TRENDS
The Current & Future Direction of the Real Estate Profession

Student Playbook
Making Education Fun, Engaging & Useful
North Carolina Real Estate Commission
Continuing Education
Student Information Sheet

READ IMMEDIATELY UPON CHECKING IN

Basic CE Requirement (21 NCAC 58A.1702)

The CE requirement to maintain a license on active status is eight (8) classroom hours per year (each license period) consisting of the four (4) hour Real Estate Update course (mandatory for all licensees) and a four (4) hour elective. The content of the Update course changes each year.

Important Points to Note

- Newly licensed licensees do NOT need to take any CE prior to their first license renewal, but must satisfy the CE requirement prior to their second license renewal.

- A course may not be taken for CE credit twice in the same license period. Make sure you have not already taken this course during the current license period.

- If your license is inactive, you should check with the Commission to ascertain the amount of CE you need to activate your license.

Attendance Requirement

In order to receive CE credit for a course, students must attend the entire scheduled class session. Sponsors and instructors may, on an individual basis, excuse a student for good reason for up to 10% of the scheduled class session (20 minutes for a 4 hours class session); however, a student must attend a minimum of 90% of the scheduled class session in order to receive a course completion certificate and CE credit. No exceptions to the 90% attendance requirement are permitted for any reason.

Student Participation Requirement

To help assure that the mandatory continuing education program will be one of high quality, the Commission requires that students comply with the following student participation standards:

A student shall direct his active attention to the instruction being provided and refrain from engaging in activities unrelated to the instruction which are distracting to other students or the instructor, or which otherwise disrupt the orderly conduct of a class. Examples of Prohibited Conduct: Sleeping; reading a newspaper or book; performing office work; carrying on a conversation with another student; making or receiving a phone call on a cellular phone; receiving a page on a pager that makes a noise; loudly rattling or shifting papers; or repeatedly interrupting and/or challenging the instructor in a manner that disrupts the teaching of the course.
Sponsors and instructors are required to enforce the student participation standards. Sponsors have been directed to NOT issue a course completion certificate to a licensee who violates the standards and sponsors must report inappropriate behavior to the Commission.

**Course Completion Reporting**

Sponsors are responsible for reporting course completion information to the Commission via the Internet within **7 days of course completion**. Licensees are responsible for assuring that the real estate license number that they provide to the course sponsor is correct.

Licensees may address comments/complaints about courses, instructors, and/or sponsors to:

**Continuing Education Officer**
North Carolina Real Estate Commission
P.O. Box 17100
Raleigh, North Carolina 27619-7100

**Certificates of Course Completion**

Course sponsors will provide each licensee who satisfactorily completes an approved CE course a Certificate of Completion on a form prescribed by the Commission within 15 calendar days following a course. The certificate should be retained as the licensee’s personal record of course completion. **It should not be submitted to the Commission unless the Commission specifically requests it.**

**Check the Label of Your Newsletter**

The number of continuing education credit hours credited by the Commission to your licensee record for the current license period as of a stated date will appear on the mailing label of each edition of the Commission’s newsletter. You may also check your current year’s CE credits online at the Commission’s website: [www.ncrec.state.nc.us](http://www.ncrec.state.nc.us). You will need to log in under Licensee Login using your license number and pin number. If you are unsure of your pin number, please follow the instructions on our website.

**Please avoid calling the Commission office to verify the crediting of continuing education credit hours to your license record unless you believe that an error has been made.** Please use our website to verify that your credit hours have been reported. Your cooperation in this regard will be especially needed during the May 15 - June 30 period each year.
Why This Course Was Written

It is hard to conceive of anything more fluid than the profession of real estate. It is a profession filled with multiple twists and turns, ups and downs and is always in a state of change and fluctuation. Understanding those changes and keeping abreast of trends is critical to both the business and the professional development of every real estate licensee.

The world’s first great teacher and philosopher, Socrates, once said:

“THE SECRET OF CHANGE IS TO FOCUS ALL OF YOUR ENERGY, NOT ON FIGHTING THE OLD, BUT ON BUILDING THE NEW.”
— Socrates

So this course was written to assist licensees to meet their primary objective of protecting and promoting the interests of their clients by building the new. Keeping abreast of trends and changes in the real estate profession is more important than ever. This course groups those changes into 4 major categories:

- Top 5 Disruptive Trends
- Top 5 Technology Trends
- Top 5 Client Trends
- Top 5 North Carolina Trends

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.
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Tips & Keys to a Successful Ride
Top 5 Trends in Real Estate Today

Things to Understand if You Don’t Want to Get Left Behind

One of my early mentors in real estate provided a very practical and very useful piece of advice on my entry into real estate a few decades ago that has proved invaluable. Let me share that piece of advice with you. When planning and outlining your career or annual goals, the best thing that you can do is to put yourself in a position where you can take advantage of the opportunities that come about. Real estate is a fluid and ever-changing landscape. Trying to create a 5 year, 3 year or even a 1 year plan for success can easily be daunted by market changes, shifts and trends. When you add to that concept the fact that real estate is subject to an expansive number of extraneous forces like job growth, interest rates, housing prices and other economic trends, trying to create a certain and predictable plan seems like a fool’s game.

Therefore, as professionals the best that we can do is constantly understand and appreciate trends in the profession and position ourselves so that as the opportunities occur 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.

From a number of resources and countless hours we have done our best to provide you with identification of the current trends in the real estate profession and also offer practical and useful tips for how you can prepare for and leverage them in the months ahead. We believe that success in navigating the trends requires three things to put you on the FAST PASS to success:

- Acknowledge the continual changing nature of real estate
- Awareness of existing trends and currents
- Positioning to leverage the opportunities
#1 The “Surban” Trend

From 1950-1980 the real estate profession witnessed the trend of suburbia. Homeowners were moving out of the inner city and relocating in suburban areas. They were willing to sacrifice some incredible commute times to the cities and suffer other inconveniences in order to experience an upscale lifestyle. This was due to the fact that in urban areas crime rates were high and school performances were low.

The 1990’s and 2000’s brought with it an age of urbanization centered around the renewal of inner cities, development of mixed use properties in urban areas, increased attention to mass transit and downtown condos. However, the economic downturn of the last decade left little job growth in the urban areas, crime rates are still relatively high and school rankings and commitments to education remain low. There is a lot being written about the current trend of “Surban” living.

Identifying & Defining Surban

Surban is defined as a suburban area that has the feel of urban, with walkability to great retail from a house or apartment.

The Urban Land Institute has done a tremendous amount of work on this issue and you can obtain even more information in detail about their work at www.uli.org. The Urban Land Institute estimates that these areas will draw at least 80 percent of the coming wave of households and will attract the most households in the next 10 years. Noted real estate consultants John Burns and Chris Porter recently authored a book, Big Shifts Ahead and devoted an entire chapter to this new surban way of life.

Surban is a blend of the best of urban and suburban life. Urban planners would previously have described these as mixed use areas, but surban is a term that fits a bit better. Characteristics of surban areas include:

- Located in suburban, not urban areas
- Anchored in areas with highly rated schools and low crime rates
- Dominated by a number of housing options from SFR’s to condos to townhomes
- Surrounded by great retail and shopping areas in walkable distance
- Highlighted with social venues such as restaurants, bars and entertainment
Flipping Some Scripts

These types of livable areas are projected to have a profound impact on many areas of real estate. Some of the traditional concepts that will be transformed and replaced include:

**Surban developments will replace shopping centers.** More retail stores will be transformed into places that sell experiences rather than goods, and more development will combine housing and retail to satisfy consumer demand for places that offer convenient, car-free shopping. An 86 percent surge in household formations in the coming decade will drive retail activity—particularly purchases by renters, who will represent 58 percent of the net new households.

**Suburban office demand will return.** As Gen X and Millennials move into more-senior management roles and start families, many will move from urban cores to the suburbs to live in areas with good schools, but which are also near employment hubs and entertainment and recreational amenities. They will be willing to share space and work remotely. Women earned more than half of the college degrees obtained by Millennials; as a result, female executives will play a stronger role in office space selection.

**Housing rental rates will surge over the long term.** The de-emphasis on ownership will be reflected in soaring demand for rental units. Well over half of the 12.5 million net new households created over the next decade will rent, including those who have never owned, and those making the switch from owning to renting as they age. Homeownership will decline, with the national rate anticipated to be 60.8 percent by 2025—the lowest point since the 1950s. As more people join the already large number of retirees, competition for workers will push up wages, contributing to a favorable environment for rent increases.

**Wider Choices in Housing Options.** For the most part historically housing areas were categorized based on single family residences, townhomes, condominiums or multi-family. The development and advancement of surban living has already begun blending housing options in a selected area. It will not be uncommon to find townhomes and condos mixed in with single family residences. Ownership and rentals will exist in closer proximity to widen the retail base of the homes and provide an array of options for millennials.
Deconstructing the Millennial Myth

Do you remember all of the information that was provided to real estate licensees projecting the trends and upcoming nature of millennial buyers? There were a lot of projections that the millennials would repopulate the urban areas and would in the future create overwhelming demand for downtown urban living and loft type living spaces.

The facts don’t necessarily support the traditional wisdom that Millennials have sought out the traditional urban living. According to the most current U.S. Census Bureau data, 529,000 Americans ages 25-29 moved from cities out to the suburbs in 2014. The number who moved from the suburbs to the inner city was only 426,000. The common narrative is that millennials want to live in lofts and inner city locations, but that is not proved by the statistics. Focusing just on the millennials in their early 20’s the trend is even more striking. 721,000 moved out of cities to the suburbs and only 554,000 moved in. Urban population growth that has been experienced is attributable to births and immigration, but not to internal migration.

While lots of time and attention has been focused on explaining why the millennials have so confounded the experts, part of the explanation simply lies in the fact that the millennials too are getting older than we think. Living in the inner city with all of its nightlife, clubs and excitement was fine in their early 20’s. Now, the largest single band of millennials, those born in 1990, are turning 27. The preference for cities has faded as they start families and become more established in their careers.

There will be a much longer discussion regarding the Millennials in Trend #2. For now it is enough to know that some of our preconceived notions about them and their housing needs are getting in the way of what the millennials are seeking in terms of lifestyle and amenities. They are a large enough generation to actually have a significant impact on the future and the direction of the real estate industry.
Typical Surban Areas

In order to truly understand what is meant by a surban area it would be helpful to look at some specific examples. Think grown-up college campus. A walkable place to dine, work, live and play. RIP strip mall retail and move aside giant suburban malls. Let’s start with one of the original town centers.

In 1964, an internationally known planned community known as Reston, VA, was founded. When Reston founder Robert E. Simon Jr. bought the Northern Virginia farmland 20 miles outside of Washington, D.C., he had the vision of developing a community which would embrace walkability, density, access to green space, and a diversity of races and income levels.

In 1990, Reston Town Center opened. This iconic town center is described by CityLab as "a dense cluster of offices, restaurants, and shops, centered on a wide-open plaza with a fountain... a community gathering spot." Nearly 24 years later, the Silver Line Metro station opened in Reston, which ultimately perfected the interconnectedness of the community and city center by decreasing the need for cars. When Reston Town Center was nearing completion in 1990, Kenneth P Wong, senior development manager for the town center project, told the Washington Post:

“The idea of a downtown in the suburbs was something that no one really had a grip on, it's a very complicated proposition that needed a long [research and development] gestation period."

Today, these suburban downtown areas are popping up throughout the country. Though Reston wasn't the only place developing the blueprint for "Surban" developments, it is often referred to as one of the most successful influencers. Here are some of the other notable surban developments:

- Downtown Naperville, Illinois, in the suburbs of Chicago
- Old Town Pasadena, California, in the suburbs of Los Angeles
- A-Town in Anaheim, California, in a neighborhood around the Angels Major League Baseball park
- Legacy Town Center in Plano, Texas, in the suburbs of Dallas
- Santana Row in San Jose, California, on a former run-down mall site
- City Centre in Houston, Texas, on a former run-down mall site
- Downtown Tempe, Arizona, in the suburbs of Phoenix
- Larkspur, California, north of San Francisco, with new housing sandwiched between a top-notch high school and a rejuvenated old downtown
- Geneva, Illinois, in the suburbs of Chicago
Your Ticket to Riding the Surban Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Identify the current and potential surban areas in your market, become familiar with them.

2. The real power behind this trend is the attention of buyers to amenities and lifestyle rather than the traditionally marketed features of a home in real estate. Develop and implement a better system of marketing lifestyle and amenities.

3. Create video promotions for social media that promote and recognize the surban communities in your area.

4. __________________________________________________________________________

5. __________________________________________________________________________

6. __________________________________________________________________________

Student Notes
#2 The Millennials Come to Power

For the last several years, we know you have heard a lot about the millennials, those people born between 1983 and 2001. (Please note that the exact years of generations are debated and differ even amongst experts). Millennials are the fastest growing segment of the workforce and will be the future of real estate for the next couple of decades. They have changed everything from the way we utilize technology and communicate to the way we identify goals and mental filters through which people process information.

Here are some of the key characteristics and labels that have been placed on the millennial generation:

- Likely the first generation that will do less well economically than the generation that preceded it.
- Value lifestyle
- As a group they are socially liberal
- Smart and educated (the first generation where women are more educated than men)
- Sense of entitlement
- Considered digital natives and heavily utilize technology
- Like large amounts of information quickly
- Seek out flexibility and more balance in their lives
- Trust and rely on the opinions in their sphere of influence
- Impatient and value time
- Want to make a difference and contribute to something larger than themselves

Do you agree or disagree with these traits and characteristics? What has been your experience in dealing with millennials in real estate?
The best data we have is from the National Association of REALTORS®.

Their recent report:


You can download the full report for free at NAR.Realtor.

If the first millennials were born in 1978 then that means that they are turning 38 this year. Even if you believe that the millennial generation did not really begin until 1980 those first millennials are now 39. Today they comprise nearly 80% of all buyers.
The ramifications and impact on real estate is huge as this generation now comprises the majority of buyers that real estate professionals will have to work with, interact with and guide through a real estate transaction. Here are just a few of the issues that real estate professionals will need to keep in mind in dealing with this trend. In the world of real estate the research of NAR and others has demonstrated that they:

- Are more socially conscious of environmental features
- Are purchasing multiple “bedroom” homes and putting the rooms to other uses
- Tend to want to be part of a community with lots of amenities
- Require homes to be tech connected
- Begin their searches for real estate using technology
- Place high value on testimonials that can be validated
- Expect more services and value from real estate professionals
- Demand immediacy in communication
- Seek a high level of expertise
Your Ticket to Riding the Millennial Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Get to know this generation and what makes them tick. Take a class, read a book. Get up to speed.

2. Be wary of the negative labels and learn how to turn them into assets, allies and benefits.

3. Get better at technology and social media for connectedness and marketing.

4. ________________________________________________________________

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6. ________________________________________________________________

Student Notes
#3 Generation Z Gets Its Start in Real Estate

If you have been troubled, tortured and out of step with the Millennials, stand back as Generation Z enters the real estate market. Also known as the “Net” or “Digital” generation, they haven’t even been on a real roller coaster. They know the experience in virtual reality.

The dates for Generation Z are a bit undefined, but we are talking about the post-millennials and that has generally come to mean those born from 1995-2000. Bloomberg reports that the number of Gen Z’ers will surpass Millennials in 2019. They will account of 2.47 billion of the 7.7 billion inhabitants of planet earth. This group makes up 32% of the world’s population making them a larger cohort than either the Baby Boomers or the Millennials. The oldest among them will turn 23 this year and they will begin to enter the housing market for the first time.

What most researchers have found most defines this generation is that their concerns and belief systems radically differ from either the Baby Boomers or the Millennials. Many of our preconceived notions are inaccurate. Amongst the research are all of the following:

- The least likely to believe in the American dream ideals
- 46% concerned and burdened with student debt
- Unsettlement and insecurity having lived their childhoods with 9/11 and terrorism
- Less risk adverse with low teenage pregnancy, alcoholism and drug use
- Exposed to an unprecedented amount of technological change
- Heavily reliant and consistent users of technology, cells phones and tablets
- More highly educated
- More underemployed
- More culturally varied and diverse

Student Notes
Generation Z in Real Estate

At the 2016 REALTORS® Conference and Expo in Orlando, Florida real estate professionals solicited a panel of five members known as the “Gen Z Consumers” to share some insight into the future of real estate. Here are some of the key points made during that presentation:

- 97% of Generation Z believe that they will own a home in the future
- 82% of Generation Z rank home ownership as an important factor
- Their most used social media sites include Snapchat, Twitter and Tumblr and Instagram
- There was an enhanced emphasis on recommendations or testimonials that they could trust
- 81% of Generation Z believe they will work with a real estate professional during the home buying process

Rank the Following List of Features that Gen Z Buyers are looking for in a home. Rank them from 1-10 in order of importance:

- Lifestyle Amenities (Gymnasium)
- Parking Space
- Storage
- Location
- Pool
- Proximity to Green Space
- Air Conditioning
- Square Footage
- Energy Efficiency
- Garden
Your Ticket to Riding the Generation Z Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Stay up to date on the most used technology of each generation. Gen Z is using different sites.

2. Update your value proposition to appeal to their needs and desires.

3. Do your research. Take a course, read a book or better yet learn like they do and surf the net for updated information on Generation Z.

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Student Notes
Real estate is being inundated with the advent of venture capitalists creating iBuyer programs. They are premised on some basic concepts:

- Selling a home is a lengthy torturous process
- The tough part is the interim between selling and buying
- There is a lot of money in real estate commissions
- Speed and certainty are key issues

Therefore, the pooling together of investor money to accelerate the process and aid in the transition period. These companies are well funded and venture capital is raised on $100 million dollar investment rounds, per investor. Softbank Group, as an example, is standing in the wings with billions ready to invest.

Who Are the Players?

**Opendoor**
- Founded 2014
- Bid on homes
- Purchase & Resale Immediately
- 2019 Home Purchase Budget 2.5 Billion
- Total fundraising of over $a billion and $1.5 billion in debt
- Expansion from 10 to 50 markets planned
- Has Raised Over $1 Billion After 6 Rounds of Funding
Knock
- Based in Atlanta, Founded 2017
- January 2017 Raised $30 Million
- Buy Future Home in Advance
- Buyer Pays Both Loans Until Previous Home is Sold

Offerpad
- Offers Selling & Buying Experiences
- Selling Similar to Opendoor
- Buyers Get Access Without a Licensee
- Fees Typically 7%
- New to Charlotte & Raleigh
- Limits on Types
  - Less than $500,000
  - Not more than 1 acre
  - Newer than 1960

Zillow
- iBuyer is called Zillow Homes
- Greatest Benefit is Initial Contact with the Seller Lead
- Zillow Offers is Purchasing Leads as a Premier Agent (Competing Against Licensees)
- 2017 Revenues for all Lines $1.07 Billion
- Projections are that listing leads alone could equal all of Zillow’s revenue

The Role of Expertise
“More than ever, sellers need the help of a professional real estate agent, especially when there is an iBuyer offer on the table. The implication is they can go it alone or use a professional. The way we see it consumers need professional help to make the right decision.”

FORBES, March 6, 2019
Your Ticket to Riding the iBuyer Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Research and understand what they are and how they work before you voice opinions on them. Talking negatively about your competition just makes you look bad.

2. Get better at your value propositions and the services you provide.

3. Absent value, sellers and buyers will always look for the lowest price first.

4. Keep in mind many of your fellow agents, settlement service providers, attorneys and lenders work with these companies on a regular basis.

5. ____________________________________________________________________________

6. ____________________________________________________________________________

7. ____________________________________________________________________________

Student Notes
#5 Key Market Trends

Where is the Market Going and What to Expect

Buckle up. Now is the time for you to take advantage of and leverage your real estate career. Most real estate and investment experts are predicting a strong year ahead for US housing with almost no risk of a crash downturn between 2017-2020. The market overall is predicted to remain steady with approximately 6 to 6.5 million sales annually and 160,000 new homes slated to be built per year up to 2024.

Experts have not made these predictions out of thin air and the projections are based on a number of positive factors expected to continue for the next handful of years. They include:

- Moderately rising mortgage rates
- Low risk of a housing crash for most cities
- Millennial buyers coming into their main buying years
- A trend toward government deregulation
- Labor shortages pushing up the costs of production
- A healthy “expected to grow” economy

Student Notes
The Mortgage Interest Markets

Most experts predict that interest rates on 30 year fixed conventional mortgage loans will remain low, but will rise slightly in the coming years. The moderate upward pressure on mortgage rates is expected to be fueled by two factors:

1. A growing economy, tax cuts and deregulation which will push demand and stimulate home prices; and
2. Inflationary pressures which will cause the FED to increase rates in an effort to hold down too much growth too fast

Here is the historical trend for mortgage interest rates:

![Interest rate on a conventional 30-year fixed rate mortgage, monthly](image)

While upward pressure is expected, rates will continue to be below 5%. The National Association of REALTORS® has predicted a 4.74% rate on 30 year fixed rates by the end of 2019.
Home Prices & Appreciation

There will be upward pressure on home prices. In areas of robust economic activity, annual appreciation is predicted to be at or over the 10% marker. The top forecast markets include places like Seattle, Washington at 11.2%, Portland, Oregon at 11.1% and Denver, Colorado at 9.9%.

Nationally the median price of existing homes has steadily recovered since its lows of 2010 and 2011. While still below the high’s set in 2005, here is the historic chart and current trending of median prices:
While home ownership numbers are predicted to grow, that growth is due to increased population and immigration. Compared historically, home ownership rates as a percentage of the overall population are actually decreasing. At its current pace homeownership will reach 60.8% in 2025, its lowest percentage since the 1950’s.

**New Construction & Inventory**

It’s predicted that new home construction won’t keep up with demand. While the number of new housing starts will increase, the home construction industry is plagued by two primary factors:

1. The availability and hurdles to develop new land
2. Shortages in the skilled labor workforce

For 2017 new construction starts are expected to increase 5% to $713 billion. Inventory is likely to remain low next year, but it could increase by year-end. The total number of existing homes for sale across the nation declined to 1.85 million in November, down 9.3% year over year. The nation’s total housing inventory has dropped on an annual basis for 18 consecutive months. Limited inventory, particularly for lower-priced homes, has made it harder for entry-level buyers to enter the market.

**An Out of the Box Surprise**

One of the trends to keep an eye on will be the return of more varied and subprime lending products. The combinations of rolling back some of the Dodd frank provisions, attention to growing the economy, emphasis on housing affordability and more favorable climate for smaller banks and lenders may open the door for more unique out of the box lending solutions for some buyers. While it is not reasonable to expect a return to some of the more risky subprime lending practices, there almost certainly will be more down payment assistance, new home buyer programs and other initiatives attempted.
Your Ticket to Riding the Market Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Create urgency for buyers. Prices and interest rates are likely to be higher the longer they wait.

2. Create urgency for sellers. They likely do not have a lot to gain by waiting, most have recovered equity lost in the recession. Market the property now while we are still in a seller’s market in terms of inventory.

3. Stay connected with a good lender who can help secure appropriate rate locks as the mortgage interest rate ticks upward.

4. ____________________________________________________________________________

5. ____________________________________________________________________________

6. ____________________________________________________________________________

Student Notes
The Top 5 Technology Trends Changing the Real Estate Profession

It is difficult to imagine any profession that has not been massively affected by technology changes over the last several years and the real estate profession is no exception. Here are the basic facts provided in research conducted by the National Association of REALTORS®.

- Buyers typically use mobile technology to most often search for homes
- 43% of buyers began their search by looking online for homes (less than 15% contacted an agent)
- 93% of agents are still using email as their primary communication tool for clients
- 46% of all firms cited keeping up with technology as one of their biggest challenges in the coming two years
- While 69% of REALTORS® reported having a website for at least five years, only 11 percent reported having a real estate blog, and 70 percent members are using social media, up from 65 percent in 2014.

NAR.Realtor.com 2018 Member Profile
On December 7, 2016 Amazon Prime Air made their first package drone delivery as they launched the use of drones to deliver packages to customers in Cambridge, England. Drones are no longer just a toy. We are finding new ways in which to utilize drone technology every day, including real estate. The 2016 NAR Member Profile was the first profile ever to document the use of drones by real estate professionals:

You can expect the use of drones in real estate to grow as a coming trend. They bring to the real estate profession the ability to showcase properties, neighborhoods and their surrounding areas through the use of affordable aerial videos and are already being used in many markets. This type of new found technology should prove particularly useful to commercial, land and agricultural agents, but will also be widely used in residential properties. Already there are nearly a quarter of a million videos uploaded to YouTube that involve the use of drones. The trend will accelerate not just as a cool and different way of creating a virtual tour, but as a better way of capturing the lifestyle of a home and the surrounding neighborhood.
The FAA’s Small Unmanned Aircraft Rule
(The Following from NAR entitled “FAQ’s for Small Unmanned Aircraft” available at NAR.REALTOR.com)

On June 21, 2016, the Federal Aviation Administration (“FAA”) issued its highly anticipated “Small Unmanned Aircraft Rule” (14 C.F.R. Part 107). In response to NAR members’ growing interest in using this technology in connection with their real estate businesses, we assembled this FAQ to address some of the most frequently asked questions regarding the legal and regulatory landscape pertaining to the use of unmanned aircrafts.

1. **Where can I find a copy of the Small Unmanned Aircraft Rule?**

   The full text of the Small Unmanned Aircraft Rule (“sUAS Rule”), along with background information, may be found on the FAA’s website: [FAA.gov - Operation and Certification of Small Unmanned Aircraft Systems - Complete Rule (link is external)](https://faa.gov) (PDF).

   A summary of the sUAS Rule may be found on the FAA’s website: [FAA.gov - Summary of Small Unmanned Aircraft Rule (Part 107) (link is external)](https://faa.gov) (PDF).

2. **When is the sUAS Rule effective?**

   The sUAS Rule is effective August 29, 2016.

3. **What is a small unmanned aircraft system?**

   A small unmanned aircraft system (“sUAS”) is defined in the sUAS Rule as an unmanned aircraft weighing less than 55 pounds. The weight limitation of a sUAS includes all of the associated elements required to operate the sUAS, and anything onboard or attached to the sUAS.

4. **How does the sUAS Rule change my ability to use a sUAS?**

   Pursuant to a set of operational and safety requirements, as well as a remote pilot certificate requirement (see question 7), the sUAS Rule integrates sUAS into the national airspace, and permits the operation of sUAS for commercial purposes. Once the sUAS Rule becomes effective on August 29, 2016, and provided a person operates the sUAS within the limitations set forth in the rule, an exemption or waiver will no longer be required prior to operating a sUAS (see question 23).

   By way of background, prior to the sUAS Rule, the only way to operate an unmanned aircraft for a commercial purpose was to request a Section 333 exemption from the FAA. Section 333 exemptions authorize certain unmanned aircraft to perform commercial operations on a case-by-case basis.

5. **What happens to a current Section 333 exemption?**

   A current Section 333 exemption holder may continue to operate a sUAS pursuant to the terms and conditions of the exemption through its expiration date. In the alternative, however, Section 333
exemption holders may conduct sUAS operations in accordance with the sUAS Rule once it goes into effect August 29, 2016.

6. **Is a pilot’s license required to operate a sUAS?**

   No. A FAA-issued pilot’s license is no longer required to operate a sUAS.

7. **Is any license required in order to operate a sUAS?**

   Yes. In order to operate a sUAS, an individual must obtain a remote pilot certificate with a sUAS rating from the FAA.

8. **Are there any eligibility requirements for a remote pilot certification?**

   To obtain a remote pilot certificate with a sUAS rating, you must meet the following eligibility requirements: 1) be at least 16 years old; 2) be able to read, write, and understand the English language; and 3) be in a physical and mental condition that allows for the safe operation of the sUAS; 4) pass an initial aeronautical knowledge test.

   Additional information regarding the eligibility requirements and application process for a remote pilot certification with a sUAS rating is available on the FAA’s website: FAA.gov - Fly for Work/Business - Becoming a Pilot (link is external).

9. **What is the cost of a remote pilot certificate with a sUAS rating?**

   The FAA estimates that a remote pilot certificate with a sUAS rating will cost approximately $150.

10. **Is a Remote Pilot Certificate valid indefinitely?**

    No. A remote pilot certificate holder is required to pass a recurrent aeronautical knowledge test every 24 calendar-months.

11. **If an individual holds a pilot’s license, is a remote pilot certification with a sUAS rating still required?**

    Yes, a remote pilot certificate with an sUAS rating must be obtained. However, an individual with a pilot certificate issued under 14 CFR Part 61, and who has successfully completed a flight review within the previous 24 calendar-months, is not required to pass the required initial aeronautical test. Instead, a part 61 certificate holder may choose to take, and pass, a part 107 online training course.

12. **The sUAS Rule requires a sUAS operation to designate a remote pilot in command. What is a remote pilot in command?**

    The remote pilot in command (“RPIC”) has direct responsibility for and the final authority over the sUAS operation. The RPIC must have either a current remote pilot certificate holder or a pilot’s license with the necessary training courses referenced in question 11.
13. **Is a visual observer required to conduct a sUAS operation?**

The use of a visual observer (“VO”) is optional. If, however, a VO is used, the RPIC and VO must be able to effectively communicate at all times.

14. **Does the sUAS have to be within the visual line of sight of the persons participating in the sUAS operation?**

Yes. The sUAS must be within the visual line of sight (“VLOS”) of the: 1) RPIC; 2) person manipulating the sUAS flight controls; and 3) VO. However, for operational necessity, brief breaks in VLOS are permissible as long as the individual who has broken VLOS is able to quickly resume VLOS.

15. **Can a sUAS be operated any time of day?**

No. The sUAS may only be flown during daylight hours. However, if the sUAS has appropriate anti-collision lighting visible for at least 3 statute miles, the sUAS may operate during civil twilight hours. Civil twilight hours are defined as the period of time that begins 30 minutes before official sunrise and 30 minutes after official sunset.

Please note that the above definition of civil twilight does not apply in Alaska. In Alaska, civil twilight is defined in the Air Almanac.

16. **What is the permissible altitude at which a sUAS may be operated?**

In general, a sUAS may be flown no higher than 400 feet above ground level. However, a sUAS may be flown within a 400-foot radius of a structure provided the sUAS does not fly higher than 400 feet above the structure’s uppermost limit.

17. **What is the maximum speed a sUAS can be flown?**

A sUAS may be operated at a maximum groundspeed of 100 miles per hour.

18. **Are there any preflight obligations?**

Yes. Prior to any sUAS operation, the RPIC must conduct a pre-flight inspection to verify that the sUAS is in safe operating condition, assess the operating environment, including any risks to persons or property, and conduct a crewmember briefing.

19. **Can a sUAS be operated from a moving vehicle or aircraft?**

A sUAS cannot be operated from a moving aircraft, and in general, a sUAS may not be operated from a moving vehicle.

However, a sUAS may be operated from a moving land or water-borne vehicle if the sUAS is: 1) flown over a sparsely populated area; and 2) not transporting another person’s property for compensation or hire.
20. **Can a sUAS be operated over persons not involved in the sUAS operation?**

No. A sUAS may not be operated over persons not directly involved in the sUAS operation, unless those persons are located under a covered structure or inside a stationary vehicle that would provide reasonable protection in the event of an accident.

21. **Can a sUAS be used to transport property?**

Yes. The sUAS may be used to transport property for compensation or hire provided such operation occurs wholly within the bounds of a state. There are additional restrictions in Hawaii, the District of Columbia, and United States’ territories and possessions. In addition, please refer to question 19.

22. **Can an individual simultaneously operate more than one sUAS?**

No. An individual may only act as the RPIC or VO for one unmanned aircraft at a time.

23. **Can any of the operational limitations be waived?**

Yes. The FAA Administrator may issue a certificate of waiver authorizing a deviation from certain of the operational limitations provided the Administrator finds that the sUAS operation can still be safely conducted. Some of the waivable operational limitations include, but are not limited to, daylight operations, operation of multiple sUAS, operation over people and operation in certain airspace.

24. **Would a medical condition preclude an individual from participating in a sUAS operation?**

Yes. A person who knows or has reason to know that they suffer from a physical or mental condition that would interfere with the safe operation of the sUAS would be precluded from participating as a RPIC, VO or direct participant in such operation.

25. **Are there any circumstances where an sUAS operation can deviate from the operational limitations without prior approval?**

In the event of an in-flight emergency, the RPIC can deviate from the operational limitations to the extent necessary to address the emergency. Upon request, the RPIC may be required to submit a written report to the FAA regarding any such deviation.

26. **What happens if a sUAS is involved in an accident?**

Within 10 calendar days of an accident, the RPIC must report the accident to the FAA if the accident involved: 1) serious injury to a person or any loss of consciousness; or 2) damage to any property, other than the sUAS, whose fair market value is greater than $500 and where the accident results in repair or replacement costs in excess of $500.
27. **Does a sUAS have to be registered?**

Yes. If the sUAS is over 0.55 pounds (250 grams), the sUAS must be registered. Registration information may be found on the FAA’s website: RegisterMyUAS.FAA.gov (link is external).

28. **Does the sUAS Rule have any privacy-related provisions?**

No. The FAA’s focus is on the safety of the national airspace, and therefore, the sUAS Rule does not have any privacy-related provisions. It is important that sUAS operators be familiar with relevant state and local privacy laws.

In addition to state and local privacy laws, the National Telecommunications and Information Administration (“NTIA”) published a set of voluntary best practices for unmanned aircraft systems privacy, transparency and Accountability. A copy of the NTIA voluntary best practices is available here: NTIA - Voluntary Best Practices for UAS Privacy, Transparency, and Accountability (link is external) (PDF).

29. **Are there any additional laws that may apply to sUAS operations?**

Yes. In addition to privacy laws, there is a patchwork of applicable State and local laws, including traffic laws that may impose additional restrictions on sUAS operations.

30. **What should an individual consider when hiring a company to conduct a sUAS operation?**

Items to consider when selecting a company to conduct a sUAS operation include whether: 1) a sUAS operator has either a current remote pilot certificate with a sUAS rating or a current pilot’s license and successfully completed the necessary training courses; 2) the company has insurance coverage in the event of an accident or other related legal issue; and 3) the contract indemnifies you for any claims related to the sUAS operation, including privacy, personal injury, and property damage claims.

31. **Can sUAS still be operated for hobby or recreational use?**

Yes, provided the sUAS operation meets all the conditions for hobby or recreational use. The sUAS Rule prohibits model aircrafts from operating in a manner that endangers national airspace. More information on model aircraft operations is available on the FAA’s website: FAA.gov - Advisory Circular - Model Aircraft Operating Standards (link is external) (PDF).
Your Ticket to Riding the Drone Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Either learn to operate a drone or find a videographer who can.

2. Know the legal requirements for operating a drone.

3. Identify the ways that drone videography could benefit your clients and or your real estate marketing.

4. ____________________________________________________________________________

5. ____________________________________________________________________________

6. ____________________________________________________________________________

Student Notes
When multiple forces intervene and collide there is a synergistic multiplier impact that occurs. That’s what’s happened with video. Consumers showed preferences for video over text content more than a decade ago already, but the advent of social media platforms made the uploading and viral spreading of videos easy to master and then every consumer was armed with a palm sized device on which they could not only watch videos, but create them as well. The result has been an explosion of internet video production and usage.

The very first video was uploaded to YouTube in April 2005. In barely a decade the site has become the number one video website in the world and second largest search engine. Some of the statistics are simply mind boggling:

- 1.3 billion users are on the site
- 5 billion videos are watched on YouTube every single day
- 300 hours are uploaded to YouTube every minute
- The average number of mobile viewing session lasts more than 40 minutes
- 76% of the users are over the age of 25
- More than half of the YouTube views come from mobile devices

Those are just the YouTube statistics. The overall trend of increased video usage and the power of video content have been documented by many researchers. It is tempting to conclude that this trend is reaching an end. The truth is that video content is only just getting started. What follows on the next page is an inside look at the real power of video content.
Documenting the Video Trend
*It’s Not Just About Entertainment Anymore*

**Mist Media Reports**

- The average user spends 88% more time on a website with video. *(Source: Mist Media)*
- Video and e-mail marketing can increase click-through rates by more than 90%. *(Source: Mist Media)*
- Having video on the landing page of your site makes it 53% more likely to show up on page 1 of Google. *(Source: Mist Media)*

**Invodo Reports**

- 52 percent of consumers say that watching product videos makes them more confident in online purchase decisions. *(Invodo)*
- 92 percent of mobile video viewers share videos with others. *(Invodo)*

**Orion 21 Reports**

- Landing pages with video have up to 800% more conversion than the same page without a video. So if you’re spending a lot of time finessing that web copy, you may have better luck with a video. *(Source: Orion21)*
- Videos are shared 1200% more times than links and text combined. In our age of sharing (apartments, cars, cat photos, the list goes on!), your reach can be even wider, if you’re creating content that your users want to share. *(Source: Orion21)*

**Brainshark Reports**

- 59% of senior executives prefer video over text. *(Source: Brainshark)*
- Video equals higher viewer retention. The information retained in one minute of online video is equal to about 1.8 million written words. *(Source: Brainshark)*

**Insivia Reports**

- Viewers retain 95% of a message when they watch it in a video compared to 10% when reading it in text. (insivia)
- 90% of users say that seeing a video about a product is helpful in the decision process (insivia)
The Future Video Projections

- By 2020, 7 trillion video clips will be uploaded annually (2.5 per person)
- By the end of 2019 75% of internet traffic will be video
- Expect an increase in video usage to triple every year, year after year

The Impact of Video in Real Estate

NAR statistics from the Profiles of home buyers and home sellers tell us all of the following:

- 90% of home buyers use the internet to source information
- 73% of homeowners say they are more likely to list with a REALTOR who uses video for marketing, but only 4% of agents put the listings on YouTube
- Real estate listings with a video receive 403% more inquiries than those without

What are some unique and innovative ways in which you can leverage the video trend craze in your real estate practice?
The Real Power Behind the Trend

It is fairly easy for real estate professionals to understand the power of video when it comes to showcasing a home or virtual tours. However, in order to truly leverage this trend, we should understand that the use of videos in real estate will become much more massive than just a video tour of the property. A recent study from the University of Minnesota determined that the primary use of videos on the internet today is for the purpose of education. This category now dwarfs comedy, music and even entertainment. The most popular videos on YouTube today all start with the same phrase: “How to…”

In an age of real estate where our consumers and clients are constantly accessing the internet and expect answers 24/7, there are many avenues to pursue in utilizing videos that will save real estate agents time, money and resources. Think about all of the following:

- **Videos that showcase the attractive features of your city or area.** Begin with the phrase “How to Relocate to…..”

- **Videos that provide a variety of general information tips regarding real estate:**
  - What to expect from the market in the coming months
  - Why buy rather than rent
  - Is now the right time to sell a home
  - What are the steps to buying a home
  - How to find and evaluate investment properties

- **Videos that act as transaction guides for clients during the process:**
  - What you should know about agency relationships
  - How to read a home inspection report
  - Understanding the lending process
  - What is a survey and should you get one
  - Understanding the closing process
  - Tips for staging your home for sale
  - 5 common mistakes buyers make
  - 5 common mistakes sellers make

Student Notes
Your Ticket to Riding the Video Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Create a FREE YouTube account and brand your own YouTube Channel.

2. Create short promotional videos about you, your company or your area.

3. Create videos that provide information of value about the process and the transaction.

4._________________________________________________________________________

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Student Notes
#8 Mobility Optimization

It’s not when, it’s now. In 2016 people under the age of 30 made up 68% of first time homebuyers. This trend will accelerate as the millennials age and also as Generation Z enters the real estate market. Most of the access today to real estate information and the search for homes is through a mobile device. Here are the statistics from NAR:

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**Information Sources Used in Home Search**

*(Percentage Distribution)*

- 94% of **Millennials** search on online websites compared to 84% of **Baby Boomers** and 65% of the **Silent Generation**
- 9 out of 10 buyers of all generations contacted a real estate agent
- **Older Boomers** used a mobile device at less than half the rate of **Millennials**
- **Older Boomers** also used an online video site one-third more frequently

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Sources: NAR Home Buyer and Seller Generational Trends Report 2015 & 2014 Profile of Home Buyers and Sellers

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**Student Notes**
If you want more detail on what type of mobile device real estate customers and clients use to access information, here is the more detailed breakdown:

Mobile Search (Percentage of Respondents Among those Who Used Mobile Search)

- 58% of Millennials used an iPhone compared to only 18% of the Silent Generation and 35% for Older Boomers
- 6% Searched with a Windows based mobile device
- 10% Searched with a different tablet
- 52% Search with an iPad
- 27% Found home with a mobile app
- 27% Search with an Android

Only 5% of Millennials search with a windows based mobile device versus 15% of the Silent Generation

Ups & Downs Discussion Point

Look up your site on your phone. What do you like about navigating it? What do you not like?

Students Notes Regarding Facebook

LIVE
Your Ticket to Riding the Mobility Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Regularly test the operation and ease of navigation of your site on a mobile device. Different mobile devices display differently. Try several.

2. Spend the money and or time to make everything mobile friendly.

3. Regularly solicit feedback from clients or customers on how to improve the mobility of your site. Do a survey.

4. ____________________________________________________________________________

5. ____________________________________________________________________________

6. ____________________________________________________________________________

Student Notes
Most major companies today are collecting massive amounts of data. In fact the real business that many companies are in is not providing free services or technology, but the collection of data.

- Google knows every keystroke ever made in the search bar
- YouTube knows every video you have ever watched, how long you watched it and the precise point at which you stopped watching it
- Facebook knows every post you ever liked and every site to which you are connected
- Siri knows every question you ever asked

Companies are using and selling that data to target consumers and to refine marketing and other approaches to reach customers and consumers.

Of course big data, the collection and the use of it is what is driving many of the other trends that are discussed in this course. It also means we live in a world where privacy is longer attainable. The technological progress is unstoppable. People are presented with more and more things that make life easier, more efficient, and just plain cool. The internet has opened tons of doors for folks in the real estate business – starting from internet advertising through online listings and ending up with virtual tours. Each of these technological advances facilitated fast and smooth property selling.

It also means we live in a world where privacy is longer attainable. There are a multitude of issues that the technology can create in the everyday world of real estate.
Already we are finding ourselves and our clients asking questions that we never though we
would have to ask:

- Where is the stored electronic history of this home’s security camera. Who has footage of inside and outside of my home? Is it security information secure?
- Was this home connected to NEST? Where is that data and who can access it?
- Why are all of the interior photos of my new home on social media?
- Who can unlock and also see my front door?
- What information about this home does everyone else know but me?

**Knowing the Real Deal on Surveillance and Security Privacy Issues**

Many sellers and homeowners have security systems today. Both Federal and State laws dictate and limit the use of both video and audio. After much research on this issue by the North Carolina Real Estate Commission here are their conclusions regarding both North Carolina’s Electronic Surveillance Act and the federal wiretapping statutes:

1. **It is not illegal and no notice is required for a homeowner to record video footage.**

2. **You can always record any conversation of which you are a part and no notice or consent is required from the other party**

3. **You can NEVER electronically obtain or listen to conversations (audio) of which you were not a part.**

Licensees should be advising sellers that they are permitted to keep video surveillance in place. They do not have to disclose to prospective buyers that video recordings are taking place. Sellers should be advised to disable all audio and not record audio when they are not in the home or room where the conversation is occurring.

Buyers should be advised that any home they visit may have electronic surveillance and there is no requirement that they be notified or informed of such video recordings.

When you look through the camera of your cell phone multiple layers of information are displayed on the screen. For example, if you are viewing the front of a movie theater the camera view will now display the various movies and times, you can click on trailers or purchase tickets. Views of restaurants display menus and wait times. Views of homes can display prices, features, details and virtual tours.
Your Ticket to Riding the Big Data Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Ask questions about the “electronic footprint” of the home.

2. Pay particular attention to things like access and locks.

3. Make certain sellers are disabling the audio on surveillance systems.

4. Make certain buyers are warned they may be on camera.

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7. __________________________________________________________________________

Student Notes
Airbnb’s have become big business. As an online resource for short term rentals, Airbnb’s have now reached over 4 million properties worldwide and there are nearly 600,000 listings in the U.S.

Properties range from elaborate luxury properties to single rooms with commissions paid on bookings of around 3% and collection of an additional premium from the guests or users that ranges from 6% to 12%.

What the Airbnb phenomenon really functions as is:

- Disintermediation of the hotel industry
- The firing of property managers
- Consumer empowered tool for short term rentals

They became popular for all of the following reasons:

- Value accommodations
- Huge range of price points
- Cashing in on spare space
- Cost savings to the consumer vs. traditional hotels
- Cost savings to owners vs. property management fees
- Allows people to live like locals
There are however, lots of pitfalls for Airbnb owners and the tenants who use such properties:

- Tax consequences and the reporting of income
- Insurance consequences
- HOA & Zoning Restrictions
- Fire Code and Smoke and Carbon Monoxide Detection Device Violations
- State Law Violations

The North Carolina Real Estate Commission in 2019 took serious action against a licensee for violations regarding Airbnb rentals:

ASHEVILLE - A celebrated entrepreneur has had his real estate license stripped after keeping "at least" tens of thousands of dollars owed to Airbnb owners whose properties he managed, state regulators said.

Shawn Johnson has been known as a hard-working handyman whose praises were sung on social media. As a real estate broker, he ran a business based on managing local short-term vacation rentals through Airbnb.

But in February, the North Carolina Real Estate Commission permanently revoked his broker’s license after Johnson admitted to multiple violations, including running an unlicensed real estate firm; putting Airbnb owners' money into his own bank accounts instead of trust accounts; and breaking a city ban against most short-term vacation rentals. Johnson made those and other admissions in a Feb. 13 consent order negotiated with commission attorneys in which he also said he neither admitted nor denied forging bank loan documents as alleged by the commission.

Although, Shawn Johnson’s situation involved him as a licensee and there was a long string of various violations and the mishandling of money, the impacts and ramifications extend to unlicensed owners as well.
Your Ticket to Riding the Airbnb Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Question whether or not you have crossed the line into property management.
2. Be aware of local and HOA restrictions and requirements.
3. Get into legal compliance on short term rentals.
4. _______________________________________________________________________
5. _______________________________________________________________________
6. _______________________________________________________________________

Student Notes
Top 5 Trends to Better Serve Clients

Every year NAR’s marketing and research department sends out over 100,000 questionnaires to the past clients and customers of real estate professionals. The questionnaires cover a wide range of topics and are very extensive. Once returned the marketing and research department at NAR compiles the results from the surveys, analyzes them and publishes them in an annual report called the Profile of Home Buyers and Sellers. In fact, the 2018 edition marked the 37th year that NAR has been gathering such data.

The Profile of Home Buyers and Sellers is available on the NAR website at NAR.REALTOR. The complete report can be purchased by REALTOR® members for $19.95.

For many real estate professionals, purchasing the report will be the best $20 they have spent on marketing and advertising ever. There is a wealth of information on a wide range of demographics, statistics, consumer preferences and indications of trends and changes in the real estate market. By analyzing and diagnosing the report 5 fundamental trends affecting clients were apparent.
#11 The Single Female Trend

Although the vast majority of buyers are married couples making up 66% of recent buyers, the category of highest growth is single females. In 2016 single females made up 17% of buyers in the market. Only 7% were single males and 8% were unmarried couples. Over the last 10 years, single females have been the fastest growing demographic of buyers.

NAR projects that single women will likely grow stronger in real estate. About 45% of millennial women ages 18-24 are enrolled in college compared to 38% of men, according to data from the Pew Research Center. The median age of first time women buyers is 32 years old (overall median age is 50) and their median income is $55,300. Here is what else we know about them:
Other Characteristics of the Single Female Trend

We also know that what this demographic wants most from their real estate professional is help in finding the right home. While this is a strong demand across all demographics, it is stronger for single females than any other demographic.

Part of the explanation may lie in the fact that 24% of them did not use the internet to search for homes and only 15% used the internet as compared to 67% of married couples.

The effects of this impact also showed up in the way that this demographic ultimately found their real estate agent. 47% found their agent on a referral by a friend, neighbor or relative. If you want to work this demographic and take full advantage of it, then you have to be present in their social circles.

It also took them longer on the whole to save the money necessary for a down payment. Therefore, working with them requires a long term commitment and be able to counsel and direct them toward favorable financing options.

Student Notes
Your Ticket to Riding the
Single Female Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Find ways through social media and other marketing to become part of their sphere of influence.

2. Be patient. It will take longer to find a home that is suitable and longer to be in a financial position to purchase.

3. Talk to and learn from lenders about financing options and unique programs.

4. 

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Student Notes
#12 The Trend of Multi-Generational Housing

Sometimes we totally miss in our predictions of trends. Do you remember all of the talking about getting ready for the Baby Boomer downsizing trend because they would be reaching retirement age and need to move to smaller homes? In reality that trend turned out to be quite different. Some researchers are now calling the Baby Boomers and Gen X the “Sandwich Generations.” Instead of downsizing they were caught in between taking care of aging parents and then also having children who moved back home.

What has been your experience with multi-generational housing? Have you experienced this personally or know someone who has? PPT Slide #122

NAR reports that 11% of home buyers purchased a multigenerational home, to take care of aging parents, for cost savings, and because of children over the age of 8 moving back home.
Here is what else we know about multi-generational buyers:

Student Notes
Your Ticket to Riding the Multi-Generational Housing Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Be cautious about applying what you know about generations and their housing preferences when dealing with multi-generational buyers.

2. Recognize that single females are also an important part of this demographic.

3. Understand the increased importance that neighborhood plays with this demographic.

4. ____________________________________________

5. ____________________________________________

6. ____________________________________________

Student Notes
#13 The Student Debt Trend

The vast majority of buyers finance their home purchase. The median amount that was financed for all buyers was 90% and 75% of down payments came from savings.

The loan programs most often used were FHA loans of which 59% of all buyers used to finance their home purchase. 24% used VA financing. The frequency of use of these programs indicate buyers purchasing homes with little down and within loan programs that allow for a bit higher debt load ratios than traditional conforming loans.

A big part of the explanation for the high use of these programs is not only the amount of down payment; it is the amount of student debt that is affecting homeownership because that debt has to be calculated into allowable debt ratios. Here are some basic facts:

- 27% of all buyers have student debt
- 50% of first time home buyers have student debt
- 50% of those with student loan debt owe between $10,000 and $50,000

**Student Notes**

### EXHIBIT 5-17
**Buyers Who Have Student Loan Debt**

<table>
<thead>
<tr>
<th></th>
<th>All Buyers</th>
<th>First-time Buyers</th>
<th>Repeat Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have student loan debt</td>
<td>27%</td>
<td>40%</td>
<td>19%</td>
</tr>
<tr>
<td>Under $10,000</td>
<td>21%</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>$10,000 to $24,999</td>
<td>26</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>23</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>14</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>16</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

| Median amount of student loan debt | $25,000 | $26,000 | $24,200 |
Student loan debt has become the primary debt that has prohibited 49% of all buyers and 55% of first time home buyers from saving the down payment necessary for a home. Here is what we know about buyers with student debt:

All of the above statistics really only reflect consumers who became buyers. Such an analysis leaves out a potentially large number of people who were not able to become buyers due to the student debt. NAR statistics demonstrate that debt to income issues are the number one reason for the rejection of mortgage applications.

Such debt issues also increase the importance that buyers are attaching to the ancillary costs of homeownership such as utility payments and energy efficient features.
Your Ticket to Riding the Student Debt Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Identify lending and debt counseling resources that can help potential borrowers properly structure student and other debt in order to complete the home purchase process.

2. Identify and highlight energy efficiency and other home features and locations that reduce the costs of owning a home.

3. Stay abreast of low down payment programs and specific financial incentives such as local bond programs.

4. ____________________________________________________________________________

5. ____________________________________________________________________________

6. ____________________________________________________________________________

Student Notes
One of the salient facts that we often forget about buyers is that for the vast majority of them their prior living arrangement was that they owned a home. Eight-six percent of buyers owned a home previously and the median distance that the buyers moved from their previous home was twelve miles. This means for real estate professionals that we should keep in mind that every seller is also a potential buyer and the statistics bear out the fact that we are not always capturing that business.

As sellers these clients were happy with their listing agents. 85% said they would recommend their agent for future services. This was composed of 70% who said they would definitely recommend and 15% who said they would probably recommend. They actually made the recommendations. The typical seller recommended their agent twice and 33% of sellers recommended their agent three or more times.

All of this is good. Two troubling statistics stand out:
- Only 11% of buyers used the agent previously to sell a home; and
- Only 55% of sellers used the listing agent as their buyer’s representative.

### Exhibit 4-12: How Buyer Found Real Estate Agent, First-Time and Repeat Buyers

<table>
<thead>
<tr>
<th>Referral Method</th>
<th>All Buyers</th>
<th>First-Time Buyers</th>
<th>Repeat Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referred by a friend, neighbor or relative</td>
<td>42%</td>
<td>52%</td>
<td>37%</td>
</tr>
<tr>
<td>Used agent previously to buy or sell a home</td>
<td>11%</td>
<td>2%</td>
<td>17%</td>
</tr>
<tr>
<td>Website (without a specific reference)</td>
<td>9%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Visited an open house and met agent</td>
<td>6%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Saw contact information on For Sale/Open House sign</td>
<td>8%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Referred by another real estate agent/broker</td>
<td>5%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Personal contact by agent (telephone, email, etc.)</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Referred through employer or relocation company</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Walked into or called office and agent was on duty</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Mobile or tablet application</td>
<td>11%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Newspaper, Yellow Pages, or home book ad</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Direct mail (newsletter, flyer, postcard, etc.)</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Advertising specialty (calendar, magnet, etc.)</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Crowdsourcing through social media/knew the person through social media</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Saw the agent’s social media page without a connection</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
<td>12%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Less than 1 percent
This means that a lot of business is getting lost by listing agents not picking up the seller’s eventual buying transaction. When NAR asked why more people did not use the same agent the most common response from consumers was, “I did not know my agent did that.” If that comment strikes you as strange, think about the way we typically position ourselves in a listing presentation. We claim we are the experts at selling. We tell the consumer that some agents represent sellers and others represent buyers. Then we tout our experience on the listing side.

We could probably all do a better job of making certain that we discuss with sellers their future plans and have discussions with them about representing them as a buyer during the selling of their existing home. You cannot get the business if you don’t ask.
Your Ticket to Riding the Repeat Business Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Identify and clarify the seller’s future plans as to what they plan to do and where they plan to live after their home sells.

2. Include information and discussions about buyer representation in your listing presentation.

3. Include information and discussions about listing and selling a home in your buyer representation presentations.

4. ________________________________________________________________

5. ________________________________________________________________

6. ________________________________________________________________

Student Notes
#15 The New Construction Trend

It should come as no surprise that in those real estate markets with heavy activity lack of inventory has become a major issue. The number of homes for sale and the days on market have both decreased markedly in certain areas. During the economic recession many home builders left the market and ramping up new subdivisions is a time consuming and costly process. New housing starts will continue to grow and with it more new homes and communities will be launched.

Here is the breakdown of new and previously owned homes by region and the number of new homes is growing and will continue to grow.

![Chart showing new vs. previously owned homes by region](image)

What we need to recognize is that a consumer’s choice in purchasing new versus existing is due to a much more complicated set of factors than just lack of inventory. All of the previous discussions about the tendencies of both the millennial and generation z consumers as well as the student debt problems become part of the justification for choosing new home construction.
Here are the reasons that buyers gave for their motivations in choosing between new and existing homes:

**EXHIBIT 2-3 WHY BUYER PURCHASED A NEW OR PREVIOUSLY OWNED HOME**

<table>
<thead>
<tr>
<th>NEW HOME:</th>
<th>(Percent of Respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoid renovations or problems with plumbing or electricity</td>
<td>34%</td>
</tr>
<tr>
<td>Ability to choose and customize design features</td>
<td>30%</td>
</tr>
<tr>
<td>Amenities of new home construction communities</td>
<td>18%</td>
</tr>
<tr>
<td>Green/energy efficiency</td>
<td>10%</td>
</tr>
<tr>
<td>Lack of inventory of previously owned home</td>
<td>15%</td>
</tr>
<tr>
<td>Smart home features</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>15%</td>
</tr>
<tr>
<td>PREVIOUSLY OWNED HOME:</td>
<td></td>
</tr>
<tr>
<td>Better price</td>
<td>32%</td>
</tr>
<tr>
<td>Better overall value</td>
<td>29%</td>
</tr>
<tr>
<td>More charm and character</td>
<td>19%</td>
</tr>
<tr>
<td>Lack of inventory of new homes</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Ups & Downs Discussion Point**

What have you experienced with buyers and the motivations that drive their choice between new and existing homes?

**Student Notes**
Your Ticket to Riding the New Construction Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Take a class on working with builders and new construction.

2. Stay on top of new projects in your area and work to build relationships with the builders and agents listing those homes.

3. Discuss the pros and cons of new versus existing homes with your clients during the home buying process.

4. __________________________________________________________________________

5. __________________________________________________________________________

6. __________________________________________________________________________

Student Notes
If you are a practitioner of real estate you should be incredibly thankful that you get to call North Carolina home. North Carolina has had the country’s fastest growing economy since 2013.

There are a lot of exciting things going on in the area we call home. Before we get into the specific trends and changes affecting North Carolina we should know a little bit more about the state in which we reside. Here are some fun and interesting statistics about our state:

- The University of North Carolina Chapel Hill is the oldest state university in the United States. It opened its doors in 1795.
- Babe Ruth hit his first home run in Fayetteville on March 7th, 1914.
- NC has the largest system of state maintained roads in the United States.
- At 6,684 feet Mt Mitchell is the highest peak east of the Mississippi.
- “Cherry Point” in Havelock is the largest air base in the U.S. Marine Corp.
- North Carolina was the first colony to declare independence from Great Britain with the Mecklenburg Declaration of 1775, a date preserved on our state flag.
- NC leads the nation in furniture, tobacco, brick and textile production.
- North Carolina is named after King Charles I of England. (Carolus’ is Latin for Charles).
- The Biltmore Estate in Asheville is the largest private house in the United States at 250 rooms.
- Pepsi Cola was invented in North Carolina in 1898 in New Bern, North Carolina by a local drug store clerk, Caleb Bradham, and was originally called “Brad’s Drink.”
- The first English settlement in the New World was in North Carolina on Roanoke Island.
- The nickname “Tar Heel” state attached during the Civil War as tar, pitch and turpentine were principle products produced by North Carolina.
- In 1903 the Wright brothers launched the first successful powered flight from Kitty Hawk.
- The NC coast was a favorite location of the pirate Blackbeard who was captured off Ocracoke Island in 1718.
- The state song “Old North State” is so named because when Carolina was divided in 1710 the new southern portion was renamed South Carolina and the older portion became North Carolina.
In 2016 the total population of North Carolina crossed over the magical line of 10 million people. NC is the 9th state to pass the 10 million people mark. Since the 2010 Census, North Carolina’s population has grown by over half a million new residents. These incredible population increases have been fueled by migration. Here are the statistics:

- Since 2010, 61% of state growth has come from net migration
- 60% of those migrated to North Carolina from another state
- 40% immigrated to North Carolina from another country

From 2014 to 2015 North Carolina’s net migration exceeded 80,000 making it one of the leading states for net population growth.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net Migration</td>
<td>Net Migration</td>
<td>Net Migration</td>
<td>Net Migration</td>
<td>Net Migration</td>
</tr>
<tr>
<td>New Mexico</td>
<td>-4,487</td>
<td>-8,358</td>
<td>-11,496</td>
<td>-10,769</td>
<td>-7,111</td>
</tr>
<tr>
<td>New York</td>
<td>-8,477</td>
<td>-5,525</td>
<td>-43,810</td>
<td>-40,962</td>
<td>-72,889</td>
</tr>
<tr>
<td>North Carolina</td>
<td>54,468</td>
<td>57,116</td>
<td>54,435</td>
<td>63,825</td>
<td>80,078</td>
</tr>
<tr>
<td>North Dakota</td>
<td>12,480</td>
<td>17,950</td>
<td>10,664</td>
<td>11,419</td>
<td>-4,684</td>
</tr>
<tr>
<td>Ohio</td>
<td>-20,472</td>
<td>-5,011</td>
<td>766</td>
<td>-11,799</td>
<td>-7,967</td>
</tr>
</tbody>
</table>

SOURCE: U.S. Census Bureau, estimates current as of July of the corresponding years
In the 2014-2015 academic year, more than 17,000 foreign students enrolled in North Carolina colleges and universities. They contributed more than $458 million to the state’s economy in tuition fees and living expenses.

The United National Movers Study of 2015 released in January 2016 ranked North Carolina as #5 in the list of the top inbound states. In the 2016 Study, North Carolina remained in the top 10 states, but was ranked #8.

**What’s Behind the Trend?**

As to the reasons behind the trend, North Carolina is currently on the top 10 hit parade of nearly everything at the moment. All kinds of lists get created and published. Within the last couple of years North Carolina has appeared on all of the following lists:

- Top 10 best states in which to live
- Top 10 best states in which to raise a family
- Top 10 best states in which to retire
- Top 10 best states for higher academic education
- Top 10 best states for job growth
- Top 10 best states for tourists and vacations
- Top 10 best states for economic growth

**What are the Economic Projections?**

N.C. State University economist, Michael Walden, predicts that the state will pull further ahead of the rest of the country in the coming year. His article in the December 27, 2016 News & Observer noted:

*To be precise, North Carolina’s urban centers – with plenty of high-tech jobs and advanced degrees and population growth – will outperform the national average. In an annual forecast issued Tuesday, Walden said he expects the unemployment rates in the Triangle, Charlotte and Asheville to fall below 4 percent next year, breaking a barrier not seen since well before the 2008 recession.*

*In 2016, North Carolina performed above the national average in key economic measures, such as gross domestic product, labor force expansion, payroll jobs and inflation-adjusted wages. And Walden said the growth will be even faster in 2017. The main reason: population growth. Walden said U.S. Census forecasts show North Carolina’s population increasing 30 percent faster than the national population next year.*

*Walden predicts the state will add more than 100,000 jobs in 2017 – with the most jobs being added on the high and low ends of the pay scale.*
Your Ticket to Riding the Relocation Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Get your marketing beyond the borders. Advertising in local publications and MLS systems alone do not expose you to 60% of the potential buyers.

2. Reposition your marketing from just promoting listings and open houses to things on social media that promote the state, city and geographical area in which you practice.

3. Build broader networks that reach listing agents and referral sources out of state focusing on the areas where people are currently living prior to their relocation in North Carolina.

4. 

5. 

6. 

Student Notes
Along with growth come labor law, wage and hour regulations and IRS rules. Please note that nothing in this section is to be construed as legal advice and the best advice we can give you in hiring individuals to work in real estate offices and the manner in which you do so should be accompanied by a discussion with the appropriate legal and tax professionals.

Licensed Real Estate Professionals are Different

In hiring licensed real estate professionals, real estate brokers and firms have long enjoyed immunity from traditional labor and employment law issues. The IRS specifically classifies licensed real estate agents as “statutory non-employees.”

There are three categories of statutory nonemployees: direct sellers, licensed real estate agents and certain companion sitters. Direct sellers and licensed real estate agents are treated as self-employed for all Federal tax purposes, including income and employment taxes, if:

- Substantially all payments for their services as direct sellers or real estate agents are directly related to sales or other output, rather than to the number of hours worked, and
- Their services are performed under a written contract providing that they will not be treated as employees for Federal tax purposes.

Companion sitters who are not employees of a companion sitting placement service are generally treated as self-employed for all Federal tax purposes.

Refer to information on Statutory Nonemployees located in Publication 15-A, Employer's Supplemental Tax Guide (PDF) for additional information.
This very specific IRS provision means that so long as brokerages and brokers are dealing with licensed real estate agents and the brokerage has a written independent contractor agreement, the IRS will not reclassify those affiliated with the company as employees using the traditional definitions and guidelines typically used for independent contractors and employees.

The moment that real estate brokers and firms begin hiring any type of unlicensed individual whether in the role of an office manager, receptionist, agent’s assistant or closing coordinator, these non-licensed individuals are subject to IRS traditional rules for independent contractors and employees as well as subject to regulation under both federal and state wage and hour laws.

Making decisions as to how people are hired and compensated is a very complex decision when it comes to unlicensed individuals. Simply calling someone an independent contractor or having them sign an independent contractor agreement has never been sufficient to the IRS. The basic delineation depends on who has control over the work being done and the IRS utilizes a 20-Factor Test:

**IRS 20-Factor Test: Independent Contractor or Employee**

**Basic Question: Who Has Control Over the Work Being Done?**

- **Instructions.** Workers who are required to comply with others’ instructions about when, where, and how they are to work are ordinarily employees.

- **Training.** Training workers indicates that employers exercise control over the means by which results are accomplished.

- **Integration.** When the success or continuation of a business depends on the performance of certain services, the workers performing those services are subject to a certain amount of control by the owners of the businesses.

- **Services rendered personally.** If services must be rendered personally, employers control both the means and the results of the work.

- **Hiring, supervising, and paying assistants.** Control is exercised if employers hire, supervise, and pay assistants.

- **Continuing relationships.** Continuing relationships between workers and employers indicate that employer-employee relationships exist.

- **Set hours of work.** The establishment of set hours of work by employers indicates control.
- **Full-time required.** If workers must devote full time to employers’ businesses, employers have control over workers’ time. Independent contractors are free to work when and for whom they choose.

- **Doing work on employers’ premises.** Control is indicated if the work is performed on employers’ premises.

- **Order or sequences set.** Control is indicated if workers are not free to choose their own patterns of work but must perform services in the sequences set by the employers.

- **Oral or written reports.** Control is indicated if workers must submit regular oral or written reports to employers.

- **Payment by hour, week or month.** This points to employer-employee relationships, provided that this method of payment is not just a convenient way of paying a lump sum agreed on as the cost of a job. Independent contractors are usually paid by the job or on straight commission.

- **Payment of business and/or traveling expense.** Employers paying workers’ expenses of this nature shows that employer-employee relationships usually exist.

- **Furnishing tools and materials.** If employers furnish significant tools, materials, and other equipment, employer-employee relationships usually exist.

- **Significant investments.** Workers are independent contractors if they invest in facilities that are not typically maintained by employees (such as an office rented at fair market value from an unrelated party). Employees depend on employers for such facilities.

- **Realization of profits or losses.** Workers who can realize profits or losses (in addition to profits or losses ordinarily realized by employees) they are independent contractors. Workers who cannot are generally employees.

- **Working for more than one firm at a time.** If workers perform services for a number of unrelated persons at the same time, they are usually independent contractors.

- **Making services available to the general public.** Workers are usually independent contractors if they make their services available to the general public on a regular and consistent basis.

- **Right to discharge.** The right of employers to discharge workers indicates that the workers are employees.

- **Right to terminate.** Workers are employees if they have the right to end their relationships with their principals at any time without incurring liability.
Under these standards it is difficult for a real estate firm or broker to contend that an unlicensed assistant is not an employee. Therefore, all compliance is required in terms of minimum wage payments, the withholding of taxes, FICA and social security payments.

Furthermore, a licensee is subject to the requirements of North Carolina licensing law and administrative rules. Brokers may wish to review the requirements of 93A-2(6) of the General Statutes of North Carolina which provides the licensure exemption for unlicensed individuals and states that the exemption only applies to:

*Any salaried person employed by a licensed real estate broker...*

Licensees can find out more about NC Department of Labor at [www.nclabor.com](http://www.nclabor.com).
Your Ticket to Riding the 
The Labor Law Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Review the roles, manner and methods in which you are creating relationships.

2. Check the rules of the Department of Labor, the IRS and the NC Real Estate Commission regarding the use and employment of unlicensed individuals.

3. Get the needed advice from legal and tax professionals.

4. ____________________________________________________________________________

5. ____________________________________________________________________________

6. ____________________________________________________________________________

Student Notes
#18 The Shrinking Inventory Trend

It should come as no secret to practicing agents that the North Carolina real estate market is suffering an inventory shortage. This is particularly true in the major metropolitan markets of the Triangle area in Raleigh and the Charlotte area.

The economic downturn caused many builders to leave the market and they are only now regaining ground in attempting to push up housing starts. The lag in inventory is caused by a number of factors which include all of the following:

- Lack of available land on which to build new home developments
- Lengthy permit and approval processes
- Lack of available labor in the construction trades
- Caution by builders toward overdeveloping
- An ever increasing demand for housing in North Carolina

In most markets this has resulted in shorter days on market, rising prices and multiple offer situations, all of which pose both advantages and disadvantages for real estate professionals and their clients.
Your Ticket to Riding the
The Inventory Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Create urgency on the part of sellers to take advantage of a market with lack of inventory.

2. Train buyers in the skills of patience, diligence and persistence during their home search.

3. Get proficient at handling multiple offers and counteroffers.

4. ___________________________________________________________________________

5. ___________________________________________________________________________

6. ___________________________________________________________________________

Student Notes
With growth and population expansion comes retirement. Over the past couple of years North Carolina has seen an increase in active adult communities and that trend will continue over the coming years.

The Housing for Older Persons Act (HOPA) was enacted in 1995. The law amended Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) and created an exemption for certain properties from the familial status requirements. While it is typically illegal throughout the United States to exclude custodial families with children under the age of 18 from ownership, such activity is permitted for HOPA developments. In order to qualify as a HOPA community all of the following are required:

- Establish one of the following age restrictions for the community:
  - All residents must be 62 or older, OR
  - At least 80% of the units must be occupied by at least one person 55 or older
- The community must hold themselves out as a “active adult community” or an “age restricted community” in all forms of advertising and promotion
- The community must verify the ages of the residents

If the community meets these requirements, then the community is free to create rules and policies that exclude children.

Student Notes
Your Ticket to Riding the Retirement Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Get familiar with the HOPA communities in your area.

2. Create marketing and promotions that reach out across state lines to retirees looking to relocate in North Carolina.

3. Get a full understanding of the operation of the policies and rules regarding children that are in effect in particular HOPA communities.

4. __________________________________________________________________________

5. __________________________________________________________________________

6. __________________________________________________________________________

Student Notes
#20 The Trends in Rents & Vacancies

The rental property market is projected to grow and expand due both the issues of population increases and lack of available inventory. There has been a consistent upward pressure on rents coupled with a decline in vacancies.

North Carolina has been tracking behind the national rental growth, but there is no mistaking the current upward direction. The demand in rental growth has brought with it consistent increases in rents and median rent prices have been climbing and will continue to climb across most North Carolina markets.
Your Ticket to Riding the Rental Trend

What concepts, ideas or tips should you develop in order to position yourself to take advantage of this trend?

1. Get proficient at a dialog to convert renters into homebuyers.

2. Market and promote properties to investors in this era of higher rents and lower vacancies.

3. Build networks and stay connected with those in the area of property management.

4. ________________________________________________________________

5. ________________________________________________________________

6. ________________________________________________________________

Student Notes
More than anything else we hope this class has provided you with tips and keys for a successful ride in your career as a real estate professional. No matter how much things change and regardless of where the roller coaster ride of real estate may take us, the obligation of a licensee to protect and promote the interests of the client continues. We thought we would leave you with both the most important factors that clients have identified in choosing an agent and the most important services they seek. If these are applied across the multiple trends we have discussed then you will indeed have a successful ride on a journey ahead.

### Most Important Factors

**EXHIBIT 4-16 MOST IMPORTANT FACTORS WHEN CHOOSING AN AGENT**

- Agent is honest and trustworthy: 28%
- Agent’s experience: 18%
- Reputation of agent: 17%
- Agent is friend or family member: 12%
- Agent’s knowledge of the neighborhood: 9%
- Agent has caring personality/Good listener: 7%
- Other: 3%

*Less than 1 percent

### Most Important Services

**EXHIBIT 4-8 WHAT BUYERS WANT MOST FROM REAL ESTATE AGENTS**

- Help find the right home to purchase: 50%
- Help buyer negotiate the terms of sale: 19%
- Help with the price negotiations: 12%
- Determine what comparable homes were selling for: 8%
- Help find renters for buyer’s property: 5%

*Less than 1 percent