerous data points, as well as real estate expertise, determine a competitive offer. These home buyers issue competitive offers in as fast as 24 hours. When this technology was first developed, it was helpful that homes were in homogenous markets with little variety. Now that abilities in iBuying have expanded, the most successful businesses (now using local professional expertise to make home offers) can serve neighborhoods where homes are more diverse.

Still, we see that the iBuyer offering is most heavily available in the southern parts of the country. Generally, where companies offer the instant cash offer, there is a substantial volume of newer home inventory—places where homes are bought and sold frequently. These home-buying companies tend to operate on small margins, so allocating resources in markets where they are likely to have high volume is imperative. A critical factor in the property purchase price for these companies is the data surrounding recent real estate activity in the area. It accounts for similar homes in the same neighborhood, as that information can be used in making competitive offers.

Currently, most companies offering the iBuyer solution purchase single-family homes built after 1960 with common sizes and features that are on lots no larger than an acre.

While the parameters may seem narrow, houses with these qualities represent the majority of homes people are buying and selling today. At least for now, the iBuyer solution is focused on the most common properties to become available to as many people as possible in their markets. As this model and the capabilities of these companies have become more sophisticated, some are beginning to expand their product offerings to provide more for the general population of real estate consumers.

iBUYER OPTION EXPANDING

With the iBuyer option developing, and as participating companies continue to adapt and offer more of what consumers want, their footprints around the country will continue to grow. It's only a matter of time before all home sellers and buyers have the option to use the innovative solutions from these real estate tech innovators, wherever they are, to enjoy more streamlined home sales and purchases that promise certainty and control.

Brian Bair, Offerpad founder and chief executive officer is one of the most successful residential real estate agents in the United States. In 2017, Brian was awarded the Most Innovative Real Estate Agent of the Year by Inman, and REAL Trends + Tom Ferry The Thousand, as advertised in The Wall Street Journal named him the second highest-performing real estate agent in 2014 and 2017. Brian previously served as co-founder and managing partner of Lexington Financial, LLC, and Bridgeport Financial Services LLC.

IT'S THE SEASON FOR "THE ONE THING"

FIND OUT THE SECRET TO FINISHING THE YEAR STRONG

By Larry Kendall, author of Ninja Selling

How can you finish the year strong and carry momentum into next year? We have found there is *One Thing* that most quickly produces transactions. If every sales associate in your company is doing it, revenue, market share, and profits soar. What is the *One Thing*? It's Real Estate Reviews. Sometimes they are called Annual Real Estate Check-Ups or Annual Real Estate Wealth Reports. They are simple, easy, and powerful. The best time to do them is in November, December, and January.

Real Estate Reviews are a simple market overview, not a full market analysis. They can usually be prepared in 15 minutes or less. Here's the formula.

Who? Real estate reviews are prepared for clients, friends, or anyone who owns real estate.

When you're asked, "How's the market?", that's an invitation to do a real estate review. If you notice a listing or a sale in a friend or client's neighborhood, do a real estate review for them.

What? A basic real estate review shows what's been listed and sold in their neighborhood (or their type of property) over the past 12 months. You can also include market trends such as days on the market, sales price to list price, supply/demand, etc. If they want more detail, you can prepare a full Comparative Market Analysis.

What it's not. Real estate reviews are not a disguised listing presentation or effort to sell anything. You are merely offering a valuable service that helps them with their most valuable asset.

When? You can do real estate reviews any time, but we've found the best months are November, December, and January. During the holidays, people reflect on their year and set goals for the coming year. They also tend to have more time over the holidays.

WHEN YOU'RE ASKED, "How's the market?", that's an invitation to do a real estate review. If you notice a listing or a sale in a friend or client's neighborhood, do a real estate review for them.

You do real estate reviews to position yourself as their trusted advisor versus a salesperson. You're now in the same role as their accountant, doctor, and investment advisor.

Where? Ideally, you want to discuss the real estate review face-to-face. So, coffee, lunch, their home, or your office are the most common places. If they're busy, drop the review in the mail and follow-up later with a call to see if they have any questions.

Why? You do real estate reviews to position yourself as their trusted advisor versus a salesperson. You're now in the same role as their accountant, doctor, and investment advisor. You're a part of their trusted advisory team. You are also differentiated as one of only 6% of real estate professionals who do real estate reviews.

How? Don't overcomplicate it. It is simple. Call the person and use one of these three approaches:

1. "Would you like to have lunch, coffee, etc.?"
2. "As part of my service to you, I offer the opportunity to sit down once a year and update you on the value of your real estate. I've prepared a packet of information for you. When would be a good time next week for us to get together?" A variation is, "At the party, you asked me about the real estate market, so I've prepared a packet of information for you. When would be a good time next week for us to get together?"
3. "I noticed a new listing/sale in your neighborhood, and it made me think of you. I've prepared a report to give you an update on the value of your home. When would be a good time next week for us to get together, go over the report, and get caught up?"

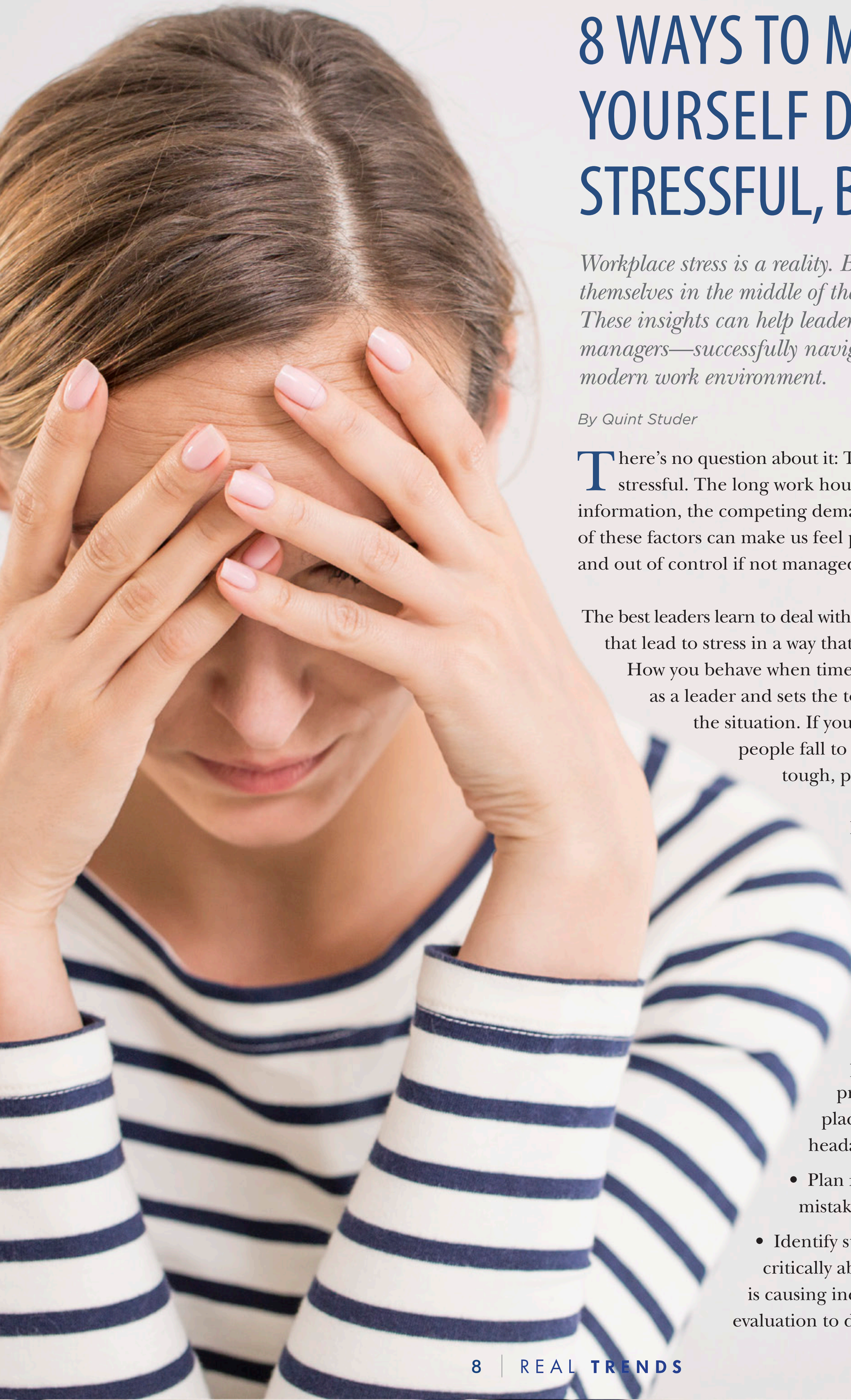
Referrals. Most of the business that's generated by real estate reviews are referrals. Research shows that most people know at least four people who will move this year. There's something about sitting down with friends and customers and discussing real estate that triggers these referrals.

Results. Sales associates in the Ninja Coaching program are required to turn in their activities and results every week. We track how many real estate reviews they are doing and their results.

- Face-to-Face: 33% of the time a transaction results, usually a referral.
- Phone call – Mail – Phone call: 15% of the time it results in a transaction.
- Mail only: 2% of the time it results in a transaction.
- Email only: 0%

Just One Thing. I believe a real estate manager's primary responsibility is only one thing: ***Drive GCI*** (Gross Commission Income) through production, recruiting, and retention. Real estate reviews are the one thing that will quickly help you ***Drive GCI.***

Have some fun. Gamify real estate reviews with a contest to see who (or which office) can do the most in one month. You'll finish the year strong and build momentum for next year.



8 WAYS TO MANAGE YOURSELF DURING STRESSFUL, BUSY TIMES

Workplace stress is a reality. But how leaders manage themselves in the middle of the storm is everything. These insights can help leaders—from CEOs to middle managers—successfully navigate the stressors of the modern work environment.

By Quint Studer

There's no question about it: Today's workplace can be stressful. The long work hours, the endless flow of information, the competing demands on our attention—all of these factors can make us feel perpetually overwhelmed and out of control if not managed well.

The best leaders learn to deal with the conditions and problems that lead to stress in a way that keeps everyone on track. How you behave when times are bad truly defines you as a leader and sets the tone for how others manage the situation. If you create a culture where people fall to pieces when things get tough, productivity will suffer.

Here are a few suggestions for managing yourself with grace under stress:

1. Eliminate as much stress as you can by being a well-run organization. Work to create a best-odds environment for eliminating problems. Put proper processes and procedures in place for removing avoidable headaches. For example:

- Plan for disaster by learning from mistakes and fixing the culprits.
- Identify stress points and think critically about who they impact. What is causing increased work-loads? Use this evaluation to decide where to delegate

Work to create a best-odds environment for eliminating problems. Put proper processes and procedures in place for removing avoidable headaches.

work and identify team members who might need additional support. Don't lower expectations. This will only breed excuses and erode performance over time.

- Say no to some requests. This way, you don't have to scurry around trying to do them and then later explain why you didn't get them done.

2. **Learn to prioritize and teach others as well.** A big to-do list should not freak you out. Just use the checklist to work in a sensible order, evaluating what is most important. Often, we try to close out small tasks to make room for bigger ones, when we should be prioritizing our to-do list and staying focused on the things that matter.

3. **Simplify when things get stressful.** A good leader can make a potentially crushing workload feel manageable. By taking a calm and methodical approach, you can make a huge difference in helping others stay focused and productive and keep their stress reactions in check.

4. **Create a culture of calm.** Be sensitive to the messages you're sending out — model calmness when things are chaotic. The things leaders do, both positive and negative, get mirrored. And research shows that the ripple effect of negative emotions is considerably more intense than that of positive emotions.

5. **Don't pretend to be fearless.** A common mistake leaders make is to pretend that everything is fine when it isn't. Acknowledging that situations or unfavorable circumstances are real is the best way to build trust with your team and get them to invest 110% on solving the problem. This is not the same thing as getting bent out of shape. You can be honest and calm at the same time.

6. **Master calming tactics and teach others to do the same.** If you feel yourself starting to get overwhelmed by stress, here are a few ways you can calm yourself down quickly:
   - Walk away. Take a 20-minute break.
   - Go for a walk. Physical activity is a great stress reliever. Most of the time, a little natural sunlight can make a big difference in your mood.
   - Take a few deep breaths. Try to quiet your mind intentionally.

   Opening up the body allows for better blood flow, and deep breathing puts more oxygen in the blood and can help minimize the impact of cortisol, the stress hormone.
   - Count backward from 10. Do it twice if you have to. Shifting your focus from the problem at hand to a relatively simple task can help you come back to your work with a fresh set of eyes. It also helps your brain reset and refocus.

7. **Create a best-odds plan for staying healthy.** This gives you the stamina you need—both physical and mental—to cope with stress and keep going. Sleep well, eat well, stay hydrated, and generally take good care of your body so you'll be in tip-top shape mentally.

8. **Be resilient/learn to reset.** Setbacks will happen. Leaders must be able to bounce back quickly and continue to move forward even when things appear to be falling apart. Resiliency is essential as leaders need to have the mental wherewithal to offer support and continue to direct their teams. Being resilient comes from having excellent coping skills, supportive environments with a lot of psychological safety, a strong sense of optimism, grit, and the mental and physical stamina to sustain and move through stressful situations.

As with everything else, experience counts for a lot. The more seasoned leaders will be better at handling stress just because they have had so many years to learn to cope. They've seen what can happen when they don't handle stress well, and they are more motivated to change. If you are a new leader, know that this is a skill you build just like everything else. Use these tools and tactics and see that it gets easier every day.

Quint Studer is the author of The Busy Leader's Handbook *(http://www.thebusyleadershandbook.com) and a lifelong student of leadership. He is also the founder of Vibrant Community Partners and Pensacola's Studer Community Institute.*

BUILDING A GREAT ORGANIZATION

Finding the right people to lead your company is vital to helping your firm weather any market.

By Tracey C. Velt, editor in chief

In every organization, you have a hard worker, a likable, efficient person on your leadership team that you have nagging doubts about. However, you prefer to push those thoughts away. After all, you tell yourself, they work hard, and everyone likes them. Great, you've got someone who fits your culture, but your brokerage can't truly get ahead until you position that person in the right seat on the bus.

I see this quite frequently at brokerages who struggled through the down market thanks to employees who stuck by them—maybe even took a pay cut. The employee wore multiple hats; after all, brokerages were barely getting by. They didn't have money to hire, so the people in the office took on more responsibility, and now you're loyal to them.

No one can predict the changes that will come our way in the industry. But, you can build a team that is ready to capitalize on those changes. According to the book, *Good to Great,* "The good-to-great leaders understood three simple truths. First, if you begin with "who," rather than "what," you

First Who, Then What—get the right people on the bus—is a concept developed in the book **Good to Great**, by Jim Collins. Those who build great organizations make sure they have the right people on the bus and the right people in the key seats before they figure out where to drive the bus. They always think first about who and then about what. When facing chaos and uncertainty, and you cannot possibly predict what's coming around the corner, your best strategy is to have a busload of people who can adapt to and perform brilliantly no matter what happens next. Great vision without great people is irrelevant.

can more easily adapt to a changing world. If people join the bus primarily because of where it is going, what happens if you get ten miles down the road and you need to change direction? You've got a problem. But if people are on the bus because of who else is on the bus, then it's much easier to change direction."

Take a good look at the people who make up your leadership team and support staff. Chances are you know the people who aren't in the right seats. The only way to truly market proof your business is to analyze the strengths and weaknesses of all leaders to ensure they are adaptable and can bring your business to the next level, no matter what changes are thrown their way.

The only way to truly market proof your business is to analyze the strengths and weaknesses of all leaders to ensure they are adaptable and can bring your business to the next level, no matter what changes are thrown their way.

JOIN PATRICK LENCIONI AT THE 2020 GATHERING OF EAGLES (GOE)

By Steve Murray, president

Want to ensure your leadership team is organized in a way that will lead to success in any market? We've got you covered at the 2020 Gathering of Eagles, where we discuss what leaders must be prepared to do to continue to grow and prosper in a full-day presentation and workshop with Patrick Lencioni and his Table Group consultants.

Plus, we'll provide information about what's happening in the brokerage business told through the sharing of the in-depth information possessed by REAL Trends about brokerage performance over the past five and ten years.

There has never been a GOE like the one we are presenting on April 29 – May 1, 2020.

While we will have discussions about the impact of technology and related brokerage matters, the 2020 GOE will focus on the practices and conduct of leadership considering the actual financial and operational performance of the industry from 2010 to 2020. For the first time, we will welcome leaders to register up to three members of their leadership team to experience both the true story of our industry and learn from one of the most followed leadership coaches of the last 20 years, Patrick Lencioni.

For more session and registration information, **CLICK HERE** Questions? Contact Amy Falko at afalko@realtrends.com.

WANT NEW CLIENTS?

GATHER AND LEVERAGE THE RIGHT DATA

Thanks to online property searches, you can gather and use a lot of valuable information about prospective buyers – if you know where to look.

By Kathleen Kuhn

Most prospective home buyers do at least some internet research when looking for properties. In fact, according to the National Association of Realtors, a full 50 percent of buyers found the home they ultimately purchased through an online search.

This trend toward online home research doesn't just result in savvier, educated buyers. It also generates trackable web searches that provide valuable demographic and behavioral data about potential buyers.

As a real estate professional, you can leverage this data to create potential customer profiles and generate leads. However, it only works if you're getting the right numbers, through the right channels, and using them effectively.

BIG DATA MEANS BIG BUSINESS FOR REAL ESTATE

In any business, reaching the right client at the right time is essential for landing a sale. This is especially true in real estate, where catching buyers and sellers at the exact moment they need an agent is a key to generating business.

There are countless companies out there that collect real estate data and offer helpful analytics on those data points. With demographic data from the people who search websites like Realtor.com, Trulia, and Zillow, you can predict which of those consumers are most likely to turn into future home buyers.

These predictions can then inform lead outreach strategies, website features, and marketing campaigns that target potential buyers.

DISTILLING THE DATA FOR LEAD GENERATION

Let's say you obtain data from a real estate listing website. How do you begin to make sense of this massive amount of information?

You could spend hours (or more likely, days) sifting through each line of data to figure out which consumers have the most relevant activity to suggest they're likely to buy or sell soon. Or, you could take advantage of tools that use big data to help real estate agents target leads.

Predictive marketing platforms like Buyside and SmartZip are designed to harness the vast amounts of consumer data and analyze it to predict which homeowners are likely to sell soon.

While these tools are compelling, they do come with a price tag. Fortunately, with a little bit of know-how, you can access data analytics from free online resources.

U.S. Census Bureau data and City Data can help you create profiles of towns and city neighborhoods, and gather demographic statistics of people who live there. Additionally, public property records can tell you how long an owner has currently lived in a home. Knowing this may help you understand when someone is most likely to sell, based on average homeownership tenures in your area.

BALANCING DATA ANALYTICS WITH RELATIONSHIP-BUILDING

While the right data may increase your pool of leads, closing deals is still all about building relationships. You still need to develop your reputation as a trusted local agent and provide excellent client service if you want to keep earning new business.

By striking the right balance between data analytics and relationship-building, you'll be well on your way to finding great leads, generating repeat business, and getting referrals from satisfied clients.

Kathleen Kuhn is President and CEO of HouseMaster, the original home inspection franchise. She oversees an organization with more than 320 franchise locations across the U.S. and Canada.

As a real estate professional, you can leverage this data to create potential customer profiles and generate leads.

We interrupt this newsletter for the 2019 REAL Trends Website Rankings Winners

Which agents, associations, teams and brokerages have the best websites in the industry? WE know, do YOU?

View the winners of

- Best Overall
- Best Design
- Best Community Page
- Best Video
- Best Property Detail
- Best Mobile
- Best Agents Website
- Best Assocation Website

Visit www.realtrendswebrankings.com to view all the 2019 winners!

LATINX HOMEOWNERSHIP RATE IS FASTEST GROWING IN THE NATION

The trend is the start of a recovery for Latinx households, which were harder hit by the Great Recession because much more of those households' wealth is in their homes.

Latinxs are buying homes at a higher rate than the overall U.S. population, beginning to close a gap between the Hispanic and white homeownership rate that has tripled since the start of the last century.

Affordability and racial inequity combined to compound a disparity throughout the past 12 decades. The typical Latinx household in the U.S. earns 75.7% of the typical white household income, and the typical Latinx household wealth is only 12.2% of the typical white household wealth. That means Latinx households carry a far greater share (64.7% vs. 38.1%) of their wealth in their home, which made those families harder hit when home values nosedived during the Great Recession.

HOMEOWNERSHIP RATE

The homeownership rate gap sat at 25.8 percentage points just four years ago. Despite recent gains, the gap – sitting at 24.7 percentage points in 2018 – will take decades to close if the current pace holds.

At the start of the 20th century, the gap was roughly eight percentage points. It widened significantly during and after each World War, and again during the Great Recession. Of all the homes foreclosed upon between January 2007 and December 2015, 19.4% were in Latinx communities – an unusually high number when you consider that only 9.6% of all homes in the country are in Latinx neighborhoods, according to a Zillow® analysis. By contrast, 81.2% of homes are in white communities, and they accounted for 66.4% of foreclosures during that time.

MANY LATINXS MISSED OUT ON THE POST-RECESSION REBOUND IN HOME VALUES.

In 2007, near the height of the housing bubble, a home accounted for 73.1% of the typical Latinx homeowner's total wealth, compared with just 46.5% for the typical white homeowner. Because their homes accounted for a much larger share of Latinxs' household wealth, they had fewer outside assets to draw on when home values plummeted, and they owed more than their homes were worth. Most people who went through foreclosure were not allowed back in the market for seven years, which meant many Latinxs missed out on the post-recession rebound in home values.

For more information, **CLICK HERE**

SURPRISING STRENGTH IN BUYER DEMAND

BACK-TO-BACK MONTHS OF INCREASED NATIONWIDE ACTIVITY

Back-to-Back Months of Growth Within All Regions a First Since December 2017 – January 2018

KEY POINTS:

- U.S. showing traffic increased by 4.6 percent year over year, the most significant national increase since April 2018
- Home buyer traffic in all four regions rose for a second straight month
- The West Region saw the greatest increase, its most significant year-over-year jump since December 2017

Home showing activity was up again nationwide in September with a 4.6 percent rise in traffic, as the traditionally slow fall season began with a marked boost in buyer interest, according to the latest ShowingTime Showing Index report.

The West Region, which until August had experienced 18 consecutive months of flagging home buyer traffic, lead the four regions in year-over-year improvement with an 8.9 percent increase in buyer activity. The South followed with a 6.4 percent increase, the largest such improvement in the region since April 2018, with the Northeast Region's 5.6 percent increase the next largest among the four regions. The Midwest's more modest 0.8 percent year-over-year growth rounded out the nation's promising month.

"September's activity continued where August's left off as the beginning of the fall season has gotten off to a slightly busier start compared to last year," said ShowingTime Chief Analytics Officer Daniil Cherkasskiy. "Although the year-over-year boost for September seems high in the South Region, this can be largely attributed to tropical storm Florence's presence in the area in September of last year. The Northeast and West regions continue to show higher levels of activity compared to last year, even in the face of the expected seasonal slowdown."

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— Daniil Cherkasskiy
ShowingTime Chief Analytics Officer

ShowingTime® Showing Index September 2019

UNITED STATES	WEST REGION	MIDWEST REGION	SOUTH REGION	NORTHEAST REGION
+4.6%	+8.9%	+0.8%	+6.4%	+5.6%

The ShowingTime Showing Index tracks the average number of buyer showings on active residential properties on a monthly basis, a highly reliable indicator of current and future demand trends.

Methodology: The ShowingTime Showing Index® measures showing traffic per residential property for sale by agents and brokers utilizing ShowingTime solutions for property-access management. A higher number means that an average home receives more buyer visits in a given month. All index values are scaled relative to initial index value set to 100 for January 2014.

The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, providing a benchmark to track buyer demand. ShowingTime facilitates more than four million showings each month.

Released monthly, the Showing Index tracks the average number of appointments received on active listings during the month. Local MLS indices are also available for select markets and are distributed to MLS and association leadership.

To view the full report, **CLICK HERE.**

ABOUT SHOWINGTIME

ShowingTime is the residential real estate industry's leading showing management and market stats technology provider, with more than 1.2 million active listings subscribed to its services. Its showing products and services simplify the appointment scheduling process for real estate professionals, buyers and sellers, resulting in more showings, more feedback and more efficient sales. Its MarketStats division provides interactive tools and easy-to-read market reports for MLSs, associations, brokers and other real estate companies, as well as a recruiting tool for brokers. ShowingTime products are used in more than 250 MLSs representing nearly one million real estate professionals across the U.S. and Canada. For more information, contact us at research@showingtime.com.

REAL ESTATE INDUSTRY FACES NEW TELEMARKETING CLASS ACTIONS

A recent slew of class action lawsuits may impact real estate telemarketing.

By Sue Johnson, strategic alliance consultant

Real estate brokerage firms should be aware of a recent wave of class-action lawsuits under the Telephone Consumer Protection Act (TCPA), which restricts unwanted telemarketing calls and texts to consumers.

THE TELEPHONE CONSUMER PROTECTION ACT (TCPA)

The TCPA prohibits telemarketing calls and text messages to personal phone numbers listed on the National Do Not Call (DNC) Registry without prior express written consent. It also requires a caller to obtain prior express written consent before using an autodialer to send telemarketing calls or texts, even when the number is not on the DNC registry. The law covers any call or text that solicits the purchase of goods or services, including those asking consumers to buy or list a home or property.

These lawsuits can be expensive since the TCPA allows statutory damages of $500-$1,500 for each call or text made in violation of the act. Plaintiffs often target real estate brokerage firms over individual agents, and a class action lawsuit potentially could cover anyone who has received a call or text from the company over the last four years.

RECENT CLASS ACTION LAWSUITS

The following are a few recent lawsuits filed against real estate brokerage firms under the TCPA:

- **RE/MAX Presidential:** A Florida resident sued RE/MAX Presidential in a Miami federal court on August 1, 2019, for using an autodialer to send text messages with phrases such as "Save Save Save Now" and "Is your home still for sale?" without her prior express written consent. She is seeking class-action status for her complaint. Her lawsuit follows three other TCPA lawsuits filed against Florida-based real estate brokerages for unwanted text messages through an automated telephone dialing system, one of which has been stayed and another settled.

- **Keller Williams Realty:** On August 6, 2018, a class action complaint was filed in a California federal district court against Keller Williams Realty, Inc. alleging TCPA violations for contacting the plaintiff on the plaintiff's home and cell phones in an attempt to market Keller Williams services, without prior express written consent and after the plaintiff repeatedly asked to be removed from the call list. The lawsuit stretches to anyone who has also received unsolicited calls over the past four years from the company.

- **Coldwell Banker and NRT:** A TCPA class-action lawsuit was filed in a California federal district court on April 3, 2019, against Coldwell Banker Real Estate and NRT, alleging that the plaintiff received unwanted auto-dialed calls from three different Coldwell Banker and NRT real estate professionals on his call phone, which is registered on the Do Not Call Registry. It alleged that the companies instructed the real estate professionals to make the unsolicited cold calls and provided them with telephone numbers and scripts.

As always, you should seek guidance from legal counsel who is experienced in TCPA issues on how you can communicate with customers in compliance with this complex federal law.

Sue Johnson is the former executive director of RESPRO, the Real Estate Services Providers Council Inc. She retired in 2015 and is now a strategic alliance consultant.

REDUCING YOUR RISK

By Sue Johnson

Here are some ways to protect your business against the growing threat of these potentially costly lawsuits:

1. **Have in place written do-not-call procedures:** The procedures should specifically detail how to handle and process DNC requests from consumers and how your company uses both national and company-specific DNC lists.

2. **Conduct employee training:** You should train your personnel on these written procedures, and there should be a process in place to monitor and enforce compliance.

3. **Purchase and maintain the national DNC list:** The national DNC list (telemarketing.donotcall.gov) should be purchased, downloaded, and scrubbed against your database every 31 days. If your company uses outside vendors, you should obtain written verification that the vendor purchases, downloads, and regularly scrubs the national DNC list.

4. **Purchase and maintain state DNC lists:** Many states have elected to use the national Do Not Call list as their statewide registry, but 12 states (Colorado, Florida, Indiana, Louisiana, Massachusetts, Mississippi, Missouri, Oklahoma, Pennsylvania, Tennessee, Texas, and Wyoming) maintain separate registries. You also should become familiar with any state telemarketing laws that may be more restrictive than federal standards.

5. **Maintain an internal DNC list:** Maintain a company-specific list of telephone numbers that your sales personnel may not contact, which should be checked every 30 days against the national and state DNC lists. You should promptly record and honor do-not-call requests.

6. **Understand what is considered written consent:** The Federal Communications Commission has adopted TCPA regulations that defines "prior express written consent" as a written, signed agreement identifying the phone number and notifying the consumer that they are not required to sign as a condition of purchasing any property, goods, or services.

2019 RESIDENTIAL MARKET UPDATE

AUSTRALIA AND NEW ZEALAND WORRY ABOUT DOWNTURN

With house prices falling significantly in the major cities in Australia, the inevitable question is, "will the downturn spread to New Zealand in 2019." The two real estate markets are very different, so we need to examine the fundamentals to see what is likely to happen in each country.

By Peter Gilmour, chief foreign correspondent

In Australia, population growth is strong and supports the demand for real estate. On the supply side, the number of new homes built this year in Australia is expected to drop, which will lead to demand not being met by new construction. This will lead to a shortage of homes for sale and upward pressure on real estate prices. In contrast, there is a growing oversupply of apartments in the upmarket cities of Sydney and Melbourne, which have seen prices drop sharply over the last 18 months.

The year-over-year median price decline in Sydney is close to 6% and in Melbourne, around 2%. Unemployment in Australia is declining, and this is expected to support the stabilization of the market and negate any prospect of a crash. Interest rates are always a critical factor in the real estate market, and, as the Australian economy shows signs of softening, historically low interest rates will provide support for property prices.

COMPARISON: NEW ZEALAND

In New Zealand, banks have been offering several competitive fixed-rate deals. About 80% of mortgage debt in New Zealand is on fixed rates, which allows them to structure their finances ahead of any future increase in rates, unlike Australia, where fluctuating rates dominate. Cities of Brisbane, Canberra, and The Gold Coast are showing consistent growth in prices as Sydney investors look elsewhere for better returns.

Sydney and Melbourne's markets are still expected to weaken further in 2019 with tightening lending criteria and the abolition of negative gearing on resale properties.

According to the CoreLogic House Price Index, property values in New Zealand have grown over the last year by 3%. Values in Auckland, the major city, have dropped due to high property values, and sellers are adjusting prices downward to get a sale. A key topic is The New Zealand Tax Working Group's report, which recommends the introduction of a more competitive Capital Gains Tax for residential investment properties. Investors are waiting for the Government to respond to the recommendations.

The New Zealand market, however, looks strong with significant value declines less likely. Australia's GDP has eased slightly in 2019 but is still one of the highest of the international economies at a 2.8% forecast for 2019. The country has not been in recession for 28 years, and the indicators are that this market will continue for another two years, at least.