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Zillow's Instant Offers Program Stirs Controversy Among Brokers

As Zillow expands its "Instant Offers" program and vows to become a direct player in real estate transactions by buying and selling homes, brokers are taking a closer look at what these changes might mean for them.

Zillow, a leading real estate listings giant with a market capitalization of roughly $10 billion, said it plans to buy homes in Phoenix, Ariz., with the goal of reselling the properties within 90 days. Zillow plans to invest between $75 million and $250 million to purchase one thousand homes by the end of this year, according to the Wall Street Journal. Agents who already participate in Zillow's Premier Agent, an advertising program for agents, could be selected to broker the sales on behalf of the company and other buyers.

While the new venture will not completely cut out real estate agents, Instant Offers is expected to significantly curtail their role. With the majority of the process taking place online, quick flips via Instant Offers may not require any face-to-face interaction at all.

"While most [sellers] prefer to sell their home on the open market with an agent," said Jeremy Wacksman, chief marketing officer at Zillow, in the announcement, "some value convenience and time over price."

Despite their concerns, many brokers across the country are welcoming the move to expand Instant Offers as a means of obtaining greater exposure to sales listings. Zillow has also managed to gain support from some ma-

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jor brokerage firms. The company recently partnered with West USA in Phoenix, Ariz., Berkshire Hathaway HomeServices Arizona & Nevada Properties, and Coldwell Banker Premier Realty in Las Vegas, Nev.

Zillow initially piloted the Instant Offers program in May of last year in Las Vegas, Nev. and Orlando, Fla. To date, the company has yet to release any data on the number of home sellers who have used Instant Offers. However, in an interview with InMan, Errol Samuelson, the company's chief industry development officer, said one-third of sellers who requested an "Instant Offer" opted to sell.

In contrast though, according to some industry sources, rather than accepting cash offers from institutional investors, about ninety percent of sellers decide to list with an agent instead. Some brokers are convinced the program will work only in certain instances. Mike Pappas, CEO of the Miami-based Keyes Company, believes the online home-flipping program will primarily appeal to sellers who prefer time and convenience to price.

Other brokers, including Josh Flagg, a broker at Rodeo Realty Beverly Hills and a star of "Million Dollar Listing Los Angeles," believe the program is a poor idea because it could result in a different perception of a home's value.

"The best way to find out the real value of a home is to ask the top agent in that area," said Flagg.

Bjorn Farrugia, an agent at Hilton & Hyland in Los Angeles, Calif., has completely written off Zillow as a discount broker.

"In L.A., where there is big money and educated buyers and sellers, someone who wants to sell a property ranging anywhere from $2 million to $200 million isn't going to go to Zillow," said Farrugia.

Negative sentiments from brokers are not going unnoticed by industry advocates. More than 32,000 agents from around the country have signed a petition against the program, according to data from the *Orlando Sentinel*. The paper also reported that agents had even requested that the National Association of Realtors intervene.

U.S. Home Prices to Rise at Double the Pace of Inflation and Wages

U.S. home prices are expected to rise double the pace of inflation and wages this year, according to a Reuters poll. The price increases are the result of a declining supply in single-family homes coupled with rising demand.

The market has more than recovered all the losses of the 2008 financial crisis, when home prices crashed by nearly 40 percent.

Analysts say a lack of supply and insufficient home construction levels are holding back activity. The low inventory of single-family homes, which account for roughly 90 percent of sales, will continue this year, according to more than 80 percent of 36 analysts.

"A lack of housing supply, rapidly rising home prices, and now rising mortgage rates will hold back housing market turnover this year," wrote Scott Anderson, chief economist at Bank of the West.

The S&P/Case Shiller composite index of U.S. home prices is expected to gain 5.6 percent this year and 4.3 percent in 2019. That is well above the prediction for wage growth, which will average 2.8 percent, and consumer inflation, which will be 2.3 percent, according to a separate Reuters poll.

Supply could improve in the coming months as government data indicated in February that single-family home completions are at their highest since June 2008.

Social Media Photos Inspire Millennials to Become Homeowners

Millennials are finally landing better jobs with

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higher salaries. They are starting to get married and have kids. They are also getting tired of living with their parents.

But here is another reason millennials are anxious to buy homes: They see the homes their friends purchased on Facebook and Instagram and think: "What about my home?"

The fear of missing out has led many millennials to purchase a home, according to a survey of 2,000 adults conducted by Bank of America this year.

While social media may influence some people in all age groups of first-time homebuyers, it has particular influence on millennials. Millennials account for 65 percent of all first-time homebuyers, according to a National Association of Realtors (NAR) survey.

Roughly 21 percent of first-time buyers believe they are missing out. An additional 23 percent said they were jealous of the homes their friends and acquaintances purchased.

One-third of millennials saw their friends purchase a home and thought "If they can buy, why can't I?"

"If other people are doing better than we are, that can get us to feel bad," says Ethan Kross, a professor of social psychology at the University of Michigan, in an attempt to explain how social media postings affect users' behaviors.

According to research from Veritas Urbis and the Census Bureau, thirty-six percent of adults under 35 owned a home by the end of 2017, marking an increase from 34.1 percent in early 2016.

Number of Multigenerational Households Surges to All-time High

The share of multigenerational U.S. households reached an all-time high in 2016, according to a new analysis of U.S. Census Bureau data from the Pew Research Center. In 2016, the number of multigenerational households rose to 20 percent of the U.S. population, or 64 million people.

Although some demographics are more likely than others to adopt multigenerational households, the trend is growing across all racial groups, the majority of age groups, and for both men and women, according to the study. The study defined adult as anyone over age 25 in order to exclude college students who still live at home.

In 2009, 51.5 million Americans, or 17 percent of the population lived in multigenerational households. This figure rose to 60.6 million, or 19 percent of the population as of 2014.

Roughly 29 percent of Asians lived in multigenerational households in 2016, as compared to 27 percent of Hispanics, 26 percent of Blacks and 16 percent of Whites. Millennials were the most likely to live in multigenerational households, with 33 percent of those between the ages of 25 to 29 living with their parents.

For the older generations, 24 percent of those between the ages of 55 to 64 live with their children and 21 percent of people age 65 and older live with their children or adult grandchildren.

Most New Home Construction in a Decade

Buyers can finally relax as home construction rises. In February, builders completed the most newly constructed homes in a decade, according to a residential sales report jointly released by the U.S. Census Bureau and U.S. Department of Housing and Urban Development.

The most new, finished homes, at 659,000, were in the South. The West followed with 336,000 homes. The Midwest was next at 164,000 homes; and the Northeast, at 160,000.

The increase in newly constructed homes represented a 6.5 per-

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cent increase from February 2017 at 1,298,000 permits. Permits are generally considered a good indication of the number of completed homes that will be listed on the market in the coming months.

"Hitting a record level of new, finished houses should lead to an increase of more homes on the markets for buyers," says Chief Economist Danielle Hale of realtor.com®.

Housing starts, which account for construction that has started but is not yet completed, declined 7 percent from January to February. This figure was also 4 percent lower than it was in February 2017.

Despite the setback, Hale says the new construction is a step in the right direction that could help to eventually shift the current climate from a seller's market to a buyer's market.

Homeowners Migrate in Search of Lower Property Taxes

A new report demonstrates the impact property taxes have had on migration across the country. The 2017 property tax analysis from real estate data provider Attom Data Solutions shows that Americans paid $293.4 billion in property taxes in 2017, marking a 6 percent increase over 2016. The property tax cost per home averages out to roughly $3,399.

Attom's data shows this number ranges from just over $10,000 in the most expensive metro area, Bridgeport-Stamford-Norwalk, Conn., to $525 in Montgomery, Ala., the least expensive metro. However, analysts are not the only ones who pay attention to property tax trends. The data revealed that homeowners are taking note and are considering buying homes in lower property tax areas.

With the new tax law changes affecting deductible property taxes, Daren Blomquist, Attom's senior vice president, believes it will only "add momentum to the trend we already see in favor of lower tax-burden states."

For Blomquist, the data overall indicates that jobs are the most important determinant of where home buyers move to, not taxes. However, taxes are "the icing on the cake" in areas that are already experiencing strong population inflows, Blomquist told MarketWatch.

Buyers Want in on Real Estate Market Despite Mortgage Rate Increases

Rising mortgage rates generally tend to force buyers to stay on the sidelines. This year, they may do the reverse: would-be home buyers want to get off the sidelines before it becomes even more expensive to take out a home loan, according to a new Credit Suisse survey.

In its monthly survey of real estate agents, Credit Suisse found that buyer traffic increased across the U.S. The firm says buyer motivation is the result of pent-up demand, especially for homes at affordable price points, thanks to a lack of inventory.

One real estate agent reported that the lack of affordable inventory has also created a sense of urgency among buyers. While the number of listings for homes above the $350,000 price point remains healthy, buyers seeking more affordable homes will have a tougher time finding options, according to Realtor.com.

In 36 of the metro areas surveyed, 23 saw the potential for rate increases as motivating to buyers. Since the start of the year, mortgage rates have steadily increased, although they still remain at historic lows. The survey also found that buyers who cannot afford

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to move across the country to more affordable markets are instead willing to move further out from their desired neighborhoods to purchase homes.

Foreign Investment in U.S. Real Estate Reaches New High

Foreign investment into the U.S. has reached a new high, according to U.S. Ultra Prime Real Estate, a recent market report from Beauchamp Estates in association with Leslie J Garfield & Co. The report examined foreign investments for U.S. properties priced at $1 million or higher and included analysis by Dataloft and Trulia.

Foreign sales were up 72 percent from the previous year as of March 2017. According to the National Association of Realtors, all-cash purchases accounted for 44 percent of sales.

"Data from the National Association of Realtors shows that just five overseas countries dominate investment into U.S. residential real estate, accounting for 50 percent of all transactions," says Jed Garfield, president of Leslie J Garfield & Co. "They are Canada, the United Kingdom, China, Mexico, and India."

The report also found that the majority of buyer transactions for properties above $2,700 per square foot were concentrated in Miami, Fla., Manhattan, N.Y., and Los Angeles, Calif. Investors sought out properties that could serve as a holiday home, business base, and investment. In Los Angeles and Miami, investors preferred gated, waterfront properties. Meanwhile, in Manhattan, homeowners prioritized properties that were close to Central Park.

By 2026, an additional 22,000 ultra-high net worth buyers will purchase luxury properties in the U.S.

Apartment Rents Remain Steady Despite New Inventory

Apartment vacancy increased slightly to 4.7 percent in the first quarter, an increase of 0.1 percent from the fourth quarter of 2017, according to data released by Reis Inc. The vacancy rate was up 4.3 percent from one year earlier, while the average apartment rent increased by 3.9 percent.

Both figures indicate that the rental market has cooled from its recent peak. In 2015, rent growth reached a high of 5.8 percent. The vacancy rate reached a low of 4.1 percent in the third quarter of 2016.

Only one metropolitan area—Chattanooga, Tenn.—saw a decrease in rents during the first quarter as compared to the fourth quarter of 2017. Smaller markets which experienced the largest declines during the housing bust continue to recover. Phoenix, Ariz., Sacramento, Calif, and Charleston, S.C. all experienced the highest increases in rent growth at 1.5 percent for the quarter.

In 2017, the U.S. added approximately 1.5 million new owner households, resulting in a decline of renter households by 76,000. With the new tax bill and home construction likely to pick up, challenges for landlords remain and the vacancy rate is likely to tick higher, according to Barbara Byrne Denham, a senior economist at Reis.

5 Tips to Generate More Real Estate Appointments Now

It is 5 p.m. and today you only spoke with two people who brushed you off with a "Call me back next month." Does this sound familiar?

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If it does, are you really being honest with yourself about the number of phone calls that actually turn into appointments? If you are like most agents, this probably sounds like a typical week that ends with few answered phone calls and even fewer appointments.

Unfortunately, your time is limited, which means you can only reach so many prospects in a day. When you have a ton of prospects that outright decline your proposals, how exactly are you supposed to grow your business?

The solution is marketing.

Marketing is how you position your business for significant growth. When you use marketing to attract potential clients to your business, there is no need to beg customers to consider your services.

Marketing affects all aspects of your business. It includes everything from your phone calls to your social media strategy, email, open houses, direct mail, radio, TV, and any other activities that you invest in to attract customers.

Here are five essential tips you can use to grow your appointments now.

1 **Focus on a single goal**

Many agents make an important mistake when it comes to marketing pieces: the lack of a clear message. The best results come when your marketing piece focuses solely on having your customer take one action per piece.

2 **Track engagement and conversions**

With today's digital marketing tools, you have the ability to track and measure all your marketing activities. The more you track your marketing, the more you will be able to pinpoint what is working with your audience so you can concentrate your efforts.

3 **Invest in your business**

Many agents try to do everything themselves. Instead of thinking of your marketing as an expense, start thinking of it as an investment in your business. With every dollar you invest, you can expect more booked appointments and ultimately more revenue.

4 "**Always be testing**"

In marketing, it is all about ABT, or "always be testing." Test your content headlines, your calls to action, and your messaging. Remember, the goal of marketing is to figure out what generates the best results.

5 **Collaborate with sales**

Your marketing message needs to align with how your sales team interacts with customers. You need to make sure there is never a disconnect between the sales and marketing department within your firm.

Follow these proven marketing tips to grow your appointments exponentially and take your business to the next level. By taking control of your marketing, you will be on your way to building your business faster.

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