

MENU

Melanie



## How the 'farm-to-table' real estate agent can save our industry

The future of the industry and the reputation of agents depend on hyperlocal experts who put the consumer first

BY TYLER ROSS

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One of the things drilled into my head as a college student in the economics department was the concept of the “cost-benefit analysis.” Simply put, this concept asks whether something is worth the price you pay for it. And when the answer is “no” — meaning price exceeds value — industries become ripe for [disruption](#).

The real estate industry is ripe for disruption.

The sharing economy is a great example of [disruption](#). Taxi cab services, for example, became so mediocre in their offerings, the value no longer met the price. Whether it be due to dirty cabins, high costs or lack of availability — whatever the reason — the taxi industry did not evolve to keep price and value in line.

upward pressure on taxi cab and Uber services, and downward pressure on ride price. The cost-benefit is back in alignment, and the consumer wins.

## The cause of mediocrity

Mediocrity in [real estate agents](#) is at an all-time high. The space between price and value is the widest it's ever been, and it has allowed for technological disruption in an industry that has long sat under the protection of its [association](#), its lobbying power and its stranglehold on information.

Real estate disruption is underway, and the consumer deserves it.



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The perceived value of a real estate agent has taken a dramatic hit, and it's all our fault. As real estate agents, we've allowed the reputation of our chosen profession to be dragged through the mud.

Think about these points:

1. **Low barrier to entry:** It's cheap and easy to get a real estate license. (In Virginia it can take two to four weeks.)
2. **Part-time agents:** The financial lure of just one, two or three commissions a year is big, so we have a lot of part-time agents averaging down the service.
3. **New agents are handed leads:** Brokerage models, in many cases, maximize their "company dollar" by earning a percentage of the agent's commission. You know who has the biggest split to the company? Newbies. So whom does it make sense for the company to give leads to? Newbies. Some offices offer free licensing classes to prospective agents as a recruiting tool for rookies, and that's where the company money is. Top agents can even be loss leaders for a company.
4. **Paid ad placement:** There are 2 million agents in America, but only 5.5 million homes actually sell annually. That's a lot of people fighting for just a little business. This puts the emphasis on personal marketing and lead generation and takes away emphasis on service and actually being good at your job. Have you ever called an agent from Zillow thinking he or she is listing agent, only to find it's a random agent who knows nothing about the property? That's the result of paid ad placement, a lead generating technique that goes to the person willing to pay the most for the ad. It gets uglier than that, but you get the point: it's not transparent, and it's not good for the consumer.

anything, they're all "experts." You're a real estate expert from Baltimore to Roanoke? Now that's just malarkey.

As the mediocrity of the real estate agent's service increases, so does the consumer's awareness of it, creating a fertile ground for industry disruption. Can you believe it? The service of the average agent is so mediocre, that a website can provide the same level of mediocrity at a fraction of the cost. A personal, emotional, service-oriented business is being replaced by algorithms, data, artificial intelligence (AI) and websites.

## Farm-to-table in real estate

Enter the good news for real estate agents and consumers.

Consider the farm-to-table movement in food and dining. As more people learned that their food (and where it comes from) is subject to criticism, more people began shopping and eating locally, trusting local farmers, grocery stores and restaurants to provide a premium good produced by a local business.

The future of real estate agents is the farm-to-table model: local experts serving a [hyperlocal](#) area. Uber didn't eliminate taxi cabs; local farmers haven't devastated McDonald's; and [Airbnb](#) hasn't led to the destruction of hotels everywhere. But these disrupters have all raised the stakes, suppressed low performers and put pressure on the rest to improve their services — all for the benefit of the consumer.

The real estate agent isn't going anywhere soon, but many of them will be replaced by [flat-fee](#) business models like [Purplebricks](#), virtual brokerages and limited service options. Big corporate brokerage models will struggle to keep up as they continue hiring warm bodies and implementing company-favored [commission splits](#) during a time when consumers are demanding locally grown, locally tested, locally proven, locally known real estate experts.

Consumers will demand the farm-to-table real estate agent, and they'll get the value for the price.

There was a time when real estate agents could ride their listing book into a weekend home and lifelong semi-retirement. Whoever had the information won, but now, thanks to the internet and sharing economy, the information is available to everyone with a connected device. Agents have to step up their game now, just like restaurants, hotels and taxi cabs.

## What is the farm-to-table agent like?

Farm-to-table agents will have years of [hyperlocal](#) experience. They'll have a massive hyperlocal network, and they'll know the names of people at the county and town offices. They'll have an understanding of community development, local zoning and area trends.

course, they'll [value relationships](#) and have an endless list of happy local clients who'd be glad to give them glowing recommendations.

These agents will turn down business when it falls outside their area of expertise, but they will find an expert in the area you're looking for. (It takes one to know one.)

The farm-to-table agent will never be disrupted.

Now the responsibility is on the homesellers, as due diligence is required on their end. The average real estate agent is mediocre, but many real estate agents are exceptional. Thanks to the internet, those agents are getting easier to find — you just have to sift through a lot of malarkey to find one who offers you a value worth the price.

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