

2011 TRENDS: Planning Our Future

The real estate industry remains the focal point for many Americans – as a key indicator of the national economy, personal wealth and even the future of homeownership. Stefan Swanepoel is recognized as a leading visionary on real estate business trends. Though he cannot predict the future with certainty, he can identify those trends that will likely play key roles in shaping the industry's future – and thus ours. Swanepoel spells out his trends (in great detail) in his latest book *Swanepoel Trends Report 2011*.

TREND 1 Consolidation: In days past, the primary driver behind consolidations was to gain market share through expanded relationships or agent count. “Today, there is another strong driver in the mix – survival.” Consolidation was the hottest trend in the real estate industry in 2010, and will continue to be so in 2011. The concept of maximizing resources while minimizing costs applies to players at all levels – title, mortgage, brokerage and REALTOR® associations.

TREND 2 Diversifying Your Business: Diversification will play a key role in success in today's real estate economy. In the past decade, brokers diversified with ancillary services such as mortgage, title and insurance. In this decade, “the shift will focus on different niches in the real estate industry itself, such as distressed properties, luxury homes and property management.” Coupling years of experience already earned in the marketplace with new knowledge and skills related to niche areas of diversity will create new opportunities for success for brokers and agents.

TREND 3 Cloud Computing: The word “cloud” is a metaphor for the Internet. Cloud computing describes computing services (servers, storage, applications etc.) that are delivered to computers and devices through the Internet. A major driver of cloud computing is the freedom in mobility, such as using cloud-based email services like Gmail and Yahoo! Mail. Eighty-five percent of mobile handsets shipped globally in 2011 will include a web browser. Millions of Americans now use eReaders to read electronic books. According to Google executive Sam Sebastian, “Within the next decade, people will use their computers completely differently than how they do today. All of their files, correspondence, contacts, pictures and videos will be stored or backed-up in the network cloud and they will access them from wherever they happen to be on whatever device they happen to hold.”

TREND 4 Business Models: As in the past decade, the most important elements of building a successful new business model will continue to relate to agent compensation, agent relationship, technology innovation and enhanced consumer experience (especially in light of emerging Gen Y consumers and the dramatic expansion of social networking.) Swanepoel reviews 8 new business models (only 2 of which are in Virginia – Allison James and Your Auction

Division.) While new business models emerge, existing companies will continue to evolve.

TREND 5 Homeownership – The American Dream Under Siege:

Homeownership and the mortgage interest deduction are under attack. Homeownership has long been credited in the U.S. with fostering communities and building wealth. According to Swanepoel, “the real estate industry has to remain vigilant and protect the benefits of homeownership like capital gains, mortgage interest and property tax deductions.” NAR Chief Economist Lawrence Yun predicts “doing away with the mortgage interest deduction for homeowners would result in a 15% hit to home values and massive wealth destruction – as much as \$2 to \$3 trillion.” Solving the problems related to Fannie Mae and Freddie Mac while assuring the public of the continued value of homeownership will take the concerted efforts of everyone in the industry, including NAR and the NAHB.

What other trends will Swanepoel be watching this year? Decreasing agent counts, one-stop shopping, increase in online advertising and large patent suits involving real estate technology.

This review of Swanepoel’s Trend Report 2011 was written by Laura Benjamin, CEO of the Roanoke Valley Association of REALTORS®.