# Real Estate Trends in the 2020s


## Student Manual

A New Generation of
Teaching, Training & Coaching.

www.brianpateseminars.com

**NC Real Estate Commission Course Number:**

**Approved for 4 hours of elective continuing education credit by the North Carolina Real Estate Commission**

# Why This Course Was Written

Real estate is constantly changing. Each cycle brings new companies, new business models and new challenges to those who participate in it. I have always said, "The truly educated never stop learning." Successful Realtors® embrace this concept and are always looking to improve their skill set.

There is an old proverb about an old man and a young man, both loggers in the old days. Times are tough for business and the supervisor comes to them one morning and tells them that one of them will have to be let go. The supervisor continues and tells them, "The man who cuts the most wood today will keep his job." Both men headed out for the work day.

The young man worked at a feverish pace, pushing his body to the physical and mental edge all day long. The old man took a break every hour to sit and rest. At lunch, the old man paused for a meal and then took breaks in the afternoon. The young man was very confident in his efforts. He told himself, "No one will ever outwork me!"

At the end of the day, the supervisor came back and to his surprise, the old man had chopped more wood than the young man. The young man was astonished! "How is that possible?" he said. "You took breaks all day and even took time for lunch while I worked all the way through," he continued.

The old man looked up from his seat and said, "You saw me taking breaks but you missed something during those breaks," said the man. "I was sharpening my saw during all of those breaks," he finished.

Today, our goal is to "sharpen your saw."

Ultimately this course was written to assist licensees to meet their primary objective of protecting and promoting the interests of their client by building the new. Keeping abreast of trends and changes in the real estate profession is more important than ever.

In order to give the course a very high degree of practical value and application to real estate licensees each trend is accompanied by a discussion of its impact on serving clients in the real estate industry and helps agents begin to assemble and implement a plan for dealing with these current trends.

- Brian Pate, Author

# About the Author
# Brian Pate, GRI, Instructor

Brian Pate was licensed in 1993 in North and South Carolina and has been an agent, instructor, manager and coach during his real estate career producing over $1 billion in sales for the teams he has managed.

Born in Tallahassee, Florida and raised in Myrtle Beach, South Carolina. His father, Mike, was a newspaper publisher for the Myrtle Beach Sun News and the Tallahassee Democrat for over 25 years. Having grown up in a newspaper family, he learned about advertising and marketing at a very young age and still uses some of those basic techniques today.

Judy, Brian's mother, was the first female band director in Leon County Florida (Augusta Raa Junior High School). Her influence is where Brian's love of music comes from. The family was always at concerts and football games to see the marching bands as he was growing up.

After pursuing a communications degree from the University of Oklahoma and Coastal Carolina University, Brian moved to Raleigh to become a ring announcer for World Championship Wrestling and a DJ at Cheers nightclub. His DJ career continued in night clubs and he formed Brian Pate Entertainment to be a booking agency for wedding DJs. When he sold BPE, they had been named the number one wedding DJ company in the United States in 2015 by Wedding Industry Experts dot com.

Brian's real estate career started with Fonville Morisey Realty in August of 1993 and he spent more than 17 years there. His teaching career began in 1994 with pre-license classes taught at night and in 1999, after his return to FM from Coldwell Banker, he began teaching continuing education courses.

During his management career in the 2000s, he helped build an office of 67 agents that grew from $123 million in annual sales to $325 million in his third year at Fonville Morisey.

In 2012, Brian left FM to join Keller Williams Preferred and get back into sales. He spent almost a year as a Team Leader for KWP leading over 200 agents. While at Keller Williams, Brian's team, the Pate Realty Group, became one of the top 100 teams in the Triangle and was in the top 1% of Keller Williams agents world wide.

In 2013, Brian joined two of his mentors, Bill Gallagher and Len Elder, at Superior School of Real Estate while also teaching for his own company, Brian Pate Seminars. He taught at Superior from 2013 until 2019 when he decided to go back to independent teaching.

He currently lives in Wake Forest, North Carolina.

# Table of Contents / Course Outline

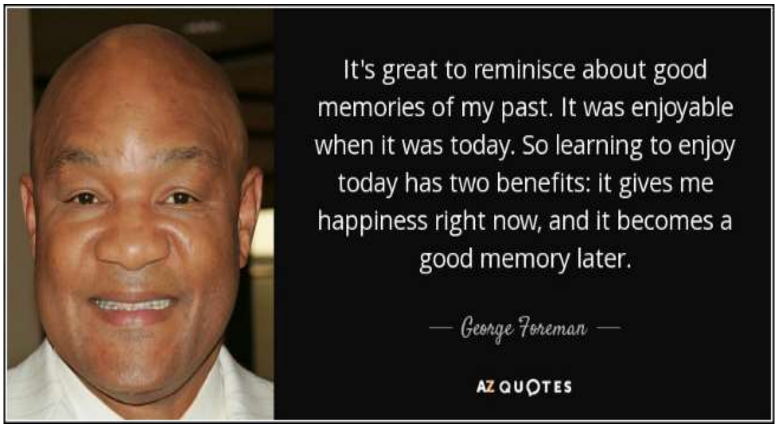
From the author:
I want to take a moment to say thank you to many people who made this class possible. When putting together a class like this, it takes hours of research, hours of interviews with key people in the business and a lot of help from people much smarter than me.

Thank you to the following people for their contributions to the class: Peter Kima, Jeremiah Jackson, Tammi Brooks, Scott Lerew, Alan Neilson, Stormie Benfield, John Rubino, Daniel Priestly, Mauranda Delziel, Tom Bohlman, Lawrence Yun, CFPB, Richard Sparkman, Meredith Gilley, Staff members of Opendoor, Dana Ben Halim, Kim Pappalardo, Ashley Wilson Deweese, Linda Sargent, Debbie Wey and Jim Fletemier.

I also want to thank two of my mentors, Bill Gallagher and Len Elder. These two took me under their wings to teach me how to not only become a better instructor but also taught me how to develop a real estate course that could be both entertaining and educational.

-BP8

# Back In The Day Replay




It is always fun to look back and reminisce. For those that have been in the real estate business for years, they fondly remember the days before technology took over.

Ask an agent from the 1980s why she chose the office she did and she will say, “They were technologically advanced because they had a fax machine.”

In the 1990s, agents chose an office near their home. Life was easier when you focused on a small geographic area and could get anywhere in that area within 15 minutes.

Then, the internet arrived and turned real estate upside down. Real estate agents panicked as they watched the internet put travel agents out of business in the 2000s. The “Dot Com Bubble” burst and many “visionaries” lost their fortunes based on this, “World Wide Web thing,” as one agent called it in 2001.

As professionals the best that we can do is constantly understand and appreciate trends in the profession and position ourselves so that as opportunities present themselves, we can leverage and take advantage of them. It becomes critical in order to properly serve clients and the industry to be aware of these trends and constantly adjust.

At the same time, people have to be prepared to take advantage of innovation the opportunity knocks. My grandfather often told me of my finances, “It is not the opportunity of a lifetime if you can’t afford to take advantage of it.

For the last few years, I have spoken to hundreds of real estate agents and spent countless hours identifying the trends that are most important to current real estate professionals. Thanks to those resources, and some guidance from mentors, I have come up with this class to offer you useful and practical tips that can help you in your business TODAY.

I can give you this information, but if you choose to leave today, toss the manual into the garbage or recycling bin and never touch it again, that is on you. If you really want to grow, the analysis of the trends we look at today, can change your business and accelerate your path to success.

**Student Notes:**


# Trend #1: Showings

**Learning Objectives**
By the end of this module, a student will be able to:

- Define the showing rules from state MLS systems
- Differentiate the instruction of the seller for showing requirements
- Describe the details of the system from a deep understanding
- Develop a system for showing that adapts to the trends

The real estate business has been broken down by some people to the basics of "Search, Show and Sell." A key cog in that process is the showings. However, thanks to Covid-19, the way we show homes has changed significantly since March 2020, when lockdowns began all over the United States. Agents struggled to "pivot and adapt," in order to keep their business afloat.

In February of 2021, the Triangle MLS covering Raleigh, Durham and Chapel Hill, instituted new rules in response to agents filing complaints about the number of people in showings. As one agent put it, "It was a free for all! There were 30 people in a 2,000 square foot house because it was a hot listing."

**Overlapping Showings not allowed until further notice!**

Dear Triangle MLS Participants and Subscribers,

Triangle MLS has received numerous complaints from agents related to showings being conducted in unsafe manners. Often this is caused by overlapping showings, showing agents not following showing instructions provided by the listing agent, or agents showing a property outside of their scheduled appointment time. The Triangle MLS Directors take the safety of agents and their clients very seriously and have therefore decided to implement the following changes effective immediately and until further notice:

- Overlapping Showings are not allowed.
  - Exclusive Showings Only has been set as the default in ShowingTime. Beginning next week, all listings will be checked for this setting and automatically reset to Exclusive Showings Only if changed.
  - If this value is changed to allow overlapping showings, Triangle MLS will be notified.
- The default Maximum Showing Length has been set to 30 minutes.
  - Listing agents can change this on a per listing basis.
- A pop-up message will be presented to showing agents when scheduling showings online highlighting the National Association of REALTORS® Showings Guidelines. This pop-up will also emphasize Triangle MLSs rules as they relate to showings.

The question is, "Who decides when showings will take place and how many people should be in the house when the governor's orders allow no more than 10 people at an inside gathering?"

Ultimately, the seller should get to make that decision. They own the house. They make the rules. Agents should discuss the options with the seller during the listing presentation and present all of the options. Do we allow overlapping appointments? How long will we allow for a single showing? Add these questions on top of the typical questions of when to start showings, how will appointments be handled, will there be an open house and many others.

Along with the implementation of these showing rules, TMLS announced there would be fines for non-compliance with showing instructions as well as arriving early or late to a schedule showing appointment.

Unfortunately, when agents don't govern themselves, they force the hand of the local MLS and the MLS is forced to become a regulatory body and form rules to handle the issue. You can often tell by the updates to bylaws and rules in organizations like MLS systems and Home Owners Association, what issues have arisen in the past and when.

**Student Notes:**

# Trend 2: The Rise of the Coming Soon Listing


**Learning Objectives:**
By the end of this module, a student will be able to:

- Define the Coming Soon rules of the two major MLS systems in the state of North Carolina
- Differentiate between the Coming Soon, No Showings and Active Status
- Describe which status is appropriate for a listing and at what point
- Develop a marketing system that takes advantage of the status for best results for a consumer

Rarely, has something been as confusing as the concept of "Coming Soon" listings in real estate. Some agents refer to it as "Pre-Marketing," while others refer to it as "Pocket Listings."

In November of 2019, The National Association of Realtors board of directors voted to ban the controversial practice of "pocket listings."

It's a practice that was surging in competitive markets such as New York, San Francisco, Los Angeles and Washington D.C. It allowed a listing agent to use a multiple listing service to let others know the property was for sale, usually with an informal "coming soon" notice, while not officially sharing the listing and often retaining a full commission.

Some agents were using the Coming Soon period strategically to market listings for up to 30 days (and sometimes more) before the house became available for other agents to see. As a result, agents began marketing that they sold homes in only a small number of "days on the market," when in actuality, the house had been marketed for a longer period of time.

In San Francisco, where NAR's annual convention kicked that year, the share of homes selling via pocket listings increased 68% between 2010 and 2018, and the trend had been on the rise across the country.

We know that the policy is a crucial protection for consumers, especially for members of minority groups who, research shows, were often the last to find out about pocket listings.

The new NAR rule requires properties to be listed on the MLS within one business day of being marketed to the public. Specifically, the policy states:

"Within one business day of marketing a property to the public, the listing broker must submit the listing to the MLS for cooperation with other MLS participants. Public marketing includes, but is not limited to, flyers displayed in windows yard signs, digital marketing on public-facing websites, brokerage website displays, digital communications marketing (email blasts), multi-brokerage listing sharing networks, and applications available to the general public."

While the policy became effective on Jan. 1,2020, NAR directors delayed implementation until May 1, 2020, to give the nation's more than 800 multiple listing services time to make any technology changes and educate users.

**Student Notes:**

# Coming Soon Quiz:

Can a buyer agent write an offer on a "Coming Soon" listing without entering the house?

___ Yes ___ No

Can a buyer agent use an addendum they draft for return of Due Diligence Fee if buyer does not like the property once they see it?

___ Yes ___ No

If the house goes "Under Contract," can the buyer agent then show the property to the buyer?

___ Yes ___ No

If the contract falls through and the listing agent puts the house back on the MLS, it would go back on as "Coming Soon."

___ Yes ___ No

MLS requires listing data to be updated within 2 days. If the contract falls through in 24 hours, can the agent leave the listing as "Coming Soon" in MLS?

___ Yes ___ No

# Trend 3: Love Letters in Multiple Offers


**Learning Objectives:**

By the end of this module, a student will be able to:

- Define the rules that govern "love letters"
- Explain how they can cause potential fair housing violations
- Describe the situations in which a "love letter" might be beneficial to a buyer
- Develop a system for creating love letters that will not violate NC Real Estate Commission rules or Fair Housing laws

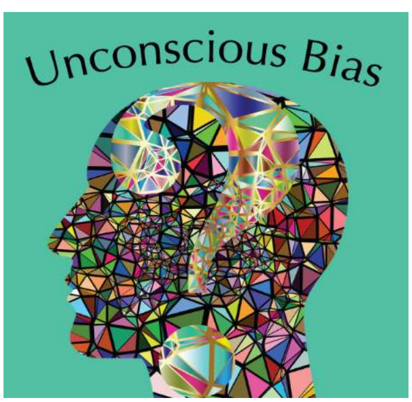
The world of multiple offers is particularly challenging with the impact is record low inventory. As a result, Buyer Agents are looking to get every little advantage they can. One of those techniques is Buyer Love Letters.

Buyer love letters are not new. They have been around since Buyer Agency came to the real estate business following the lawsuit against Edina Real Estate in the early 1990s. The difference is the risk that now comes with them in a more litigious society.

The concept is simple; a buyer writes a letter to the seller expressing how they can see living there for a long time. The problem is the risk involved.

If a Buyer were to mention children, a religious holiday like Christmas or Easter, there could be fair housing violations. No agent wants to be involved in a fair housing investigation. However, with the market the way it is, some agents are willing to take the risk.

That can be a big risk as fair housing penalties are not inexpensive. The first violation can trigger a fine of $21, 095, the second $52,596 and a third hits the licensee with a whopping $105,194 if there were previous violations within the last 7 years.




The National Association of Realtors has long recommended that Buyer Agents avoid these at all costs and if the Buyer insist, avoid the presentation of the letter to the Listing Agent or Seller.

Many Listing Agents will advise the Seller to counteroffer with no love letter or just to not consider it. If the seller knows the name of the Buyer on the contract, it could trigger a fair housing complaint.

Unconscious Bias is another phrase emerging in our lexicon in today's world. The theory is that all human beings have bias in some areas that are reflective of the way in which they were raised. Geographical impacts, social circumstances and family life with parents who influence us has always impacted every human being.

Despite our best intentions, human beings allow associations to creep into our thinking and it manifests itself in biases that are outside of our normal beliefs.

**Student Notes:**


# Trend 4: Zillow Changing the Game

**Learning Objectives:**

By the end of this module, a student will be able to:

- Identify that Zillow is now a real estate company and that also makes them a competitor
- Explain how Zillow is expanding to position itself for a longer-term play
- Differentiate why Zillow purchases certain companies to accomplish a specific goal
- Describe the next steps in Zillow's growth

Step by step, Zillow is building out the digital corridors of the real estate highway. Like the pavement under one of those machines rolling the asphalt on a new road, Zillow's vision of a seamless real estate path is unfolding, slowly but inexorably.

Zillow Group closed its $108 million acquisition of digital transaction management firm dotloop in July of 2015. The real estate portal giant plans to offer the technology to its broker partners and to agent advertisers. The acquisition helps Zillow Group empower consumers around the complex back end of a real estate transaction.

In February 2021, Zillow announced that it has entered into an agreement to acquire real estate showing management and market analytics company ShowingTime for $500 million. The company said it will continue to operate ShowingTime as an open platform for the entire real estate industry.

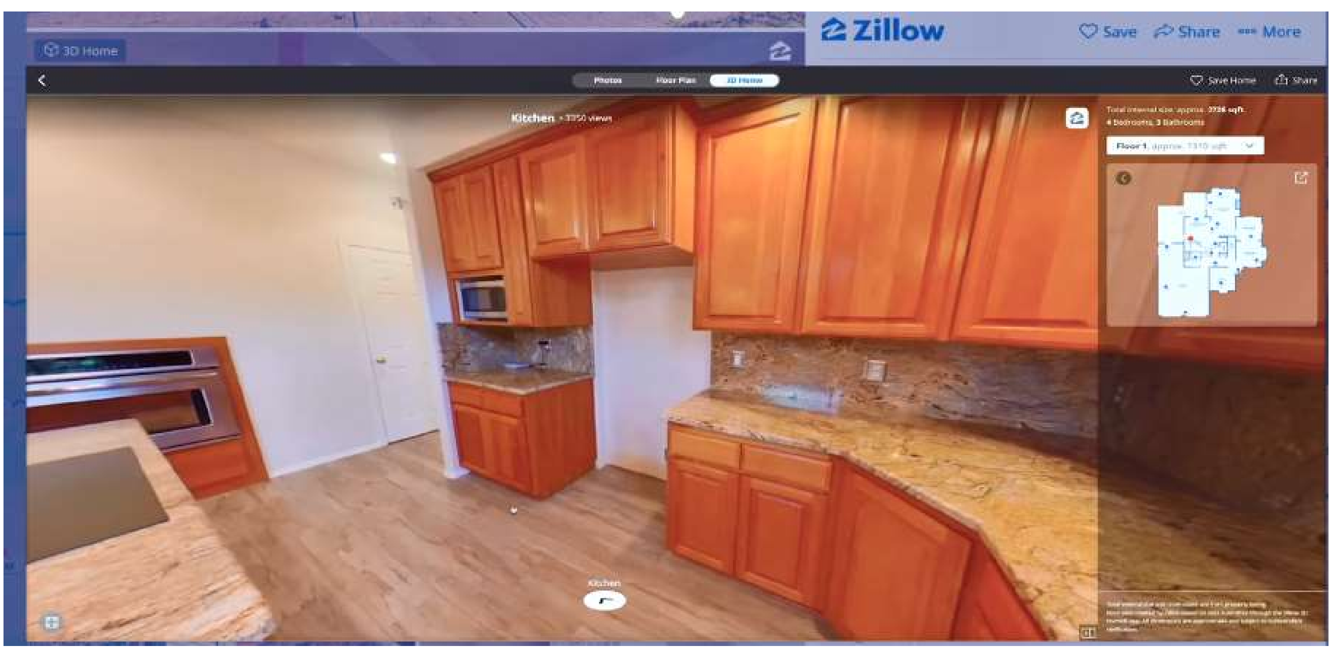
The ShowingTime purchase will allow Zillow to "bridge the gap" between the discovery of the home online to the buyer actually seeing the home.

There's a surprisingly high failure rate in the industry just to get a buyer to go see a home. When that happens, when that fails, that's just bad for everyone.

The acquisition also continues Zillow's multi-year quest to bridge the gap between the first contact between an agent and the buyer on the Zillow platform.

In recent years, the company has launched a Premier Agent app, added a call center to nurture leads and even created the 'Best of Zillow' program to ensure that when buyers want to see a home, they are connected with a highly rated and consistently productive agent.

The acquisition of ShowingTime takes that relationship a step further and closer to the transaction by making it easier for the Premier Agent and client to schedule their first meeting.



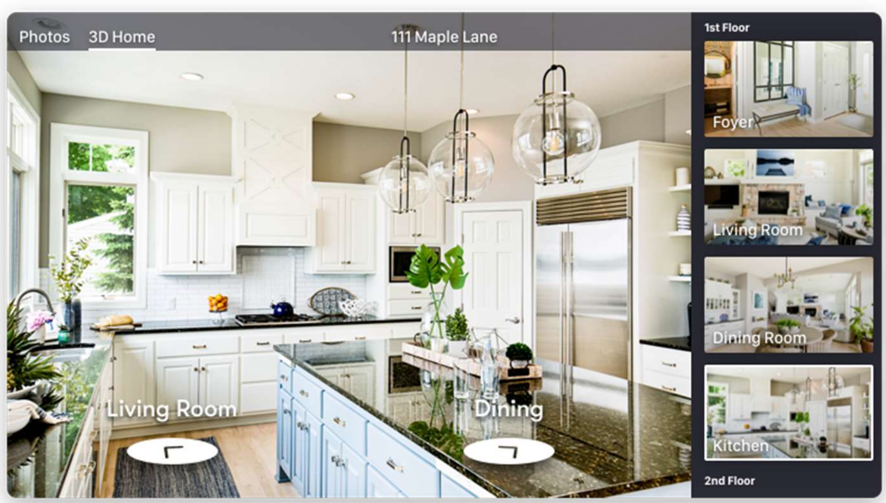
Also in February of 2021, Zillow announced upgrades to its free home tour mobile app. The upgraded mobile app, 3D Home, now fully integrates interactive floor plans into its listing imagery, and uses them as the central navigation point for exploring homes online.

Those aware of what the market offers will see similarities to iGUIDE, which depicts on floor plans a hotspot with an illustrated "cone of view" to help the viewer better understand their position in a home. A nice touch on Zillow's app is the simple transition from still images to its immersive 3D tour. Users need only toggle between each connected view — photo carousel, 3D, floor plan — to take in what Zillow's head of Rich Media Experiences Josh Wesiberg called in the first demo given of the new features, a "next-gen interactive experience."

Starting in the floor plan view, users can tap any room to hop from a bedroom to the kitchen, for example, and its immense database of property data contributes to an algorithm that labels each room's approximate square footage.

Weisberg said in the demo that the software is accurate within 4 percent of actual. (Fannie and Freddie allow a 10 percent margin of error.)

Zillow 3D Home app can be produced on its app for both major mobile platforms or by using any high-resolution photos and tours from third-party vendors and technologies. All content produced by 3D Home can be published in any MLS or personal website.




Rich media listing pages and content earn more attention from home shoppers on the internet. Zillow's own six-month study showed that homes with 3D tours sell for 10 percent more, on average, and are 22 percent more likely to sell in under 30 days and were saved by buyers 50 percent more often. The evolution of this product is especially significant in the context of Zillow's 200 million unique monthly users.

Basically, Zillow's home search prominence will augment the normalization of digital tours in the same way the Zestimate did for home value as a lead generator. Also, Zillow's direct IDX feeds will increase the ease at which property tours are created, further advancing the immersive digitization of listings. The ShowingTime acquisition matters, too, because now Zillow will be able to more accurately than ever connect listing page content to showing interest and evolve its related technologies at a faster rate.

**Student Notes:**

# Trend 5:

# The Rise of the Amazon Like Real Estate Experience

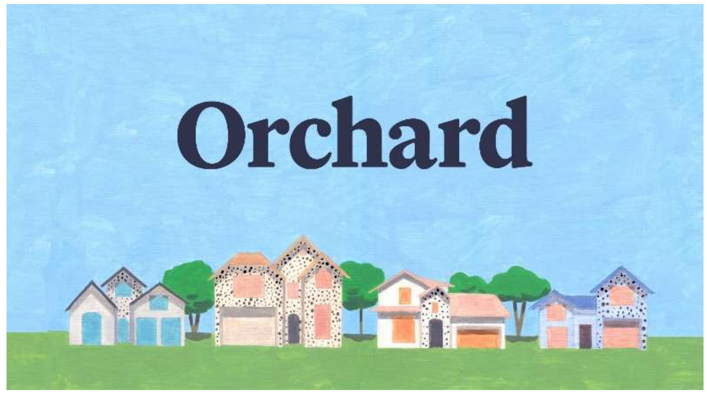
**Learning Objectives:**

By the end of this module, a student will be able to:

- Define the new competitors in the market
- Explain how each company operates
- Differentiate between the benefits of the different companies for consumers
- Describe the details of the system in which they operate
- Develop a tact to compete in a market saturated by the Amazon type experience

In every cycle of real estate, new business models emerge and the last half of the last decade is no exception. We have seen an influx of iBuyers and there are more venture capital funded companies on the rise trying to take a bite out of the most undisrupted business remaining, the real estate business.

“Disruptors,” as some call them come in all shapes and sizes. Some are small regionally based companies and others are national companies funded with billions of dollars from investors hoping to get in on the ground floor of the “next big thing.”




Orchard has just recently started setting up in the Raleigh and Charlotte areas. The Orchard business model is unique in that the agents working for the company are employees and not independent contractors in the traditional model of real estate. This is a trend that started with Exit Realty in the mid 2000s and enhanced by Redfin in the late 2000s.

As a company that helps the buyer purchase their new home before selling their current home, Orchard’s business model with remind some North Carolina brokers of Knock. The business models are similar. The difference lies in Orchard’s ancillary services.


Orchard is also involved with a title company, a lender and a home warranty company. Along with that, they will assist with the preparation in selling the home with contractors to handle carpentry, painting and the like.

Homie is based in Utah and has set up shop in Arizona, Nevada, Colorado and Idaho. It is a flat fee brokerage service modeled after Redfin.

Agents that work for Homie are rebating their commissions on a transaction up to $5,000 per client.

Homie is not complimentary to the traditional model of real estate on their web site:

*“For far too long organizations have worked to protect an old business model and high commissions. Homie was founded with the belief that the use of modern technology and the expertise of licensed professionals is the way of real estate in the future. Our goal is to save each customer thousands on their real estate transaction while simplifying the process.”*

By working with sellers on a flat fee basis and the buyer representatives rebating $2,500 to buyers to be used as closing costs, and using their own mortgage company, “Homie Loans™,” they are more of a one stop shop for buyers.

Homie had a very unique marketing plan in 2018 to get its name out into the public eye. The company created a fake senate campaign and placed campaign signs all over the state encouraging citizens to, “Make Arizona a Teal State!” Although they received considerable media coverage, eventually, the

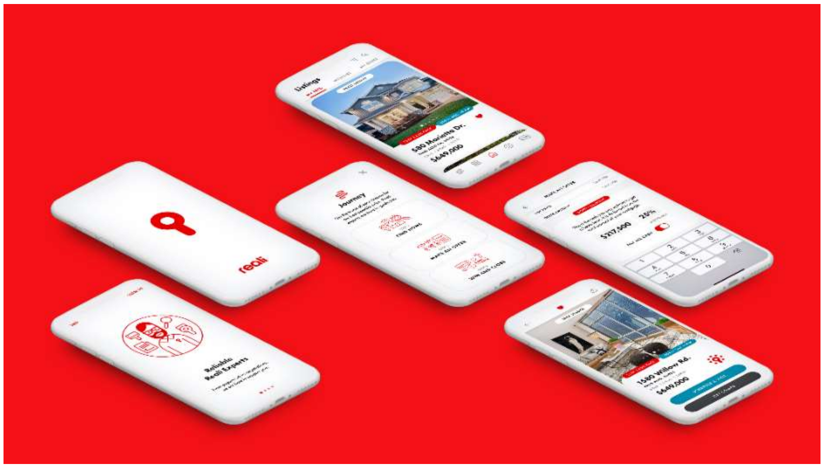
Arizona Attorney General forced the company to stop with the campaign. The scheme directed consumers to a web site where it was clear that it was a real estate company. However, the company was collecting data from those site visitors in exchange for a "Homie For Senate" t-shirt. The information collected included name, email address, home address and phone numbers.

Many traditional real estate agents despised the campaign because, as one agent put it, "They (the signs) reinforce wrongly to the general public that we realtors are slimy with no oversight."


"Getting accurate information before you vote is hard enough without businesses pretending to be candidates," Attorney General Mark Brnovich said. "Additionally, businesses should not be collecting your personal information under false pretenses.

Reali is a startup on the west coast that has yet another unique approach in contrast to the traditional model of real estate.

The company provides similar services you would expect to receive from a traditional agent, at a fraction of the cost to buyers and sellers. Theoretically, with the streamlined systems of their one of a kind app will lower the overhead costs to the company which they will pass along to consumers.



There is a team of licensed real estate agents throughout the state of California that will provide services to both buyers and sellers. For buyers, the Reali App allows consumers to search listings, schedule appointments, chat with an agent, place offers and more, according to the web site.

The Reali Cash Offer is mirrors other iBuyers in the game. Reali will help clients to make an all cash offer on the home of their choice, claiming that they can get a price 2% lower than market value, equating to thousands of dollars saved on a home purchase.

Of substantial intrigue is the Reali Trade-In offer where the company uses the Reali Cash Offer to purchase the new home, then helps with the cleaning, prep and staging of the home the consumer needs to sell, all of course at reduced fees.

Divvy is a company that is located in 16 markets across the United States and they have their eye on North Carolina for expansion.

Rent To Own is the advantage of this company for consumers. Divvy will take care of the purchase of the home for the consumer while that consumer builds equity through monthly payments.


The way the Divvy system is set up is so that renters are paying 25% of each month's rent towards equity and the down payment. With leases lasting up to three years, consumers can save up to 10% towards the purchase of the home.

The renter is able to purchase the home at any time once ready or they can walk away at any time and receive their 25% back.

If you have ever participated in a seller financing arrangement, the Divvy system will remind you of that type of transaction.

Although we have pointed out a few, know that there are hundreds of new companies out there with new models. Because North Carolina is such a popular destination for those relocating from all over the country, we will likely see these companies coming into the larger metro areas to stick their toes in the water and see if the system is accepted by North Carolina consumers.

At the same time, remember that almost every major company now has an iBuyer as part of their arsenal. Some are more well known that others, but they are making their way into the normal discussions of real estate.

As some new systems see good results, you can expect the influx of capital to arrive at these companies and to new startups that will continue to have an impact on the real estate business

**Student Notes:**


# Trend 6: Opendoor Will Expand

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define how Opendoor intends to expand
- Describe the details of how Opendoor operates
- Develop a system to explain the iBuyer option to clients accurately and fairly

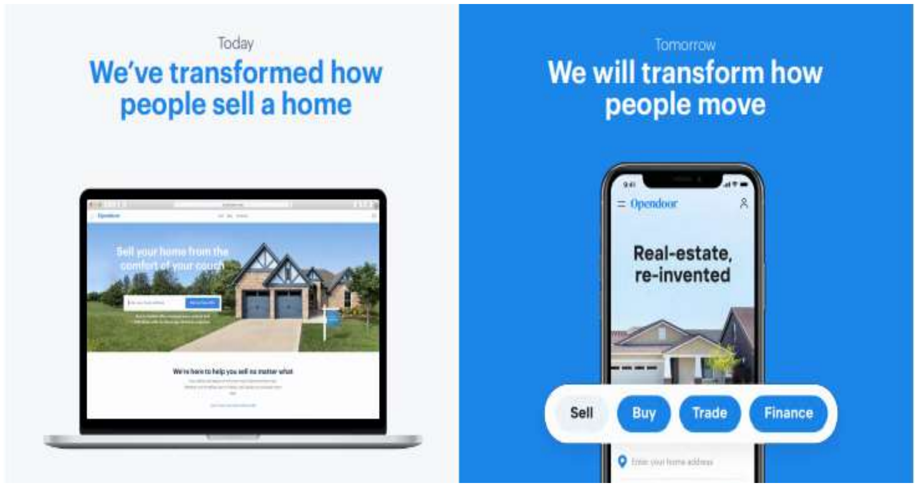
If you thought Opendoor was a serious competitor already, wait until you see what they have coming next! They are coming with the ability for a buyer to purchase the home they are standing in through the Opendoor App.

Imagine a consumer going with out a real estate agent to a home, retrieving the code to enter the home and then going inside. At that point is when the agent would enter the picture and help the buyer write an offer on the property.

Opendoor is looking to change that. What if a buyer could enter the sales price they were willing to pay, choose a closing date and answer a couple of other questions on the app? Then the app takes that information, populates blanks in a contract and asks the buyer to sign via electronic signature.

That's it. The offer has been presented and the agent has been completely bypassed in the transaction. Don't think it can happen? What happened to travel agents? What happened to taxi drivers? It is possible and the intent seems to be to make this happen, and soon.

Well-funded companies like Opendoor do their research. They know with 5 million homes sold annually, that is a $1.6 Trillion dollar market on which they can capitalize.



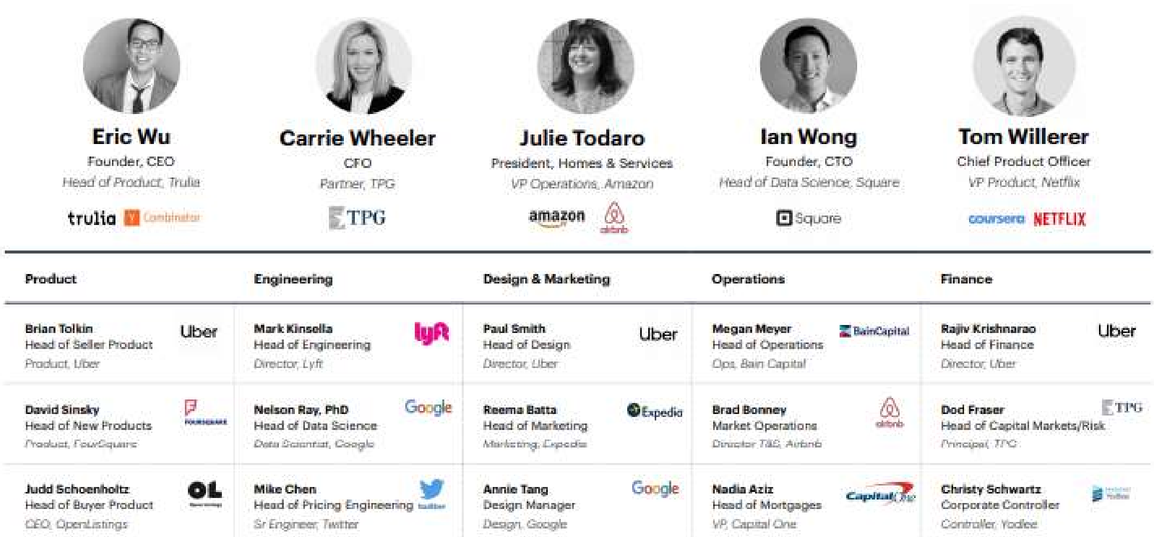

They are also banking on the fact that 28% of Realtors® are part time and have another occupation. Transactions are often a poor experience for buyers and when they have a bad experience in their past, they are more likely to try to bypass the agent in future transactions.

As of January 1, 2021, Opendoor was in 21 markets in the United States and had a 2% market share in each of those. If they expand, that could mean over 100,000 transactions across the country, a big dent in the national real estate market. If they represent the buy side in 25% of those transactions, revenue skyrockets.

After Opendoor went public in December of 2020, the posted their first earnings report on March 5, 2021. Total revenue for the company was $2.7 billion down from the $4.7 billion from 2019. The Covid-19 pandemic gave iBuying companies a significant stress test in a down market and the results were staggering. Homes sales by Opendoor were down roughly half from the 2019 report. The company posted a net revenue of $248 million, however posted a net loss of $286 million in 2020 with a loss of $87 million in Q4 alone.

In their investor packet, Opendoor says, "We've transformed how people sell a home. Now we will transform how people move.

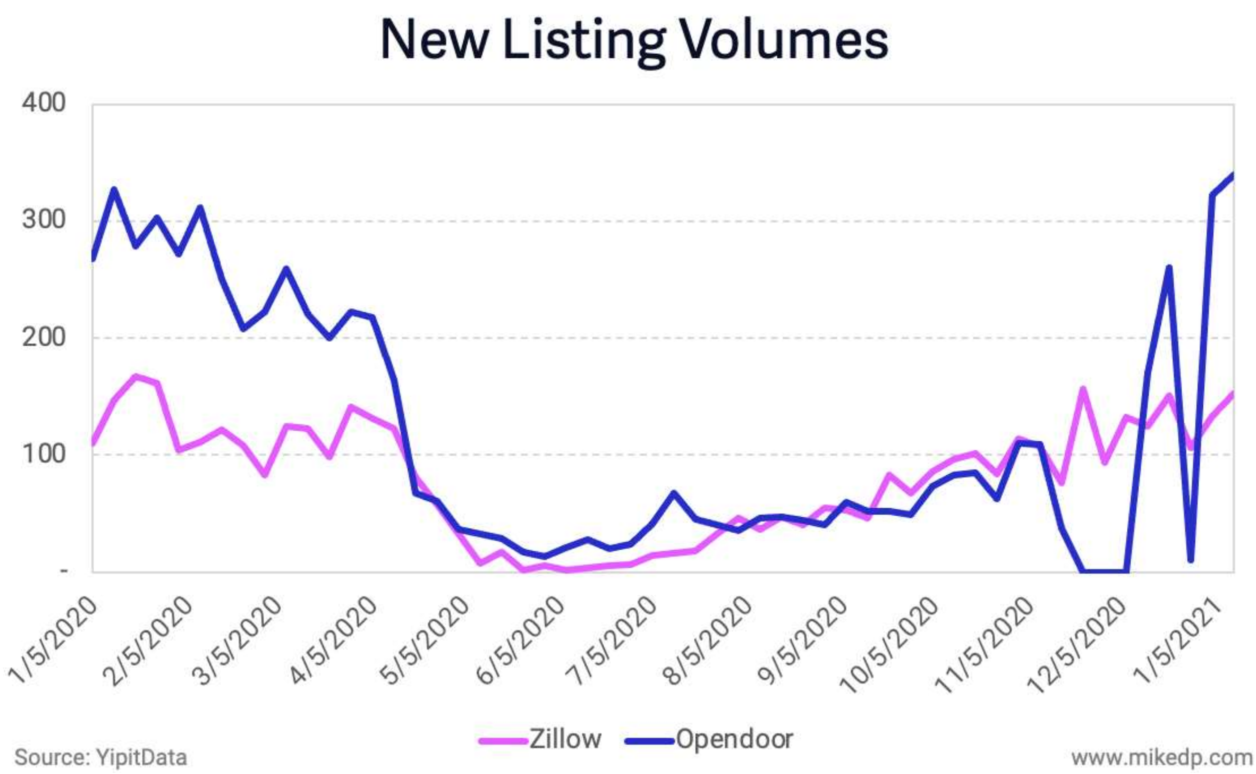
Opendoor's management team is well prepared for disruption in the market. Their leaders include former leadership from Netflix, Square, AirBnb, TPG, Trulia and Amazon.



# Opendoor Withholds Listings From the Market **by Mike Delprete**

In late 2020, while Opendoor continued to purchase hundreds of homes each week, it stopped listing new homes for sale. This unusual behavior lasted four weeks, and reveals an interesting consequence of the rise of new models in real estate, specifically iBuyers.

Between November 10th and December 10th, Opendoor listed no new homes for sale in any market, nationally (Opendoor also did not list homes during the week of Christmas). For comparison, during the same period Zillow continued purchasing and listing new homes for sale.



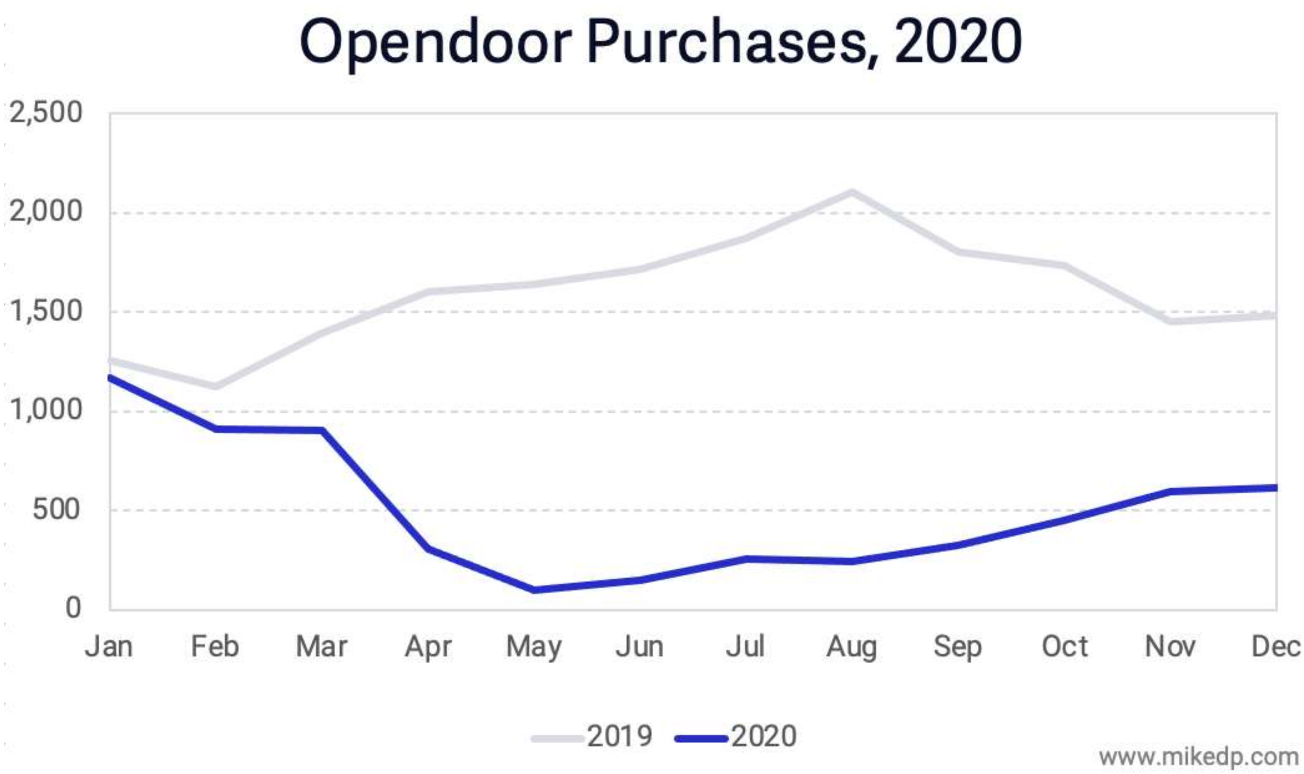

During this time, Opendoor continued to purchase homes from consumers. Its purchase levels in November and December -- while still well below the levels of 2019 -- remained robust, with no visible slowdown.

The result of Opendoor's action -- during the run up to its IPO -- created an artificial buildup of inventory. It was a concerted, company-wide effort -- but what was the purpose?

# Understanding Why

Here's a hypothesis: An iBuyer books revenue when a home is sold. By withholding listings for a month, Opendoor pushed back the likely period when those houses would sell (and it would book revenue) into 2021 -- to its first full quarter as a publicly listed company.

Regardless of the specific reason for the action -- pumping up revenue numbers, maximizing home appreciation, or simply taking a break before the holidays -- a decision was made, and the results are the same: Opendoor's inventory of houses increased by withholding new listings from the market.




# Implications for Consumers

While a relatively small move that kept 300–400 houses off the market for an additional month, Opendoor's action is an example of what happens when home purchasing power aggregates to one company. (A previous example is Opendoor and Zillow's systematic move to reduce buyer agent commissions.)

What happens when a company -- backed by Wall Street and motivated by profit -- has the ability to withhold listings from the market in the midst of a once-in-a-generation housing shortage? With the rise of new models that change the paradigm of home ownership, careful attention should be paid to a possible collision between what's good for a company, and what's good for the consumer. (Source: Mike Delprete acrticle, "Opendoor Withholds Listings From The Market" published February 17, 2021)

**Student Notes:**

# Trend 7: The Code of Ethics and iBuyers


**Learning Objectives:**

By the end of this module, a student will be able to:

- Define why iBuyers are protected by the Code of Ethics
- Explain how some agents have violated the Code
- Differentiate between legal/ethical comments and those that are in violation of laws/rules/ethics
- Develop a system to avoid future code violations in discussions about iBuyers

Agents have often expressed their disdain for Zillow openly and often with venom on social media and in independent conversations. However, now that Zillow, Opendoor, Offerpad and many others are now licensed and have Realtors® working for them, spreading misinformation or unsubstantiated accusations could now be a violation of the National Association of Realtors Code of Ethics.

A quick search on the North Carolina Real Estate Commission's web site yields multiple companies operating under the Zillow umbrella and all of them are part of the local multiple listing service and their agents are likely members also.

Firm Search Results

Showing 3 Matches
Click on the license number for details.

C31926 ZILLOW HOMES INC
C30388 ZILLOW INC
C32512 ZILLOW LISTING SERVICES INC

The NAR Code of Ethics, which all 2 million Realtors® nationally are required to abide by, clearly states in Article 15 how Realtors® should behave towards each other. The full text of Article 15 is printed below:

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. (Amended 1/12)

•Standard of Practice 15-1 REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. (Adopted 1/00)

•Standard of Practice 15-2 The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. (Adopted 1/07, Amended 1/12)

•Standard of Practice 15-3 The obligation to refrain from making false or misleading statements about their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. (Adopted 1/10, Amended 1/12)

**What Is the Clayton Antitrust Act?**

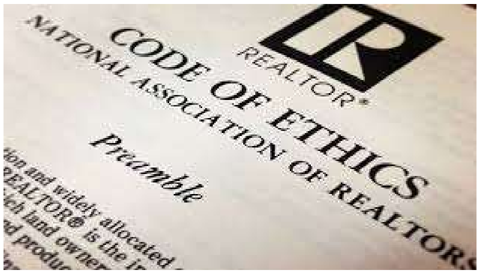
The Clayton Antitrust Act is a piece of legislation passed by the U.S. Congress in 1914. The act defines unethical business practices, such as price-fixing and monopolies, and upholds various rights of labor. The Federal Trade Commission (FTC) and the Antitrust Division of the U.S. Department of Justice (DOJ) enforce the provisions of the Clayton Antitrust Act, which continue to affect American business practices today.

**What is the Sherman Antitrust Act?**

The Sherman Antitrust act was the first legislation enacted by the U.S. Congress (1890) to curb concentrations of power that interfere with trade and reduce economic competition. It was named for U.S. Sen. John Sherman of Ohio, who was an expert on the regulation of commerce.

One of the act's main provisions outlaws all combinations that restrain trade between states or with foreign nations. This prohibition applies not only to formal cartels but also to any agreement to fix prices, limit industrial output, share markets, or exclude competition. A second key provision makes illegal all attempts to monopolize any part of trade or commerce in the United States. These two provisions, which constitute the heart of the Sherman Act, are enforceable by the U.S. Department of Justice through litigation in the federal courts. Firms found in violation of the act can be ordered dissolved by the courts, and injunctions to prohibit illegal practices can be issued. Violations are punishable by fines and imprisonment. Moreover, private parties injured by violations are permitted to sue for triple the amount of damages done them, also known as "treble damages."

**Student Notes:**




# Trend 8: Code of Ethics Updates

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define why iBuyers are protected by the Code of Ethics
- Explain how some agents have violated the Code
- Differentiate between legal/ethical comments and those that are in violation of laws/rules/ethics
- Develop a system to avoid future code violations in discussions about iBuyers

Every year, NAR looks at the Code of Ethics and if necessary, updates them according to changes in Realtor® activity, response from the general public or updates as necessary based on emerging issues in real estate.

Updates reprinted from the National Association of Realtors:

# Change to the Code of Ethics and Standards of Practice

(underscoring indicates additions, ~~strikeouts~~ indicate deletions)

***Standard of Practice 1-7 is amended as follows:***

> When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall, as soon as practical, provide a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer

except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease.

***New Standard of Practice 3-11 is adopted as follows:***

REALTORS® may not refuse to cooperate on the basis of a broker's race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.

***Standard of Practice 10-5 added November 2020 is adopted as follows:***

REALTORS® must not use harassing speech, hate speech, epithets, or slurs based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.

***Standard of Practice 12-2 is deleted, and that Standard of Practice 12-1 is revised as follows:***

<u>Unless they are receiving no compensation from any source for their time or services</u>, REALTORS® may use the term "free" and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time <u>only if they clearly and conspicuously disclose:</u>

<u>1. by whom they are being, or expect to be, paid;</u>
<u>2. the amount of the payment or anticipated payment;</u>
<u>3. any conditions associated with the payment, offered product, or service; and</u>
<u>4. any other terms relating to their compensation.</u>

## Student Notes

## The latest version of the 2021 Code of Ethics can be seen at:

https://www.nar.realtor/about-nar/governing-documents/code-of-ethics/2021-code-of-ethics-standards-of-practice

Link is active if you are using a PDF version of this manual.

**Student Notes**


# Trend 9: The Eviction Moratorum

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define properties to which the moratorium applies
- Explain the effect on both tenants and landlords
- Describe the details to consumers accurately

The year 2020 will be remembered for the havoc it created untold numbers of new infections and presumed deaths, or a gender reveal party that led to some of the country's largest wildfires as two prime examples.

The eviction moratoriums that were enacted earlier this year could also created unintended dire consequences in the long run.

On its face, the intent of these policies is admirable — preventing millions from becoming homeless. It helps those in a world of financial hurt and unemployment stemming from the pandemic — which disproportionately hit lower-income households. I agree that sound and sympathetic policies were needed. However, we should also be extremely worried about their unintended consequences.

Unfortunately, these moratoriums are going to do long-term, significant damage to affordable housing going forward, making housing inaccessible for those most in need of stable opportunities. The first nationwide eviction moratorium was initiated in April 2020 and applied to any properties with federal assistance or loans. Though the enforcement was not consistently applied, by and large, this helped many individuals who had lost their jobs or taken a pay cut. At the time, we were unaware of the impact the Covid-19 Pandemic would have nor how long it would last. Many municipalities also enacted similar bans on evictions causing landlords to wonder if there would be any relief in sight for them as property owners. This was the onset of the pandemic and a time when no one really knew what was going to happen next.

Additional unemployment benefits and stimulus checks also were available during this time, which significantly helped renters to make more payments than they could have otherwise. When the unemployment and stimulus checks began to come in, the vast majority of those with balances were able to pay them off. Many even used these funds to pay toward future weeks of rent. The coupling of the eviction moratorium with the added unemployment funds and stimulus check softened the blow for all parties.

The second eviction moratorium — enacted officially through the CDC — was farther reaching and applied across the board. This policy effectively ended the majority of evictions, as many courts weren't processing any through the end of 2020. Most courts in metropolitan areas are seeing a backlog of eviction cases in the thousands. Millions are currently on the cusp of being evicted and affordable housing is about to get a lot more chaotic.

There are 9 million Americans behind on payments, and many will face eviction when the moratorium is lifted. The current policy — including a recently passed stimulus — has completely ignored the impacts and potential reactions for housing providers, who have been essentially asked to house individuals for free. Even before the pandemic, affordable housing was in short supply, and those in the industry consistently faced a situation where affordable housing providers tried constantly to produce more options. If the ongoing objective is to create *more* housing options for people in need, our policy solutions should not ignore or provoke the groups that are most likely to actually create said options.

To be clear, I am not advocating for evictions in any way. Evictions themselves are a blunt instrument that leaves both residents and housing providers at a loss. The emotional side of this argument is not lost on me either, and I believe supportive and holistic solutions are far better alternatives to evictions. But structured, supportive solutions, whether stimulus payments to tenants or on their behalf, required mediation, streamlined access to philanthropic and nonprofit support, need to exist across the country even more so during Covid-19. With the exception of a smaller than previous unemployment bonus and stimulus check, these structured, support solutions are not here.

Meanwhile, based on the 2018 Rental Housing Finance Survey from the U.S. Census, almost 20 million rental units of a little over 48 million in the country are owned by individual owners rather than corporations. Many of these are middle-income, hardworking Americans that have real hard costs — mortgages, property taxes, repair and maintenance costs, homeowner association dues — to pay down. Renting out their homes can also be their primary source of income. What would happen if your employer asked you to work without pay for nine months? What business could be expected to survive, much less expand, if forced to produce and sell their product for free for that period?

The answer is obvious. You wouldn't continue working for that employer, and most of those businesses would fail. So if we want to increase the supply of housing options, ultimately resulting in lower costs for residents, then we need to support housing providers. (Source: Forbes Magazine January 2021)

## Student Notes


# Trend 10: Changes to Commercial Real Estate After Covid-19

**"As retailers learn to operate without stores, business travelers without airplanes and workers without offices, much of what started out as a temporary expedient is likely to become permanent."**

-Peter Grant, The Wall Street Journal, December 2020

**Learning Objectives:**
By the end of this module, a student will be able to:

- Define the current trends in commercial real estate
- Explain basic theory behind commercial trends
- Differentiate between the different types of commercial property discussed
- Describe the underlying reasons for the shift in different markets

Commercial real estate has had its challenges while residential real estate seemed to thrive in 2020. Ask 10 commercial Realtors® what their prediction is for the next 5 years and they will give you 20 different answers.

Retail has taken the biggest hit as large retailers like Amazon and Wal-Mart have upped the ante in their delivery services. In addition grocery stores and restaurants have adjusted to enhance their take-out and delivery services. All from necessity.

Have you looked around and noticed the number of “mom and pop” stores closing? Unfortunately, small business, more especially small retail businesses are struggling and often closing.

Ultimately, commercial space is going to see lower occupancy rates for a while across the board. There are many companies already reducing their footprint to match up with their new work schedules for employees.

Employers still like the productivity and the idea sharing that comes from small and large groups of people meeting face to face. That hasn’t change and isn’t likely to. It is just not the same when a large number of people are on a conference call or a Zoom meeting more worried about staying on mute to keep their peers from hearing the dog barking or baby crying in the background.

The national companies may reduce their significant footprints, however, “Main Street America” including those businesses with less than 25 employees will likely return to their place of work if they haven’t already. Collaboration is still a catalyst for great new ideas and those don’t happen if everyone is prevented from returning to the office.


At the same time, those 80’s kids and parents will remember the unique office hours and office day care type ideas that were popular in that period. Expect to see some of those return. It is quite possible we could see employees working 11am-7pm instead of a typical 9-5. Maybe even a 5am-1pm shift so they can pick up the kids after school.

Although flexible hours may be in, we are likely to see the demise of flexible open spaces in offices. Yes, collaboration works well with those meetings, yet we will likely see the return of the private office for maximum production.

Repurposed spaces will also be hot along with warehouse space. Due to the rise of online retail, those providers will need a place to store the items they sell so that items are in stock and ready to go out quickly. People have been spoiled by 2 day delivery and consumers will demand that quick turnaround.

In North Carolina we have seen a former grocery store in Raleigh turned into a children's play space with trampolines, indoor go carts and indoor mini golf. Recently, Epic Games of Raleigh purchased Cary Town Center to repurpose the mall as their headquarters for gaming which will include facilities to house large scale, world wide tournaments for e-sports.

Other parts of the state have seen an old JC Penny location turned into an indoor gun range, while some retailers are building their own mailing systems inside of their manufacturing plants, similar to Amazon.

**Student Notes**


# Trend 11: Escalation Clauses

**Learning Objectives:**
**By the end of this module, a student will be able to:**

- Define what an escalation clause is and explain how it works
- Differentiate the legal use by mastery of the NC Real Estate Commission rules governing their usage
- Develop a strategy to help buyers and sellers understand the effect of an escalation clause so the consumer can make an informed decision

The escalation clause is not a new concept. They have been used since at least 1996 in North Carolina and likely even earlier than that.

A firm in Raleigh had a corporate attorney draft an addendum including an escalation clause which that company adopted statewide and it became more prevalent towards the close of the 1990s as the market ramped up and we began to see bidding wars for quality listings that were in good condition and well-priced.

With the quick appreciation of home values in the last 3 years and inventory at record lows in early 2021, escalation clauses became more widely used.

The problem is that the North Carolina Real Estate Commission advises against the use of escalation clauses because its use could violate provisions of the license law. What does that mean and what provisions could be violated?

In North Carolina, the terms of a Buyer's offer are confidential. In other words, the details of an offer can only be shared with the listing agent or the seller. Neither the seller nor the listing agent have the right to disclose the term of a Buyer's offer to any other prospective buyer without the written consent of the Buyer.

Remember that the existence of multiple offers is not a material fact, therefore Buyers may not know they are competing. At the same time, if the listing agent discloses the existence of multiple offer to one offeror, then she must disclose the existence of multiple offers to all offerors per NC Real Estate Commission rule.

The reason that the North Carolina Real Estate Commission advises against the use of escalation clauses is that many of them include a provision where another Buyer's offer would have to be disclosed in some form. Contrary to the beliefs of some agents, the property being "Under Contract" or "Pending" does not change that rule. Buyer A has no right to know any of the terms of Buyer B's offer and vice versa. That is where the escalation clause can violate commission rules.

**Student Notes**

Sample Escalation Clause from Jackson Law in Raleigh https://jacksonlawnc.com/

## Escalation Addendum

***Prepared by Jeremiah Jackson of Jackson Law***

The following provisions are incorporated into the Offer to Purchase and Contract "Contract" and shall supersede any provision to the contrary contained in the Contract.

**Escalation Terms**: In the event that Seller(s) receives one or more additional bona fide offers to purchase Property with terms acceptable to Seller ("Other Offer") and which after adjusting for seller paid closing costs, warranty, and any other seller concession results in a Purchase Price payable to Seller equal to or greater than the Purchase Price payable to Seller under this Contract, then the Purchase Price stated in this Contract shall automatically increase to an amount $ ______________________ over Other Offer. The Purchase Price under this offer shall not exceed $ ______________________ ("Cap"). Buyer(s) acknowledges that in the event of multiple bids, multiple escalations may occur and, in some cases, escalation to the Cap. Other Offer shall be limited to those written bona fide offers on the Property received by Seller whose terms include closing within 45 days, may be contingent upon sale of property currently under contract (but not a property that is only listed or not yet listed), and no contingency for seller financing.

**Escalation Increase Procedure**: If Buyer is financing a portion of Purchase Price and this escalation clause causes an increase in Purchase Price under this Contract, then (check one):

☐ The loan amount and Earnest Money Deposit provided for in Contract shall remain the same, and Buyer shall pay any increase in cash as the time of settlement OR

☐ The Earnest Money Deposit amount provided for in Contract shall remain the same, and any increase shall be added to the loan amount OR

☐ The loan amount provided for in Contract shall remain the same, and any increase shall be added to the Earnest Money Deposit

**Additional Escalators:** In addition to the above, Buyer also offers to adjust (if blank, then not applicable):

Due Diligence Fee $ __________ higher, up to a cap of $ __________

Earnest Money Deposit $ __________ higher, up to a cap of $ __________

Closing date __________ business day(s) ☐ earlier ☐ later, or as early ☐ late as __________

Due Diligence ending __________ business day(s) earlier, or as __________

☐ To purchase Property "as-is" (subject to Buyer's normal Due Diligence)

**Termination**: The terms contained herein are for the sole purpose of obtaining a mutually agreeable Purchase Price and shall be deemed satisfied and will terminate upon ratification of Contract.

**Disclaimer**: Buyer acknowledges and agrees that Contract and Escalation Clause have been made of his or her own volition and at his or her own discretion and Buyer agrees to hold Selling Agent and his/her brokerage, Listing Agent and his/her brokerage, and Seller harmless with regard to negotiation of the Purchase Price.

**Acceptance of Counteroffer**: In the event that Seller agrees to accept Purchase Price within the terms of this Contract and pursuant to Escalation Clause, the Seller will submit to Buyer a copy of Contract, with the Purchase Price and any other terms adjusted according to the escalation provisions contained herein, having been fully executed by the Seller ("Counteroffer"). Acceptance of the Counteroffer will occur upon counter signature and initials on modified terms of Contract, by the Buyer, and delivery to the Seller of the fully ratified Contract.

**Confidentiality:** Buyer and Selling Agent understand that Listing Agent may not disclose Other Offers, and therefore accepts Listing Agent's and Seller's certification (by signatures below) regarding the existence of Other Offer. Listing Agent further agrees to retain a copy of the Other Offer.

| | | | |
|---|---|---|---|
| Buyer(s) | Date | Seller(s) | Date |
| Buyer(s) | Date | Seller(s) | Date |
| Selling Agent | Date | Listing Agent | Date |

# What is the North Carolina Real Estate Commission's official position on escalation clauses?

- – Effective July 1,2008, a new Commission rule prohibits shopping offers unless permitted by the offering party, typically, the buyer. All buyers must be treated fairly, honestly and equally. Disclosing terms of an offer to other buyers gives those receiving the information an unfair advantage over the buyer whose competing offer is disclosed. Thus, it is not in the interest of most buyers to allow disclosure of their offers.

# What is the listing agent's responsibility when he receives an offer with an escalation clause?

- Agents are required to present "Any and All Offers."
- If the escalation clause is written into an addendum that is attached to the offer in paragraph 14 of the Standard Offer To Purchase and Contract, then the offer must be presented to the seller.
- The seller then has the choice to ignore the offer, reject the offer, accept the offer or send a counteroffer to the buyer. That counter offer could remove the escalation clause if the seller chooses to do so.
- Licensees should be careful to explain the impact of an escalation clause, the good, the bad and the ugly of them, and then allow the SELLER to decide how to respond.
- There have been agents on social media sites that have written, "I don't allow offers on my listings that include escalation clauses." Remember that choice is not up to the listing agent but the seller. The listing agent's fiduciary duty requires the presentation of the offer in full. From that point, the listing agent may make recommendations to the seller. Then the listing agent must follow the instructions of the seller in responding to the offer(s).

**Student Notes**


# Trend 12:
# Big Data Grows In Access and Use

**Learning Objectives:**

By the end of this module, a student will be able to:
- Define exabyte
- Explain how data is created and how it can be used for both good and evil
- Differentiate between the 5 V's of Big Data
- Describe why data privacy is important to consumers
- Develop systems to protect consumer data a licensee has on a computer, external drive or cloud drive

Every major real estate company is now developing an Artificial Intelligence (AI) system to measure every major analytic the mind can think of.

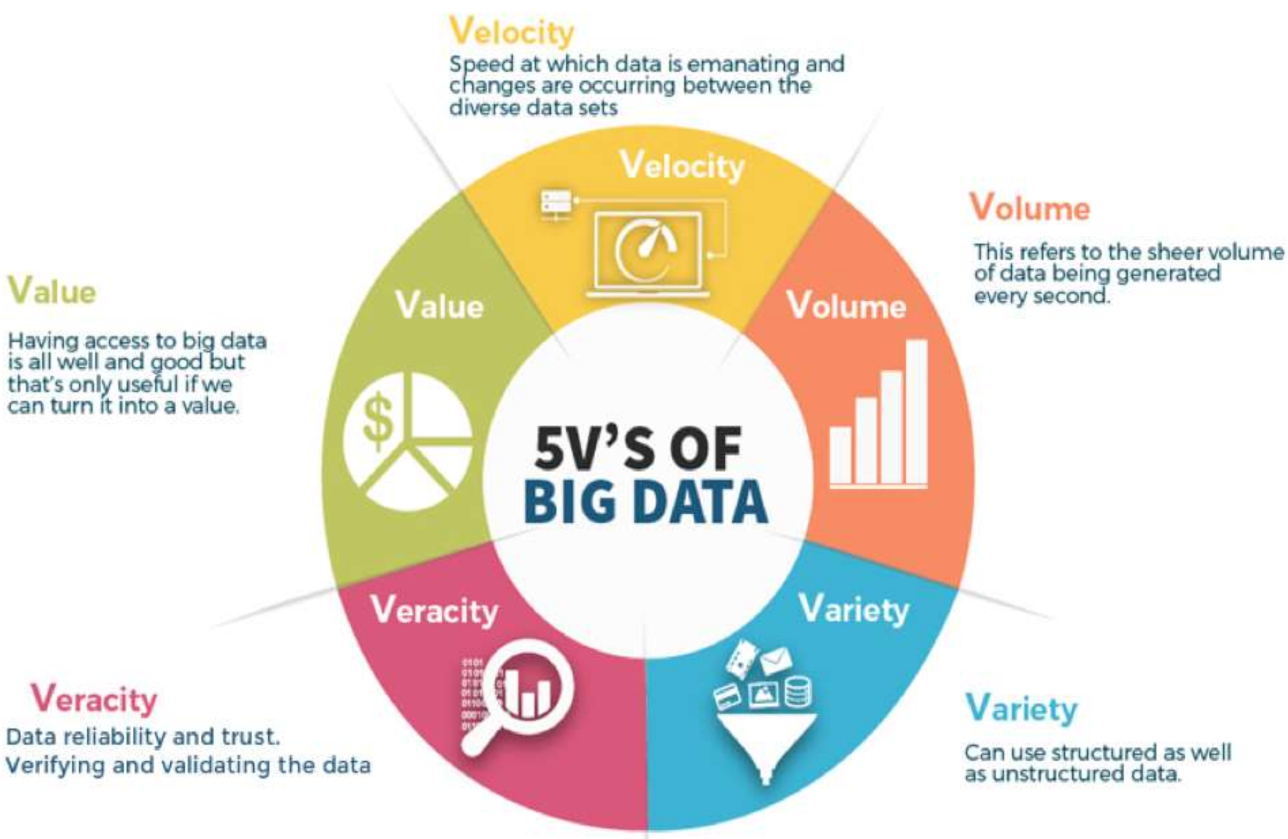
I remember as a child, I had a computer called the Commodore VIC-20. You may remember that. It had 20 kilobytes of memory. When my father asked me what I wanted for Christmas, I told him I wanted the new Commodore 64. My father yelled, "I just bought you a computer less than 6 months ago!"

My reply did not go over well. “I need more power and room and I need the 64K that the Commodore 64 provides.”

I distinctly remember my father looking at my mother and saying, “When will anyone every need 64K of storage?”

Today, we have cell phones in our hands that have more power than was needed for the first mission to the moon. High end cameras have been replaced by high definition cameras on our phones that we carry in our pockets. Our computers are running software that would bring 1990s computers to their knees. Cloud hosting, cloud storage, and two terabyte external hard drives are something everyone has these days.

Think about the fact that the average cell phone creates over 40 exabytes of data in a single month. An exabyte is one BILLION gigabytes! That is a massive amount of information! Multiply that by Five Billion mobile devices in the world and you can see how much data clogs those high speed lines all of the media carriers are adding each year.



# Volume

If we see big data as a pyramid, volume is the base. The volume of data that companies manage skyrocketed around 2012, when they began collecting more than three million pieces of data every data. “Since then, this volume doubles about every 40 months,” Herencia said.

# Velocity

In addition to managing data, companies need that information to flow quickly – as close to real-time as possible. So much so that the MetLife executive stressed that: “Velocity can be more important than volume because it can give us a bigger competitive advantage. Sometimes it’s better to have limited data in real time than lots of data at a low speed.”

The data have to be available at the right time to make appropriate business decisions. Data analysis expert Gemma Muñoz provided an example: on the days when Champions League soccer matches are held, the food delivery company La Nevera Roja (which was taken over by Just Eat in 2016,) decides whether to buy a Google AdWords campaign based on its sales data 45 minutes after the start of the game. Three hours later, this information is not nearly as important.

# Variety

The third V of big data is variety. A company can obtain data from many different sources: from in-house devices to smartphone GPS technology or what people are saying on social networks. The importance of these sources of information varies depending on the nature of the business. For example, a mass-market service or product should be more aware of social networks than an industrial business.

These data can have many layers, with different values. As Muñoz explained, “When launching an email marketing campaign, we don’t just want to know how many people opened the email, but more importantly, what these people are like.”

# Veracity

The fourth V is veracity, which in this context is equivalent to quality. We have all the data, but could we be missing something? Are the data “clean” and accurate? Do they really have something to offer?

# Value

Finally, the V for value sits at the top of the big data pyramid. This refers to the ability to transform a tsunami of data into business.

Herencia offered an example that is the source of company pride at MetLife: "We now know within a two-month period when it is highly likely that a customer will cancel his or her policy or purchase a new one."

The television and film industries are using big data to make sure that their shows and movies are a hit with audiences and, more importantly, to prevent million-dollar losses from poor decisions.

But big data's power covers more than projections. At MetLife, he says, "We can also localize our most important customers, whom we call Snoopy [the famous cartoon dog who was the brand's image for decades] and we know which ones do not have any value, either because they cancel frequently, are always looking for discounts, or we may have suspicions of fraud. They are customers with a similar profile, but they're also very different. Years ago, we weren't able to distinguish them. Now we can, thanks to big data."

After a significant investment in time and resources, if a company correctly uses big data, its ability to get to know customers and monetize all that information is enormous. They can offer customers what they want or need at the right time.

Harnessing this big data will be huge for the future of real estate.

For example, in Boston, the price of homes within a quarter of a mile of a Starbucks jumped by more than 171% between 1997 and 2014, 45% more than all homes in the city according to a study by Zillow. Over the past decade, Seattle apartment buildings within a mile of specialty grocery stores like Whole Foods and Trader Joe's appreciated in value faster than others.

While home prices are not driven by nearby grocery stores, they are driven by access to the right mix, quantity and quality of the features of a community. The nonlinear relationships are observed across many US cities. The sweet-spot intersection of proximity to community amenities varies among cities and even neighborhoods and the growing mass of data studied will make hyperlocal study the future of real estate development.

**Student Notes**


# Trend 13: Online Privacy

**Learning Objectives:**

By the end of this module, a student will be able to:

- Explain how privacy is compromised by using a computer, mobile device or even a TV
- Describe how consumers and licensees can protect their data
- Develop systems to protect consumer data a licensee has on a computer, external or cloud drive

Almost every major website that consumers use tracks the user’s online activity. Tracking technology in this day and age, can compile usage data and build it into a database. That database can be used for may things including advertising for presidential elections, to online shopping outlets recommending other products before a user checks out from a purchase, to real estate companies compiling information to determine which owners in a neighborhood are most likely to sell in the next 6 months.

Cookies are the most common way for websites to track usage. When a user visits a website, many of the sites deposit data about the visit (also called a “session”), called "cookies," on the user’s hard drive. Cookies are pieces of information sent by a web server to a user's browser. Cookies may include information such as login or registration identification, user preferences, online "shopping cart" information, and so on.

The browser saves the information, and sends it back to the web server whenever the browser returns to the website. The web server may use the cookie to customize the display it sends to the user, or it may keep track of the different pages within the site that the user accesses.

Another popular use is “cross-device tracking” which occurs when companies try to connect a consumer’s activity across their smartphones, tablets, desktop computers, and other connected devices. The goal of cross-device tracking is to enable companies to link a consumer's behavior across all of their devices. While this information serves many purposes, it is particularly valuable to advertisers.

Social media companies like Facebook, Instagram, Snapchat, TikTok, MySpace, LinkedIn and many others are known to employ many techniques that allow them to target users with ads. Have you ever talked about taking a trip to Hawaii, and suddenly you see ads for Hawaiian vacations on your Facebook feed? That is how it happens.

Mark Zuckerberg, the owner of Facebook, said that privacy should no longer be expected on the internet because it is not necessary. He said that people don't need or expect privacy on the internet. Interestingly enough, Zuckerberg has spent the last 3 years buying up the properties around his personal home, spending over $30 million to do so, in order to have… you guessed it; Privacy.

In addition, our phones are listening to us constantly. If you have an iPhone and say, "Hey Siri," you have a personal assistant immediately available. Do you really think Apple is not listening in to every conversation you have to potentially target you for future purchases? With your iPhone near, have a conversation with another person about buying an iPad. Ads for iPads will suddenly appear on websites you subsequently visit.

Just a little fun for iPhone users that are also fans of the rock band, Queen: Go to your phone and say, "Hey Siri, I see a little silhouette of a man…" and let Siri take it from there. You are welcome.

## Student Notes

# Trend 14: Will Foreclosures Return?

**Learning Objectives:**
By the end of this module, a student will be able to:

- Define Foreclosure, Short Sale and Deed in Lieu
- Explain reasons why a foreclosure may be a good or bad choice to a consumer
- Differentiate between the choices a home owner has when facing the possibility of foreclosure
- Describe the process of each type of sale and the licensee responsibilities with each

The short answer is yes, but there is massive amount of data that needs to be analyzed in order to know how significant the foreclosure market will grow in the next three years.

The moratorium on foreclosures, similar to the eviction moratorium discussed earlier in the class, was included by both the Trump and Biden administrations as part of the response to the Covid-19 Pandemic.

During the class, the instructor will have updated information for attendees with current foreclosure data from across the state of North Carolina.

In order to discuss foreclosures, one must first know the three most important pieces of vocabulary:

- **Reinstatement:** Requires delivery of a lump sum on a specific date to keep your mortgage current
- **Forbearance:** Temporarily suspends your obligation if you can prove that your ability to earn income was irrevocably impacted by illness, job loss or some other hardship that affected your earning ability
- **Repayment Plan:** Restructure your mortgage to better fit your income profile

The process of going through a foreclosure is fairly simple. A property owner must normally be in default by at least three months before any “pre-foreclosure notice” is given. That gives the owner the opportunity to “reinstate” the loan by catching up on the payments.

Many times, owners are embarrassed and do not communicate with the lender to figure out a recovery process to bring the loan to current status. Ignoring the letters from a lender is the worst thing an owner can do. Communicating with the lender will give you more time and the lender is more likely to try to figure out a mutually agreeable solution.

Once a notice of foreclosure is sent to the homeowner, the foreclosure becomes a material fact that licensees must then disclose. It does affect the value of the property and often if payments have not been kept up, neither has the property.

As you may remember from pre-license class or broker post-license classes, the foreclosure sale will be completed by a Trustee that will be appointed by the court system. At that point, the court controls the sale unless the property owner is able to catch up on the money owed. However, by this point in the process, it is usually too late and the sale will go forward.

Some Trustees choose to sell the house themselves while others will employ a Realtor® to handle the process. That Realtor® will have to be approved by the court before the listing can be marketed.

Once the listing is marketed and offers are presented, the Trustee and the listing agent will decide which one to accept. However, that acceptance must be approved by the court to make sure it is getting the highest return possible.

After the sale has been approved, the normal closing process takes place with the Trustee signing all of the documents as the seller and a Trustee's Deed is issued to the buyer. That deed is a type of Special Warranty Deed that has some limitations for the new owner so title insurance is a must and the existence of the special deed must be disclosed to the title insurance company as well as any future lienholder.

Sample court order below from a Bancruptcy/Foreclosure sale:

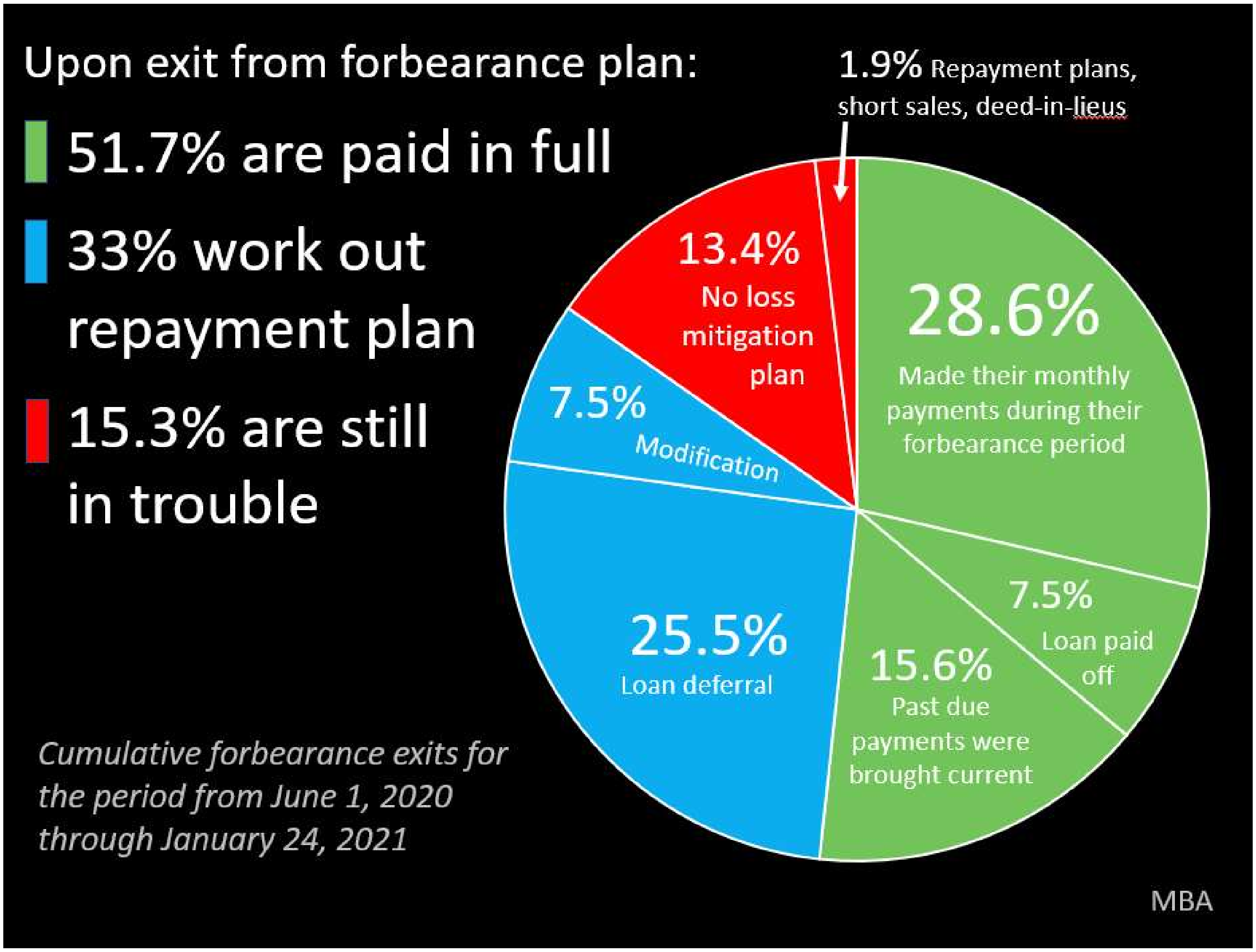
**ORDER AUTHORIZING PRIVATE SALE OF REAL PROPERTY AND COMPENSATION OF RESIDENTIAL REAL ESTATE BROKER**

UPON Motion and Notice of Private Sale by Richard DeWitte Sparkman, Trustee in Bankruptcy for authority to sell real property and for compensation to residential real estate broker for Sale Property located at 7532 Tynewind Drive, Wake Forest, NC 27587, and being more particularly described as follows:

**Being all of Lot 75, Waterfall Plantation Subdivision, Phase IV, Section One, according to that map recorded in Book of Maps 1999, Page 853, Wake County Registry.**

The Trustee proposed to sell the Sale Property to Tyler G. Heilig and spouse, Callie Elizabeth Heilig ("Purchasers") for the total purchase price of $503,500.00. Outstanding liens total $330,580.00. Applicable exemptions total $70,000.00. Trustee authorized payment to Purchaers of $3,000.00 from closing for repairs to the Sale Property.

The Trustee is credibly informed that the offer is a fair and reasonable price for the Sale Property and that it would be in the best interest for the Trustee to accept the offer and sell the Sale Property at a private sale. The Trustee submitted to the Court that the Purchasers are




# Forbearance

Forbearance is when your mortgage servicer or lender allows you to temporarily pay your mortgage at a lower payment or pause paying your mortgage. You will have to pay the payment reduction or the paused payments back later.

Forbearance can help you deal with a hardship, such as, if your home was damaged in a flood, you had an illness or injury that increased your healthcare costs, or you lost your job. Forbearance does not erase the amount you owe on your mortgage. You will have to repay any missed or reduced payments.

(Source: Consumer Financial Protection Bureau)

According to the latest report from *Black Knight, Inc.*, a well-respected provider of data and analytics for mortgage companies, 6.48 million households have entered a forbearance plan as a result of financial concerns brought on by the COVID-19 pandemic. Here's where these homeowners stand right now:

- 2,543,000 (39%) are current on their payments and have left the program
- 625,000 (9%) have paid off their mortgages
- 434,000 (7%) have negotiated a repayment plan and have left the program
- 2,254,000 (35%) have extended their original forbearance plan
- 512,000 (8%) are still in their original forbearance plan
- 116,000 (2%) have left the program and are still behind on payments

This shows that of the almost 3.72 million homeowners who have left the program, only 116,000 (2%) exited while they were still behind on their payments. There are still 2.77 million borrowers in a forbearance program. No one knows for sure how many of those will become foreclosures. There are, however, three major reasons why most experts believe there will not be a tsunami of foreclosures as we saw during the housing crash over a decade ago:

1. Almost 30% of borrowers in forbearance are <u>still current</u> on their mortgage payments.
2. Banks likely don't want to repeat the <u>mistakes</u> of 2008-2012 when they put large numbers of foreclosures on their books. This time, many will instead negotiate a modification plan with the borrower, which will enable households to maintain ownership of the home.
3. With the significant <u>equity</u> homeowners have today, many will be able to sell instead of going into foreclosure.

Will there be foreclosures coming to the market? Yes. There are hundreds of thousands of foreclosures in this country each year. People experience economic hardships, and in some cases, are not able to meet their mortgage obligations.

Here's the breakdown of new foreclosures over the last three years, prior to the pandemic:

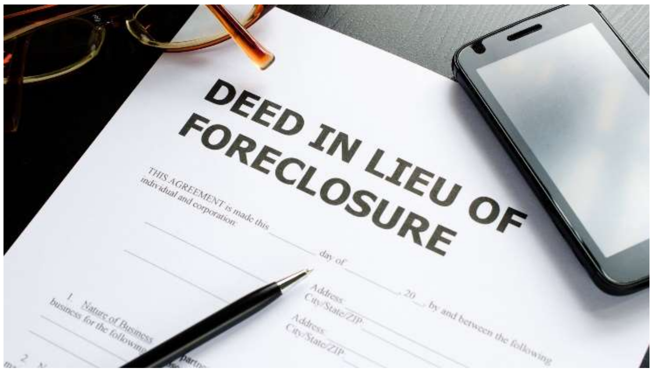
- 2017: 314,220
- 2018: 279,040
- 2019: 277,520

Through the first three quarters of 2020 (the latest data available), there were only 114,780 new foreclosures. If 10% of those currently in forbearance go to foreclosure, 275,000 foreclosures would be added to the market in 2021. That would be an average year as the numbers above show.

### *What happens if the number is more than 10%?*

If we do experience a higher foreclosure rate from those in forbearance, most experts believe the current housing market will easily absorb the excess inventory. We entered 2020 with 1,210,000 single-family homes available for purchase. At the time, that was low and problematic. The market was experiencing high buyer demand, and we needed more houses to meet that demand. We're now entering 2021 with 320,000 fewer homes for sale, while buyer demand remains extremely strong. This means the housing market has the capacity to soak up a lot of inventory.

The bottom line is there will be more foreclosures entering the market later this year, especially compared to the record-low numbers in 2020. However, the market will be able to handle the increase as buyer demand remains strong.




# Deed In Lieu Of Foreclosure

A deed in lieu of foreclosure is an option taken by a mortgagor—often a homeowner—usually as a means to avoid foreclosure.

It is a step that's usually taken only as a last resort, when the property owner has exhausted all other options, such as a loan modification or a short sale.

There are benefits for both parties, including the opportunity to avoid time-consuming and costly foreclosure proceedings. (Source: Investopedia)

# What Is a Short Sale?

A short sale in real estate is when a financially distressed homeowner sells their property for less than the amount due on the mortgage. The buyer of the property is a third party (not the bank), and all proceeds from the sale go to the lender. The lender either forgives the difference or gets a deficiency judgment against the borrower requiring them to pay the lender all or part of the difference between the sale price and the original value of the mortgage.

There are two critical factors that the lender will consider when deciding whether to approve a short sale:

- The home has to be worth less than what the homeowner owes on it. The lender will want to review recent sales of comparable properties to make sure this is the case.
- The seller must be able to prove financial hardship. They have to show that they don't have the income or assets to pay back the rest of the mortgage.

Short sales and foreclosures were much more common during the financial recession of 2008. As the economy has improved and the housing market has recovered, short sales have become less commonplace as the preceding quote from Lawrence Yun shows.

From the NC Real Estate Commission 2011-2012 Update Course:

Listing agents are strongly encouraged to disclose the existence of a short sale situation to agents working with buyers (or directly to buyers with whom the listing agent may be working) at the earliest possible time, preferably prior to the property being shown to a buyer. Such a practice or policy might help avoid accusations or complaints from irritated buyers and/or their agents who may feel that they have wasted their time viewing a property the buyer may have categorically precluded, because the listing agent did not disclose the short sale situation earlier, for example, at the time the agent working with the buyer requested to show the property. At the very latest, the existence of a short sale situation must be disclosed to agents working with buyers (or directly to prospective buyers) not later than the time the listing agent becomes aware that a buyer plans to make an offer because that information may well influence the buyer's decision whether to make an offer and/or what purchase price to offer. If the disclosure has not been made prior to the time an offer is presented to the listing agent by an agent working with a buyer, the listing agent must immediately disclose the omitted material fact and should allow the agent working with the buyer the opportunity to consult with the buyer to determine the buyer's willingness to proceed prior to accepting the offer for presentation to the seller.

It is critical for both parties, but particularly the seller, that the Short Sale Addendum (Std Form 2A14-T), or similar qualifying language, be attached to the Offer to Purchase in every short sale transaction. Otherwise, there are obligations the seller may not be able to meet unless the bank approves the sale. The addendum also makes it very clear the short sale was disclosed as a material fact to comply with North Carolina Real Estate Commission rules.

# Contact with Lienholders

How much contact may a listing broker have with a seller's lienholder on behalf of the seller?

It depends, but the general rule is probably "not much." Real estate brokers are licensed to engage in real estate brokerage, not to negotiate debt forgiveness or reduction with the attendant potential legal consequences to the seller. Certainly, real estate brokers may act as conduits for the transmission of information. For example, they may send a copy of the parties' contract to the lienholder for review, notify the lienholder if other offers are received, provide information requested by the lienholder, and receive the lienholder's response and communicate it to the seller and buyer, but they generally should refrain from negotiating with a lienholder concerning what terms and conditions the lienholder would accept.

***Brokers who attempt to "negotiate" a short sale with the seller's lienholder may fall within the purview of recent federal regulations governing mortgage assistance relief service providers and may also risk the unauthorized practice of law.***

**Student Notes**

# Trend 15: CoStar Enters Residential Real Estate

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define what CoStar is and what they do
- Explain how they have the ability to shift the market
- Differentiate between Zillow and CoStar to identify strengths and weaknesses of each

Having cornered commercial real estate, CoStar has a new target.

The data giant's $250 million purchase of Homesnap, announced in February 2021, gives it a foothold in residential sales, where it will go head-to-head with Zillow, Realtor.com and others. Until now, CoStar's focus was limited to rentals.

The deal brings CoStar's bet on the residential sector to more than $2 billion, and represents a huge expansion opportunity for the data giant.

As CoStar CEO Andy Florance put it: "The estimated value of commercial real estate assets in the U.S. is $16 trillion." By comparison, the residential sector has $27 trillion in assets. "With the new addition of clients and information … we are almost tripling the size of our addressable markets," he said in a statement.

Homesnap is a national search portal that serves 240 multiple-listing services nationwide. It gets listing data from those platforms and 500 other data sources. It currently has 1.3 million active listings on its platform, which is free. And it claims 300,000 agents use it regularly, including 50,000 who pay extra for a "pro" version.

"In some ways, Homesnap's public residential real estate portal … has essentially become the front-end solution for many MLS providers," Stephen Sheldon, an analyst at William Blair, wrote in a Nov. 22 research note. (Source: EB Solomon, *The Real Deal Real Estate News*)

In addition, CoStar currently has a bid for Corelogic® which would give them a massive data dump as well as years of real estate statistical data from the last 50 years.

CoStar has the size and resources to give Zillow a run for its money. Many in the industry are speculating that CoStar may be trying to form a national MLS that is not run by the National Association of Realtors® or any local boards. Imagine if ½ of the nations real estate agents paid $50 per month to the company and didn't have to pay membership dues to NAR to do so. What would then be the future of NAR?


**Student Notes**

# Trend 16: Digital Marketing

**Learning Objectives:**

By the end of this module, a student will be able to:

Define the many tools agents use for advertising today
Explain advertising rules to comply with NC Real Estate Commission Rules and NAR advertising requirements
Differentiate between demographics and systems in social media
Describe goals for an agent's advertising spends
Develop a system for placing compliant ads that are also effective

Every Realtor® is now on social media of some kind and it has become overly saturated. Many agents are losing their audience because the content they are providing is so dull.

How often have you seen, "I just sold this house for over asking price the first weekend on the market with 11 offers!" Congratulations, you just told the consumer that you underprice your listings.

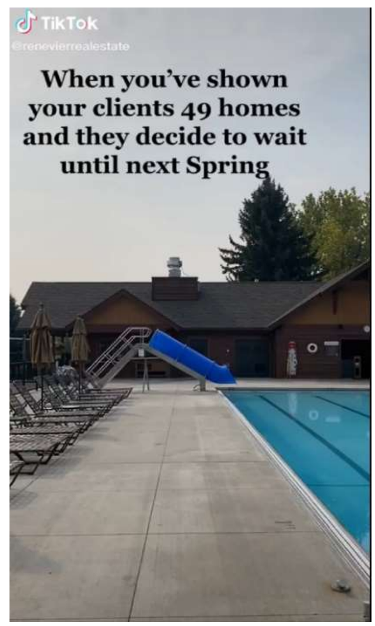
This is the kind of things agents don't think about. Agents are so busy bragging about the latest success that they forget the most important thing; most people don't care!

Most Realtor® posts are the same thing over and over again. Just listed, just sold, luxury home post, link from an article that they think others will click on, etc.

Many agents post links to their own listings that take consumers to Zillow and other portals rather than their own web site! They are giving away leads!

Social media is easy and it is free to market and advertise for Realtors®. Most have no training in proper advertising techniques and are more concerned about where they are rather than their message to the general public.

It is easy to follow the North Carolina Real Estate Commission rules and guidelines for social media advertising and it does NOT mirror that of the NAR Code of Ethics with the "one click rule." Beyond that, most agents spend more time trying to learn how social media works rather than working on their message. More on that in a moment.




NCREC 58A.0105

Rule A.0105, "Advertising," is not very long – it only has five subparagraphs and consumes barely half of one page. And even though most of the rule has existed for nearly 30 years, most likely the vast majority of licensees rarely have bothered to read it or refer to it for guidance outside of any prelicensing classes they may have taken. The most basic requirements are found in subparagraphs (a) and (c), with the most fundamental requirement set forth in (c)(2) which states:

"A licensee shall not advertise or display a "for sale" or "for rent" sign on any real estate without the consent of the owner or his or her authorized agent."

Twitter is a dying platform now that Donald Trump is no longer allowed on it. Twitter has quickly reverted to its old self becoming a place where brands release links to their press releases and news outlets put a post up just to gain clicks, also known as "click bait."

The revenue model for Twitter will suffer with fewer eyes on the platform and when that happens, advertising rates will go down and it will likely die out. However, that does make it ripe to be purchased by a larger company that can do something more with it. Imagine if Microsoft or Apple or another large brand bought Twitter. It could become the world's largest shopping cart!

TikTok is another brand that has benefitted from hours of boredom at home during the Covid-19 pandemic. It skyrocketed in popularity and now real estate agents are using it for marketing purposes.

Because of the time spent on the platform, people from all generations are sharing videos of 60 seconds or less by the thousands…every minute! Agents are joining TikTok just to capture their branding. It is a great way to connect with iGen clients and show your relevance.

If you don't know how to create a TikTok account, find a teenager, pay them $50 and tell them what you want. Let them do the rest. Don't micromanage them. Let them set it up and then be open to trying it out!


Syndication has been a buzzword since ListHub showed up in the early 2000s to help distribute MLS content to the masses across regional and national portals.

Today, it is dominated by IDX now that Zillow has moved that direction.

Agents spend thousands every year to share their listings, buy leads and held augment their business in hopes of growth. That will continue and the only challenge will be keeping up with all of the new syndication portals that will exist in the coming years.

Bottom line is this; treat your marketing like it is old school advertising. Hire someone to help you rather than spending countless hours keeping up with the changes. The rapid changes in technology is what agents over the age of 50 call their biggest challenge in real estate. Agents don't need to know how to run social media platforms. Agents need to be content creators. Let me explain:

Imagine you were around in 1876 when Alexander Graham Bell invented the first microphone. Then think about the past hundred years as the microphone has gained in sound quality, size, and expense to own and operate.

Now let's think about the work that has been done with that microphone. I have many friends from my former DJ business that don't get it. They study to know the ins and outs of how that microphone works. They have become experts on the ideal sound quality, proper placement and how to get the best performance out of them. Yet they are missing the point.

The microphone is worthless without the singer! No matter how good the microphone is or the sound guy, a bad singer just let's more people know how bad they are as it gets louder.

People in a stadium don't care of Beyonce's microphone is perfectly equalized. They are too busy singing along with thousands of other screaming fans. It is the message delivered via that mic that the people want to hear.

Social media is like your microphone. People have become obsessed with how it works. Rather it is the message (from the singer) that is the most important part. Hundreds of agents have taken classes on how social media works, how to post, optimum times to post, posting to stories or regular posts, learning to use Snapchat, Instagram, Twitter and the many other systems that are available.

What agents should be doing is working on quality content because the message is the same, it is just louder on social media platforms. Agents should always post just listed, just sold and other "evidence of success" marketing. They should mix that in with information that matters. A blog post with a unique URL can allow a web site to track how many "click throughs" a topic receives. When you find what people are clicking on, do more of that! If you are copying the same thing that ever other agents is posting, then the consumer tunes you out and ignores it. Sometimes, they will even "unfriend" or "block" you, the kiss of death.

Other mistakes that agent make are what I call, "Begging for business" posts. If you are in a Facebook group with 5,000 other members and someone asks for a recommendation for a Realtor®, immediately you will see agents posting in the comments with their contact info, a link or bragging about how they helped someone else.

In reality, if you want the best return, someone else needs to recommend you. If someone recommends you, make sure to pick up the phone (not comment underneath) and say thank you. Then suggest that next time, the include your contact information for best results. Tell them that the recommendation is 100 times more valuable than you going on the page yourself. In other words, train people on how to recommend you.

## Student Notes

# Trend 17: The Everything Bubble

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define the critical data points that foreshadow a bubble
- Explain why some people think we are in for a massive bubble
- Differentiate the statistical data to form an opinion
- Describe the opinion clearly to a client with supporting evidence

If you're over 40, you've lived through at least three epic financial bubbles: junk bonds in the 1980s, tech stocks in the 1990s, and housing in the 2000s. Each was spectacular in its own way, and each threatened to take down the whole financial system when it burst.

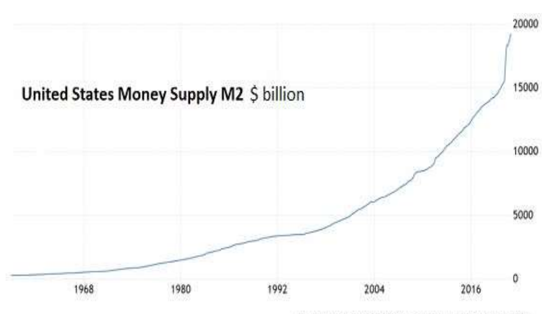
But they pale next to what's happening today. Where those past bubbles were sector-specific, which is to say the mania and resulting carnage occurred mostly within one asset class, today's bubble is spread across, well, pretty much everything - hence the term "everything bubble."

When this one pops, there won't be a lot of hiding places.

**Way too much money**

Most bubbles start when an influx of outside cash sends the price of something up dramatically. This captures the imagination of the broader investing public, and the process takes on a life of its own, culminating in an orgy of bad decisions and eventually a wipe-out of the easy fortunes made on the way up.

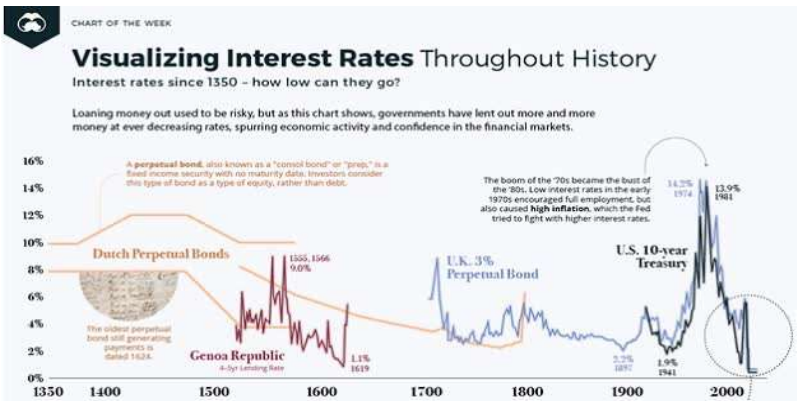
So, to understand the everything bubble, let's start at the beginning with that influx of outside money. This time, it's coming from the Federal Reserve in what can only be described as the mother of all print runs. M2, a medium-broad measure of the US money supply, has more than tripled so far in this century, and lately, the arc has gone vertical, rising by nearly a third in just the past year.



All this extra money has to go somewhere, so no surprise that it's flowing in lots of different directions. Among the recipients:

**Fixed income**

The bond and money markets made up of instruments that pay interest are in the aggregate far bigger than the world's stock markets. And they've been booming, with interest rates falling steadily for four straight decades. Since bond prices are the reciprocal of bond yields, the next chart can be read as an epic bull market in bonds, one which has gained steam in the past year as massive currency creation has forced fixed income investors (who have to invest new cash somehow) to buy bonds regardless of what they yield.

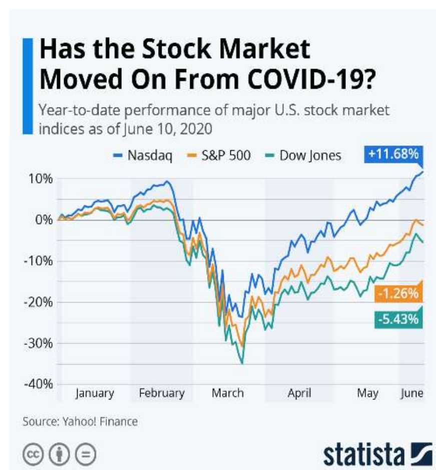



To further illustrate how uniquely dysfunctional the world's bond markets have become, here's a chart going back to the 1300s showing that today's rates aren't just low by modern standards, but are the lowest in human history. Which is another way of saying today's bond bubble dwarfs anything anywhere ever.

The hopeless position in which pension funds and retirees find themselves is summed up in the following headline: Junk buyers desperate for debt are pressing companies to borrow.

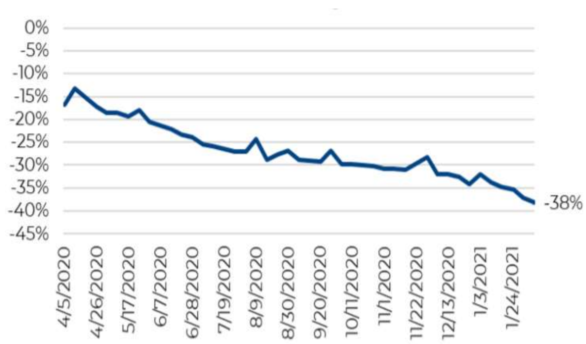
**Stocks, of course**

The most obvious bubbles happen in stocks, because "the market" gets top billing in both the financial media and the psyches of investors. And after a long, slow slog out of the depths of the Great Recession, US stocks have in the past couple of years blown through all previous valuation records. That's right, this market is now a bigger bubble than those of 1929 and 1999, and it's still going strong.




Pretty much any popular stock valuation indicator backs up this assertion, but the most dramatic is probably the "Buffet Indicator," so named because legendary investor Warren Buffett uses it to decide how to allocate his billions. It's also easy to understand: chart the aggregate market capitalization of all US stocks against GDP, and there you are. When stocks are low versus GDP, they're underappreciated and undervalued; when high compared to GDP they're overvalued. Today, they're higher than ever before, including just before the last two major bear markets.

Want some other bubbliscious indicators? Here you go: Right now, more stocks are trading at over 10 times sales than in 1999 at the height of the dot-com bubble. And the number of "zombie" companies, i.e., those that have to borrow to cover their existing debt service and will collapse if cut off from new credit, has never been higher.




**Housing**

This one is a surprise because it was the epicenter of the last bubble, and very seldom does an asset class reinflate so quickly. But hey, all that money has to go somewhere, and houses are the American dream yadda yadda. In the past couple of years, home prices in many places have blown through their 2006 bubble highs and are now accelerating. Note the hockey stick inflection at the far right of the following chart.

**Cryptocurrencies - this generation's dot-coms?**

Cryptos weren't around for any previous bubbles so their role in what's coming isn't yet knowable. What is clear is that they're behaving like dot-com stocks in the 1990s, with bitcoin (think Amazon.com soaring parabolically if erratically…

… and hundreds of lesser coins with a wide variety of future prospects (think eBay, AOL, Pets.com) also soaring on a torrent of fiat currency rocket fuel. Here's the second most valuable crypto: The conclusion: Even if cryptos end up dominating some future monetary system, their parabolic arcs in the here and now scream "bubble!"



**SPACs**

These are companies that go public without assets or earnings or any of the other impedimenta typical of IPOs. You give them your money and they'll figure out how to put it to work. Why? Because they're geniuses who claim to have made fortunes in the past few years, and you apparently have way too much cash and no productive uses for it. There are even SPAC ETFs that offer exposure to the whole "sector."

**High-tech daytraders**

This list wouldn't be complete without the Reddit/Robinhood traders who are having a ball chasing a wide variety of stocks straight up while tormenting hedge funds on the other side of those trades.

**Mutually exclusive solutions**

So, here we are, with all the typical bubble pathologies on full display, but for multiple bubbles rather than just one. And a government determined to levitate all those bubbles simultaneously, even at the expense of rising inflation.


What happens when one of these bubbles bursts? The others burst too, in short order. You can't have an epic, systemically dangerous bust in one big sector and placid good times in all the others. Markets - now more interconnected than ever - simply don't work that way.

Meanwhile, the actions necessary to fix some of these bubbles are mutually exclusive. A stock market or housing bust requires much lower interest rates and bigger government deficits, while a currency crisis brought on by rising inflation requires higher interest rates and government spending cuts. Let everything blow up at once and there will be literally no fixing it. And the "everything bubble" will become the "everything bust." (Source: Seeking Alpha: *"Is this the biggest financial bubble ever?"* by John Rubino)

**Student Notes**

## Student Notes


**This section will change on a quarterly basis with updates to the housing market.

**Learning Objectives:**

By the end of this module, a student will be able to:

- Define current trends in the local and national real estate market
- Explain how statistical data helps consumers to understand the market.
- Differentiate between shifts in the market and their effect
- Describe the details of the system from a deep understanding
- Develop a system for identifying trends

This portion of the class will be a constantly evolving section covering everything from existing home sales stats to home price forecasts from different economists. Different statistical data points including interest rates, absorption and affordability are also discussed. Attendees may take notes in the space below.

## Student Notes