

**OPINION**

The real estate industry's evolve-or-die moment

The only way to differentiate is to harness technology in ways that allow you to deliver a bespoke and unmistakable brand experience

BY ANTHONY HITT

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The old adage, “If you try to be everything to everyone, you’ll be nothing to no one,” could not be more relevant to the prevailing sentiment within the real estate industry today.

Changes are certainly afoot as established brands contend with rapidly evolving technologies and new over-funded entrants to the space, however, in response to this disruption we’ve seen some companies announce that they aren’t exactly real estate companies anymore — despite the fact that they are very much selling real estate.

they are and double down on investing in and evolving their **unique value propositions**.

Disruption — again? Really?

For the past decade, the real estate industry has existed in a constant state of anticipation for major disruption. Conference programs have revolved around the topic, industry publications have covered it heavily and top brands have made it known that they too are gearing up for “disruption.”

But while real estate is certainly not the same as it was 10 years ago, the industry has not been flipped on its head in the same way that other industries, such as retail, have experienced.

Until now.



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This is because over the past two years, we've seen more VC money invested directly into real estate companies, as opposed to investment in the technology that *supports* real estate companies — a small, but important, distinction.

The numbers speak for themselves: VC investment in real estate tripled in 2017 to reach \$12.6 billion, an increase of \$10.8 billion in just two years.

This influx of capital means no more false alarms. With the dollars to make it happen, disruption is really coming to the real estate industry, and despite

Simply calling yourself a “technology company” does not make you a technology company.

Technology itself is evolving and changing everyday, and focusing on speeds, feeds and features alone is a losing battle. Anyone in the real estate industry, whether it be national organizations, brokers or agents, that try to be “everything to everyone” will simply lose to these disruptive forces.

Rather than get lost in disruption, here’s what you should do:

Find your niche

Instead, the key to survival for real estate brands and professionals is to understand their areas of expertise and unique value, and then use technology to further enhance these offerings.

Like department stores in the disruption of the retail industry, the white-label brands will be first to die because they lack a strong brand identity; consumers don’t know what to associate them with, and so they don’t associate them with anything.

As the real estate industry evolves, companies must define and invest in their brand to be successful through times of disruption. Too often brands try to be everything to everyone, and as a result, end up diluting, and in turn, devaluing their brand promise.

It is crucial to understand your genuine value proposition — own your story — and hone in on the unique expertise you bring to the table for your clients.

the table as a neighborhood specialist. Most importantly, whatever your specialty is, it needs to be **authentic and real**.

Be exclusive

Exclusivity has been a scary word to many in the industry. But having exclusive offerings is the only way to stand out. Just like in the retail and CPG industries, the brands that own their niche and keep their exclusivity are the ones that are succeeding despite disruption.

Although exclusivity often gets a bad rap, it shouldn't because it doesn't have to mean arrogant or haughty — and it doesn't mean not being inclusive.

It's about offering a bespoke product or experience paired with an exceptional level of service within your own speciality. This means that not every customer or agent is right for every brand — and that's OK.

Own your brand

Whatever **your brand**, whatever **your niche**, the way to succeed through disruption is to own it, in every way possible. Invest in brand experience and marketing to the right prospects, and aspire to be the absolute best within your specialty.

Remember, this is only the beginning. Significant VC investment is still pouring into our industry, and we should anticipate more to come. If you are a real estate brand or professional and your plan is to evolve into a technology company to compete with these new entrants, you will lose that race.

Brokerages of the future will fit into one of two primary categories, and arguably, I do feel there is room for the best of both in the industry.

- 1** The first will be transactionally based. At the most extreme end of the spectrum, a purely transactional brokerage will automate the entire homebuying or selling process without agents. There will be the brokerages that fit into this category that still have agents, but these licensed agents will play a diminished role, becoming call center operators manning 24-hour 800-numbers and letting technology lead in their relationships with clients.
- 2** The second type of brokerage will be rooted in relationships and human interaction. With tailored one-on-one service, the most successful of these brokerages will leverage the best technologies to elevate the brand experience delivered to each and every client, both online and offline, through consistent systematic approaches that promote enhanced personalization.

The reality is that real estate brokerages sell a service, not a product, so they cannot simply become a technology company overnight. Customers see agents as advisers to help guide them through one of the biggest decisions of their lives, and they don't want to be treated like just another data point fed into an algorithm.

The only way to keep your brand differentiated during this time of disruption is to harness technology in ways that allow you, as an expert and real estate professional, to further own your speciality to deliver a bespoke and unmistakable brand experience.

If technology can replace your role in the value chain, be warned.

Anthony Hitt is the CEO of [Engel & Völkers Americas](#) in New York City. Follow him on [Twitter](#) or [Instagram](#).

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MENU

Melanie

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COMMENTS

10 CommentsSort by [Oldest](#)[Add a comment...](#)**Kenneth Jenny**

I disagree with one of the core assumptions made here. Our industry offers services that are intended to sell the products we create. Listings. The consumer sees the product of our industry as listings - not companies, not brokers and not agents. That is evident in the fact that in excess of 94% of all consumer that are home shoppers search online for properties - homes - not companies, not brokers or not agents. This fact has been a reality for years but one our industry has to date refused to accept. Despite the misdirected rhetoric of the NAR, the industry is no longer the center of t... [See More](#)

[Like](#) · [Reply](#) · 9 · 1w**Roland Estrada** · Real Estate Agent at HomeSmart, Evergreen Realty

Is this comment an Onion News piece? Am I on camera? Is Ashton Kutcher gonna come out and punk me?

Compass is all about the consumer experience, through their agents. Why don't you try visiting a Compass office, research the agent-consumer experience before saying they are missing the mark on the consumer experience.

I visited an and have spoken to agents to see for myself.

You also need to paragraph your comments. They're tedious an nebulous enough as it is.

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 **Roland Estrada** Humility is the first of the seven virtues

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Summer Woodson Berg · Owner at Engel & Völkers Aspen - Snowmass - Roaring Fork

Roland Estrada Not to say Compass is not interested in the consumer experience but where is the valuation for all that VC money? In the customer experience or in automating the home buying/selling procedure?

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Brandon Road · Associate Manager at Pacific Union International

Spot on. Most of the industry have their heads in the sand. This won't make disruption go away. It is here.

Like · Reply · 3 · 6d



Summer Woodson Berg · Owner at Engel & Völkers Aspen - Snowmass - Roaring Fork

Great article!

Like · Reply · 1 · 5d



teardowns.com

Finally! Thanks Anthony....nail on head 😊

Brian

Like · Reply · 1 · 5d



Christopher Dean · Director of Marketing and Communication at Monica Foster Team Homes and Lifestyles

I would use caution when you say "VCs are investing heavily therefore disruption is coming". There is not necessarily any connection. VCs invest in dreams all the time and companies continually fail (I used to be part of one that took VC money for years and never produced much). To me all this VC money looks just like to dot-bomb era of 2001 only focused on real estate. For example, so much money is being pumped into iBuyers...can all of these survive? probably not. But they all are getting VC money. Can they survive in a market downturn when they have a whole bunch of properties they c... [See More](#)

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Wellington Pendell · Regional Manager at The Career Compass

This is exactly why THE CAREER COMPASS (www.thecareercompass.com) has been teaching the #1 Lunch & Learn class in California to hundreds of brokerages. It is called "ZILLOW, PURPLE BRICKS & REDFIN...The Future of Realtors." Contact us to schedule this in your office...there is NO cost.

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Heidi Kiss · License Partner Broker at Engel & Völkers

Changes are bound to happen. Are we willing to adapt and provide what the consumer wants?

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Gerhard Ade · Seattle, Washington

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Melanie

“curated” and “sustainable” and other fashionable terms that only shroud whatever anybody means to say. But I digress. I meant to say that, regardless of technology, integrity will win the day.

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Bill Brewer · Real estate broker at RE/MAX Equity Group Suburban Southwest

I can't think of a real estate company in my 39 years that did not start with a small amount of owner capital and a group of agents who just wanted to do things differently. I worked for such a company that became the #1 company in our state. For that reason I am fascinated with the venture capitalist entry into the market. The fact that Compass has “raised” \$735,000,000 to get a residential real estate company going is beyond my comprehension. What are they going to do with all of that money?

The industry itself provides technology especially through the MLS and then Zillow, Redfin and o... [See More](#)

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Mark Burns

Instead of concentrating on your brand; maybe being perfect at your skills will take care of your brand. Is this one of those sizzle vs. steak comparisons? I'll take the steak please. You don't need to describe it to me, as long as it is the best. If not; I'll look elsewhere.

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