

How Will You Sell Real Estate in 2030?

December 9th, 2011

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“Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS continuously strive to become and remain informed on issues affecting real estate and as knowledgeable professionals, they **willingly** share the for fruit of their experiences with others.”¹

Humans are social. We gain knowledge by sharing knowledge. We are born ready to cooperate, and then we build cultures to magnify this trait. ² Our Preamble charges us with the duty to share the fruits of our experiences with others and to become and remain informed. This idea of sharing knowledge is the essence of Eric Thompson’s statement that “we will become masters of the real estate sales process.” ³ We strive to become masters of the process being informed about ALL issues affecting real estate.

How do REALTORS become and remain informed on issues affecting real estate? What knowledge do we have to share, and what exactly is a REALTOR?

Unfortunately most REALTORS don’t do enough business to be fully engaged in the business and fully informed on all, or even most of the issues affecting real estate. In fact, last year 62% of all REALTORS closed on just five or fewer transactions.⁴ Do the math. After commission splits, expenses, taxes and insurance on five sales at an average price of \$212,300⁵ roughly 62% of REALTORS earned less than \$17,000. This annual income is hardly sufficient to support a fully engaged, well-trained, life-long professional expert in the field of real estate sales.

Yet, until the consumer asks more of us and/or until our National Association of Realtors becomes more focused on the quality of its membership vs. the quantity, we as an industry will remain at this level of mediocrity. Until one or both of these things happen we will remain in the land of the 40/80 rule where 40% of us do 80% of the production.⁶

So what is a REALTOR? A professional, full-time, fully engaged REALTOR is someone who, as Eric Thompson says, “is sort-of like a hybrid REALTOR – Attorney, but much more.” A full-time professional agent has the knowledge and experience to provide choices or advice and/or guidance in the areas of contract negotiations, design, education, mortgages, appraisals, inspections, remodeling, taxes, investment strategies, market history, market trends, marriage and family and on and on and on. The nature of real estate and its transaction is heterogeneous in the extreme.

No two pieces of real estate are exactly alike and no two pieces are in exactly the same location. The distinctiveness of every location, the variety of style, design, features... the different states of maintenance and upkeep; these are the primary dimensions of housing, and consumers, who are searching for homes must ascribe values to these dimensions. However, even the most experienced of consumers isn’t capable of assessing housing quality and value from a multi-dimensional perspective.⁷

And yet these value propositions still do not dictate the primary reason for buying a home. The most common reasons for buying a home are non-financial: a good place to raise and educate children, feelings of safety and greater control over one’s living environment.⁸ With these financial and non-financial considerations in mind it is only natural for the

consumer to seek out a REALTOR who is trust-worthy, who can span the distance from one expert to another, and span the difference from one subset of facts to another, and who can derive the gist of the transaction and be the glue to hold it all together.

So again, how do full-time, professional REALTORS become and remain informed on issues affecting real estate? The answer is... “practical intelligence.” Practical intelligence includes things like “knowing what to say to whom, knowing when to say it, and knowing how to say it for maximum effect. To use the technical term general intelligence and practical intelligence are ‘orthogonal’: the presence of one doesn’t imply the presence of the other. You can have lots of analytical intelligence and very little practical intelligence, or lots of practical intelligence and not much analytical intelligence.”⁹

The only way for REALTORS to achieve practical intelligence is through consistent long-term training, hard work and experience. They achieve excellence because... “They don’t work just harder or even much harder than everyone else. They work *much* much harder.”¹⁰ Three things: autonomy, complexity, and a connection between effort and reward, are, most people agree, the three qualities that work has to have if it is to be satisfying.¹¹ And these are the qualities of the true real estate professional.

The internet has unleashed the information genie from the bottle and she will not return. This free-flow of information gives consumers the ability to make better, more informed decisions which will drive the real estate market to greater and greater efficiency. Ignorance cripples market efficiency, while sound data lets buyers and sellers make smart choices. In a choice-driven market, the consumers take the central roll and become drivers of change.¹²

So how will we sell real estate in 2030? In the end our clients and customers will shape this answer through their quest for richer and more timely information, greater transparency and well-defined service and performance standards. As REALTORS we recognize these interests of our clients and customers, and we will adapt and join them in their quest.

Notes for How Will You Sell Real Estate in 2030? By Jeff Adams

1. National Association of Realtors Preamble
2. “The Social Animal,” David Brooks
3. Eric Thompson, The Group, October 2011 Enterprise Presentation
4. Real Trends, November 2011 Newsletter
5. www.census.gov, Median U.S. Sales Price in October 2011 was \$212,300
6. Real Trends, November 2011 Newsletter
7. Eduardo Razmilic, “Information-Driven Housing,” Harvard, October 2010
8. “The State of the Nation’s Housing – 2011,” Joint Center for Housing Studies of Harvard University.
9. “Outliers,” Malcolm Gladwell, pg 101
10. Ibid, pg 39
11. Ibid, pg 149
12. Eduardo Razmilic, “Information-Driven Housing”