

APRIL 2021 NEWSLETTER

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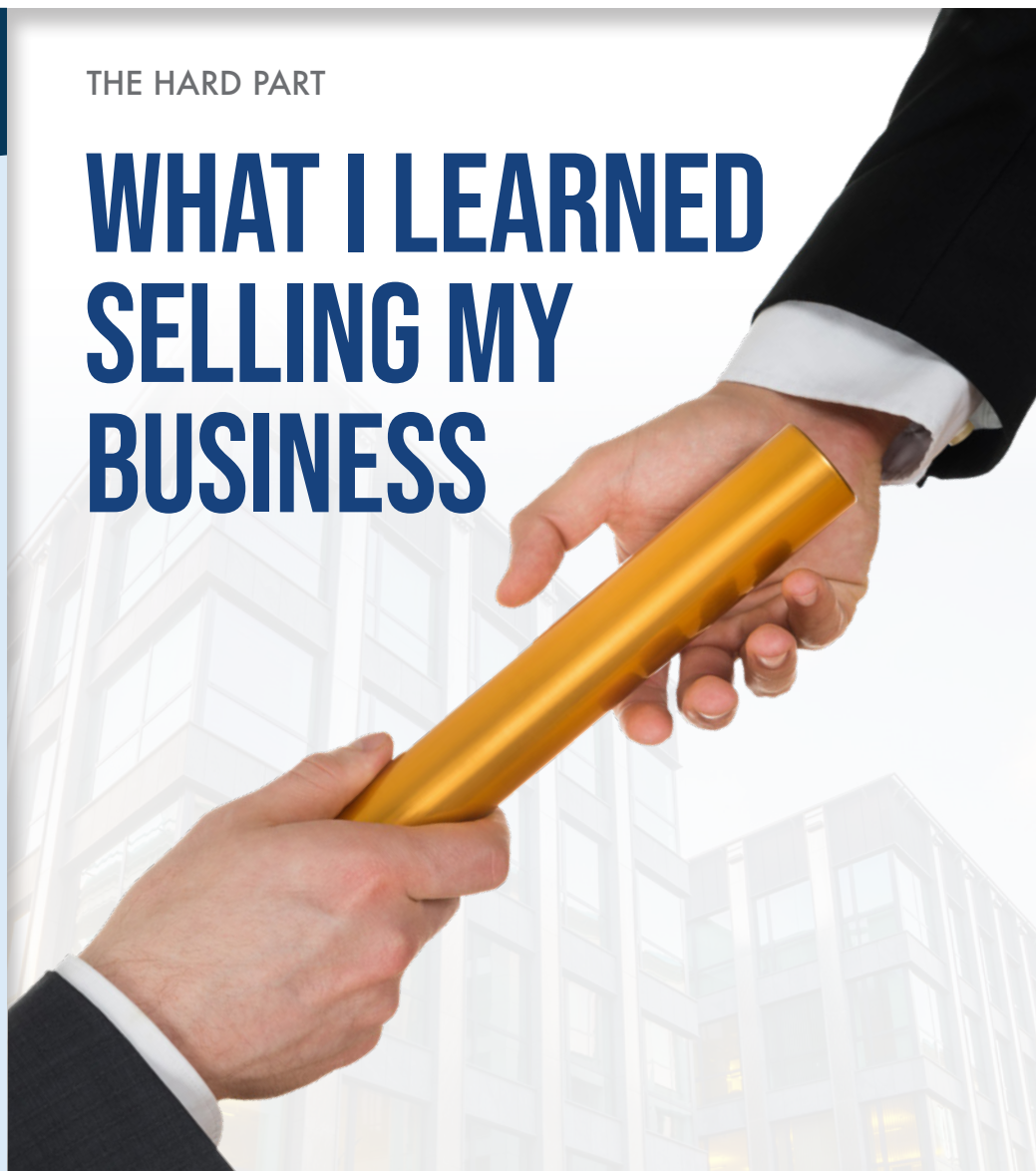
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REALTRENDS30



THE HARD PART

WHAT I LEARNED SELLING MY BUSINESS



After 34 years of advising owners of brokerage businesses on a sale, I went through the experience myself in the fall of 2020. Here's what I learned.

by Steve Murray, senior advisor

Building RealTrends took 34 years. Like many of our clients who had spent many years building a profitable business, thinking about selling was a challenge. After all, business owners aren't thrilled with the idea of letting go or acknowledging that their *use-by date* has arrived. On the other hand, being paid well for years of effort and relieved from the stress of responsibility for the entire company can be exhilarating.



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FIRST PERSON

For me, what took place was a dream. We were paid fairly, virtually all our employees were offered positions of equal or better circumstances than they had and our brand—which we had worked so diligently to build—was preserved. The leaders of the company that bought most of the assets of RealTrends were young, smart, accomplished and dedicated. We felt at home with them. The fit was perfect for us.

As an advisor to over 800 owners of brokerage firms through the years, I know that one of the keys to a successful transaction is to have great advisors involved. We had to negotiate the sale of our assets, set up ongoing relationships with our partner Tom Ferry and navigate numerous contractual obligations with long-term partners like *The Wall Street Journal*. We also had to get through normal due diligence and a quality of earnings examination. There were complications.

So, what can I share with those who may be going through this process?

SECURE YOUR TEAM

Having a superb team of an experienced corporate attorney, Jim Thomas, and Alicia Vivian, who had been RealTrends' CFO and had enormous experience in due diligence matters, made all the difference. I was able to work with the leaders at HW Media on the material aspects of the business, and also about how our people would fit with their business. I did not have to spend much time on deal terms, financial or legal issues, or other matters.

Therefore, the first lesson learned in selling your business is to have a solid team of professionals next to you, bring them in on every decision and let them do their jobs without looking over their shoulders. Yes, we discussed strategy, but then I left them alone.

The first lesson learned in selling your business is to have a solid team of professionals next to you, bring them in on every decision and let them do their jobs without looking over their shoulders. Yes, we discussed strategy, but then I left them alone.

IT'S NOT ALWAYS ONLY ABOUT THE MONEY

The second lesson learned is that it should not be only about the money aspect of the deal. While we all want to be paid fairly for what we built, we must consider equally, if not more, the people of our companies. It's not that we are always able to protect them from what happens in the future, but it should be seriously considered when looking at our options. I've found that virtually all brokerage owners care about their people, and care

about how they might fare under new ownership. So, after debating numerous options for RealTrends, one of the most important factors that made the decision to be with HW Media was the obvious care that they had for their own people and ours.

UNDERSTANDING THE TRANSITION

Once you decide to sell your business, in most cases, there's going to be a transition period where you will still need to be involved. Many times, there are payments that require the seller to be around, support the sale and help both companies' effect a smooth transition. A seller's separation from the business is often not immediate and responsibilities may remain.

You must stay focused on the transition and, in every way possible, support the new owners. For some of our clients, this has been difficult. The new owners will have their way of doing things, and it's incumbent upon you as the seller to be supportive in all regards—even when you don't agree with what the new owner is doing. The new owner paid you for the privilege of taking your company in a direction they choose. The honorable thing is to keep disagreements to yourself. My view is that the one thing we can agree on is that no one likes unsolicited advice.

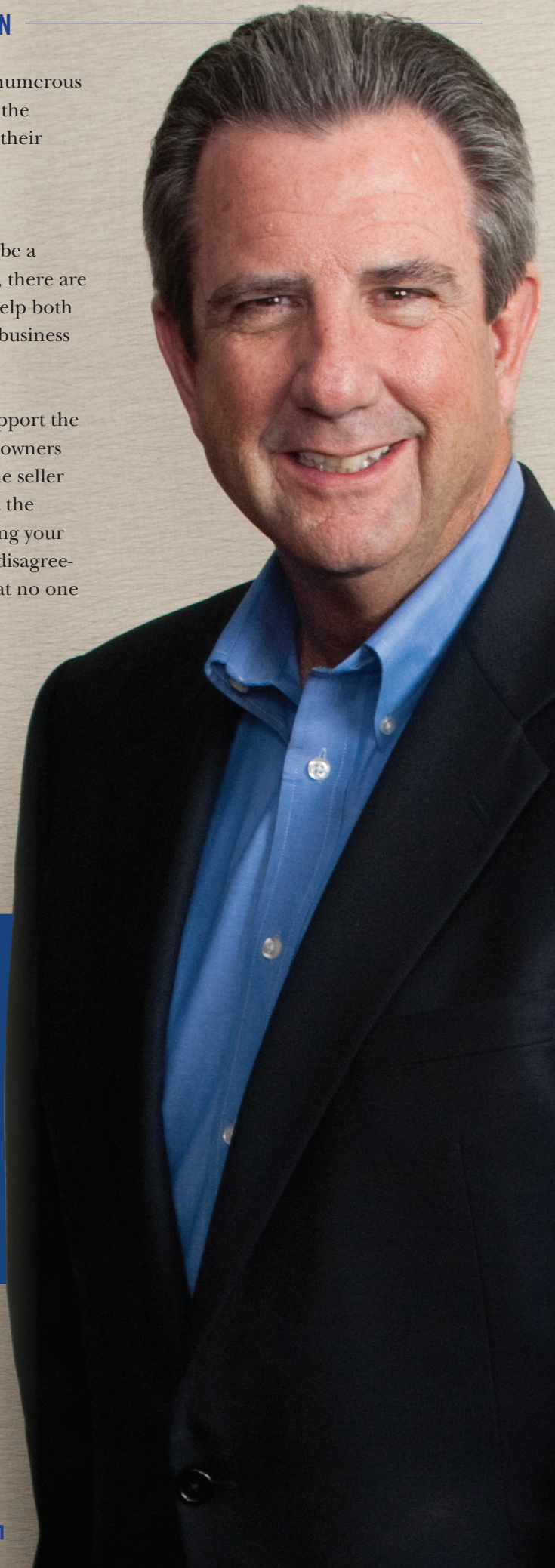
PLAN FOR THE FUTURE

Long before you get to the stage of a sale, you must consider what you're going to do once it's all done. Do not wait until then to figure it out. What are you going to do with your time? How will you replace the feeling of being needed by people in your business when you are no longer at the center of the company? Many of our clients have struggled with this mightily.

The new owners will have their way of doing things, and it's incumbent upon you as the seller to be supportive in all regards—even when you don't agree with what the new owner is doing. The new owner paid you for the privilege of taking your company in a direction they choose.

Most leaders who find success after selling have a variety of activities and pursuits to fill the void. The key lesson is that you can't wait until the moment of a sale to build the foundation of a new life.

Steve Murray is a senior advisor for HW Media and RealTrends. 🏠



BUSINESSES TRANSFORMED

3 LESSONS LEARNED FROM A 20-YEAR-OLD BOOK

The book “Blown to Bits” was prophetic. Here are three key insights 20 years later.

by Steve Murray

In 2000, Philip Evans and Thomas S. Wurster wrote a book called “Blown to Bits: How the New Economics of Information Transforms Strategy.” That same year, Evans addressed 300 principal owners at the Gathering of Eagles. That session had brokerage owners sitting at the edge of their seats for the entire 90-minute program. Let’s revisit some key insights from the book and consider what’s happened in the last 20 years.

“There is a universal trade off between richness and reach. But unbundle information from its physical carrier and the richness/reach trade-off can blow up.”

Think of how things have changed since 2000. Virtually every business has been transformed. Online banking, on-demand shopping, professional sports, travel, telemedicine, etc. Not one facet of industry, education or commerce has been unaffected.

Our industry cautiously moved into universal information sharing with our customers—buyers and sellers of homes. At the end, we found that worries over how this information sharing would destroy our business were unfounded—thus far. We moved from an era where we traded reach (newspaper classifieds) and richness (in-person listing appointments and agents presenting in-person purchase offers),

for the online world where there is more reach and richness in what we deliver. The trade-off for all this reach and richness is the loss of personal interaction between agents in their day-to-day deal making.

“The insurgent’s greatest competitive advantage is the unwillingness of the incumbent to fight on a deconstructed definition of the business.”

Let’s talk about the Zestimate. An entire company—that now dominates online real estate-oriented traffic—was built on providing a service that our industry failed to compete with for years. Have you noticed the valuations of firms like Zillow? A firm that has no branch sales offices and few (if any) traditional agents has a valuation of more than all the other publicly traded real estate firms combined—by a multiple factor.

Think of how three companies went online in small sectors of our industry: Lone Wolf, ShowingTime and The CE Shop. They reaped valuations exceeding all but two of the largest brokerage sales in history.

“Every business is an information business. Information is the glue that holds value chains, supply chains, consumer franchises and organizations together. Information accounts for the preponderance of competitive advantage.”

BLOWN to BITS

HOW THE
NEW ECONOMICS
OF INFORMATION
TRANSFORMS
STRATEGY

PHILIP EVANS
THOMAS S. WURSTER

HARVARD BUSINESS SCHOOL PRESS

We’re at the dawn of a new age of brokerage. There are new diagnostic tools that can accurately predict which sellers are more likely to sell, which agents are likely to become top performers, which agents are more likely to consider one brokerage over another and which services matter the most to both consumers and agents.

The new brokerage will take full advantage of these and other information-derived services and tools. While we remain fundamentally a relationship business, how we surround our businesses with these new tools and resources will determine the winners of tomorrow.

Steve Murray is a senior advisor for HW Media and RealTrends. 🏠

REALTRENDS

FIVE HUNDRED

2021

BROKERAGE MARKETING PACKAGES AVAILABLE NOW!

Congratulations to the top brokerages in the United States for being ranked within the RealTrends 500.

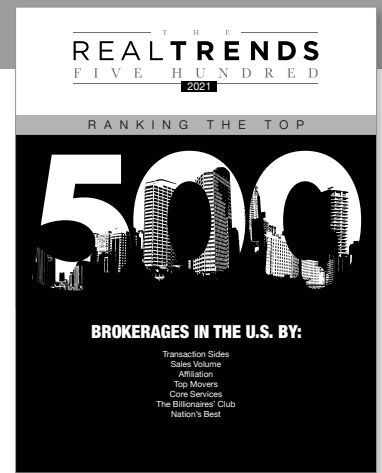
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REALTRENDS 500 TOP BROKERAGE FIRMS

FIRMS SEE LARGEST GROWTH PERCENTAGE IN RANKINGS HISTORY



RealTrends 500 Report is live and here's what we learned. | by Tracey C. Velt, managing editor

HomeServices of America and Realogy Brokerage Group continue their run as the largest brokerages by transaction sides, according to the 2021 RealTrends 500 (RT 500), an independently verified compilation of the nation's leading residential real estate companies. HomeServices saw a 4.1% increase in transaction sides, while Realogy saw a 2.5% increase. eXp Realty, ranked No. 3, saw an extraordinary 82.9% increase in transaction sides.

The report revealed the massive amount of growth between 2019 and 2020 (data for the 2021 RT 500 is pulled from 2020 data). Closed sides were up 15.8% over 2019. When compared to the 5.6% national increase of existing home sales we see that for the fifth year in a row, the largest brokerage firms in the country gained market share. Sales volume was up an

astounding 25.9%. Both of these growth factors are the largest that RealTrends has ever seen in its rankings.

FIRMS THAT QUALIFIED

Over 1,750 firms qualified for this year's RealTrends 500. According to the research report, the 500 largest residential real estate brokerage firms closed over 3.9 million residential sales transactions in 2020—up from 3.4 million in 2019. These transactions were valued at over \$1.6 trillion (up from \$1.3 trillion in 2019).

This year's RealTrends 500 represents the most comprehensive collection of data assembled on the leaders of the residential brokerage industry. Numbers are documented by outside accounting firms and/or MLS reports.

TOP 10 BY TRANSACTION SIDES

1. HomeServices of America
2. Realogy Brokerage Group
3. eXp Realty
4. Compass
5. Hanna Holdings/Allen Tate
6. Redfin
7. HomeSmart
8. Keller Williams Realty/GO Network Offices
9. @Properties
10. United Real Estate

TOP 10 BY TRANSACTION VOLUME

1. Realogy Brokerage Group
2. Compass
3. HomeServices of America
4. eXp Realty
5. Redfin
6. Douglas Elliman
7. Hanna Holdings/Allen Tate
8. @Properties
9. William Raveis
10. HomeSmart

INSIGHTS FROM THE REPORT

- The RealTrends 500 brokerage firms did about 38% of all brokerage-controlled sales in the country with 36.5% of all Realtors. This means that the Realtors at RT

500 brokerage were only slightly more productive than all other Realtors in the country.

- The median per-person productivity among RT 500 agents was 9.2 transactions per agent. The average

was 10.5 transactions per agent.

- 365 of the 500 brokerages in the rankings are with nationally branded franchises.

To view the rankings, go to

2021 RealTrends 500 Brokerage Rankings.

The report revealed the massive amount of growth between 2019 and 2020

(data for the 2021 RT 500 is pulled from 2020 data).

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RealTrends will continue to analyze the rankings to give you more insight into brokerage trends. Check back frequently for new articles. 🏡

TWILA HILLME, BROKER & MANAGER MURNEY ASSOCIATES REALTORS

Aha moment: The biggest aha moment for us was realizing that we could operate a lot more efficiently and more profitably with much less square footage. Pre-2007, we operated a large amount of square footable spread out in multiple locations. Now, we have a large main campus and fewer satellite offices. We are servicing our core area very efficiently.



Recruiting: We hired a full-time business development coach that doesn't deal with the day-to-day real estate transaction problems and agent issues that most broker's deal with. This position reports to the broker and is dedicated to assisting and holding accountable both new and experienced agents in their business development. We have so many tools that the company provides—agents can easily get lost. Our business development coach helps agents bring all of our tools together in a way that fits their individual business model.



MATTHEW G. BEALL, CEO, PRINCIPAL BROKER HAWAII LIFE

Lesson learned during the pandemic: We learned that communication is everything. We were in triage mode and scrambling behind the scenes. We were a little late communicating with our agents, clients and tenants. Ultimately, we righted the ship and used tools that we already had in place to increase communication.

Biggest mistake: Just one? I feel like there are hundreds. One that stands out is that I hired a top producer that I suspected wasn't a fit for the culture of the company. The person quickly proceeded to throw their weight around, solicit business from clients of other agents in the company, and generally lacked dignity in their dealings with our team. I signed them off, but some of the damage was done and we had to regain the trust of our team.

GREG CARLSON, PRINCIPAL BROKER & FOUNDER FIVE STAR REAL ESTATE

Aha moment: My aha moment was when I realized the rules in our industry had been created to advance and keep the current and historical leaders at the top of the mountain. They made the rules. They enforced the rules. They made new rules. Then, I learned the rules didn't even say what they thought they said. They were mostly just passing down what they'd been told. My advice: Don't listen to others pontificate. Don't act on what they tell you before reading the rules for yourself.



Biggest mistake: We believed we could make an agent successful—if they would use all that we have to offer. We learned that we can never “do it” for an agent. If you tell agents you will do it for them, they will never stop needing your help and they will blame you when it doesn't go right. Offer services, but remember: It's their business after all.

GAME CHANGER



YOUR ZERO MOMENTS OF TRUTH

There are three critical moments in the customer service process. Know them and you'll better serve your customers.

by Larry Kendall, author of "Ninja Selling"

A Moment of Truth is when the customer touches your process. The term was popularized in 1987 by Jan Carlzon, former CEO of Scandinavian Airlines in his book titled "Moments of Truth." One of his secrets to delivering a "wow!" level of service is to manage your Moments of Truth. What does the customer experience when they see your yard sign or newsletter, when they ask a friend about you, when they come to your office, hear your voice on the phone, explore your website, or meet you face to face? Elevate each of these moments to deliver a memorable experience.

In 2011, Google coined the term Zero Moments of Truth in their ebook "ZMOT." These are the critical moments in the process when the customer makes a decision, or partial decision, to buy your product or service. In real estate, there are three critical ZMOTs that you need to manage.

What does the customer experience when they see your yard sign or newsletter, when they ask a friend about you, when they come to your office, hear your voice on the phone, explore your website, or meet you face to face? **Elevate each of these moments to deliver a memorable experience.**

Zero Moment of Truth #1: The customer is introduced (or reintroduced) to you through advertising, personal interaction or a referral. Most people, on average, know 12 Realtors. Your goal is to be the Top-of-the-Mind Realtor through your Frequency of Interaction (we call FLOW), and by building relationships, which lead to referrals. This is a critical moment when the customer is making a preliminary decision on which of their known 12 Realtors to consider. They decide you may be the one and they move to the next step.

Zero Moment of Truth #2: This ZMOT is relatively new, as it was introduced with the invention of the internet. It is a game changer. Pre-internet, there were only two Zero Moments of Truth. Customers simply went from top-of-mind awareness (ZMOT #1) to an appointment with you (ZMOT #3). Today they go through this important intermediate step: They check you out online first. What do you look like? What's your track record? How do you market homes? Based on this due diligence, they decide to contact you and go to ZMOT #3.

Zero Moment of Truth #3: How do you handle the appointment? Customers are looking for the “three Cs”—competence, confidence, and connection. Do they feel you are competent to do the job? Do they have confidence (trust) in you? Do they feel that you're personally connected, that you care about them and that you're there to help them move to the next chapter of their lives?

In my experience and research, Realtors need to pay more attention to ZMOT #2, and here's why: Most of the decision about buying a home or hiring a Realtor to sell one is made in ZMOT #2. Here are two telling statistics from the 2020 Profile of Home Buyers and Sellers, which is published by the National Association of Realtors.

1. For buyers: Buyers looked at an average of nine homes before writing a contract. Interestingly, five of those nine were “virtual viewing” on the internet. Only four homes were physically inspected. How your listing shows up online (ZMOT #2) will determine if it makes the finals.

2. For sellers: A whopping 77% of sellers chose to only interview one Realtor. Basically, they made their decision in ZMOT #2. If the Realtor does a reasonable job in the interview, they have the listing. If the Realtor or the Realtor's marketing materials don't show well online (ZMOT #2), they never even get the appointment.

What does this research tell us? How you and your listings show up online is critical in ZMOT #2. Are your listings presented with staging, professional photography, video and floor plans? Or are you “cheaping out” because the hot market doesn't require you to invest in quality marketing to sell the home?

Remember this real estate axiom: “Your greatest expense is the money you don't make.” Your next listing is embedded in your current listing. Sellers are checking out you and your marketing online right now. How are you showing up? Will you be the one? This is your most important Zero Moment of Truth.

Larry Kendall is one of the founding partners of The Group, Inc., a real estate company that is owned equally by its sales associates and staff. He is also the author of "Ninja Selling." ▲

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TODAY'S MARKET

WHERE ARE HOUSING PRICES SET TO SOAR?

Prices are set to continue their upward trend, according to this new index.

by Shelby R. King, assistant editor

The housing market is continuing its already impressive upward momentum to record-breaking highs. As vaccine distribution ramps up over the summer, economists forecast continued home value appreciation in many places nationwide.

A new index produced by communications company Moneypenny, (created by analyzing Zillow data) predicts the states where housing prices are “set to soar,” suggesting that these quickly growing markets could be ripe for investors.

WHICH WILL BE THE WEALTHIEST STATES BY 2025?

By combining each of the three criteria Moneypenny analyzed (please see Methodology section below), California comes out on top, with an impressive index score of 2.71, followed by Massachusetts (2.13), Washington (2.00), New York (1.95) and Hawaii (1.52).

At the other end of the table, Mississippi is forecasted to have the lowest index score by 2025, with just 0.06, while West Virginia (0.09), Arkansas (0.30), Oklahoma (0.35) and Alabama (0.36) complete the bottom five.

HOW DOES EACH STATE RANK BY GDP?

In forecasting the economic health of each state, it's

impossible to look beyond the predicted GDP. With a projected GDP of over \$3.3 trillion by 2025, California, again, sits on top with an impressive perfect score of 1.00. Staggeringly, the Golden State's GDP index score comes in 50% larger than second placed Texas (0.62), more than twice that of third placed New York (0.49), three times the total of fourth placed Florida (0.33) and four times greater than fifth placed Illinois (0.24).

Ranked lowest in our 2025 GDP index, Vermont and Wyoming failed to even record a score above the minimum 0.00, while Alaska, South Dakota, Montana, Rhode Island, North Dakota, Maine, Delaware and West Virginia each only managed to total 0.01.

THE STATES WITH THE GREATEST PERSONAL INCOME

Personal income is often used to determine household wealth, and it has an important part to play in helping to predict how each state will be faring economically by 2025. Assessing the five strongest performers, according to the index, only California (0.84) offers a break from the East Coast, with the Pacific state sitting fifth behind New Jersey (0.87), New York (0.96), Connecticut (0.97) and personal income leader Massachusetts (1.00).

In forecasting the economic health of each state, it's impossible to look beyond the predicted GDP. With a projected GDP of over \$3.3 trillion by 2025, California, again, sits on top with an impressive perfect score of 1.00.

Where will we find the most valuable properties by 2025, according to Zillow? Analyzing the average predicted value of homes across each of the 50 states, Washington is projected to take the top spot and come away with a maximum index score of 1.00, closely followed by homes in Hawaii (0.98). Finishing off the top five, we have Massachusetts (0.96), California (0.86) and Idaho (0.81).

Turning our attention towards the other end of the index, Mississippi (0.00) is 2025's prediction for the state with the lowest personal income per capita, with West Virginia (0.07), New Mexico (0.10), Alabama (0.15) and Kentucky (0.16) also making the bottom five.

AVERAGE HOME VALUE BY STATE BY 2025

So, where will we find the most valuable properties by 2025, according to Zillow? Analyzing the average predicted value of homes across each of the 50 states, Washington is projected to take the top spot and come away with a maximum index score of 1.00, closely followed by homes in Hawaii (0.98). Finishing off the top five, we have Massachusetts (0.96), California (0.86) and Idaho (0.81).

2025's most affordable properties are predicted to be found in the state of West Virginia (0.00), while Mississippi (0.04), Arkansas (0.09), Oklahoma (0.09)

and Iowa (0.09) all also feature in the lowest-priced five according to our index.

METHODOLOGY

To be able to compare states, it's important to have an index that translates real data into a relative score. Taking existing historical data for real GDP, personal income per capita, and Zillow property prices, Money Penny forecasted the 2025 values for each state.

Each state has been attributed a value between 0-1 (with 1 being the best positioned) for each of the three criteria, depending on their ranking position. The index determined 2025's richest state by combining each state's three assessed scores to give a total value between 0-3. 🏠

FORECLOSURE CRISIS?

CFPB NOMINEE CHOPRA WARNS OF ONE AT CONFIRMATION HEARING

Biden's pick for director also says he'll focus on enforcement, fair lending.

by Sue Johnson, strategic alliance consultant

Helping to prevent another financial crisis will be a top priority for President Joe Biden's nominee for Consumer Financial Protection Bureau (CFPB) Director, Rohit Chopra, according to his statements at his March 2 Senate confirmation hearing.

Chopra also forewarned the senators of escalated enforcement activity with more consumer

restitution during his term, especially in the area of fair lending.

Chopra helped now-Senator Elizabeth Warren set up the Bureau in 2010, and then served as its student loan ombudsman and as an assistant director under former Director Richard Cordray. He currently serves in one of the Democratic spots on the Federal Trade Commission.

"My intuition is we have to be ready for potentially looming problems when it comes to forbearances that might flip to foreclosures," Chopra said.

Chopra's responses to the senators' questions reinforced expectations that the CFPB will significantly ramp up its enforcement activities under his leadership.

Here are some of the highlights from his hearing.

A "LOOMING" FORECLOSURE CRISIS

Chopra warned of a potential foreclosure crisis in the country, particularly in the housing market, as the eviction moratoriums and forbearance periods offered during the COVID-19 pandemic expire. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as guidance from Fannie Mae, Freddie Mac, the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA) and the U.S. Department of Agriculture (USDA) have prohibited lenders and servicers of government-sponsored enterprises (GSEs) and federally backed loans from beginning foreclosures through June 2021.

A CFPB report published on March 1 stated that in 2020, the number of homeowners who have fallen behind on their mortgage by at least three months increased by 250% to more than 2 million households, and is now at a level not seen since the height of the 2010 Great Recession. Collectively, these households are estimated to owe almost \$90 billion in deferred principal, interest, taxes and insurance payments.

"My intuition is we have to be ready for potentially looming problems when it comes to forbearances that might flip to foreclosures," Chopra said. He said that he will direct the CFPB to closely monitor mortgage servicers, and will deal severely with servicers who mislead homeowners about repayment options after forbearances expire.

RAMPED-UP ENFORCEMENT

Chopra's responses to the senators' questions reinforced expectations that the CFPB will significantly ramp up its enforcement activities under his leadership. He said that consumer restitution will be the focus of his enforcement efforts, particularly when the alleged violator is a large company. "Restitution is a critical part of the enforcement work in order to make victims whole, as Congress intended," he said. During the Obama years, the CFPB returned approximately \$12 billion dollars to consumers who allegedly had been victims of financial firms.

In response to concerns by Republican senators that he will return to Cordray's "regulation by enforcement" approach, under which consent orders and administrative rulings set new compliance standards without notice, Chopra committed to bringing more transparency to the enforcement process through rulemaking, guidance and warnings.

A FOCUS ON FAIR LENDING ENFORCEMENT

Chopra made clear that fair lending enforcement will be a focus of the CFPB under his leadership, saying that there needs to be "fair and effective oversight" in the mortgage market to "address the systematic inequities faced by families of color." The CFPB likely will look into the algorithms that lenders use to make credit and advertising decisions, he said.

To accomplish his enforcement goals, he is likely to restore the CFPB's Office of Fair Lending and Equal Opportunity

to its Cordray-era position within the Bureau. The Office of Fair Lending and Equal Opportunity should play a "critical role" in its enforcement of the Equal Credit Opportunity Act (ECOA), he said. Former acting Director Mick Mulvaney had moved the office from the Bureau's enforcement unit to the director's office.

NO VIEWS YET ON THE QUALIFIED MORTGAGE RULE

When asked about his views on what, if any, changes need to be made to the Qualified Mortgage (QM) rule, Chopra gave no substantive response, indicating that he needs to be brought up to speed on the issue. "I have a completely open mind about this, and I look to what the statute says and what really Congress' goals are," he said.

WHAT'S AHEAD

Based on his confirmation hearing, Chopra appears to face an easy road to confirmation, with a full Senate vote expected in April. He will serve a five-year term if confirmed, although the sitting president can fire him at will, pursuant to a 2020 U.S. Supreme Court ruling.

Sue Johnson is the former executive director of RESPRO, the Real Estate Services Providers Council Inc. She retired in 2015 and is now a strategic alliance consultant. 🐾



GLOBAL MARKET

U.S. IS TOP DESTINATION FOR ASIAN CROSS-BORDER BUYERS

The United States is the most popular destination for Asian buyers, according to a recent report.

by Shelby R. King,
assistant editor



Asian property buyers—many of whom are high-net-worth individuals purchasing second homes—want to enter the U.S. market, according to the Juwai IQI 2020 Top Countries Report.

Jumping from No. 4 in last year's report, the United States is the most popular destination in the world for Asian buyers, who seek properties in “the traditional American gateway cities,” according to the report. The top five cities inquired about by Asian buyers were (from most to least inquiries) Seattle; Los Angeles; Orlando.; Irvine, Calif.; and New York City.

Top 10 United States Locations Enquired by Asian Buyers

#	2020	2019
1	Seattle	Seattle
2	Los Angeles	Los Angeles
3	Orlando	Orlando
4	Irvine	Houston
5	New York	New York
6	Boston	San Francisco
7	Houston	Boston
8	San Jose	Irvine
9	San Francisco	San Jose
10	Dallas	Atlanta

Source: Juwai IQI Data 2020

The report identified four key reasons Asian buyers are interested in overseas properties. First, historically low interest rates and rising prices due to global financial stimulus were factors. According to Juwai, the spike in global property

prices created FOMO (fear of missing out) among investment buyers seeking to capitalize on future gains. The pandemic also caused a significant number of buyers to postpone planned transactions.

REEVALUATING REAL ESTATE PRIORITIES

Additionally, many Asian buyers found themselves reevaluating their real estate priorities in light of the COVID-19 pandemic. Push and pull factors were the third and fourth reasons the report identified, respectively. Push factors varied by country and “include restrictions on buyers in Tier 1 Chinese cities, a shortage of inventory and a lack of confidence in some local markets.” Pull factors affecting Asian buyer behavior include “the opportunity for bargain-hunting in hard-hit economies such as Thailand.”

The last decade has seen a dramatic increase in the number of high-net-worth (HNW) Asian buyers looking for second homes in the U.S. For example, in New York City, 23.8% of HNW second homeowners are from greater China. Many Asian buyers who aren't in the HNW category also seek second homes in the U.S. because of lower comparative prices and less congestion.

EXPLORING SMALLER CITIES

This desire for space has inspired Asian buyers to explore smaller cities, where investors predict property prices will continue to increase rapidly. Smaller

U.S. cities are expected to see the biggest increase in property values, which is why several cities on the National Association of Realtors' list of top prospective markets for 2021 are popular with buyers from Asia, according to the Juwai report.

Consensus Top Prospective Markets in 2021

Phoenix	10%
Austin	9%
Charlotte	8%
Atlanta	7%
Houston	7%
Denver	6%
Nashville	6%
Raleigh	4%
Dallas	4%
Washington, DC	3%
Tampa	3%
Salt Lake City	3%
Boise	3%

Source: National Association of Realtors

While Asian buyers are much more concentrated in selected markets than are domestic buyers, they are much less so than a decade ago, according to the report. At that time, the key gateway cities such as New York and Los Angeles had a much firmer grip on Asian buyer activity. Currently, Asian buyers are spreading across the map in similar patterns as other global post-pandemic domestic buyers. ▲



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