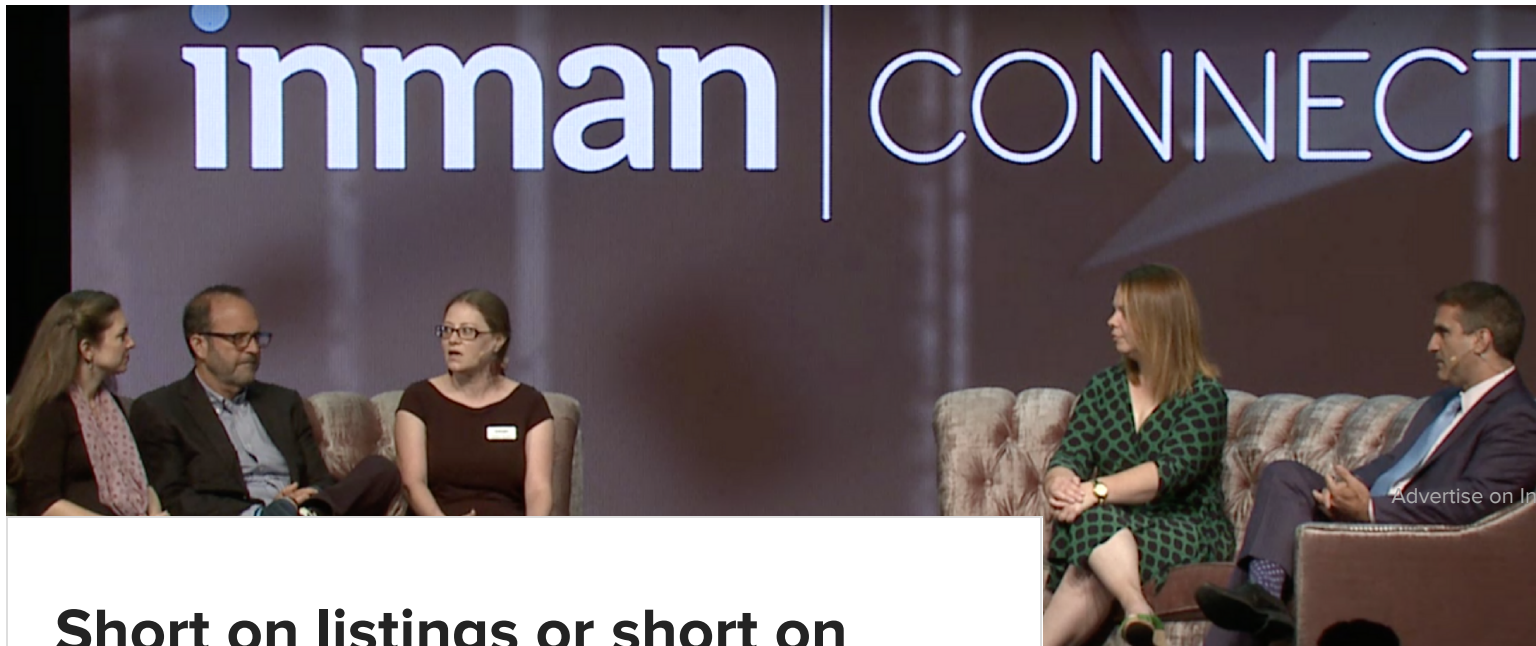


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## Short on listings or short on value? Reframing low inventory

BY [CAROLINE FEENEY](#) [Managing Editor](#)

AUG 10

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SAN FRANCISCO — We are in the midst of the worst home listings shortage in 20 years, but if you're an agent struggling to claim what's available, it might be time to better leverage your market knowledge and re-evaluate your value proposition.

That was a key takeaway from an Inman Connect session today featuring realtor.com Chief Economist Danielle Hale, Joe Rand of BHGRE Rand Realty, Inman's Amber Taufen and Gary Gold of Hilton and Hyland.

Together these panelists dug into real estate's well-known inventory problem and how real estate agents and brokers should be reacting to it.

### Inventory drought driven by the sell side

Moderator Valerie Garcia started by asking Taufen, who wrote about [the](#)



Valerie Garcia

[inventory shortage in May](#), about what she understood to be the driving forces of these current market conditions.

While low unemployment and a strong economy explain why buyers are boosting demand, a number of factors are shrinking supply on the sell side, Taufen explained.

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Sellers are staying put as they too face uncertainty about the lack of options on the market and want to hold onto their low interest rates, while builders aren't motivated to up the supply of entry-level homes, where buyers are feeling the most pinched.

Hale added that while we won't be in a state of low inventory forever, don't expect an overnight change.

A recent survey by realtor.com showed that baby boomers aren't in any rush to give up the neighborhood and community they've invested in for so many years, and therefore, 85 percent of them are reluctant to sell in the next year.



Danielle Hale

Meanwhile, millennial buyers are having a tough time finding entry-level housing; if builders were able to start building in that price point successfully, that could be a major factor in a turnaround, according to Hale.

"Boomers indeed hold the key to those homes the market desperately needs, both in the urban condo and the detached suburban home segment," said Hale in a statement accompanying realtor.com's research. "But with a strong economy and rising home prices, there's really no reason for established homeowners to sell in the short term.

"Although down-sizing might be on the minds of boomers, they face the same inventory shortages and price increases plaguing millennials."

## Modernizing the agent's value proposition



Joseph Rand

How should agents operate in this seller's market? According to Rand, agents need to modernize their value proposition on a fundamental level to compete. And about that 15 percent of boomers who *are* looking to sell in the next year? That's a billion boomers whose listings may be up for grabs.

But if you're one of those real estate professionals who still has a seller handout that lists a bunch of icons — Zillow, Trulia, realtor.com, etc. — to show to prospects how you will distribute their listing information across the internet, you're behind the times.

"Any schmuck with a brokerage can basically get onto all these sites," Rand said. "It's not a differentiator. We can't talk about distribution as a marketing strategy."

The listing agent offering needs a major upgrade — beautiful photos and unique marketing that serves sellers' needs and their specific circumstances should be the new norm.

Moreover, agents are increasingly competing with discount brokerages and instant offer buyers who, as their introductory pitch to sellers, convey the message that the real estate transaction is supposed to be really difficult.

"What are we doing to make the transaction easier?" Rand asked.

Agents should be able to prove that they'll guide sellers through the process, make it smoother for them, and provide the white-glove service that you can't offer at scale as an [iBuyer](#) or discount brokerage, Rand argued.

Agents should also take it upon themselves to help clients understand the market in their own right, said Gold, who starts sending his sellers materials to explain current conditions 30 or 45 days before he puts something on the market.

When they see it, and they start learning the market, they will reach the right decision about price, and they'll be more inclined to trust your guidance, Gold said. "An uneducated client is going to think you're trying to pull a fast one on them," he added.



Gary Gold

Hale shed light on what clients might like to know about market conditions right now. For those working with entry-level sellers, that's where inventory is the tightest; these sellers have the most pricing power and should expect their home to sell fast (and have a plan in place for where they intend to go).

In the mid- and upper-level tiers, inventory is more plentiful but still lower than it was a year ago.

Garcia wrapped up the session by asking Taufen whether Inman will still be dissecting the inventory problem in a year.



Amber Taufen

"I really hope not," Taufen said. "I hope that we'll be writing about some loosening of regulations that might help builders build smaller homes."

Taufen noted that local zoning laws haven't kept up with modern technologies that could expedite homebuilding and alleviate some the burden on builders.

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In the meantime, Rand encouraged agents to get back to service. Targeting innovative energy toward lead generation rather than improving the transaction "is coming back to bite us in the ass right now," he said.

If you succeed in making the process easier, maybe sellers won't see the need to "sell their house in three days for 10 percent below value," Rand said, igniting applause from the audience.

*Email Caroline Feeney*

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