

# REAL ESTATE BROKER'S INSIDER

Management and sales tools for the residential real estate broker, owner and manager

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## Recruiting

### In effort to recruit young agents, brokers stress flexibility

Los Angeles broker Mel Wilson can't help noticing the graying of the agents in his office. Wilson runs the 38-agent Mel Wilson & Associates, and he fears that the aging of the agent population imperils an entire industry.

"In the last 10 years, the Realtor population has gotten older," Wilson says. "It's not just an age gap any more. It's more of a technology gap. For the most part, the 50-plus group is not comfortable with technology."

Wilson, who's in his early 60s himself, has tried to spur a youth movement at his company. He has been actively recruiting at California State University Northridge.

During his recruiting visits to campus, Wilson has found that few college students are eager to jump into careers in real estate.

"It's not their first choice," he says.

But Wilson tries to change the perception. Among his sell-

*(Continued on page 3)*

## Business Models

### Discounter with big ambitions touts \$1,000 listing fee

Upstart discounter Federated Realty is taking a bare-knuckles approach to winning the hearts and minds of homesellers.

In an attempt to grab market share, the company in June began offering to sell homes in northern Virginia and Maryland for \$1,000, slashing the typical listing agent commission by more than 90 percent.

"We want to be so disruptive to the market than we cannot be denied by anyone," says Artin Afsharjavan, head of the investment firm backing Federated Realty.

The median home price in northern Virginia was \$505,000 in May, generating a \$15,000 bill for a seller who pays his

*(Continued on page 6)*

### Worried about election's effect on housing?

Presidential elections have little or no effect on home sales or prices, the California Association of Realtors (CAR) says.

CAR analyzed California home sales dating to 1990 and found the average growth in home sales during an election year is usually either slightly higher or lower each month than in non-presidential election years.

"Transitory political events such as presidential elections don't drive the housing market," says CAR President Pat "Ziggy" Zicarelli. "Market fundamentals such as housing inventory, affordability, interest rates, job growth, and consumer confidence are the real factors that influence the housing market."

The economy plays an outsized role in campaigns, but economists agree the president can exert little control over the economy.

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## Broker-to-Broker

# Broker finds success by straddling divide between digital, traditional firms

Aleksandra Scepanovic launched a real estate brokerage in 2007, by some measures the worst possible time.

But Scepanovic had a couple factors in her favor. For one thing, her company operates in Brooklyn, which weathered the housing crash better than many areas. In another advantage, Scepanovic started Ideal Properties Group as a virtual brokerage that focused on online marketing.

“We didn’t have the expenditures that a traditional broker had,” Scepanovic says. “The worse the market is, the better off the real brokers are. We didn’t really know what to do with ourselves once the market started to recover.”

Scepanovic has stayed plenty busy. In recent years, Ideal Properties Group has begun to add brick-and-mortar offices. And her company has grown to 150 agents.

She spoke with *Real Estate Broker’s Insider* about her career and business philosophy.

■ **My first job was in archeology.** I’m from Belgrade, Serbia. Right after I graduated from the university back home, I worked on a few excavation sites. We were digging up the remains of a few Roman villas, but all that ended with the war. During the war, I worked as a journalist. My first job relating to what I’m doing now was as a media analyst to the Office of the

High Representative in Bosnia after the war there. The country was completely torn to pieces by the war, totally ravaged. There was a group put together by the international community that had a vision for ending the war and rebuilding the country. It was chaos, but we had to come together to achieve the vision. I felt at home in that whole surrounding.

■ **All of our offices are corner retail locations on commercial arteries in Brooklyn.**

They are all completely transparent in their layout. From the street, you can look in and see everything. That was important to me because real estate in New York City has a reputation for shady dealings and shady people. Everybody has something to hide when it comes to real estate in New York City. Often when people buy real estate, they set up an LLC rather than buy it in their own name. Aside from transparency, my other priorities are professional integrity and persistence. If you have a dream, to bring it to reality, you have to have persistence.

■ **Transitioning from a digital world to a physical world was a defining moment. It helped me visualize the long term more acutely.** We decided to have a retail presence in Brooklyn. It would have to be on a corner, because everybody forgets the name of businesses in the middle of the block.

■ **On Zillow, Trulia, and StreetEasy, we want to make sure our agents are recognized as the listing agent.** I’m not criticizing the aggregators. It’s their website, so they can do whatever they wish with

### Broker Bio

**The Broker:** Aleksandra Scepanovic, Ideal Properties Group.

**Success Strategy:** Adding brick-and-mortar locations to a virtual company.

**Recommended Reading:** *The Art of War* by Sun Tzu. “Not to say that you need to be a blood-thirsty warrior, but you need to learn the basic ideals of how to win a transaction even before you start negotiating.”





it. But if you're the agent and it's your listing, you should be the one who gets first crack at it. We are making sure that every listing has the agent's name embedded in the listing. The reality is that these portals attract immense amounts of traffic. Turning the feed off, though valiant and commendable, your business will likely suffer.

■ **We are finding a lot of success serving underserved listings.** By that I mean listings that have been on the market for a long time. We realized they were under-represented. We have a staging department, and we go in and shift a few things around, stage the house, and relaunch the marketing.

■ **I think our biggest mistakes may lie ahead of us.** We are a relatively new company, so we haven't made any big mistakes yet.

■ **Ideal Properties is on the crossroads between the old and the new in real estate.** We navigate both the digital and physical

world. We are a large firm to provide a corporate level of service, but we are still small enough to care.

■ **There's been a lot of talk about whether brokers will become obsolete.** I've been watching that with keen intention. One thing I go back to is that the population is growing. The cities will be expanding in terms of their urban demographics. Millennials are overwhelmed with options, and they have this new phenomenon known as FOBO — fear of better options. That's unlikely to change, so a dialogue with a knowledgeable real estate professional will always be welcome. I don't see brokers being replaced by technology. I just don't think that's possible. There's such a paralysis of choice. If you have 700 apartments to choose from in Brooklyn, and they're all on your computer and they're all on your phone and they're all on your iPad, you'll still want to talk with someone.

Contact: Aleksandra Scepanovic, Ideal Properties Group, 718-840-2757. 

## In effort to recruit young agents, brokers stress flexibility *(Continued from page 1)*

ing points are a flexible schedule, good compensation, and being your own boss. Wilson stresses work-life balance, telling students they can take a month off to backpack through Europe if they want.

"Unlike us oldsters, they still know how to have fun," Wilson says.

Compensation is another selling point. Many fresh grads get job offers with salaries in the range of \$35,000 to \$40,000.

"In real estate, if you're just an average salesperson, you can make that in your first year," Wilson says.

The age-old dilemma for new agents, of course, is that rookies might not cash a commission check for months. Because many new graduates have student loans and living expenses, a commission-only existence might not work for them.

**"We're not going to change a whole generation, so we just have to adapt."**



Wilson has an answer to that, too: He offers millennial agents part-time jobs. He pays his fresh recruits \$12 an hour to handle administrative tasks, set appointments, or run social media campaigns. In that manner, the new agents can bring in a modest income while also learning the business.

Meanwhile, Wilson offers hands-on training. He takes rookies to look at houses and gives them homework assignments that might involve researching property values.

Wilson acknowledges that the youth movement is a work in progress. His roster includes four Cal State Northridge students who graduated recently or will graduate soon. They have yet to establish themselves as consistent producers.

Wilson says older agents need some patience and perspective to deal with the generation gap. When his graying agents complain about millennials not returning phone calls or emails, Wilson suggests sending a text message.

Meeting millennials on their own terms is more productive than complaining about “kids these days.”

“Why am I whining? Get over it,” Wilson says. “We’re not going to change a whole generation, so we just have to adapt.”

Wilson says other brokers should start youth movements of their own.

“There will be a shortage of real estate agents in the not too distant future as the result of an aging workforce,” he says. “The perception is that there are too many real estate agents, but that will be changing because the average age of today’s real estate agent is 53, and before we know it these people will be retiring. Fewer real estate agents will result in

unhappy buyers and sellers and litigation as a result of mistakes that will be made.”

### **Intero stresses flexibility, income**

Wilson isn’t the only broker trying to bring in younger agents. Interco Real Estate Services of Cupertino, CA, launched a Young Professionals Network (YPN) to foster the ideas of younger agents. The network includes a Facebook group that lets YPN members share ideas and information.

Mike D’Ambrosio, a sales manager at Interco, leads the Interco YPN project.

“The trend we’re seeing is that the new buyer is a younger and more technology-forward professional,” he says.

D’Ambrosio, 30, is unusual: He started his real estate career at age 21. He was inspired by his father’s success in the industry.

“There’s obviously a huge age gap, and there’s not a lot of young people getting into the real estate industry,” he says. “In Silicon Valley, there are a lot of other options. Younger people like to have the steady paycheck.”

Ambitious young people in Silicon Valley migrate to the tech industry. But like Wilson, D’Ambrosio stresses the ability of agents to control their lifestyles.

“I’ve seen people who work for tech companies around here, and they’re chained to their jobs. They’re miserable,” D’Ambrosio says. “Real estate can be a flexible job. You set your own hours, you set your own vacation, and you set your own goals.”

Silicon Valley’s \$1 million average home price is another selling point. Collecting a 3 percent commission on a \$1 million price means a productive agent can make \$500,000 a year or more, D’Ambrosio says.

*Contacts: Mel Wilson, Mel Wilson & Associates, 818-534-2400; Mike D’Ambrosio, Interco Real Estate Services, (408) 357-6177. *

### **Luring younger agents**

How Mel Wilson recruits agents in their 20s:

- Stresses flexibility and work-life balance.
- Provides part-time administrative jobs as agents build sales business.
- Offers hands-on training while students are still in school.



## Lack of inventory requires agents to knock on doors, hone listing presentations

Tight inventories and bidding wars aren't just for hot housing markets any more. The supply of homes for sale has grown tight in much of the country, a dearth driven by the combination of rock-bottom mortgage rates, a recovering job market, and a lack of new construction.

"We're seeing the intensity of fast sales and bidding wars even in affordable markets like Grand Rapids, MI, and Omaha, NE," says Nela Richardson, chief economist at Seattle-based brokerage Redfin.

In those once-sleepy markets, the typical home sold in just two weeks in May, Redfin says.

Trulia reports a similar trend. It says the national inventory of all homes fell 6 percent from spring 2015 to spring 2016. And the supply of starter homes and move-up homes fell 12 percent.

Tight inventories are posing challenges for buyers and brokers from Alaska to Florida.

"We are hurting for inventory in the lower price range," says Steve Schick, broker at Juneau Real Estate in Juneau, AK. "Starter homes are in short supply."

The story is similar in Florida.

"You almost have to go door-to-door to find out, do you want to sell or not? My agents are being very proactive," says Pete Martinsen, owner of RE/MAX Properties in Palm Beach Gardens, FL.

Martinsen notes that a once-reliable source of inventory — failed for-sale-by-owner listings — has disappeared.

"You don't see FSBO signs any more," he says. "Owners are more likely to put something on Facebook."

In long-hot markets like northern Virginia, tight inventories have been a fact of life for years.

"It would be nice if we had a couple months supply, rather than 28 days supply," says Todd Hetherington, chief executive at Century 21 New Millennium in Alexandria, VA.

To drum up business, some of his agents have been going door to door to hand out flyers. One agent's recent round of door-knocking led to three leads, although just one was a seller, Hetherington says.

"We're going out and trying to hawk our wares as best we can," he says. "The old-fashioned ways work."

Jack O'Connor, broker-owner of The Denver 100, agrees that old-school hustle is back in vogue, although he adds that knocking on doors is no sure thing in an era of two-income families.

"You don't catch that many people at home, but door-knocking is still happening," O'Connor says.

Letter-writing campaigns also are common. Sellers in Denver's desirable school districts are bombarded with letters from buyers' agents.

Both Hetherington and O'Connor say they've found a more reliable way to win listings: wowing sellers with high-end service and polished listing presentations.

"You don't get many listing appointments, so the ones you do go on, you need to win," Hetherington says. "Gone are the days when you could walk in and smile."

Today's sellers demand slick photos, professional videography, and drone footage, Hetherington says. They also want to see detailed statistics that demonstrate the agents' value by showing such factors as time on market and sales prices.

At The Denver 100, agents sweeten

**"We're going out and trying to hawk our wares as best we can."**



the pot by offering a variety of services. The agent pays for a cleaning crew to spruce up new listings, for instance. And the company coordinates moves for sellers.

“We provide an enhanced services package that far exceeds what a normal broker would provide,” O’Connor says.

That sort of high-end service helps set his company apart and generate referrals, O’Connor says.

But there’s no denying that the Denver market has grown intensely competitive. The city’s real estate boom in recent years

has lured new agents into the business, even as the number of transactions has fallen. Rising prices have helped slow the pace of sales, O’Connor says.

Amid the intense competition for listings, he says, some Denver agents who have buyers in hand have begun to offer their listing services for free.

*Contacts: Steve Schick, Juneau Real Estate, 907-790-6655; Pete Martinsen, RE/MAX Properties, 561-839-1400; Todd Hetherington, Century 21 New Millennium, 703-922-4010; Jack O’Connor, The Denver 100, 303-708-0205. REBI*

## Discounter with big ambitions touts \$1,000 listing fee *(Continued from page 1)*

listing agent the typical 3 percent commission. Federated Realty’s discount offering is built on the idea that many sellers think that’s too much money. The company calls out Redfin by name, saying its 1.5 percent listing commission is too expensive.

In the news release announcing the company’s business model, George Lodge, Federated Realty’s principal broker calls full commissions a “waste” and says his brokerage offers similar services as pricier rivals.

“A typical commission is 3 percent paid to the guy in a suit and tie doing the same thing we do for \$1,000,” Lodge said.

Afsharjavan acknowledges that his listing agents don’t offer the same levels of service as traditional agents. For instance, agents work from an office in Herndon, VA, and are unlikely to set foot in their clients’ homes.

“They’re not going to physically meet anybody,” he says.

But that sort of old-school interaction isn’t necessary any more, he argues. Afsharjavan dismisses as “fluff” the concept of face-to-face contact between sellers and agents. After all, agents have access to so much data that they can tell if a property is priced reasonably, and agents can offer tips about cleaning and staging remotely.

“We are there, even if we’re not physically there,” Afsharjavan says.

For \$1,000, Federated Realty will list a home in the MLS and make sure it’s on Zillow, Realtor.com, and dozens of other sites. Federated Realty agents will post photos taken by the seller, or they’ll arrange for a professional photographer to visit the home at the seller’s expense.

They will help the seller negotiate offers and counteroffers, and they’ll provide a Federated Realty yard sign. But agents don’t provide lockboxes, they don’t attend showings or closings, and they don’t host open houses.

“The open house today doesn’t do what it did 20 years ago,” Afsharjavan says. “In this day and age, open houses do

**“We want to be so disruptive to the market than we cannot be denied by anyone.”**



not actually benefit sellers. They benefit agents who are looking for leads.”

To make clients feel comfortable with Federated Realty’s offerings, the company doesn’t require sellers to sign listing contracts.

“If they’re not happy with us after a couple weeks, they can go somewhere else,” Afsharjavan says.

In another break from tradition, Federated Realty’s agents work on a salary, making base compensation of \$35,000 to \$65,000 plus performance-based incentives. The company’s seven agents like that they need not prospect, and that they don’t spend time driving from house to house for listing presentations.

“They don’t have to worry if their suit is pressed just right, if their car is clean,” Afsharjavan says.

While Federated Realty stresses its discounted fees to sellers, the company urges sellers to pay the standard compensation to buyer agents. Afsharjavan suggests 3 percent commission to cooperating agents on homes priced at less than \$700,000 and 2.5 percent on homes priced at more than \$700,000.

The idea, Afsharjavan says, is that buyer’s agents spend a lot of time driving around and making offers before they close a deal.

“It doesn’t make sense to me that the seller’s agent and the buyer’s agent should make the same amount,” he says. “The buyer’s agent should be compensated substantially more than the selling agent.”

Afsharjavan says he modeled on his company on Quicken Loans, which has a national operation from a centralized location. He aims to expand beyond the DC area while keeping overhead low.

“Our intention is to become a national player,” Afsharjavan says. “You cannot do what we’re trying to do if you want to have a fancy office in every city.”

Despite the cut-rate commissions, Afsharjavan says his model will prove profitable through a combination of low overhead and high volume.

“Our business model, aggressive as it is, is capable of making money,” Afsharjavan says.

Contact: Artin Afsharjavan, Federated Realty, 202-320-0114. 

## Agency Marketing

### Broker says he’ll pay homeowners for listings

Florida broker Bob Ross has a new twist on the old challenge of drumming up listings: He’ll pay sellers to list their homes.

Ross, owner of RD Ross Realty in Boca Raton, in June began marketing a plan to pay sellers \$300 to \$10,000 to sign a listing contract, depending on the home’s value and condition.

“When somebody says, ‘How much will you give me to list my house,’ the answer is, ‘It all depends,’” Ross says.

One factor: The accuracy of the seller’s pricing expectations. If a seller insists on overpricing, Ross says, he’ll cut his upfront cash payment accordingly.

“If I was going to give him \$2,000, I might give him \$500. Everything’s negotiable,” he says.

Under Ross’s plan, the seller agrees to pay commissions totaling 6 percent, divided equally between the listing agent and the buyer’s agent. The seller agrees

“I’m taking a gamble on a homeowner.”



to a six-month listing agreement, and he keeps Ross' money even if the house doesn't sell.

"I'm taking a gamble on a homeowner," he says.

Ross says he knows of no other agent in the country who's paying for listings, and he says it only makes sense that an agent pay homeowners for the right to make money by selling their homes.

"I really felt it's the right thing to do," he says. "When a homeowner gives their home to a listing agent to sell, they're giving them a privilege."

Most agents argue that when they take on a listing, they're investing their time and effort in the client. But Ross says that's not good enough.

Ross marketed his unusual approach with ads in the South Florida SunSentinel,

a regional newspaper. Before he began advertising, Ross says he checked with state regulators to make sure the gimmick was kosher.

"I did everything possible one could do to make sure this is absolutely legal," he says.

Ross runs a one-man brokerage firm, but he says the marketing tactic might help him expand.

"I have at least half a dozen agents who want to join when this thing explodes," he says.

While Ross is taking listings in South Florida for now, he has big hopes for his business model.

"If this works, which I suspect it will, I plan to expand it statewide and nationally," he says.

Contact: Bob Ross, RD Ross Realty, 561-362-1234. **REBI**

## Technology

# FAA ends major hurdle to use of drones in real estate

Under pressure from the National Association of Realtors, the Federal Aviation Administration (FAA) has moved slowly toward allowing commercial use of drones.

NAR President Tom Salomone calls the change a "big step forward" for the real estate industry. But, NAR notes, the FAA will continue to impose strict rules for drone operators. One is the "visual line-of-sight" requirement, which mandates that a videographer be able to see the vehicle throughout the entire flight.

Meanwhile, NAR is pushing for less strict rules for so-called micro drones, which weigh less than four pounds.

Perhaps the biggest change for the

real estate industry is that drone operators no longer are required to be licensed pilots. Instead, the FAA created a new "remote pilot in command" certification.

The three-hour certification exam is administered at FAA testing centers and costs \$150. NAR says you should expect to devote about 20 hours to studying before the test. Pilots also must pass a background check by the U.S. Transportation Security Administration.

The FAA requires drone operators to keep the vehicles below 400 feet, and drones must travel no faster than 100 mph. Night flights are prohibited, but if your vehicle has lights, you can fly your drone as early as 30 minutes before sunrise or 30 minutes after sunset. **REBI**



## Amid housing industry's growth, some venerable franchise systems are shrinking

Franchise systems such as HomeServices of America, Better Homes and Gardens, and Keller Williams have expanded aggressively in recent years. RE/MAX and Coldwell Banker have held their market share, and firms such as ERA have moved to reinvigorate themselves.

Alas, the real estate market seems not to have room for every national system. *Forbes* magazine singled out three real estate franchise systems as bad bets based on their declining fortunes in recent years:

**Help-U-Sell Real Estate.** The discounter has been around since 1976, but it's fading fast. *Forbes* ranks it the worst franchise to invest in, based on a five-year growth rate of -25 percent.

According to Entrepreneur.com, Help-U-Sell has shrunk from more than 800 locations to fewer than 100 franchises over the past decade.

Reflecting Help-U-Sell's shrinkage in recent years, it's hard to find an office in many parts of the country. According to

its website, Help-U-Sell has no offices in such major metro areas as Atlanta, Boston, Chicago, Cleveland, Denver, Houston, Miami, New York, and St. Louis.

**Realty World.** Another old-school company that has been shrinking, Realty World was founded in 1973. While it maintains a strong presence in such areas as Florida, North Carolina, and Southern California, it has been shrinking.

*Forbes* puts Realty World's five-year growth rate at -18 percent. The company's website lists 115 offices, down from 700 in 2005.

**Exit Realty.** Exit Realty's pitch is "residuals" — cutting in agents on a share of the production of other agents they recruit to Exit Realty.

*Forbes* reports a five-year growth rate of -8 percent. Exit Realty has 463 units, down from 630 in 2005.

*Forbes* also noted that Century 21 and Windermere Real Estate have seen single-digit declines in growth over the past five years. **REBI**

### Business Strategies

## As real estate market bounces back, merger activity accelerates

With U.S. home prices at record highs and sales volumes ramping up, expansion-minded brokers again are looking to buy their way to growth.

HomeServices of America has been especially aggressive in recent months, buying the 330-agent Florida Network Realty of Jacksonville, FL, 200-agent Kentwood Real Estate of Denver, and the 200-agent Real Estate Professionals of Salem, OR.

In another recent deal, ERA Grizzard Real Estate of Leesburg, FL, bought the 100-agent Total Realty Corp. of DeLand, FL.

Doing a deal to add market share comes in stark contrast to the company's merger strategy of recent years, when combinations were driven by cost-cutting, says Gus Grizzard of ERA Grizzard.

**"The heavy lifting is the integration process."**



“It’s a complete 180 from when we were just in survival mode,” Grizzard says.

Negotiations started during “casual conversations” with Total Realty owner Cynthia DeLuca.

“Instead of starting with dollars and cents, we looked at how the cultures of the companies fit first,” Grizzard says.

As Grizzard announced the combination to Total Realty agents, his sign company was replacing the signs outside the company’s offices.

“When we came out, everything was brand new,” he says. “But that was the easy part. The heavy lifting is the integration process.”

To ease the shock to agents, Grizzard promised no changes to commissions or

other policies for six months. In exchange, he asked agents to stay for six months to get to know his company.

Grizzard’s message: “I want you to really get a sense of what ERA Grizzard is, and I want you to give me six months.”

Grizzard says his post-merger strategy included in-person meetings with every agent at Total Realty. His goal: Keep agents from leaving for other companies.

“One of the things I really pride myself on is minimizing breakage,” he says. “You get face to face, belly to belly with every single one of those stakeholders. You find out what they liked and what they didn’t like about their company.”

Contact: Gus Grizzard, ERA Grizzard Real Estate, 352-504-0055. **REBI**

## Management Tips

# Six steps for building self-confidence and overcoming stress

Nobody ever said running a real estate company would be easy. No matter how accomplished you are, there will be times when you feel stressed or anxious about your job performance.

Beverly Flaxington, a hypnotherapist and sales coach, offers the following tips for building self-regard and banishing stress:

### **Step 1: Establish a nightly ritual.**

Before bed, write down three to five things you did well during the day. Read them aloud to yourself so that they’re the last thing you think about before you fall asleep.

**Step 2: Learn something new every day.** This will boost your overall confidence.

**Step 3: Forgive yourself.** Everyone has weaknesses and makes mistakes. Learn to forgive yourself for your shortcomings.

**Confidence Step 4: Take risks.** Getting out of your comfort zone is scary, but taking risks will help you build confidence.

**Step 5: Recognize the signs of anxiety.** Stress and self-doubt affect everyone differently. Maybe you get a headache. Perhaps you experience no physical symptoms. Whatever the case for you, analyze your reactions to difficult situations so you know when you’re losing control.

### **Step 6: Use positive self-talk.**

Doubting yourself is normal, especially when you’re under stress. Use breathing exercises and positive self-talk to pull yourself through. Some examples: “I am calm. I am confident. I control my own reactions.” “When I give in to anxiety and stress, I lose my edge. If I keep my edge, I stay in control.”

Contact: Beverly Flaxington, The Collaborative, 508-359-8216. **REBI**



## New record for U.S. home prices

U.S. home prices set a new record in May, a month when the median sale price reached \$239,700.

The previous peak was \$236,300 in June 2015, according to the National Association of Realtors.

Meanwhile, existing home sales rose to an annual pace of 5.53 million, the highest level since February 2007.

## New houses keep growing larger

New houses built in the U.S. were the largest ever in 2015, according to new data from the U.S. Census.

The median size of a new home was 2,467 square feet, up from 2,453 square feet in 2014. Houses got a bit smaller in the West and Midwest but expanded in the South and Northeast.

Intriguingly, lot sizes are shrinking even as houses grow. The typical new house was built on a 9,439-square-foot lot, down from 9,818 square feet in 2014.

## NAR clubs patent troll

The National Association of Realtors is seeking to invalidate a patent held by a company that has sued real estate brokers for infringement.

In a May filing with the U.S. Patent and Trademark Office, NAR says Data Distribution Technologies LLC is a patent troll that seeks to use a flimsy patent to extract money from real estate companies.

Data Distribution Technologies in 2012 filed federal suits against RE/MAX and Weichert Real Estate. Both brokers settled, indicating that they paid to end the disputes. NAR has criticized patent trolls for using the legal system to intimidate real estate companies.

## Decline in homeownership rate reason to fret?

The national homeownership rate has been on a 10-year decline that Harvard's Joint Center for Housing Studies calls "unprecedented."

The rate slid to just 63.7 percent in 2015, down from 69 percent in 2004.

"Tight mortgage credit, the decade-long falloff in incomes that is only now ending, and a limited supply of homes for sale are all keeping households—especially first-time buyers—on the sidelines," says Chris Herbert, managing director of the Harvard center. "And even though a rebound in home prices has helped to reduce the number of underwater owners, the large backlog of foreclosures is still a serious drag on homeownership."

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## Building lots in short supply

The availability of lots for new homes has fallen to a record low, according to new data from the National Association of Home Builders (NAHB).

Sixty-four percent of builders responding to an NAHB survey reports that the supply of lots in their markets was “low” or “very low”— up from 62 percent last year, and the highest that number has been since NAHB began collecting this data in 1997.

“The lack of availability of buildable lots has quickly become one of the biggest issues facing our members,” says NAHB Chairman Ed Brady. “While labor shortages and regulatory burdens remain struggles as well, lot shortages are preventing our builders from responding to growing demand for housing.”

## Zillow says Zestimates grow more accurate

Addressing a longstanding gripe about its home price estimates, Zillow says an update to its algorithm will improve the national median error rate from 8 percent to 6 percent.

Zillow also says the update improves accuracy in 96 of the 100 largest counties in the U.S.

To calculate the Zestimate, Zillow uses data from county and tax assessor records, and direct feeds from hundreds of multiple listing services and brokerages. Additionally, Zillow users have updated home facts on more than 50 million homes, enhancing Zillow’s living database of U.S. homes and adding data unavailable anywhere else.

## Mortgage rates near record low

British voters’ decision to leave the European union sent U.S. mortgage rates plummeting to a near-record low.

Freddie Mac said in late June that the average rate on a 30-year mortgage is 3.48 percent, the lowest since May 2013 and just above the all-time low recorded in 2012.

## Xome ends discount program

A year after it launched a splashy commission discount, Xome ended the program.

Seattle-based Xome started last summer with an online offering that promised to connect clients with local agents. Clients would save at least 1 percent on every transaction.

“Xome is phasing out the current Xome Savings program,” the company wrote in



## Now Trending

### @tomferry

Are you using Snapchat? Many agents are using it to connect with Millennials.

### @MikeFerryandme

“Continuous effort – not strength or intelligence – is the key to unlocking our potential.” Winston Churchill

### @SmokeonHousing

We had a triple crown of April home sales reports, so 2016 is in the pole position to earn best year of home sales in a decade. #ToldYouSo

### @brianbuffini

Love this quote: “It’s hard to beat a person who never gives up.” Babe Ruth

### @IntThings

Life is too short; enjoy your days, laugh at every chance, cry only if you must, and never let others bring you down.

### @mfcompany:

Testimonials are nice. But it’s referrals that really create growth.

an email to agents. “To be clear, Xome will continue to offer real estate leads through its real estate search experience, subject to the Master Listing Agreement which remains in effect.”

Xome is owned by Nationstar Mortgage Holdings.