

# The Third Economic Wave

by Donald Teel



Welcome to *The Third Economic Wave*. This is the *Consumer-Centric Era*. This era or wave is outcome of all that has gone on before it within the real estate industry and I believe it will be the most powerful era in re-defining our business models.

Before I articulate *The Third Economic Wave*, let's review the two precious eras that have formed the fundamental nucleus for the *Consumer-Centric Era*.

1776	1976	1993	2006
First Economic Wave Broker-Centric	Second Economic Wave Agent-Centric	Third Economic Wave Consumer-Centric	
Establishment of NAR in 1908	The Advent of Franchising	Real Estate Websites	
Books, Boards and Brokers	Computerized MLS	Internet Property Listings	
Broker-Centric Era	Personal Computers	The On Line Consumer	
Primary Tool - MLS information	Primary Tool - Technology	Primary Tool – Internet	
Outcome – Territorial Models	Outcome – National Models	Outcome – Freedom Models	

When you study the table above you can easily see the transitional components of the real estate industry and how these factors influence our business models as owners. What is important to notice is that in each era, profitability of owners diminishes and the income of agents increases, due mostly to the stubborn refusal of owners to re-invent and re-margin their business.

**Real Estate Websites.** Now let's discuss *The Third Economic Wave*, which I choose to refer to as, the *Consumer-Centric Era*. This era is the most powerful and profound of all the eras. It begins somewhere during the 1993-94 timeframe with the discovery by forward-looking real estate professionals of the Internet's power to convey property information to consumers. The first actual property listings and accompanying property photos appeared in 1994.

IREd, the International Real Estate Digest was launched on February 3, 1995 by Becky Swann, a real estate agent. IREd.com and was one of (it may have been the first) the early repositories of real estate and community information services via the Internet. By December, 1995, IREd's directory entries exceeded 3,000. I know this because I was one of those entrants with the very first directory website for retirement communities (www.SunCities.com, now operating in its original format as www.SunLiving.com) and had the privilege of talking with Becky on a couple of occasions in those early days.

**Internet Property Listings.** *The Third Economic Wave* characterized by me as the *Consumer-Centric Era* began with Internet website for real estate agents in 1993-94 followed by the manual entry of property listings with photos. This marked the beginning of the escape of the property information genie from the MLS bottle, a single event so significant that more than a decade later the industry is still fighting about the event and the outcomes.

# The Third Economic Wave

by Donald Teel



**The On Line Consumer.** On the other side of the real estate cyber spectrum was the consumer, now gaining more and more access to the Internet via the early Internet Service providers such as AOL, CompuServe and ultimately the granddaddy of them all, Netscape. Through home and office telephone lines and PCs equipped with 2400 bps (bits per second) modems, parts of the real estate world started connecting to the consumer.

Locally, Boards of Realtors were allowing real estate companies and their agents to have access to the property information via WAN portals and then ultimately, the Internet. This began to change everything.

The office-less real estate business model became more than a theory as tens-of-thousands of real estate agents began purchasing PC for use at home and office (there were no notebook computers at this time). The cataclysmic change took place right before our eyes, yet in some respects we missed it.

Agents no longer had to meet prospective buyers in the office as the primary method of introduction. Email and property information could bridge thousands of miles of geography and initiate a real estate relationship across a city, State or the Country without having the office, the books, the board or the brokers involved. Wow! That's industry transformation.

Consumerism is now the central most powerful factor influencing the real estate industry's business operating models. I have called Consumerism, the ultimate "ISM" because it is the consumer who will dictate how they will converse with us in the new open, freedom markets. The demand for 24/7/365 online services that can be used by the consumer from any location should now be paramount to every owner's business model.

The territorially defined, static geographic markets are going to be ripped to shreds by the consumer's demand for instant access to everything, any time and anywhere. Our out-dated models that emphasize territorialism and antithetical to consumerism and they won't hold up in the future.

Consumers are no longer impressed, if they ever were, with our office complexes, brands and internal trappings that have little or nothing to do with what they want from us. Our industry ego statements are now something that we use to attempt to impress one another. Consumers want to meet us in the open, freedom markets, via the Internet, where they can locate community information, conduct property searches and explore ancillary services required by their contemplated relocation.

We have entered the *New Real Estate Economy*. The rules for entry and operation are being re-written by a consumer backed by both the Internet and apparently the Department of Justice. Are we listening. More importantly are we re-tooling our real estate business models so that we can expand horizontally into new markets all around us without the need for the old bricks-and-mortar operations that suck-out the capital we could be using to re-invent and re-margin our businesses?

Are you, as an owner, asking the hard questions and making the decisions correctly?