



ANALYSIS | TECHNOLOGY

11 burning questions about Zillow Instant Offers

What Zillow's new test program for homesellers means for real estate agents and brokers

BY BRAD INMAN ★
MAY 22

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Today portal giant Zillow launched its Instant Offers program in two test markets. The announcement will undoubtedly rattle the industry.

To help you cut through the noise, here are 11 burning questions with our best take on answers. Add your own your ideas about the new program in the comments.

How does it work?

Zillow's new Instant Offers test allows prospective homesellers to receive all-cash offers from a group of big-name investors, along with a side-by-side comparative market analysis (CMA) from local Zillow Premier Agents.

Professional valuation
An agent's estimate if you listed your home on the open market.

 <p>Alan Peterson</p> <div style="border: 1px solid #ccc; padding: 2px; display: inline-block; font-size: 8px;">PREMIER AGENT</div>	<p>Est. sale price \$372,000</p> <p>Est. commission 6%</p> <p>Est. cash proceeds \$349,680</p> <div style="background-color: #0070C0; color: white; padding: 5px; text-align: center; margin: 10px 0;">Contact Agent</div> <p>Full professional valuation attached</p>
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The professional valuation does not include standard closing costs.



ABC Investors

Offer
\$334,000

Service fee
0%

Cash proceeds
\$334,000

I'm interested

Full ABC Investors offer attached

Once offers are received from participating investors, the homeowner can choose one of three options: accept an offer and sell directly to an investor; accept an offer and use an agent to manage and close the transaction; or reject the offers and list the property with an agent on the MLS.

Will it compete with me as an agent?

For now, Zillow Instant Offers is only a test in two markets — Orlando, Florida; and Las Vegas. If proven popular in those markets, it could create new competition on the listing front.

But if you are a Zillow Premier Agent, you might be one of the agents offering a CMA to get in front of homesellers who might prefer to use an agent versus a potentially lower-priced investor offer.

When will it come to a market near me?

Maybe never. But if the test works, Zillow will probably take aim at markets outside the big metros, like [Opendoor has done](#). Opendoor is now in Las Vegas, Phoenix and Dallas-Fort Worth and plans to make offers soon on homes in several other markets.

If the program is successful in the pilot markets, you can expect Zillow to roll it out quickly in additional cities. It has the distribution (consumers); it has Premier Agents in every market, and it is working with national investors who theoretically could go anywhere.

Still, there are lots of “ifs” in here, so it’s likely that nothing will likely unfold quickly.

It took Uber five years to get big; it has taken [Redfin](#) 10 years to carve out market share — and most new products and new tech ventures fail.

One of Zillow’s tests years ago was the controversial “[Make Me Move](#)” product, which in Orlando has only 29 homeowners testing it today (out of 2,500 listings in that market) — not the scale Zillow hopes to achieve with new products that it knows will shake up the industry.

Will it change how you do business?

It could. The process of selling a home is arduous and arcane, full of anxiety and uncertainty.

Technology can only do so much to solve human problems, but enough smart people are now focused on this part of the transaction that change is inevitable, helping homesellers and agents save time and money.

Better ways to make offers, visit homes and close transactions are being studied, tested and acted upon by some savvy tech companies.



Opendoor, for example, is working on a quick and easy mortgage service that could streamline the purchase process for buyers.

Will it diminish the role of the Realtor?

Generally, most of the real estate technology being cooked up these days is created to help real estate agents do their job better.

Zillow's new program, while not requiring an agent, is encouraging homesellers to use a real estate professional. Is this Zillow doublespeak? Is the giant portal secretly trying to cut out the Realtor?

Zillow will earn \$1 billion this year, with \$700 million of that coming from Realtors. Is it going to walk away from that stream of income? Unlikely.

Why would Zillow do this?

The company says it is responding to a consumer need: homeowners looking for easier ways to sell.

But it is also true that Zillow is a fast-growing technology company tasked with constantly feeding a Wall Street beast that expects great things from it.

The pressure is on to find new sources of revenue and grow them quickly. Now that it has created a monster consumer brand, it can easily test new products and services and act on them quickly.

It is also threatened by new entrants like Opendoor and must offer a competing product as these new business models get traction.

What should the industry do about it?

Individual agents should be opportunistic and find ways to work with all technology companies when they come to town. Ignore the shaky ventures, but climb all over the ones that make sense.

Agents should also work with their brokers to figure out the best ways to position themselves as superior to these new and burgeoning models. Some in the industry may choose to fight Zillow on its new product, and that could temporarily slow them down.

Consumers expect technology to make their lives easier. Is your trade association, franchise or brokerage working on solutions to make selling a home easier? They should be.

Is Zillow breaking its promise to not get involved in the transaction?

It seems like it might be. While you could argue that Zillow already sits in the middle of the transaction by steering most of the eyeballs viewing homes, this test is different.

Zillow is a middleman in the selection of who might buy a home and how it is done — more of a marketplace than a media company. However, you might expect its business model to continue as an advertising company, charging agents and investors to have a place in the product and not a piece of the commission like Opendoor.

But who knows?

Who do I call to get involved with these models?

Call the big dogs. Spencer Rascoff is the CEO of Zillow; his email is spencer@zillow.com. Eric Wu is the CEO of Opendoor; his email is eric@opendoor.com. Brian Blair is the CEO of [OfferPad](#); his chief of staff is Megan Stratton at megan.stratton@offerpad.com.

Is Instant Offers legal?

11

“By testing Zillow Instant Offers, we are providing a technology platform where consumers who are already interested in selling their homes can receive non-binding offers from reputable institutional investors,” Zillow spokeswoman Amanda Woolley told Inman. “We do not represent or otherwise advise any party in the negotiation, purchase or sale of real property, nor do we hold ourselves out as providing real estate brokerage services.”

Compensation seems to be key for now. Zillow is not getting paid by anyone during the test.

[Under Florida law](#), a person can qualify as a real estate broker if the person — for another, and “for compensation or valuable consideration” — “takes any part in the procuring of sellers, purchasers” or “directs or assists in the procuring of prospects or in the negotiation or closing of any transaction which does, or is calculated to, result in a sale...”

[Nevada law considers a broker](#) to be any person who — for another, and “for compensation or with the intention or expectation of receiving compensation” — “lists or solicits prospective purchasers,” among other practices.

Should you create your own Instant Offers program?

If you have access to big investors through your network, your broker or your franchise, you might try. We expect many more models like this to be rolled out. We suspect that the major franchisors and brokerages are watching closely, perhaps trying to figure out how they can participate or even create their own versions.

Most importantly, focus on solving homeseller anxiety about selling a home. Continue to deliver superior customer service and come up with ways that you and your broker can make it faster and easier for your customers.

No one understands the complicated emotions around selling property better than Realtors on the front line.

[Email Brad Inman](#)

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Marty Gum · Broker/Owner at Berkshire Hathaway HomeServices Lake Ozark Realty

Just another reason why it would be better to NOT syndicate OUR listings to Zillow.

Like · Reply · 15 · May 22, 2017 2:04pm

Like · Reply · 1 · May 22, 2017 3:47pm



Kevin Vierra · Realtor at Intero Real Estate Discovery Bay/Brentwood

Roland Estrada Where is your post?

Like · Reply · May 22, 2017 4:46pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

Kevin Vierra It's on this page. You just have to scroll around. Sorry.

Like · Reply · May 22, 2017 5:24pm



Saul Klein · President (title) at RealTown Real Estate Network

The Zillow Marketplace...If successful, at scale...I think that this Zillow project has the potential to fuel a true paradigm shift (as many have contemplated over the years) ...a project which can enable further transformation in the residential real estate sales transaction/(finance) process and the accompanying food chain...cradle to grave customer contact, while building trust and confidence created by the user experience. There are many variables and opportunities from "here to there" but this direction by Zillow has the potential...dependent upon management and ownership's commitment of time, resources, and patience, and other things (the devil is in the detail)...the potential to incredibly reduce customer friction while building trust and confidence in the largest purchase of most people's lives...that would be a big deal...and possibly change much of the current brokerage model.

Like · Reply · 3 · May 22, 2017 2:13pm · Edited



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

Like · Reply · May 22, 2017 3:48pm



Craig Deschene · Sales Agent at Keller Williams Realty, Inc.

If investors are the buyers wouldn't the sellers have to expect a below market price?

Even if you eliminate the commission cost I can't imagine there will be enough room for an investor to make real money. I am sure there will be some sellers looking for quick cash and happy to take below market pricing and would think that the exception not the norm. Is there enough small pieces of the big pie to be had, allowing this model to survive? We shall see.

Like · Reply · 3 · May 22, 2017 2:34pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

Like · Reply · May 22, 2017 3:48pm



Reid Butterfield · Chevy Chase, Maryland

Yes and yes, a way for Zillow to hose sellers and agents at the same time.

Like · Reply · May 24, 2017 7:59am



Jeff Nunn

I suggest everyone quit paying Zillow a dime for leads today and watch what happens.

Like · Reply · 7 · May 22, 2017 2:51pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

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Jeff Nunn

Its time to re take control of our business today. Once and for all. zillow is milking the agents out of \$700,000,000 a year. think about it.

Like · Reply · 5 · May 22, 2017 2:53pm



Ben Graham Real Estate

Correction: Brian Bair not Brian Blair.

Like · Reply · May 22, 2017 2:59pm



Paul Humphries · Operating Pricipal at Keller Williams Realty Southwest

In a quest to be profitable, Zillow is now becoming our competitor and it looks like we are funding them to do so. We let them use our listings to advertise, we pay for leads and give them business. Boy, are we dumb or someone in our associations are dumb. Maybe both both of us. The question is now - Are we going to do something about it?

Like · Reply · 6 · May 22, 2017 3:06pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel



Matthew Amos · San Diego, California

Look out Las Vegas, NV & Orlando, FL! Zillow is knocking at your door to kill the American Dream. #AmericanDreamKillers #NoZillow #LockupZillow

Like · Reply · 1 · May 22, 2017 3:08pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

Like · Reply · May 22, 2017 3:49pm



Angela White

Zillow is taking dangerous steps towards a professional industry by minimizing million dollar investments as easy peasy child's play. I think if I was a home owner, and sold my house using Zillow's new methods, and then had consequences, I would be first to sue Zillow for directing me into thinking selling my million dollar home was easy as pie. There has been no 'for sale by owner' paradigm shifter and frankly no 'discount broker' paradigm shifter as its not about following step 1,2,3. Real Estate is a highly litigious exercise and only those intelligent enough, and professional enough can keep the 'lions at bay'. There is a reason why only 20% of realtors holding a license can make a living at it.

Like · Reply · 1 · May 22, 2017 3:08pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

Like · Reply · May 22, 2017 3:49pm



Jay Campbell · Co-Owner at Optimized Life Nutrition

Well said, but 20%? Not even close. The Average Realtor does less than 1 transaction per year. This is a total joke. For the same reason that Spencer's Home sold for 60% of the Zestimate, so will this program fail. First of all, it has ZERO CHANCE in any major market. Allowing Investors to set effective pricing models is laughable. Only the dumbest seller would take the money of somebody paying them .30 on the dollar. Open Door will fail and so too will this program. #countonit

Like · Reply · 2 · May 22, 2017 7:02pm



Judy Orr · Real Estate Broker/Agent at The Judy Orr Team

We've had a few offers on our listings from investor groups. Lowball offers but even when they accepted a final seller counter, it all changed during the inspection process and even past that - with price reductions requested (and expected) just prior to closing. Never made it to closing with any of these companies and warned my sellers. Haven't had an offer from any of them in the past couple of years.

Like · Reply · 3 · May 22, 2017 3:28pm · Edited



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

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Adriana Bartlett Gray · Cave Creek, Arizona

Excellent point. I noticed this sentence, in particular... 'we are providing a technology platform where consumers who are already interested in selling their homes can receive non-binding offers from reputable institutional investors'. And, the word non-binding stands out. What is a non-binding offer, but the same as a non-binding contract, which is essentially no contract. In AZ, the typical BINSR period is 10 days. During those 10 days in AZ, you basically have a non-binding contract (not technically, but essentially) because the buyer can back out for ANY reason. There has to be a re... See More

Like · Reply · May 22, 2017 7:20pm



The Jurgensen Group - Fairfax, Prince William, Stafford & Fredericksburg VA

It's not like we weren't warned - a few thousand times. Them that can do, them that can't pay someone else to do it for them.

Like · Reply · 1 · May 22, 2017 3:41pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

See my post. Time to take action.

Like · Reply · May 22, 2017 3:50pm



Jason Cadwell · Broker/Owner at Cadwell Realty Group

Agreed they will be lowball offers from investors will not make a dent in our day to day transactions with normal sellers. But in my opinion they are going down a road to get farther and farther inside the transaction process. Eventually, in a quest to be profitable, there will be Zillow RE Franchises. I hope it is not the case but just that feeling I get.

Like · Reply · 1 · May 22, 2017 3:43pm

See my post. Time to take action.

Like · Reply · May 22, 2017 3:50pm



Kathleen Hutchinson · Managing Principle Broker at Windermere Willamette Valley

Jason I think that you are spot on!

Like · Reply · May 23, 2017 8:21am



Reid Butterfield · Chevy Chase, Maryland

They're coming after your regular sellers next. Don't be naive about their endgame

Like · Reply · May 24, 2017 8:01am



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

This a a great opening for Broker Public Portal to start broadcasting themselves more openly to agents, brokers and AORs. Having an agent centric portal like BPP. We will be paying for as part of our dues but at roughly \$20 per agent per year, it's a small price to pay to take our listings back.

The time for being gullible is over. Let's advocate on our own behalf.

Like · Reply · 8 · May 22, 2017 3:47pm



Victor Lund · St. Olaf College

its \$1 per agent per month - \$12 per year -

Like · Reply · May 22, 2017 5:10pm



Chris Carlson · Team Leader at EXp Realty Expansion Team

It was only a matter of time before Zillow figured a way to cut agents OUT of the mix... We need to stop feeding this Frankenstein monster... Spend your marketing dollars elsewhere. Brokers across the U.S. should stop the data feeds to Zillow!! What is NAR and the combined strength of EVERY major brokerage and agent in the U.S. going to do about it? Simple BOYCOTT ZILLOW. If YOU are spending your marketing money on Zillow - move it elsewhere.

Like · Reply · 3 · May 22, 2017 5:25pm · Edited



Jay Thompson · Director, Industry Outreach at Zillow

Chris - I think you may have missed the part where agents are included in the process. This doesn't cut agents out (like virtually every other company doing a similar thing to "Instant Offers"), rather it gets agents in front of consumers seriously thinking about selling their home.

Like · Reply · 1 · May 22, 2017 6:17pm



Sheila Vardakis · Realtor / Investment Specialist at Keller Williams Realty, Inc.

Jay Thompson I read where the seller doesn't have to use an agent when selling as an Instant Offer. If you ask me, if a seller has an opportunity to sell a home and not pay a commission, that is what they will want to do. They don't understand the fiduciary role we play nor do they understand what all goes into marketing and selling a home. This also in my opinion alleviates the multiple offer scenario. There is something to be said for selling your home to the masses and I mean local buyer masses. People who live in the area and will pay more than an investor.

Like · Reply · May 23, 2017 11:52am



Michael Brown · Owner/ Broker at Second Home Search.com

Brad - Your alliance with Zillow is obvious!! Your statement "The process of selling a home is arduous and arcane, full of anxiety and uncertainty." BS - a seasoned agent can make the process both successful and easy. Why do you keep pushing Zillow ?

Zillow continues to have legal problems, so why in the world do agents continue to do business with them?

Like · Reply · 3 · May 22, 2017 5:14pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

<https://youtu.be/DfUWEftqTcs>

Like · Reply · May 22, 2017 5:57pm



Roland Estrada · Real Estate Agent/Broker at Bennion Deville Homes Laguna Niguel

This is a great comment on our own silly love affair with Zillow.

<https://youtu.be/DfUWEftqTcs>

Like · Reply · May 22, 2017 5:55pm



Eyda Hernandez

It is outrageous that a realtor doesn't receive the leads to their listing because they are sold to realtors that are paying for them.....I remember the good old days when a realtor would be directly contacted by interested buyers on their listings....this has nothing to do with "technology" which so many companies claim...it's all about the mighty dollar. WeMUST unite as professionals and stop giving them our hard earned money!!

**Sheila Vardakis Realty**

I agree wholeheartedly. That is how it should go. I don't know if anyone else has noticed this with Zillow but there are a lot of homes on their site that say the home is for sale and are priced under market. I get calls from my clients when they see one of these homes because they want to get out and see it because it is such a great deal. I then look up the address and 9 times out of 10, the home isn't active but rather has already sold within the last year and for a higher price. This is what I think is happening. They need to sell numbers of leads to these agents who are paying stupid... See More

Like · Reply · 1 · May 23, 2017 11:59am

**Ruthmarie Garcia Hicks** · Westchester, New York

Sheila Vardakis Realty I've had multiple headaches over this with clients demanding that I chase shadows that are no longer on the market. It's time-consuming and confuses the consumer as to what the price points actually are. Worse still, if the listing is old, it leads them to believe that tax rates for certain towns are lower then they really are and in condo complexes, they get an overly optimistic idea of what the monthly fees are because the listing is so old.

But I can't get buyers to kick their Zillow habit. They seem to trust an alogrithm more than current market data, which is ridiculous.

Like · Reply · 1 · May 23, 2017 2:37pm

**Jeff Nunn**

A message to brokers and agents: Brokers stop sending your listings to Zillow tomorrow and agents stop buying leads you'll get anyway as soon as you can and watch Zillow collapse over night. I dare our industry to do this to regain our control of the consumer before Zillow screws all of us even more.

Like · Reply · 1 · May 22, 2017 7:56pm

**Steven Caban** · Co-Founder / Partner at Cloud Realty Chicago

Brilliant move by Zillow. Make Realtors pay for their own demise.

Like · Reply · 2 · May 23, 2017 2:53am

**Winnie Smith** · Vice-president of Training and Education at REMAX Advance Realty

This sounds a lot like agents are paying a referral fee to an unlicensed entity for a transaction. The really scary thing is that consumers will not have guidance. I have had first hand experience with some of these "investors" who make offers, all cash (supposedly), with a 30 day inspection period. If you check tax rolls, IF the transaction actually closes, you will see that the sale price was for much more and buyer was someone else. Seller has no idea what he is getting into because he is not represented. A friend of mine went through this. He was very ill, the house was in bad shape, and the offer was \$410K. Actual sale price was \$650K. He took it because he wanted to close quickly and cut his expenses. In good shape, the house was worth \$750K. But the investor was Such a Nice Guy.... In my opinion, what we as Realtors really need to focus on is educating the consumers about reality.

Like · Reply · May 23, 2017 6:38am

**Susan Lundin Boettner** · Aqua Fitness Instructor at The Bay Club

Winnie I totally agree. Unfortunately my job as a broker now has more to do with competing with and disentangling the misinformation and hype out there rather than actually helping them with what is most likely the largest investment and emotional decision of their life.

Like · Reply · May 23, 2017 7:52am

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