



By Christopher Seepe

Several Canadian real estate industry pundits recently said that we won't recognize the Realtor five years from now. None of them said why. Here's why.

High-tech companies are pouring billions into next-generation technologies for real estate. Do an Internet search on "proptech" and find out which companies are looking to make Realtors irrelevant and racing to win this multi-trillion-dollar business. None are talking about the Realtor's future role and some are implying Realtors won't be needed.

Then research "blockchain". This technology is doing for "value" transactions what the internet did for information sharing. The internet was created to move data instantly between parties worldwide around a design foundation of reliability, which was naïve given the pervasiveness of viruses, hacking and fraud. Yet a value transaction such as clearing a cheque, wiring money or closing a real estate transaction takes days or weeks.

Blockchain is a peer-to-peer (think consumer-to-consumer) transaction technology that is removing the need for traditional trusted entities like banks, lawyers, government financial policing agencies, accountants, mortgage brokers and Realtors, in all types of value or asset transactions – money, artwork, patents, music, vehicles, property – between two parties. Combined with artificial intelligence, cryptocurrency, smart contracts and the internet, blockchain is already seeding a worldwide decentralized ecosystem for value exchange without need for traditional trusted entities.

Zillow CEO Spencer Rascoff announced in September that Zillow will aggressively embrace blockchain. If blockchain means directly connecting buyers to sellers, what is the Realtor's role within Zillow five years from now?

Here's what the future Realtor won't be

Zillow-like companies need Realtors today because they don't have the sales force to populate their listings database. But once consumers learn and appreciate the convenience, low cost and worldwide market reach of a peer-to-peer listing service with a built-in trusted entity (blockchain, not Zillow), artificial intelligence property pricing, auto-managed and executed agreements of purchase and sale, encrypted currency like Bitcoin, instant mortgages (Zillow offers "mortgage origination" via its subsidiary, Mortgage Lenders of America), and a technology infrastructure that is "immutable", consumers will flock to these online services to manage the end-to-end process of selling and buying a house.

What's a Realtor to do? If you give your listings to an online listing company, you could be contributing to your own future business demise. If you don't embrace proptech, you'll definitely find yourself without a career within the coming decade.

Will Canadian organized real estate save the day? Do you think spending millions of membership dues to limit the publishing of certain data outside the MLS or registering trademarks will make one iota of difference?

CREA's and TREB's 2016 revenue were each under \$40 million. CREA spent \$500,000 on technology; TREB spent \$15 million on computer technology. Zillow invested more than \$100 million just in R&D. Amazon, Google, Microsoft and Facebook, which have all stated they want in on the real estate business, spent \$16.1, \$14.3, \$12.3 and \$5.9 billion in R&D, respectively. CB Insights monitors real estate tech markets. It says newer residential real estate technology startups have focused on mortgages, direct-home buying and title and closing. Commercial sector startups focused on data, valuation and analytics, investment crowdfunding and energy management.

How many commercial list-

ings do you find on the MLS? The commercial real estate old boys' network will also take a beating. What developer or property owner needs a Realtor if they can directly access thousands of small investors for any one project via crowdfunding and provide them with myriad analysis tools and information in order to make an informed decision?

Realtor.ca and the traditional board-level MLS as we know it today will become irrelevant within a decade.

Opendoor, a startup, raised \$725 million and is valued at \$4.4 billion. It and Zillow flip homes with the press of a button. Point.com empowers homeowners to sell small fractions of their home equity to investors. WeWork is turning office space into real estate-on-demand. Slock.it offers a smart lock that opens when contract conditions have been met and enables anyone to rent, sell or share any asset without a middleman. OpenBazaar is a free online marketplace where you can create a store and sell anything. It's not a company or organization. It's open source software that nobody controls.

Realtors are intended to be "trusted" middlemen. What a future Realtor's role might be requires a separate article but, with absolute certainty, it won't be gatekeepers of MLS data.

Whatever the role, if you're not tech-savvy – social media, online advertising, blogging, email drip marketing, aerial and 3D video, social graphics, conversion rates – you'll consistently lose to those who are.

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