- A revolution has been unfolding over the past 10 years but not one real estate consumer advocates envisioned:

  CONSUMER

  Instead of expanding housing opportunities, the US is struggling to recover from record low homeownership rates.

  Instead of delivering more informed decisions, nearly 70% of Millennials experience buyers remorse, nearly double the rate of baby boomers.

  Instead of saving $30B annually by conducting transactions online as predicted 20 years ago by McKinsey & Co, real estate startups have abandoned their original money-saving value propositions. What they save on one side of the transaction, they try to capture on the other side by double dipping (as Sissy Lappin asserts).

  Instead of enabling peer-to-peer transactions, the internet has become the greatest tool ever of in-house sales. While some assume the MLS is an open competitive marketplace, in-house dashboard are commonplace particularly in overheated markets with fierce competition for listings.

  Instead of delivering transparency, BLIND bidding wars have normalized bidding over asking price. 25 years ago, housing markets were considered overheated if 6-10% of homes sold over asking price, in recent years, 60%+ have sold over asking price in some areas.

  INDUSTRY

  Instead of leveraging new efficiencies to lower transaction costs, 56% of Inman survey respondents admit that many agents discriminate against money-saving brokerages, see http://bit.ly/AGrevival

  Instead of fiduciary services on both sides of the transaction, conflicts of interest have been normalized. Teams nest conflicts of interest within conflicts of interest while the few remaining exclusive buyers agents struggle to survive.

  Instead of limiting distribution of MLS listings, brokerages limit access to inventory preMLS. Homebuyers are required to sign dual or designated agency agreements, that turn pocket listings into double paydays.

  COMING THREATS

  Instead of empowering ordinary homebuyers, new apps turn any listing presentation into an inside deal for a network of investors - so called iBuyers.

  Instead of leveling the playing field for independent real estate agents, a “real estate arms race” pits VC-funded consolidation vs megabrokers building BILLION dollar siloed data companies (even their own agents — independent contractors — fear “their data” is being misused).

  Instead of focusing on active inventory in the MLS, competition is now to predict who’s most likely to buy or sell by tracking leads online or scanning private email.
  Surveillance capitalism, one vendor described as Stalker 2.0, threatens privacy during both the transaction & homeownership cycles.

  Instead of providing affordable housing for the next generation, prices have risen to unsustainable levels. If blockchain & cryptocurrencies mainstream factionalized ownership, housing prices will further disconnect from underlying fundamentals.

RECOMMENDATIONS

Regulators need to anticipate challenges in the coming decade particularly as megabrokers cannibalize competition & housing prices correct. At a minimum, those include:

1. Fee transparency as Sissy Lappin recommended.

2. Unbundled fees as Tom Wemett & Doug Miller argue.

3. Extend the need for privacy protections that Mark Holt flagged to a Real Estate Consumer Bill of Digital Rights. To prevent the misuse of personal data by megabrokers & 3rd parties, GDPR-like disclosures & protections need to be built into AI & business processes to ensure agents act as "information fiduciaries" throughout the homeownership cycle.

4. As innovators cocreate a money-saving real estate ecosystem capable of delivering $30B annually in consumer savings, use some savings to fund an alliance of consumer groups, including CAARE, to counterbalance Realtors on regulatory boards & standards groups like RESO.

5. Encourage development of a funding mechanism to offset investments by NAR subsidiaries & others that focus on sustaining innovation rather than money-saving innovations.