Market Trends

New Technology Your Clients Need to Know About

From virtual reality to artificial intelligence, the next generation of real estate services is here. But is newer always better?

BY MATT ALDERTON

Sometimes, the modern home feels more like a spaceship than a house. Using your tablet or smartphone, you can adjust the thermostat, tell your robotic vacuum cleaner to sweep the floors, turn off the lights, monitor the contents of your refrigerator, unlock the door for your pet sitter and even turn on the coffeemaker before you get out of bed in the morning.

It begs the question: Does a new kind of home demand a new kind of real estate agent?

Residential REALTOR®® Matthew Rathbun, CRS, thinks so. Executive vice president of Coldwell Banker Elite in Fredericksburg, Virginia, he recognized early in his real estate career that he could use technology to set himself apart from his competition.

"Technology defines my practice and always has," says Rathbun, an RRC Certified Instructor and national real estate educator. "Being good at technology sets us apart from the vast majority of agents who are not inherently tech-savvy and often are many years behind the consumer."

As technology continues to evolve, however, residential real estate agents like Rathbun must ask themselves: Are the newest digital innovations fresh opportunities to grab onto or are they fads agents should forego? Here are just a few of the areas in their business where agents will have to decide.

Home tours

Home tours are critical. Because of scheduling and logistics, however, they're also inconvenient. Buoyed by the advent of 3D cameras, virtual reality (VR) already is changing that, according to David Gull, co-founder of Outer Realm LLC, a startup that creates interactive VR-based tours of unbuilt properties.

"The more homes you can look at, the more comfortable you'll become with what's available," Gull says. "With VR, you can very quickly view 50 properties and narrow it down to a short list of five properties that you can then tour with your [agent]. It's not very different from what's done today, but instead of clicking through 2D photos on Zillow, you can actually occupy the space."

BY THE NUMBERS

38%

of jobs in the U.S. could be vulnerable to AI by the early 2030s. The most at-risk jobs are in transportation and storage, manufacturing, and wholesale and retail.

Source: Pew

Which leads to another benefit of virtual home tours: credibility. "We've gotten really good at making houses look amazing by modifying images with wide-angle lenses and filters," Rathbun says. "With a VR tour, consumers can immerse themselves in the property and get a truer sense of it."
Sellers benefit, too, by restricting showings to only the most serious buyers.

Don't expect traditional walk-throughs to disappear anytime soon, though. "People are always going to want to see a space before they buy it," says Gull, who adds that traditional tours will remain necessary to assess things like build quality, home condition and environment.

Old school: In-person walk-through
New school: 3D virtual tour by Matterport

Interior design

Prospective buyers must see themselves living in a space. That can be difficult to do when the space is empty or poorly decorated.

Technology can help, according to Gull, who says agents and buyers have two options for virtually decorating a home. The first is using virtual staging services and software like roOomy to overlay virtual furniture on top of a 2D image. The second is using augmented reality (AR) apps like DecorMatters to visualize virtual furnishings in a physical space while you occupy it.

"Other than cost, the biggest limitation to physical staging is that you're stuck with a single design aesthetic. With virtual staging, the options in theory are unlimited," Gull says. "That means someone could throw on an AR headset and say, 'I want a beach-chic style,' then have all the furniture automatically swapped out to suit their taste."

Because virtual furniture inventory is limited at this early stage, however, physical staging for now remains more versatile.

And more accurate, according to Rathbun, who so far has avoided virtual staging for fear of misrepresenting his properties. "I don't trust the average agent to calculate the dimensions correctly when they're adding virtual furniture to make it a true representation of the property," he says. "But the technology is getting better."

Old school: physical staging
New school: 3D virtual furniture overlay by roOomy

Lead capturing

Artificial intelligence (AI) promises to change lead capture in a way that benefits both agents and buyers, according to Nate Joens, co-founder and CEO of Structurely, a startup whose AI chatbot, Aisa Holmes, automates lead capture and qualification by engaging leads via text message.

"Aisa Holmes qualifies leads by asking about their time frame for moving, financing status, buyer preferences, prior agent agreements and more," says Joens, who adds that chatbots can give faster, more consistent responses than human agents—24/7. "Most REALTORS® are notoriously bad at following up with leads … AI is a great tool to help."

The benefit to consumers is obvious: immediate, round-the-clock customer service when they're shopping for an agent. As AI becomes even more advanced, however, it will advantage agents, too.

"As Compass CEO Robert Reffkin said, 'AI will make agents 10 times as productive.' We're just on the tipping point of that," Joens says. "AI will be able to comb through email interactions between agents and their leads/clients to glean valuable insights automatically and take those tasks off an agent's plate, like matching properties to buyers and setting tasks for leads who've indicated they're not ready to buy for one to two years."

It's exciting. But it isn't perfect.

"AI can beat anyone playing chess, but it can't help when the chess board gets hit and falls off the table," Rathbun says. "So while AI definitely can answer consumers' questions more rapidly, buyers ultimately are still going to need [a human in the loop] to deal with those unpredictable variables."

Old school: live, in-person assessment and follow-up
New school: 24/7 support and follow-up via artificial intelligence

Transaction management

Real estate transactions are among the most consequential of homeowners' lives. It's therefore critical that they be secure. Unfortunately, they typically aren't.

"Almost all REALTORS® right now have a PDF of a contract sitting in their Gmail account, where it's vulnerable to phishing scams that prey on human psychology," says National Association of REALTORS® Director of Member Engagement Nobu Hata. Cybercriminals can typically gleam from an agent's emails all the information they need to execute wire fraud. "Whether or not they know it, people need secure transactions now more than ever."

Technology is answering the call. One potential solution, for example, is biometrics, whereby contract parties will verify their identities using fingerprint scanning or facial recognition. The NAR-backed company Trust Stamp, for instance, offers Trusted Mail, a service that requires a facial-biometric sign-in to send and receive encrypted emails. The process is simple: To exchange secure messages via Trusted Mail, both senders and receivers must create a Trusted Mail account. When they register, they take a "Secure Selfie" that acts as an encryption key. Later, when they want to compose or read a secure email, they must take a contemporaneous selfie that Trusted Mail cross-references with their "Secure Selfie" in order to verify their identity.

Long term, blockchain also has potential.

"'Blockchain' is a term used to describe digitally created ledgers that are distributed across multiple nodes, which ensures the veracity and integrity of the data contained within," says cybersecurity attorney Benjamin Dynkin, co-executive director of the American Cybersecurity Institute.
"It is possible to create, for a given property, its own blockchain; all of the data can be uploaded onto the ledger, codifying the history of the property and making verification an easy task."

Although the technology is complicated, the benefits are simple: more security and fewer costs. "Over years of home sales, the law has created an incredibly complex network of contractual provisions and risk mitigation institutions. While the system works, it adds a not insignificant cost to the transaction, and at times it can break down," Dynkin says. "Blockchain … has the potential to streamline this process and drop [closing] costs dramatically. A homebuyer or seller may not feel all of this happening, but they will feel it in their wallet when they are walking into their new home with thousands of dollars being put back into their pockets."

If the current system enjoys one advantage, it's familiarity. "New systems are totally needed," Rathbun says. "The one dilemma will be educating and requiring practitioners to use them in a world where rules and regulations already are overwhelming."

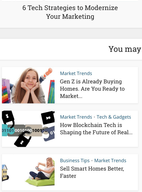
Old school: paper, PDFs
New school: Trusted Mail, Blockchain

Tradition vs. technology

In a world full of new technology, it's natural to feel overwhelmed. But residential REALTORS® who feel torn between old practices and new ones can successfully navigate the choice by using their clients as a North Star.

"What agents need to do is ask their clients how they use technology, then follow suit," Hata says. "If your clients aren't using it, then what's the point?"

Matt Alderton is a freelance writer based in Chicago.



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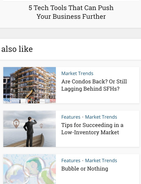

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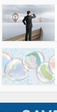
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