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BRAVE NEW WORLD WIDE WEB

Once thought of as a great enhancement tool, technology is now determining the winners and losers in a fierce battle for the lead.

Leasing agents are in a unique position to help owners and managers understand how to integrate technology into their business. Why? Agents are talking to potential clients and have an opportunity to truly know their client base — and this group of individuals holds the keys to your next technological advancement.

Many don't yet believe the Internet will take center-stage and leave real estate professionals at risk for disintermediation. Many disagree that technology is a competitive threat, but some (who you should be paying attention to) do — including big name companies like Microsoft and Google. These companies are two of many that are doing everything they can to take all aspects of real estate to the marketplace on the Internet with or without real estate professionals' involvement.

In the for sale arena, online multiple listing services (MLS) replaced the agents' ten-pound listing books containing the "latest" (read two week old) listings. In 80 percent of transactions, buyers come to agents armed with a list of homes they know they are interested in. They know where schools are, where the nearest mass transportation station is, where the freeways (and potential noise sources) are, and the complete demographic of the neighborhood. They know what the comparative prices are, and they know what they're willing to pay.

What did real estate agents do as a result? They worked through their associations and organizations to keep out For Sale By Owner (FSBO) sellers by refusing to work with them. They refused to allow their agents to give rebates to buyers (a portion of their commission) to compete with companies like ZipRealty. The government, beginning in Kentucky, started suing organizations claiming anti-trust practices. Real estate professionals went on the defense rather than the offense; this is not the way to run a business.

Consider this — In New York City last year, Craig's List had a 25 percent market share of apartment leases — yet how many of you are still relying on traditional magazines and balloons to lease apartments? Did you know that younger Gen-X'ers and almost all Gen-Y'ers are frustrated with having to deal with people? They want fast, efficient transactions and guess what? People don't fit that bill. They want everything to be web-based and not just web enabled.

So who are the people who want to work online? The same people who prefer an ATM to a bank teller. The same people who aren't afraid to give out a credit card number online. The same people who throw their bank statements away without opening them (or shredding them — and those who are equally unafraid of security as they are in demanding convenience), the same people who couldn't imagine using a travel agent to pay for their biased opinion when they can get the opinion of thousands of consumers online (not to mention a cheaper price), and the same cohort that expects immediate everything. They are referred to as the Nintendo Generation for a reason — the fastest, most efficient, less people-driven business wins

because they have the attention span and the patience of a moth — those who'd rather spend time with humans they choose or people behind a keyboard, and not those they are forced to meet in order to complete a simple transaction.

At the recent Apartment Internet Marketing conference in Scottsdale, Arizona, I explained to the audience the distinct difference profoundly impacting the market: web enablement is simply taking old processes and putting them on the web. Web-based, however, is an entirely new model — one built from the ground-up with technology — the web in particular — at the forefront. If you don't do this, you risk being considered a middle man and being left in the dust in this evolving marketplace.

I was amazed to hear owners of high value multifamily properties make comments like (paraphrasing) "I'm unwilling to give up two percent of my profit for credit card fees."

Hello? Does anyone talk to the consumer? Get rid of the darn office water cooler and balloons and maybe you can afford it. Those who buy and sell on eBay and consider Paypal Mobile the way to pay just about everything lose two percent by not paying with our Paypal debit card. Is anyone talking to the consumer? Yes, by not accepting credit cards, you cost them two percent and they don't like it. That means their rent is two percent higher if they rent with you.

Gen-Y'ers move in "packs" — they work together, share together, and have created online communities like no other generation before. Does multifamily market to this community? Do they create online forums, provide community blogs, a for-sale section so they can sell their goods (they are also a very thrifty generation, wanting the lowest price but also wanting to resell their wares), or even offer web-based service requests or rent payments?

Gen X'ers are entrepreneurs, they are anti-establishmentarians. They don't like authority and they challenge everything. They love feeling like they got a good deal, and they love beating the system even more. Do you want to be the group they intend to beat or the group they feel is on their side? The choice is yours.

Real estate in general has been slow to move to a technology-based platform. There are lots of reasons for this. Real estate is complicated (particularly the for sale side) with an average of 120 human touches per transaction. Even my most savvy technology colleagues can't replicate the process quickly online. But — the time has come and the technology will be out there soon. The information protection real estate professionals once had is no longer — everything is available to everyone. Don't believe me? Check out rentometer.com. What are you going to say when someone brings in data and wants you to match a price? How will you compete? These are all questions — and many more — that you need to answer to survive the coming Internet era — web 2.0.

So what do you do? Consider these tips. First, figure out who your renters are. If they are Gen-X'ers and Gen-Y'ers, you need to understand what they want and need. If they are baby boomers, you need to know that they are the ones who still value the human connection. If your market includes both, you have to balance the line between providing great service to those who want it, and providing web-everything to those who will be your renters for the long term. Who wants to leave a community that they feel a part of? Your balloons and clean parking lots aren't cutting it. Gen-X'ers and Gen-Y'ers will feel more like a part of a community if that community is hosted online. Do you offer blogs and forums for your community? Do you offer a place to vent? More importantly, do you respond to the negative posts? Do you have someone logged into the system and answering questions?

eBay, despite some sellers dissatisfaction over fees, understands the concept of community. It's thread throughout their business and everything they do. This appeals to a wide array of clients; others just want fast, cheap transactions and don't want to find their best friend online. They have to walk that line well and do both well, as do you. After creating the "perfect market" (where buyers buy a product for exactly what its value is at that moment, and sellers get exactly what the value is at that moment), eBay had to institute a number of mechanisms to keep people honest — hence the feedback mechanism. This, once again, put the consumer in control. eBay may suffer from a lack of long term vision, but they indisputably

understand community. Learn some lessons from them – allow your renters to send you anonymous feedback so they will feel less likely to slam you in the forums. Want to install new gym equipment? Why not put up an online poll to find out what the community wants in the gym?

You must take technology to a new level. The basics today are online floor plans, virtual tours, the ability to enter (and check status on) a service request, and the ability to submit an online application. Some have taken it up a notch with text message notification when a particular apartment is available, and the ability to pay rent online.

But what's next? A new level of web 2.0 service that is consumer- centered, consumer-focused and highly creative. It's not only about lead generation — it's about hot leads, pre-approved candidates, automated viewings (why not use an hour-long activated RFID card to let a potential renter into an apartment without you?), and it's about retention. It's about community building and giving people a voice rather than fighting the inevitable. It's about advertising in a new way, helping people find you using search engines; it's about companies like Zillow and Domania, but geared toward the apartment industry. It's about going beyond email and web sites and adding value on the Internet. It's about partnering with technology-centered organizations if you don't have the resources (and most don't) to develop in-house. And it's about understanding your customer and giving them what they want. It's about responding — half of all phone calls for potential business go unanswered. It's about responding the way your clients want (whether email, phone or blogs/ forums). It's about having enough leads online to fill every vacancy you have and creating a solid waiting list — all with notification via text message or Instant Messaging.

The Internet makes prices and service transparent. Look at CataList. In the Los Angeles market, they charge three percent commission to sell a home for full service — this is a 2 to 3 percent discount from traditional agents and they are capturing market share like crazy. Look at other successful online marketplaces – Zappos competing with Nordstrom, Shopbop competing with high end retailers and boutiques, eBay competing with just about everyone, Amazon competing with bookstores. Are they successful? Absolutely.

If you take no other lesson from this, understand that you need to be the best at everything — the best price, fabulous service — but more — you need to offer convenience and flexibility. You have to listen to your consumers and find out what they want. Give them a way to communicate great, creative ideas online because, I guarantee, they have them. If you don't, you risk losing your business to a market that is price-driven, easy to price-evaluate and services that quickly become commodities. You face disintermediation by technology.

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