

# 3 Critical Considerations for Brokerage Firms of the Future



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The real estate brokerage industry is undergoing transformational change driven by a number of key forces and technological advancements that are accelerating at an unprecedented pace

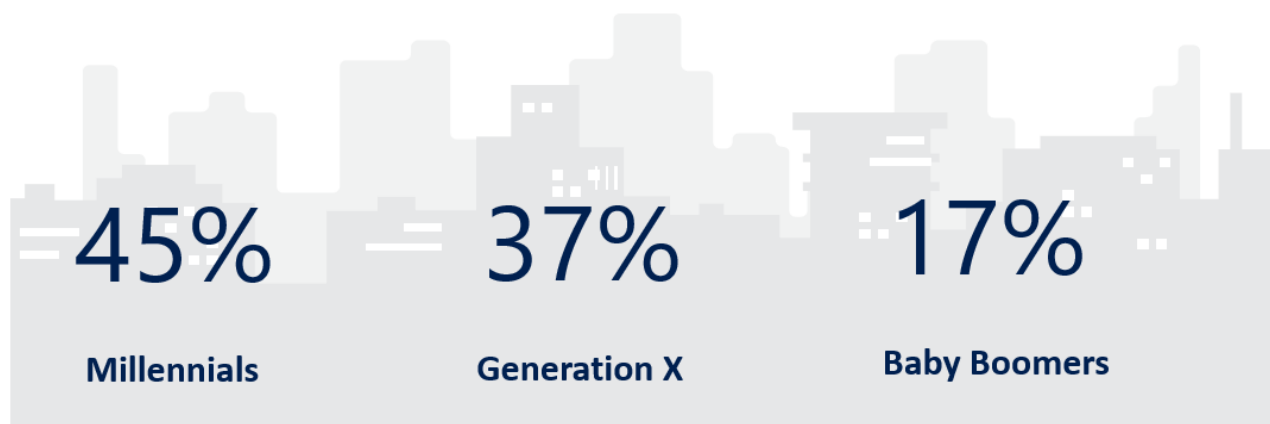
This transformational change presents both challenges and opportunities for brokerage firms across the United States and abroad. In this eBook, we explore 3 critical considerations for brokerage firms of the future and how these considerations, when properly understood, could help your business to thrive vs. *survive* in an increasingly competitive and ever-changing real estate brokerage landscape.



Title: 3 Considerations for the Real Estate Brokerage Industry of the future

## 1. Changing Consumer Demographics & Buying Behavior

### Home Buyers' Share by Demographics 2019



Source: Realtor.com

Globally a significant demographic shift is happening with the rise of the millennial and Generation Z (Gen Z) cohorts. Both generations are already having a considerable impact on the way we think about everything from shopping and work to brands and the environment. Not only does their perspective differ significantly from generations of yesteryear but they are driving change on an unprecedented scale. In the U.S. alone, there are 65+ million Gen Z'ers and by 2020, Gen Z will account for 40 percent of all consumers in the U.S.<sup>i</sup>. Statistics also show that both generations combined totaled over 80% of homebuyers during 2019, whilst Carrot predicts that millennials will be responsible for 20 million additional households in the U.S. by 2025<sup>ii</sup>. In terms of how real estate brokerage firms operate – the impact is significant.

The home buying journey is transforming. The National Association of Realtors found that an estimated 50% of buyers used the internet to search for a home with that number rising to 93% for people under 36 years old. What's more, 81% of older millennials found their home through a mobile app<sup>iii</sup>. For brokerage firms it means using these digital channels to connect with potential buyers, answer questions and address their concerns as well as inspire them. For many this turns the 'traditional' way of marketing and selling a house completely on its head.

Remember also that many millennials are focused on the environment and sustainability so brokerage firms need to provide photography, videos and information on everything from the materials used in the house build to

nature trails and parks nearby. What's more, Millennials often involve parents in the home buying process meaning brokers and agents often need to cater to two sets of buyers vs. one!

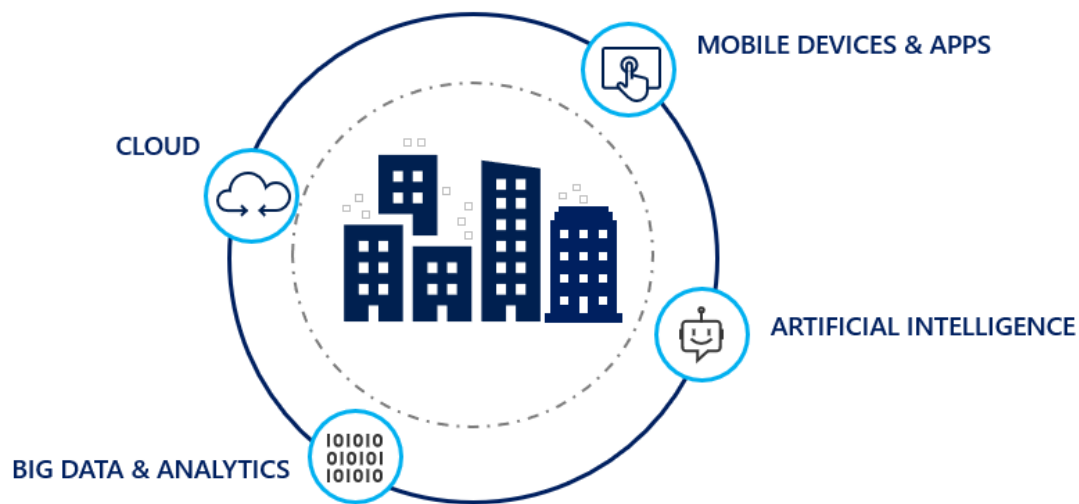
## 2. The Rise of Technology in the Workplace

Technology's impact on all aspects of society has been nothing less than profound in the last decade. Despite the proliferation of technology everywhere we look, the real estate brokerage industry still has some catching-up to do when compared to many other industries out there. However, this is slowly changing and technology is increasingly finding its way into the industry and will play an important and central role in how real estate brokerage firms operate in the future. From a buyer perspective there is already a significant expectation around ways in which they engage with an agent or broker meaning brokerage firms need to get to grips with a new customer buying journey and more digital technology. But where else will technology be more rapidly adopted across the industry?

We expect to see the very culture of many firms transforming to a point where technology is a part of their DNA. Here's 4 major technology considerations for the industry:

- **Cloud** – the brokerage industry landscape is changing rapidly yet many of the IT solutions in-place at these firms were built for the brokerage world of yesteryear. Agility, scale, security, integration (to other solutions) and a compelling product roadmap are often found wanting
- **Big Data & Analytics** – Given the vast amounts of transactional and operating data generated every day, solutions that can provide valuable data-fueled insights to brokers and agents will be high in demand as companies look to realize much needed operational savings, gain a better view of their end-to-end business (vs. the current siloed view) as well as offer more meaningful experiences to employees and buyers alike
- **Mobile Devices and Apps** – Access to the most up-to-date information puts many buyers into an advantageous position. More and more firms are now looking to mobile devices armed with powerful and data-driven insights to level the playing field for agents and brokers. Furthermore, agents need to be spending more time building trust with buyers and sellers so technology that reduces the time taken on administrative tasks and increases the opportunity to spend time with buyers and sellers increasingly sought after

- **Artificial Intelligence (AI)** – from helping potential buyers in their research phase to offering personalized or next-best-action recommendations, there are a lot of potential use cases for AI. The rubber will really hit the road, however, with access to an increasing amount of data/data sets from which to formulate specific insights



Title: 4 Technology Considerations for Real Estate Brokerage Firms

Whilst there has been a fear that technology will replace human beings, we firmly believe that technology will simply empower employees to be more productive and enable them to provide even more of a meaningful human touch to buyer and seller interactions. The role of the agent in particular is not dead, simply changing and becoming more reliant on technology to drive success.



### 3. Changing Employee Demographics

Whilst we so often hear about the impact of changing demographics from a consumer perspective, an arguably larger and more profound one is happening in the workplace. An increasing number of millennials and Gen Z are not just entering the workforce but also taking up management positions across every sector of the market and with the very oldest millennials aged just 38 years old, many have decades left at work. Combined with Gen Z it means paradigmatic shifts in how people work, where they work and the expectations, they have regarding everything from their office & collaboration spaces to technology and much more. 43% of employed Americans now spend a portion of their time working from home and flexible schedules are also becoming commonplace.<sup>iv</sup> For brokerage firms it also means going head-to-head with other sectors when recruiting and retaining new talent. It means creating new types of workspaces to cater to the needs and expectations of a younger workforce and embracing technology that is as easy-to-use and powerful as the apps on an average smartphone.

Are you ready for the workforce of the future?



## Reimagine your real estate business today

With years of real estate industry experience, talented professionals, and innovative technology, Domain 6 delivers digital transformation solutions for the real estate industry. The team at Domain 6 has been working with and supporting technology selection and adoption in the real estate industry for over 20 years. We deliver a wealth of knowledge and best practices, we invest in a collaborative culture and we welcome partnerships to ensure that we deliver the best talent for the right job. In 2019, Domain 6 was awarded the prestigious “20 Most Promising PropTech Solution Providers – 2019” award by CIO Review. We have successfully deployed Microsoft technology for over 100 customers and would love to help your business as well.

For more information visit [www.domain6inc.com](http://www.domain6inc.com) or call +1 425 578 1918



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- <sup>i</sup> <https://www.fastcompany.com/3045317/what-is-generation-z-and-what-does-it-want>
  - <sup>ii</sup> <https://linchpinseo.com/trends-in-real-estate-industry/>
  - <sup>iii</sup> <https://www.nar.realtor/sites/default/files/documents/2019-home-buyers-and-sellers-generational-trends-report-08-16-2019.pdf>
  - <sup>iv</sup> <https://news.gallup.com/reports/199961/7.aspx>