

**Three Clockhour Class**

**The  
Future  
of  
Real Estate**

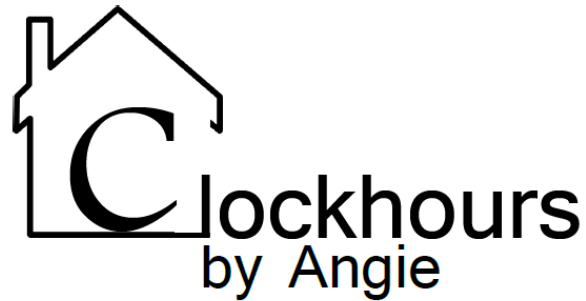
**Let's Ask the Eight Ball**

**By Angie DeArth**

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A Washington State Approved Real Estate School for Clock Hour Education  
under R.C.W.18.85.

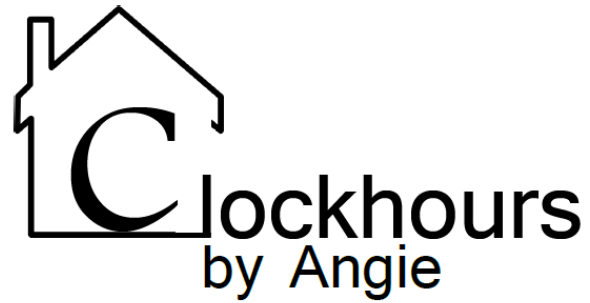


## CORRESPONDENCE CLOCKHOURS

### INSTRUCTIONS:

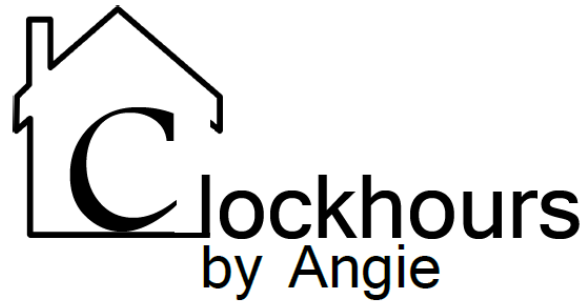
1. Print out the class.
2. Read the class material.
3. At the end of the material there is a quiz (all the answers are in the material that you have read).
4. Answer the questions.
5. Return to me the Quiz, evaluation and a check for the class payable to **CLOCKHOURS BY ANGIE**, or complete your credit/debit card information on the sheet provided
6. Upon receipt, I will email you a certificate.

Disclaimer: I try very hard to have the latest known information on a subject in these classes, but the real estate industry is forever changing with new updates all the time. The class materials are not to be used for legal advice. In our State, some items are handled differently in the different regions. If you have any concerns, please do not hesitate to contact me at 509-216-3220 or at [clockhoursbyangie@gmail.com](mailto:clockhoursbyangie@gmail.com)



### **COURSE OBJECTIVE:**

1. Identify what kinds of changes have occurred in the past several decades.
2. Look at National and Washington state trends in the real estate industry.
3. Look at how the changes may affect technology, banking, and forms.
4. Evaluate how certain changes could affect you in the future.



## CURRICULUM

<b>Session/Hours</b>	<b>Topics</b>	<b>Method of instruction</b>
15 minutes	How do I come up with ideas	Read material/discussion
15 minutes	The internet changed our world The 2000 millennium celebration	Read material/discussion
30 minutes	History of searching for listings	Read material/discussion
30 minutes	National predictions and trends Washington State trends	Read material/discussion
15 minutes	Housing recovery in 2025? Future of Real Estate Agents	Read material/discussion
30 minutes	Impact of Technology	Read material/discussion
45 minutes	Real Estate Firms/title/escrow Home Ownership	Read material/discussion

## HOW DO I COME UP WITH IDEAS FOR CLASSES?



Well, this one was totally by accident.

I work part time for an escrow collection company, seller financing and I am the one who reviews files when closers or attorneys place them with us. I make sure that if it is a note and deed of trust, I have the fulfillment document which is the request for full reconveyance. And in the event of a real estate contact, I would want the fulfillment warranty deed.

We received a payoff and the file was given to me to process the documents to the title company to record or to the trustee. In this case it was a note and trust deed and I did not have the request for full reconveyance....how did it slip by me? I was shocked as I am really good at making sure every file is perfect.

I immediately called the closer to see if by chance she still had the document in her closing file. She told me that they are “paperless” which I knew, but I had to ask. Maybe this was a problem file and she still had the “paper” file. She said she did have a copy of the reconveyance in her system and it was signed by the beneficiaries by DocuSign. She sent me a copy of it.

I then called the trustee of the deed of trust and told them that I have the DocuSign copy and they told me as long as I had the original promissory note and a copy of the recorded deed of trust, they would accept the DocuSign reconveyance if I also had a statement from the closer that the document being signed was signed based on their DocuSign instructions, and they met all the requirements. (Meaning if it was notarized, it was documented correctly.)

This made me think a little bit more about the word “paperless” as we are becoming a “paperless” society everywhere. Attorneys, title, escrow companies are all becoming “paperless”. And many real estate companies are. And in checking with “others” it seems like most companies out there are all becoming “paperless”

Does this mean that one of the only companies out there that MUST hold original documents is the seller financing escrow collection companies. In the State of Washington, Escrow Collection companies are under Department of Financial Institutions. Escrow Collection companies must

have a fireproof filing cabinet to hold original fulfillment documents. I contacted DFI and they said they don't see how this could possibly change in the future, but who knows what the future holds. Right now, Escrow Collection companies CAN NOT BE PAPERLESS.

So, here goes a brand-new class that will get you thinking about the future.



## THE INTERNET CHANGED OUR WORLD



No other change has made such a dramatic impact on real estate marketing, contracts and communications. New technology is heading in our direction. We went to the moon 50 years ago without a calculator and today you can run an entire business in the palm of your hand from anywhere in the world with a smart phone.

When the market came to almost a dead halt, real estate agents have been struggling to hang on. About a third of real estate agents left the business in the last decade. Those agents that survived along with those new agents coming on board will see the real estate movement facing some interesting changes ahead.

There are all kinds of doom and gloom predictions from politicians and economists. The trillion-dollar national debt, rising oil prices, and budget cuts everywhere affect everyone. But what we do see in the Northwest is that properties are selling, prices are climbing upwards and financing is becoming more available.

My being from the background of “seller financing” we are seeing more seller financing transaction than ever before. My feelings on this are we have better information real estate agents who may realize this type of financing may be better for their seller or purchaser or the property being sold.

Interest rates are going up or going down – everyone is following this and it is affecting many people’s choices. Short sales were a thing of the past, but they are now surging again.

First time homebuyers have been saving. Move up buyers with equity are trading up. Investors have been holding back and are out shopping. Hammers are pounding and cranes are going up as construction starts to boom again. This is an extremely exciting time to be in the real estate industry.

As the business grows, communication, information and marketing efforts will continually evolve. It is important to be prepared for changes ahead even if we cannot predict what they might be.

## THE 2000 MILLENNIUM CELEBRATION



For the Times square 2000 millennium celebration, the ball was redesigned entirely by Waterford Crystal. The ball was a geode sic sphere, six feet in diameter and weighed 1,070 pounds covered with 504 Waterford Crystal triangles. The ball was equipped with computer controlled 696 lights and 90 rotating pyramid mirrors, that produced a magnificent, kaleidoscope color effect. People around the world worried as we rang in the New Year that it could mean the end of the world....the power grid in the US would fail, or worst yet, all of our computers would cease to work. But what did happen is that the internet and new technology became an integral part of our lives and work.



## THE HISTORY OF SEARCHING FOR LISTINGS



### **Prior to the 1980's:**

Before a database was available, MLS staff gathered paper copies of listings input sheets from member firms. The listings would be transcribed onto listing cards, which were stored at the MLS office and were copied to be shared back with member firms.

### **Early 1980's – "The Book":**

The first MLS database was created, allowing the MLS to provide printed listing books to member firms either each week or bi-monthly. At that time, only MLS staff could input and search for listings.

MLS staff would collect new listings and changes on a daily basis and the information was manually input into large terminals in the MLS data room. This data was transmitted to a Seattle based company named International Graphics and was compiled and printed on large presses to create "the book"

Member offices would subscribe to receive printed books with active listings in six geographic areas. MLS route drivers would pick up the books and deliver them in-person to member firms.

And, if you were an agent during this time, you would know what "the pink sheets" or the daily bulletin" were. They were sheets that were printed with daily updates of any listings and copied at the local MLS offices and delivered to the member firms. This ensured that all member firms were aware of the new listings, price changes, open house information and important messages from the MLS.

### **Late 80s – Silent 700**

Exciting new technology (the Silent 700 from Texas Instruments) was introduced, allowing brokers to print listing information themselves for the first time. Brokers could "plug" their

landline telephone receiver into the Silent 700 computer with dial-up. Listing information was then transmitted over the phone and printed onto thermal paper via a modem.

## **Early 90's – Latitude, RealTrieve MLS & SuperTrieve MLS**

The first personal computers were introduced, and software programs were developed to view listing information. In 1992, an innovative mapping software program, Latitude, was developed by Northwest Geografx of Kirkland. Latitude was specifically designed to communicate with the MLS computers and listing database. The program showed homes on a colored map display and listed houses appeared as stars on the map. A broker could point to a listing's star and pull up a window of information about the house.

Moore Data Business Systems purchased International Graphics (the company that compiled the listing data for the printed MLS books) and introduced RealTrieve MLS, another software program that allowed brokers to search through MLS listings on computers. Later, this system was updated to SuperTrieve MLS.

*Fun fact: Moore Data Business Systems eventually became Core Logic, the company that provides the NWMLS with Matrix and Realist.*

1996 – First time listings were on the internet. Some Brokers had their own listings on their website. Before the IDX Age, there were three ways for brokers, listing agents and buyer's reps to post listings on their own Web sites: show property data about their own listings; provide a link to aggregate sites, like REALTOR.com; or provide a link to local MLSA – if it had a consumer searchable function. All three made the consumer leave the site to view the property listings.

2002 – IDX feeds became available so consumers could search on the real estate firm websites

2005 – Google Maps launched

2005 – Postlets starts – Postlets was a real estate listing creation and distribution platform that was acquired by Zillow in 2011. Postlets allowed real estate agents, property managers and landlords to create a listing once and then automatically distribute it to 13 real estate and social media websites.

2006 – Facebook open to anyone over 13

Twitter launches

Active Rain Starts

Zillow starts and within 3 days has 1 million visitors – As of June 2024, Zillow's net assets were \$4.50 billion. Number of users in 2023 had an average of 226 million. As of October 2024, Zillow has a market cap of \$14.39 Billion. This makes Zillow the world's 1293rd most valuable company

006 Zillow launches Zestimate

2007 Real estate market bubble bursts

Trulia launches Q&A for real estate

First iPhone introduced

2009 Zillow has iPhone App

2010 First iPad....mobile computing on tablet begins

2011 Zoom is created- As of October 2024, Zoom's market capitalization is \$32.21 billion, making it the 917<sup>th</sup> most valuable company in the world. Market capitalization is a measure of a company's value, calculated by adding up the total market value of all its outstanding shares. Zoom's founder and CEO is Eric Yuan. During the Coronavirus pandemic, Zoom saw a surge in demand as more people used video conferencing for work and social interactions.

2011 Zillow purchases postlets

2013 Trulia buys ActiveRain

2017 Zoom is valued at 1 billion

2020 Zoom is one of the most important communication tools during Covid

2024 Zoom is valued at 21.92 billion!

2004 Zillow is valued at 15 billion!

Since that ball dropped in Times Square on January 2000, the way we communicate, market, research, discover news, shop and run our businesses has changed. And in the midst of all that technology changing our real estate bubble grew with properties skyrocketing in value, borrower qualifications became soft, and the economy soared only to come to a crashing halt in 2007

As the real estate market and our economy make a striking comeback, technology continues to grow and change. There were many real estate agents, even those that survived, who did not embrace the new way we do business and communicate and are struggling today. It is important to make an intentional effort to become familiar with new tools and ways to communicate. The clock continues tick....always changing.

DISCUSSION:

1. When did you get your first website...or do you have one?
2. Do you have a smart phone? How has it changed your life?
3. Are you active on Facebook?
4. Do you have a blog?
5. Do you have a mobile real estate business?
6. Do you keep your money in a brick-and-mortar bank?
7. Are you concerned about sustainability when you list a property?

## NATIONAL PREDICTIONS AND TRENDS



No one accurately predicted the crash of 2007 in our economy and the real estate industry. Many could see it coming but no one anticipated the effect it would have on everyone. It is the same for every prediction that is made. We can only basically guess what could happen in the future. Some of us imagined that life would be like we saw on the TV Show “The Jetsons.”

1. *Were you in the real estate industry in 2007-2008 – if so, how did it affect you?*
2. *If you were not in the industry then, how did it affect you otherwise?*
3. *Have you imagined the future and your predictions were close to reality?*

There is no national real estate license. All real estate agents are licensed by their individual state. Some states have reciprocal licensing or requirements in that you can bypass a class or step to become licensed in another state. The National Association of REALTORS is an organization of real estate agents. Not all agents are members. In some states, including Washington, the REALTORS does not own the MLS. In many states membership in the REALTORS is required in order to access the MLS. You can now search listings across the country from the smallest town over 3000 miles away.

1. *Do you picture a database that includes all properties nationally?*

There is a wave of worry across the country due to the REALTOR lawsuit. The REALTOR association owns the MLSs in most of the country. In Washington state, the largest MLS is a co-op. It is owned by the brokers. Washington State has had agency laws, disclosure and buyer representation for decades! But the consumers do not understand the real estate market. The idea that buyers will have to pay a broker commission (or compensation) when they are struggling to make a down payment is not reasonable. The commission (or compensation) should be built into the house value as it has been done. Only time will tell (the future) how this all shakes out. But brokers are worth their value in the commissions (or compensations) that they charge.

1. *Do you picture the market changing in regard to commission or compensation in the future?*

Transactions have become almost virtually paperless. Real estate transactions might occur completely online without paper documents for everything from the agreement to the loan application. Today, you can purchase almost anything within one to two clicks on your phone or computer. Transactions will happen with forms that are uploaded and signed using electronic signatures.

1. *How do you see the transactions becoming more virtual?*

Many real estate agents work in a firm that is part of a national or multi state franchise. Some have international connections. This gives the agents access to information and technology that might not otherwise be available from a small boutique firm. It also links agents across state lines for referrals and relocation.

1. *Do you see agents continuing to gravitate toward the mega real estate firms?*
2. *What is the future and advantage of the small boutique firm?*

No one imagined that our entire country, the entire planet would be affected so drastically by a pandemic in 2020. It changed our lives in almost every way. It affected the way real estate firms and brokers conduct business. Real estate brokers and firms had to adhere to strict guidelines that changed over time. The trend has been to work remotely and use digital communications and forms. A hurricane can wipe out half a state in 48 hours over 100 miles from the ocean. Wars are being fought around the world.

1. Do you see the real estate industry ever going back to being centered in an office to the extent it used to be?
2. How do you see a catastrophe affecting the real estate industry?

Syndication of Listings is a hot topic across the county. When an agent lists a property, it will be on the MLS database. Often, the agent or the firm will share that listing information on additional sites like Zillow and Trulia. Zillow does not have access to the NWMLS. The brokers give them listings. Zillow bought Trulia. In addition, there are other sites that are marketing listings, possibly locally, or for types of properties. They typically get the listings information from the real estate firm. Sometimes the information is not updated on a timely basis. In some cases, they might “scrub” the listing information putting listings unauthorized on their website. This might be so that they can sell advertising to agents, sellers, or other related industries.

1. Do you share your listing information on other sites beyond the MLS?
2. How do you share that information?
3. Have you checked these sites that they claim will advertise the listing?



## WASHINGTON STATE TRENDS



Washington State real estate agents are licensed to practice in this state. There are several Multiple Listing Services (MLS's) that serve different areas and regions. The Northwest MLS is the largest one including agents and properties. It is a co-op that is essentially owned by the real estate designated brokers and agents. The Washington Association of REALTORS does not own or manage an MLS database. Its membership does not include all the licensed real estate agents.

1. *Do you see the NWMLS becoming the only MLS in the state?*
2. *Are you a member of REALTORS?*
3. *Do you see membership growing or changing in the next decade?*

Two of the larger real estate franchise firms in Washington State include John L. Scott and Windermere. Both have branched out regionally with offices out of state. In Washington State there are a number of national franchises including (but not limited to) Berkshire Hathaway, Coldwell Banker, Century 21, Keller Williams and Real Living. In the bookselling business Barnes and Noble along with Borders Books came into communities and literally wiped out all the small retailers. They did it without reducing the prices on the same inventory. With Amazon becoming the largest retailer in the world, even the large booksellers have been closed down. In Puget Sound the Barnes and Noble in the University District closed along with Borders in Redmond. And in 2016, Amazon opened a bookstore in University Village!

1. *Do you see that as a trend in the real estate business in Washington State?*
2. *Do you imagine that all the major real estate firms will become national franchises?*
3. *What do you think will happen to independents?*

**This almost reminds me of the movie “Demolition Man” with Arnold Schwarzenegger and Sylvester Stallone where the only restaurant left in the world was “Taco Time”.**

Currently, when you are licensed to sell real estate in Washington State you are not limited to the type of property, client, or transaction you sell or lease. You could sell or lease anything

from a residential home in a neighborhood to a small plot of land for a cell tower site. You could sell a condominium up in the upper floors of a metropolitan building to a 100-acre winery in the other side of the state. For many years, the idea of a single license versus a specific license has been tossed around in our state.

1. *Do you think property managers should have a separate license?*
2. *Do you see that there would be an advantage to getting licensed for residential and commercial separately.*
3. *What type of property do you specialize in selling?*

Traffic is a major consideration when a consumer purchases a home in Washington State. Most of the metropolitan areas are limiting the amount of parking required for multifamily units and commercial businesses. Cities are attempting to build better public transportation, building off-site parking spaces, putting tolls on road and (what we used to refer to as ) freeways.

1. *How do you think public transportation, parking and tolls will affect the future homeowners and the value of properties.*

Every property in Washington State is listed on a database with the local county in order to assess taxes, for utilities and to record information regarding building permits and legal descriptions. But that information is not the same in every county and it is not always accurate. A county listing might only list 2 bedrooms and 1 bath when, in fact, the homeowner may have added many bedrooms and baths to the home. None of this information is centrally located on one database. The taxes and power bill are not on the same database.

1. *Do you picture a statewide database on each property including all the information?*

When you get a real estate license you have to take an exam at a remote location after taking required classes. If you were getting your law degree, the Washington state portion of the bar exam is available on a laptop at home from the internet. We are to be fingerprinted every 6 years as agents using paper cards and ink. To renew your license, you have to take classes. When you renew your license in WA state, you just check a box that you verify that you have taken clockhours. You do not send certificates or make a list of classes you have taken when you renew. But, if you are audited, you must be able to respond asap with the information. To take classes, now, you have the choice of a variety of live and distance learning programs. It is beginning to be required to provide Department of Licensing with an email for communication.

1. *How do you picture the whole process of getting licensed and renewing a license changing in the future?*
2. *Do you enjoy online interactive courses?*

## CAN WE EXPECT A HOUSING MARKET RECOVERY IN 2025?



For a housing recovery to occur, several conditions must unfold.

For the best possible outcome, we would first need to see inventories of homes for sale turn considerably higher. This additional inventory, in turn, would ease the upward pressure on home prices, leveling them off or perhaps helping them to settle back somewhat from peak or near-peak levels.

To be sure, the recent decline in mortgage rates is beginning to help loosen this much needed inventory. Lower rates are also fueling mortgage originations. After peaking at 7.79 in October 2023, the average 30-year fixed mortgage rate has been below 6.5% since mid-August, landing at 6.12% the week ending October 3.

Meanwhile, the Fed finally cut the federal funds rate in September, and more cuts are likely in store. However, the size of those cuts will depend on inflation and unemployment data. Mortgage rates indirectly track this key interest rate banks use as an overnight lending guide.

However, as mortgage rates continue their descent, we hope they don't cool too quickly. Rapidly falling rates could create a surge of demand that wipes away any inventory gains, causing home prices to rebound.

As far as 2025 is concerned, most say it is a little early to tell whether the housing market will be in better balance considering all the variables, such as whether or not mortgage rates decline and by how much, and how home prices react amid the unleashing of pent-up demand.

## **NEW CONSTRUCTION:**

Thanks to the steady decline in mortgage rates, the gloomy outlook for new construction saw a small break in the clouds with builder confidence rising from 39 to 41 at the end of the summer 2024. Despite the brightened outlook, builder sentiment remains negative. A reading of 50 or above means more builders see good conditions ahead for new construction. Builders are now having a positive view for future home sales for the first time since May 2024. However, the cost of construction remains elevated relative to household budgets, holding back some enthusiasm for current housing market conditions. There are mixed signals for new home construction.

Experts say a turnaround is in store thanks to improving builder sentiment amid declining interest rates, which inject much-needed inventory into the market.

## WHAT IS THE FUTURE OF REAL ESTATE AGENTS?



With so many changes in the real estate industry lately, many people are asking this question.

From rapidly advancing technology, startups focused on helping buyers find a home without an agent, artificial intelligence, and even recent regulatory changes, it can feel daunting to be an agent right now.

If you're not zoomed out or looking in from the outside, it can feel like the career you love so much is on the line.

With the real estate industry rapidly transforming over the past few decades, from virtual tours and online listings to artificial intelligence and even the blockchain, it's hard to deny that agents are nervous. Since everything is changing, it tends to threaten the comfort zone you may have found yourself in. When you look at it with a different set of eyes, it presents an amazing opportunity.

While all this technology is shaking things up, you have to stop and realize what it's attempting to do at the core of it all: make life easier for both agents and home buyers and sellers. So, while we may not have a crystal ball and can't accurately predict the future, what we can say is that **there will always be a place for personalized, white glove approach to real estate.** If you are an agent that prides yourself on the relationships that you build, how deeply you serve your clients, and the passion that you have for the industry, you're going to be hard to replace.

What technology will do though, is make your life even easier and even more effective.

**AND, with all the forms, the buyers and sellers will ALWAYS need you. They don't have access to the 100's of forms available that you do. And they don't understand their effect. Only you have access and knowledge.**

## IMPACT OF TECHNOLOGY ON REAL ESTATE AGENTS



It is impossible to deny that technology is going to continue to impact real estate agents. In a perfect world, startups and founders would love to be able to make the claim that they're completely removing agents from the homebuying and home selling process. What they tend to forget when they're pursuing those goals is that there's a human at the other end of the transaction too. Home buyers and sellers may not necessarily want to embrace AI. They tend to want the personalized touch that great agents give them. They may not ever completely trust AI and technology in the process.

Technology growth (and impact) isn't going to slow down any time soon. That means you'll need to strike a balance between being able to use it to your advantage while also delivering the value in the human experience and expertise that you bring to the table. Your goal should always revolve around giving both buyers and sellers the best possible experience.

There's a few big challenges you'll need to learn how to navigate. If there is one thing you can be certain of, it's that technology is going to continue changing and evolving. Spending some of your time staying up to date with these changes will be critical if you want to stay relevant as the years pass by.

This means the market will continue to be packed with new agents all hungry for real success. It also means that it's going to get harder and harder to generate leads, convert those leads into clients, and then clients into closed deals. While most experienced agents understand that they need to move where the market moves, newer agents could struggle with figuring this out while technology continues making its way into the industry.

Realtors need to prepare strategies for what's happening in the economy, from unemployment to inflation and interest rates. Then there's maintaining a work-life balance as you're keeping up with these challenges. An increased workload, between finding and signing new clients while keeping up with changes in technology, can lead to burnout for many agents. Staying aware of this and keeping it from seeping into your personal life will be critical.

## WHERE REAL ESTATE AGENTS PROVIDE VALUE



Something a lot of agents are learning as technology advances is that the goal is for homebuyers and sellers to be able to move through the process by themselves – without an agent. The biggest area where real estate agents can provide value with these changes is the fact that things RARELY go according to plan. There’s so many different obstacles and hurdles inside the process that it’s easy for buyers and sellers to simply get overwhelmed.

By thoroughly understanding the process, where each of these hurdles and obstacles exist, and how to instill confidence in your buyers and sellers as you help them navigate the process, you can stand out against the technology platforms that are looking to replace you.

### **WHAT IS A REAL ESTATE AGENT’S FUTURE?**

Like I mentioned earlier, we don’t have a crystal ball, or at least a working one, so we can’t predict the future. What we do know is that many startups, founders, and CEOs are focused on bringing technology to the world that helps buyers and sellers complete the transaction without an agent. The only difference will be how you’re using technology to make transactions smoother, more effective and more profitable.

The key to your long-term success revolves around placing a heavy emphasis on providing white glove service, personalized care, and your own unique experience – something that technology can’t replicate.



## TECHNOLOGY AND ITS IMPACT ON THE REAL ESTATE INDUSTRY



If we were to go back in time 15 years and have a discussion with our family, friends and people in our industry about the changes that would occur affecting all of us in the year 2015, can you imagine the look on their faces? Technology and innovation has changed the way we have run our lives. A smart phone in our pocket can run our entire business. Our cars are often powered by batteries. We know what dozens and even hundreds of our friends are doing at this moment using Facebook. We can find out the answer to almost every questions we can imagine within seconds using Google. Technology has changed our lives. It will continue to do so in ways we cannot even imagine.

“Keyboxes” have come a long way from the small round key we used 30 years ago. At one point in the MLS a key got into the hands of someone stealing from homes and so everyone in the MLS had to turn in the keys and for two weeks they had no Keyboxes or access to other agents’ listings. It felt like the business had stopped. Today you can access homes listed in the MLS with a smart phone in many areas. As the listing agent, you have access to information about showings. Today, you can tract runners in a marathon because of the little red plastic tag they put on their show.

1. *What kind of information might a key box in the future hold for listing agents?*
2. *How could the key boxes be more secure in the future?*

The forms we use to create a transaction are so lengthy. So much of them is boilerplate disclosure and disclaimers. Now that we are putting together transactions with almost no paper and electronic signatures, the idea of even reading the forms seems too difficult.

1. *How could the transaction and its forms be simplified in the future?*

There are apps for smart phones and tablets that will let us control certain items in our house from the door locks, the garage door, the temperature, and the lights. In the future, it could be that every updated home will have its own app so that when you list a home, you will include the app and its operating system or whether it is running updated software.

1. *Could you imagine an app for each listing?*

2. *How could it be listed on the listing for the buyers?*
3. *How could it affect the showing of the property?*

Virtual Realty could replace basic videos. Drones will change the way we see the house from a distance. In addition, drones could be used inside to take videos. 3D Modeling can show the inside of the house in an entirely different way.

Artificial intelligence (AI) has been used in real estate since the early 2000's. Its use is growing. In some cases, it is helpful. In other cases, it is out of touch, is far from accurate, make consumers want to scream at computers, and there is no disclosure as to the source of the information or that it was based on AI.

2006: Zillow launched Zestimate, which provided free home value estimates for consumers

2012: Prop Track, an Australian company developed an AI-powered property valuation tool

2013: HomeSnap introduced AI-powered lead generation tool for brokers

2014: Trulia launched an AI-powered lead generation tool for brokers

2015: RealScout developed home search tools for real estate brokers

2018: An AI algorithm called "soon to market detection" was used to acquire two properties in Philadelphia.

## REAL ESTATE FIRMS



Go into almost any real estate office in town in the middle of the week and it will be virtually empty. There may be staff coordinating transactions, but there will not be crowds of real estate agents. Large real estate offices with dozens of full desks, computer rooms and conference rooms are a thing of the past. Real estate agents work from their home offices, carry their own computers and meet clients anywhere that is convenient.

Transactions will become virtually paperless....as most are already. There will be no file cabinets or copy machines that must be accessed by an agent. A smart phone can easily take photocopies of documents and email them in seconds.

Most real estate offices don't even have office meetings on a weekly basis as was the case in the past. In fact, there are offices that have no meetings at all.

It is difficult to get information to real estate brokers in an office. They seldom come to meetings, often don't read office emails and they don't see other agents. There are new laws, rules, regulations, and practices that should be discussed with brokers. That line of communication is not strong now that seldom do the brokers attend the meetings.

There are real estate firms that work exclusively online. That is becoming a trend.

1. *How will the paperless transactions affect the future commissions?*
2. *How will communication be effective between Designated brokers and the brokers they hire?*

## HOW WILL TITLE COMPANIES BE AFFECTED?



Many title companies are downsizing and allowing some of their staff to work from home. Many title officers and LPO's work from home now and more are looking for this option.

Marketing Representatives really have had to change the way they market their clients. They used to stop into offices daily to talk to the agents about what they have to offer. Now that the real estate agents are not in their offices, they usually only see a staff member. They have had to change the way they approach agents now. Some of the ways:

1. If the company has a designated sales meeting day, they may schedule to attend and talk about something they can offer
2. They are setting up coffee dates and lunch dates, so they can individually target an agent.
3. Zoom calls are lined up to perhaps review a certain aspect of what the title company can offer that agent to help with their business.
4. Lunch & learn meetings – the rep will bring in an instructor to talk about the services of the title company.
5. They often attend many events in the community

## WHAT ABOUT LENDERS



Mortgage lenders originate loans and then sell them to investors along FNMA guidelines. But, when the regulations get too strict limiting the number of buyers, lenders get creative and other investors step in. That is exactly what happened when the market came to a grinding halt. There was too much creative and risky financing.

1. *What is the future of banks and mortgage companies?*
2. *What will be involved in underwriting a loan?*
3. *Will loans continue to be 30-year time frames?*

When we go to work and bring home a paycheck, we often go to the bank and deposit it. People today, though, don't all use the traditional banking system. It is not flexible to their needs, it does not give them enough interest or security, and it is not accessible. People today take their paycheck and put it in their PayPal account, Bitcoin, credit unions and more

1. *Do you see a difference in the way people collect and save money in the future*

According to the Wall Street Journal, "Amazon tiptoes into banking business through student loans". Amazon is now offering discounted rates for "private" student loans through Wells Fargo.

1. Do you see major companies like Amazon going into business? Lending?

The next generation includes young people that are making the income to purchase the average house in many cities over \$1 million. The middle class is struggling. What is happening to jobs and savings? Where are we heading in the future with mortgage lending. The average American household carries between \$6500 and \$9000 in credit card debt in 2024. The average household has at least 1 and often 2 cars loans. Very few people have enough savings for retirement. Corporations are eliminating pensions for employees.

I would guess that my grandkids and the next generation coming up will never enter a bank.

1. How do you think that will affect financing?



## **PROPERTY CONDITION, DISCLOSURE AND INSPECTION:**

The largest source of lawsuits is most often some issue with disclosure. The buyer moved into the property and found that there was something wrong or not as they expected when they purchased the property.

When a house is sold, under Washington State Law, the seller must fill out the Property Information Disclosure form unless exempt. When the seller does this, there are basic questions about the property. The lawsuits in the past decades have leaned toward a “buyer beware” attitude making it difficult, if not impossible for a buyer to sue a seller for an error on the disclosure form.

1. Do you think inspection forms will become recorded in the cloud for the new buyer to read?

When an inspector does a thorough inspection of the property there are no real standardized guidelines. The tools that inspectors use are becoming more technical. They are only liable for problems that they see. It is the same for specialized inspections, like mold and asbestos. There are tests to purchase for a few bucks for a homeowner to test themselves for lead and asbestos. The technology is being developed to see beyond the paint on the walls, to test for water purity, to check for air quality, to fix water issues and to evaluate energy consumption.

1. Do you see that tools the inspector relies upon will be more sophisticated?
2. How do you picture home inspectors in the future?

## SUSTAINABILITY AND GREEN BUILDING AND ENVIRONMENTAL ISSUES



Energy and resources will become one of the hottest issues in the real estate industry in the next 15 years. The cost of power and the reliance on fossil fuels is a serious topic. There are places in Washington state where the idea of energy for heat in a home was natural gas. Now, there is a movement to stop building houses using natural gas.

When you list a house or a builder builds one, you might identify some issues surrounding the power consumption, insulation and sustainability.

1. How do you imagine the issue of Green Building may grow in the future?



## HOME OWNERSHIP



Home ownership during the past century has been the “American Dream.” The percentage of people that own their home continually increases so that today, more than half the population is a homeowner. Our government programs, tax deductions and banking industry has supported home ownership because it has been shown to have a positive effect on the total economy.

As of quarter 2 of 2024, 65.6% of households in the United States own a home. This is a slight increase from 2021 when homeownership rate was 65.5%

### **Homeownership rates vary by age, race and location:**

**Age:** Homeownership rates increase with age, with those under 35 having the lowest rate

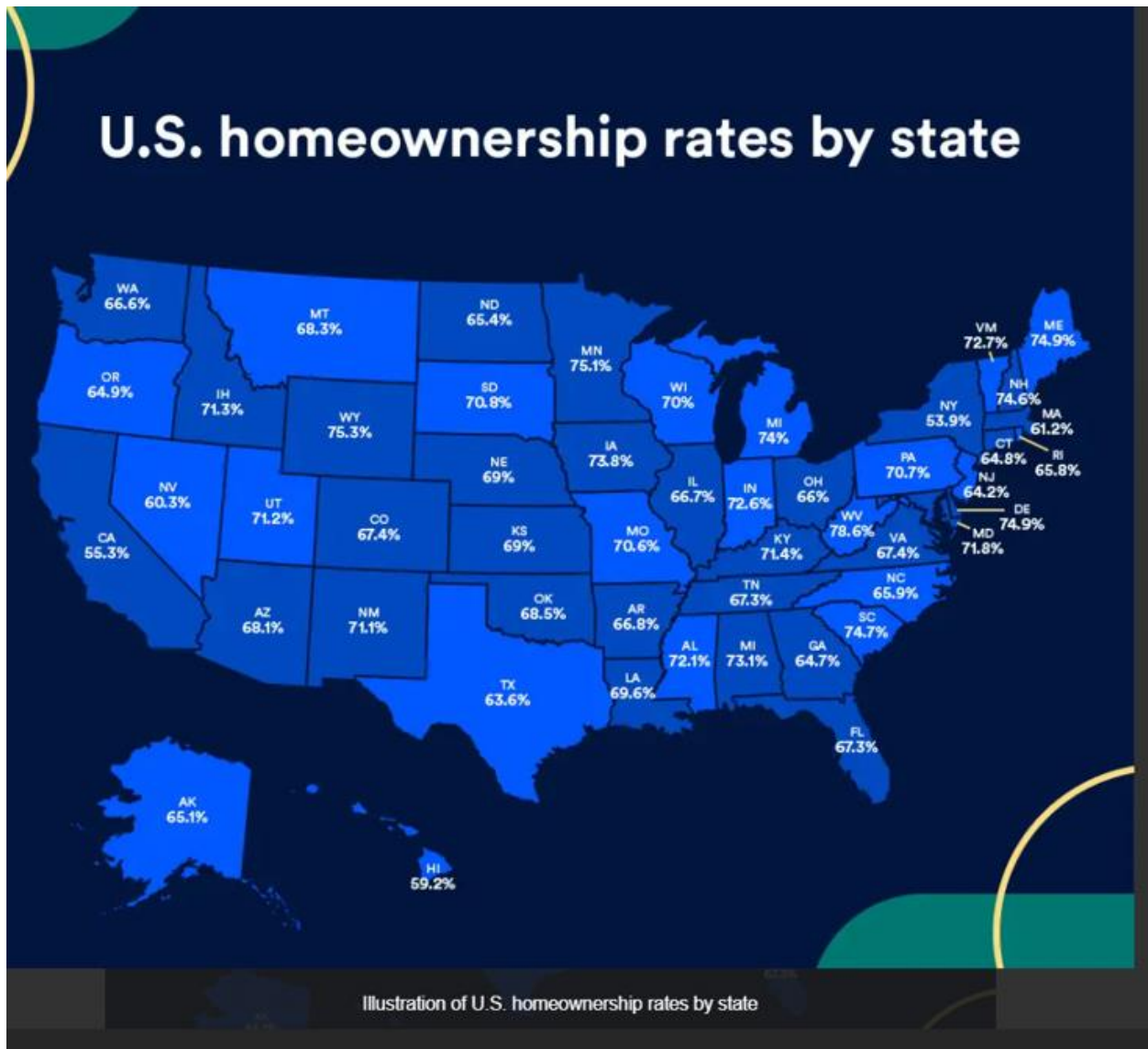
**Race:** White Americans are more likely to own their own homes than people of color. In 2021, the homeownership rate for white Americans was 72.7% compared to 44% for Black Americans.

**Location:** States like New York, California, and Hawaii have lower homeownership rates due to higher home prices and costs of living. West Virginia has the highest homeownership rate at 77%, followed by Delaware, Mississippi, Maine and Wyoming

### **Homeownership data 2024**

1. The number of households increased by 10.1 million from 2010 – 2020, fewer than in any other decade between 1950 and 2010
2. The Homeownership rate among young adults (those under 35) has declined from 45% in 1990 to 39% in 2022
3. The number of first-time homebuyers increased to 32% in 2023 up from 26% in 2022
4. The typical recently purchased home was 1,860 square feet, had three bedrooms and two bathrooms and was built in 1985
5. 16% of recent homebuyers are veterans and 2% are active-duty service members
6. A majority of buyers purchased their homes for 100% of the asking price, while 25% purchased for more than the asking price.

# HOMEOWNERSHIP RATES BY STATE



## **THE FUTURE OF HOMEOWNERSHIP IN THE UNITED STATES IS UNCERTAIN, BUT HERE ARE SOME PREDICTIONS:**

**Homeownership rate:** The national homeownership rate is expected to decline from 65% to 62% by 2040. However, the rate will vary by state, and the number of new homeowners is expected to increase by 6.9 million.

**Homebuyers:** The majority of new homeowners will be from households of color, including Hispanic, Asian, and Black households. White households are expected to decline in number.

**Housing market:** Home sales are expected to increase as mortgage rates and inflation decrease. Home prices are expected to hold their value in the short term, but may vary by market

**Loan approval:** In the next one to three years, lenders may offer an “always approved” loan profile based on a borrower’s income, assets, credit and debt.

**Home Design:** Homes may become more interactive and wireless, with the ability to access data from anywhere. They may also feature integrated solar panels, Microgen and ultra-thin insulation films.

## HERE ARE SOME OF THE LATEST TECHNOLOGIES:



**Artificial Intelligence (AI)** A next-generation technology that provides machine intelligence without human assistance. This technology uses algorithms like GPT (Generated Pre-trained Transformer) and DALL-E to understand and produce content that resonates with human preferences. The vast applications range from generating articles, creating educational materials, and developing marketing campaigns to composing music and producing realistic visuals. This speeds up content creation and reduces costs and enables small businesses and individuals to create content at scale.

**Robotics** – Robots can perform complex tasks with little or no human input. They are used in manufacturing, healthcare and homes.

**Cybersecurity** – A relatively new type of insurance that protects business from cyber threats

**Virtual reality (VR)** A digital environment that can transport users into a realistic experience. VR is used in business applications. VR is becoming increasingly prevalent in gaming, training, and therapeutic contexts.

**Internet of things (IoT)** – connects devices to each other and to the people who use them. IoT is expected to change how people receive and process information. This includes monitoring traffic and public transport to reduce congestion, using smart grids to optimize energy use, and implementing connected systems for public safety and emergency services. As cities continue to grow, IoT helps manage complexities and improve the living conditions of residents.

**Edge computing** – Allows data processing to occur closer to its source, which can reduce data transmission costs and delays.

**Machine learning** – A technology that can be used to analyze large amounts of documents.

**Cloud computing** – A technological innovation that offers new opportunities and challenges for organizations.

**Blockchain Beyond Crypto** -Initially developed for Bitcoin, blockchain technology is finding new applications beyond cryptocurrency. Industries are adopting blockchain for its ability to provide transparency, enhance security, and reduce fraud. Uses include tracking the provenance of goods in supply chains, providing tamper-proof voting systems, and managing secure medical records.

**As a group exercise, we are going to imagine how a real estate transaction would occur in the future**

Imagine that we are in the future approximately the year 2030. You are 15 years older than you are today. You have survived all the changes over the past 15 years that have revolutionized the real estate industry in ways that you could barely predict back in the year 2015. You are a full-time real estate agent. You have a prospective buyer for a residential home. Be creative and imagine this transaction in a world as far-fetched as the one that George Jetson inhabited.

1. How did the buyer find you?
2. How does the buyer qualify for the loan?
3. How much would the property costs?
4. Where did the down payment come from?
5. Where/ how do you search for properties?
6. What do you see when you search? Photo? Video?
7. How do you communicate with the buyer?
8. How do you show properties?
9. Was the house green?
10. How do you do a contract?
11. Do the buyers keep their money in a bank? Bitcoin? In a cloud on their phone?
12. How did the sellers disclose the property?
13. Was there an inspection?
14. Is there a national or state database on the house itself with repairs, taxes, etc.?
15. What are the 5 major things the buyer wants in the house that they choose?

## TEST FOR THE FUTURE OF REAL ESTATE

1	Escrow collection companies hold original documents-cannot be paperless.	True	False
2	The Millennium, year 2000, had everyone scared at midnight.	True	False
3	In the early 1980's agents got to view listings through a "book".	True	False
4	The "pink sheets" gave agents a daily update from the "book".	True	False
5	First time listings were on the internet was in 1996.	True	False
6	Google maps launched in 2022.	True	False
7	Facebook came into being in 2006.	True	False
8	Zillow launched in 2000.	True	False
9	Zoom saw a surge during the Coronavirus pandemic.	True	False
10	2007 saw a crash in the economy.	True	False
11	All real estate agents are licensed by their individual state.	True	False
12	Most title, escrow, lender and real estate offices are paperless.	True	False
13	The trend now is to work remotely and use digital communications and forms.	True	False
14	There are several MLSs in Washington state.	True	False
15	If licensed in WA state, you are limited to sell either residential or commercial.	True	False
16	Housing inventory must increase to have a recovery in 2025.	True	False
17	Buyers and sellers do not have access to the 100's of MLS forms needed.	True	False
18	Technology WILL continue to change and evolve.	True	False
19	Real estate firms do not have a crowd of agents anymore.	True	False
20	All real estate firms have weekly sales meetings.	True	False

**I hereby attest that I have read the material and answered the questions.**

\_\_\_\_\_

Signature

\_\_\_\_\_

Date completed



**Mandatory Evaluation for The future of real estate.**

Please fill out the following form and return with your completed clock hour class quiz.

Name/ Company: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: (personal) \_\_\_\_\_ (work) \_\_\_\_\_

Email: \_\_\_\_\_

License Renewal Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

1. What are 3 things that you learned from this course?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

2. Do you feel the clock hour material was easy to follow? \_\_\_\_\_

3. Did the material give you information to help you in your profession? \_\_\_\_\_

4. Will the material help you with future transactions? \_\_\_\_\_

5. Why did you choose to take this course? Topic \_\_ Time \_\_ Cost \_\_ Ease \_\_ Other\_\_

6. How long did this class take you to complete? \_\_\_\_\_ (a "clock hour" is 50 minute)

**How will you pay for this correspondence class?**

\_\_\_\_\_ cash \_\_\_\_\_ check \_\_\_\_\_ debit/credit information needed:

Card number \_\_\_\_\_ exp date \_\_\_\_\_

3 digits on back \_\_\_\_\_ zip code of where bill is mailed \_\_\_\_\_