

LETTER FROM THE CEO



2020 VISION: 3 TRENDS EVERY REALTOR® NEEDS TO WATCH

As the decade ends, it's natural to think about what the new one has in store for our industry. Though no one has a crystal ball, there are three trends underway now that will impact your business in 2020 and for years to come.

1. Rentals could be key to solving affordable housing crisis

A chronic shortage of affordable homes for first-time buyers and retiring “move-down” buyers is expected to persist into the foreseeable future.

After the housing market crashed in 2008, investment companies came in and bought hundreds of single-family homes at low cost, turning them into rentals. These properties are now getting a lot of positive cash flow and are appreciating in value. So, there's not much incentive to sell.

To make the prospect of selling more attractive, the Association is supporting federal legislation that would provide a capital gains break for investors that sell rental stock at affordable prices for first-time homebuyers.

2. Interest rates holding steady—but might plunge

If the economy remains strong, interest rates will continue hovering around 5% indefinitely according to Barry Habib, mortgage and housing industry expert and CEO of MBS Highway. High national debt and the cost-reducing impact of technology will hold inflation at bay for many years, he says. In fact, a long overdue recession, which he predicts is inevitable by 2021 at the latest, will cause interest rates to fall.

3. Human vs Machine

Just like Amazon came for retail, technology and automation are coming for our industry in the form of Zillow and other platforms. Realtors® can't rely on customer loyalty and current business models to sustain them against the competition. We need to figure out a model of delivering service that consumers simply can't get without a Realtor®.

The key to achieving that is delivering the kind of personalized service that automation cannot replicate. Ironically, the technology Realtors® rely on to increase efficiency erodes the velvet-glove standard that was once the hallmark of Realtor®-client relationships.

Here are five ways to keep a competitive edge over automation:

1. Leverage your deep knowledge of local markets
2. Provide clients with customized, personal service
3. Make a long-term plan for attracting clients and growing your business
4. Continuously educate yourself and stay aware of trends
5. Increase efficiency with technology, but never lose the human touch



Chris Galler
CEO, Minnesota Realtors®
cgaller@mnrealtor.com