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## **What It Means When Real Estate Firms Declare Themselves Technology Companies**



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In the mid-19th century, the American West was the epicenter for those seeking the glory of the great gold rush. Precious bits of minerals mined from the earth could build fortunes. Today, another great rush is underway. Ironically, it's happening near the very same place as the first one, and again it involves precious bits – but these bits are data. And it is not taken from the ground this time, but from individuals including me and you.

More and more real estate firms are pulling away from focusing on home transactions and instead turning their eyes toward data collection. The new catchphrase in the industry is, “We are not a real estate company; we are a tech company,” when responding to questions about the identity of a brokerage. This past year I've seen more and more firms declaring this about themselves, and it makes me wonder: Are agents and clients fully aware of what it means for real estate brokerages to declare themselves tech companies? Do they understand what it means when company heads proudly discuss their accumulation of data? Has anyone stopped to ask about what the data includes or what is done with it? Or is everyone too preoccupied with the tech revolution in real estate to notice?

I'm guilty of that. It's easy to get caught up in the excitement of technology. There are many ways it's made our lives easier as brokers. We're capable of accomplishing much more

within a 24-hour span than we used to, and it's all thanks to technology taking over the administrative tasks that once upon a time took hours to complete. Communication with clients has also never been easier. Having the client information all in one place and ready at our fingertips helps to make the transaction smoother for everyone.

But what is the price of convenience? Once a client's data is entered into a company-owned customer relationship management tool (CRM), who is the rightful owner of all of that information?

As brokers, this is where the excitement needs to end and the serious discussions need to begin. Tech companies are not real estate companies. Real estate brokerages exist to assist people with selling and buying property. Tech companies manipulate data and repackage it for convenience.

The gold of our time and the companies that mine it have made large fortunes, largely by using our data. For example, Facebook has over 2 billion people on the platform, and \$500 billion later, it has only now started to reveal its uses for data. Google, with a market cap of \$700 billion, is in our homes listening to our conversations via Google Assistant. Last year, \$20 billion credit reporting giant Experian and credit scoring company FICO introduced a tool to help consumers raise their credit scores — powered by insight into their checking, savings or money market accounts.

Real estate agents and their brokerages are in possession of some of the most sensitive information an individual has, including (but not limited to) bank account data, credit history and investment account information. The list goes on. In order to make the consumer feel comfortable handing this information over to their broker and for the broker to feel good about turning over their entire book of business to their firm, I believe there are two things that need to happen:

**1. Ownership:** Firms need to clearly state who owns the data and whether or not that data can be deleted from the system when the broker leaves the firm. The firm must be extremely clear with the agents. Certainly, provide a CRM, but do so solely as a matter of convenience to the broker. Brokerages should not own consumers' data. When the consumer leaves, the data leaves with them. This is the approach I'm proud to have taken at CORE, because we are a real estate company.

**2. Transparency:** Firms also need to state what they are doing with the data that is collected from the clients. Are they using it to improve on marketing? Are they using it to sell to another platform? Is the data safe, and how vulnerable is the consumer by exposing their data to the broker?

As consumers and as real estate agents, we need to start asking these questions now before it's too late.