



By Chris Seepe

I've been surprised by the disproportionate number of Realtors I've spoken with recently who don't have as much opportunity in their sales pipeline as they had a couple of years earlier.

One reason is that real estate prices remain stable but the number of transactions has dropped. That's good news for investors and owners in an unstable world economy but that means a lot less opportunities for the same number Realtors.

For example, there were 38,111 Toronto Real Estate Board (TREB) members as of September 2013 versus 34,842 in July 2012 or 27,583 in July 2008, so there were 3,270 new TREB Realtors in the last year alone and over 10,500 in the last five years or so. That's a lot more mostly inexperienced Realtors in a slightly larger market.

While real estate inventory is growing marginally, there are exponentially more buyers per available property than ever before. Investors have been flocking to real estate since the 2009 worldwide economic crisis, seeking better returns on their investments than that offered by banks, mutual funds and other traditional forms of investment.

Heap on the influx of foreign investment into Canada's world-envied stable real estate market. Many foreign investors face eroding income value from inflation and their local unstable political and/or economic climate. They willingly pay cap rates below traditional Canadian investor norms because their Canadian financial loss is still an overall gain for them back home.

Add the crushing force of REITs with their insatiable, single-minded raison d'être for investment property acquisitions. PricewaterhouseCoopers recently reported that REITs accounted for 44 per cent of all

Seeking opportunities in adversity

IPOs on the TSE in 2013.

Mix in the onslaught of outside-industry influences, especially online services like Zoocasa and mega-technology companies such as Microsoft, Google and Bell, who have all had a lustful eye on the real estate industry for decades.

Add a dollop of regulatory oversight from the Competition Bureau and anti-spamming email legislation, both having potentially enormous impacts on how Realtors conduct business.

Reflect on why Quebec brokerages left CREA and then cut a new deal to come back.

The current trend paints a bleak picture about the future prospects of Realtors as a profession and as a career if Canadian organized real estate doesn't wake up and embrace the irresistible force of change.

The Serenity Prayer, a common name for an originally untitled prayer by the American theologian Reinhold Niebuhr, is universally apropos to any kind of change and equally valid for the Canadian real estate industry: "Grant me the serenity to accept the things I cannot change, the courage to change the things I can and the wisdom to know the difference."

Yes, there are things we can't change but there are so many more things that we can.

Staff compensation and institutional revenue of most real estate boards, associations and regulatory agencies is geared to "more Realtors, more income"—more fees, more education courses and more exhibitors and attendees at real estate trade shows and conferences. Until they're compensated based on the quality of Realtors rather than quantity, the number of unqualified Realtors providing great disservices to the public won't abate. The last decade of history has unequivocally demonstrated this.

Technology companies do "certain" things much better than organized real estate (especially

providing MLS services), which are critical success factors for our profession and strategic for our continued existence.

Real estate lawyers are increasingly more proficient, empowered by technology, to handle paperwork traditionally done by Realtors. Both are finally making headway into carving off chunks of the real estate business, reducing a Realtor's value-add proposition and leaving even fewer opportunities for Realtors.

Nothing can exist without order but nothing can evolve without chaos. There are ample opportunities in adversity.

How would you like to be in the slide rule or mechanical typewriter business? The old industries—oblivious, or worse, in denial—as to what was happening around them underwent difficult crises of change and either adapted and assimilated, or went bust and disappeared. They lost their livelihood and caused all kinds of familial trauma but the overall net effect was not long-term disruption and upheaval but rather sustaining, enlarging and life-enriching modernization.

Old-school organized real estate is protective, unresponsive and even hostile to embracing new business models that would engender strategic partnering.

There are a lot of people outside the real estate industry who believe great changes are in store for our industry. If we don't embrace those people, or more importantly, if our industry organizations don't, those outsiders will do it without Realtors and their support organizations.

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