



“From an office perspective, smart building technology creates a more collaborative work space for employees, and increases productivity and performance.” says Kevin G. Joseph, cybersecurity strategist at IBM. “Imagine if you pulled into your assigned parking space and the building knew you were there. Your office computer and lights turn on, climate control is set to the way you like it, and your coffeemaker brews you a cup of coffee. These things are all possible with connected devices.”

Currently, the CRE industry is very transaction-focused. Brokers represent clients, find what their clients need and collect paychecks. However, this era of transactional real estate is expected to soon come to an end and IoT is a major reason why.

The IoT is forcing commercial real estate brokers to acquire skills that are based in technology, cybersecurity and innovation. Nowadays, clients need brokers who are more than just real estate experts — they must also become technology strategists who help clients acquire buildings that support their corporate technology goals. Companies can gain a competitive edge by using a real estate broker who understands the market and who can work with them to design a building automation strategy that supports the goals of the business.

According to a white paper from technology companies IDC and SAP, 60 percent of global manufacturers will use data collected from IoT devices to optimize their processes this year. The report also predicts a 15 percent increase in supply chain productivity by the year 2018 thanks to the IoT. Another IDC report estimated that global IoT spending will reach \$1.29 trillion by 2020, with an annual growth rate of 15.6 percent.

Brokers who wish to remain competitive in the commercial real estate industry can only stay ahead of the competition by understanding the technological needs of clients.

Automation Could Eliminate Real Estate Appraisal Jobs



Advances in big data and computing are helping automation creep into knowledge-based professions, threatening to knock off jobs in the same way that robots have been doing at factories for decades.

Zillow Group Inc. reports that the company’s algorithms are learning to capture not only the crude facts about values in the surrounding neighborhood but also more sophisticated price indicators, such as whether the living room has hardwood floors or the kitchen has granite countertops. While Zillow’s software isn’t currently being used in appraisals, lenders have long used internal and third-party computer models to help value homes.

Appraisers have already been experiencing tough times thanks to the housing crisis. Once the recovery began, regulators responded by making it more difficult to enter the profession, as they blamed appraisers for not providing a check on reckless lending that contributed to the housing crisis.

Now mortgage financiers such as Freddie Mac are also starting to get comfortable with transactions that don’t involve a human appraiser. In June, Freddie Mac, the government-sponsored company that backs many U.S. mortgages, started allowing automated valuations for some refinances. It says it plans to extend the program to include home purchase loans in the coming months, pending regulatory approval.



Life Is Great for U.S. Homesellers



Right now it is a great time to be a homeseller. For homesellers, it is the most profitable time to sell a home in almost ten years. Homeowners who sold their homes in the first three months of this year saw an average price gain of \$44,000 from purchasers, according to a report from Atom Data Solutions. That amounts to the highest gain since 2007.

Cities with robust local economies have seen strong gains in price during the housing market's recovery. Low housing supply has helped to push up prices, creating competitive markets where bidding wars and above-asking price sales are common. Across the nation, the median home price was \$225,000 during the first quarter of 2017, the report stated, an increase of 13 percent from a year ago.

Even in sellers' markets, homeowners are not necessarily in a hurry to list their homes. Sellers in the first quarter of the year had lived in their homes for an average of nearly eight years. While some sellers hesitate to list their homes because they believe they won't be able to find another home to move into, other homeowners are simply enjoying the home price appreciation and are anticipating that home prices will continue to rise.



Los Angeles Ranks First as Best City for Global Real Estate Investors

Los Angeles beat out London when it was named the new hot spot for global real estate investors in the third annual Schroders Global Cities 30 In-

dex, released in June. Schroders is a London-based investment bank.

While Los Angeles is known for its movie industry, it is also home to the well-respected colleges UCLA, USC and Pepperdine and many start-up tech companies. Snapchat, Pandora, eHarmony, Dollar Shave Club and Boingo Wireless are just some of the big names in tech that call Los Angeles home. Los Angeles is also attracting capital from Chinese investors building real estate and moving to Los Angeles at a faster pace than they are to Miami and New York.

"The scale and economic depth of LA makes it a compelling location to work and live. One of its key economic strengths is that it doesn't have to rely on only one industry," says Tom Walker, co-head of global real estate at Schroders. "The technology sector, in particular, has grown substantially over the past few years, and this has not only boosted demand for office space but also for residential property, much of it due to the increased hiring of millennials," he says about America's largest generation since the Baby Boomers.

Millennial Homebuyers Are Struggling



After many years of real estate experts lamenting how millennials weren't interested in becoming homeowners, it turns out that many are in fact diving in. But they are facing a lot of competition. Millennials are the largest group of home buyers, according to Ellie Mae, a software company that analyzes mortgage data. In January,

millennials represented roughly 45 percent of all purchase loans, an increase from 42 percent in January 2016.

"Millennials are mostly first-time buyers and they are competing against repeat buyers who have more buying leverage and experience," said Javier Vivas, manager of economic research for Realtor.



com. He added that Millennials have recently become the dominant group of users looking for homes on the website.

Millennials are also facing a tighter lending environment in comparison to a decade ago as banks stiffen up on credit requirements. However, despite the obstacles that they face, millennial buyers do have a major advantage: low interest rates.

The current lending environment is substantially different than the environment that millennials' parents faced when they were buying homes. They had higher interest rates and down payment assistance programs were not available.

Experts recommend that first-time homebuyers do their homework by determining a budget, prioritizing their requirements, and getting pre-approved for a loan. Being first in line can make a tremendous difference in a highly competitive market.

Millennials More Likely to Regret Real Estate Choices



The housing market has improved significantly since the recession. However, many Americans are still scarred from their last real estate decisions. Roughly 44 percent of Americans reported that they regret their current home choice or the process that they went through in order to get it, according to the newest report from Trulia. Still, this is a slight improvement from five years ago when 46 percent regretted their decisions.

Trulia's survey was conducted online in June by Harris Poll among 2,264 Americans age 18 and older. Among those with regrets, more renters wished that they had bought homes instead of renting, while

more homeowners regret not buying a bigger or a smaller home.

Millennials were the group that was most likely to regret their home-buying decisions. 71 percent regretted their decisions, according to Trulia's study. That is a much higher level of regret when compared to Baby Boomers at 28 percent. The biggest regret among Millennials is that 34 percent said they wished they picked a different-sized home. Roughly 29 percent of those wished they had picked a larger home, while the remaining 5 percent said they wished it were smaller.

Real Estate Startup Redfin Gears Up for IPO



Online real estate brokerage Redfin has filed the paperwork for an IPO. Redfin is backed by some of Silicon Valley's biggest investors and plans to begin trading on the Nasdaq exchange under the ticker symbol "RDFN," it said in the S-1 filing with the SEC. Redfin initially pegged the size of the offering at \$100 million, though that number is likely just a placeholder that will be adjusted later

on as the IPO day moves closer.

Seattle-based Redfin was founded in 2005 and is currently run by CEO Glenn Kelman, formerly the co-founder of Plumtree Software, acquired back in 2005 by BEA Systems.

It has become famous as an online real estate brokerage because it actually employs agents to sell properties and charges a lower-than-industry-standard 1.5 percent listing fee. The company says it has helped customers buy 75,000 homes, worth more than \$40 billion in total, through 2016.

Revenue at the company has been rising: 2016 revenue was \$267 million, up from \$187 million in 2015. In 2016, Redfin completed



35,350 transactions compared to 27,492 in 2015.

It has also raised nearly \$168 million in venture investment over the years, according to Crunchbase. Vulcan Capital, the investment arm of Microsoft co-founder Paul Allen, who was an early backer and still owns 10 percent of the company.

Zillow's Instant Offers Program Draws Ire From Real Estate Agents



Over 32,000 real estate agents around the country have signed online petitions opposing the Instant Offers program Zillow rolled out two months ago in the pilot markets of Orlando and Las Vegas. Petition organizer Greg Hague claims the program will cost sellers sales profits by encouraging them to settle for discounted prices with minimal guidance from real estate agents.

"This is going to sucker home sellers into making a mistake that is going to cost them an education for their kids, an amazing family vacation or just sleeping better at night because they have more money in their bank account," said Greg Hague, a lawyer and real estate broker in Arizona. "And to do it all without the advice of a Realtor or appraiser or anyone — that's the bottom line."

The anti-Instant Offers campaign wants the National Association of Realtors to intervene with Zillow. In June, the National Association of Realtors stated it could not "sponsor or encourage a boycott of Zillow." The association has instead urged its members to "inform their clients and customers of the value they bring to the real estate marketing and sales transaction, and the problems and risks sellers may encounter in marketing and selling their home without using a Realtor."

Second Homes Sales Decline as Investment Sales Increase



Last year, vacation home sales dropped back to their lowest levels since 2013. That's a 21.6 percent decline since 2015, according to the National Association of Realtors Chief Economist Lawrence Yun.

Yun says the rise in home prices throughout the country has made second homes less affordable and investment houses more attractive. As the cost of vacation homes goes up, buyers are turning their attention to the investment opportunities in purchasing single-family dwellings. People also like the higher rents and low mortgage rates now available.

Sales of investment homes are the highest since 2012. According to the NAR's *2017 Investment and Vacation Home Buyers Survey*, the median vacation home price was \$200,000 in 2016, up 4.2 percent from 2015 and the highest since 2006. The median investment-home sales price was \$155,000, up 8 percent from 2015 and the highest since 2005.

Nine Highly Salable Factors of Real Estate Property



The ability to distinguish a property as salable is an absolute must for brokers who want to succeed in the real estate industry. What comprises a salable property depends on what the buyer prefers.

While affluent homebuyers might peruse multiple vacation homes in the countryside, a



millennial home buyer might prefer a unit in a metropolitan area. For instance, a buyer interested in an apartment or condo might pay attention to convenient amenities, such as an elevator or parking space.

Here are 9 highly salable factors of a property that you should know about for a faster close:

- 1** Every real estate deal involves working on legal documents. However, the extent of paperwork can make a property more difficult or even risky to sell. Make sure to verify the documents relevant to the property's before you even advertise it for sale.
- 2** Connect with buyers to make the property stand out from other postings in the MLS. Get to know the property so you can answer any questions that buyers may have.
- 3** The geographical location of the property can be used as a salable factor when you consider how the property's location serves the interests of your target market. For instance, a home in the suburbs may be the perfect getaway for a hardworking business person.
- 4** Staging the property, or at least repairing structural problems that buyers can readily see, such as an old roof, can go a long way to help sell a property.
- 5** Curb appeal and a spotless kitchen, especially one with up-to-date appliances and cabinets, can attract buyers.
- 6** Increase the salability by adding a loft or rear addition to the property. If an extension cannot be done, get planning permission for buyers who may be sold with the knowledge that they can expand their square footage.
- 7** Earn the seller's trust and cater to their needs. At the end of the day, it is the seller who determines whether or not the sale will take place.
- 8** It is the agent's role to shift the seller's mindset from what they want to what a homebuyer is willing to pay.
- 9** A property has two price tags: the selling price that is to be agreed upon by the parties and the maintenance that the buyer will shoulder to keep the property up and running.



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