



Learn about our exclusive Home Inspection Packages



Home > News > Report identifies 36 dangers to the real estate industry

Search

Report identifies 36 dangers to the real estate industry

News



By *Jim Adair*

A report commissioned by CREA tells Canadian real estate professionals not to be paranoid and then identifies 36 potential threats to real estate salespeople, brokers, boards and associations and the MLS System.

Presented at CREA's AGM in March, the D.A.N.G.E.R. Report (Canada Edition) was written by U.S.-based Stefan Swanepoel, CEO of consulting firm Swanepoel T3 Group. His firm interviewed 30 executives from Canada's largest real estate companies, boards and associations to identify the biggest threats facing the industry.

Are you receiving our **exclusive newsletter** for **real estate professionals**?

[Click here to sign up for industry updates and breaking news](#)

"It is said that 'Black Swans' are unpredictable future events, some of which may never occur. So do not become paranoid, but at the same time be alert to the potential risks so that you may be better prepared for the Black Swans that do occur," writes Swanepoel.

"While this report seeks to identify the most significant dangers, it deliberately avoids providing solutions," he says. "It was decided at the outset that identifying the solutions is the responsibility of each respective organization and its leader. How each leader strategically interprets and responds to the dangers will ultimately determine the unique competitive advantages or disadvantages that set them apart from their competitors."

Nine dangers impacting salespeople range from commissions spiralling downward to having FSBOs evolve into a do-it-yourself model. It also identified "current baby boom salespeople being pushed out" as a danger, suggesting that "after two decades of the Internet, online marketing and mobile technologies, the average salesperson still lags behind where they should be."

"Marginal salespeople damage Realtor reputation" is another danger, says the report. "Most professionals... require thousands of hours of study... Residential real estate is not a profession and obtaining a real estate license has always been relatively easy... The time has come for the real estate salesperson to be held to the level of a professional," says the report.

Other dangers to salespeople include "market share concentrates into even fewer hands" as a small group of salespeople "secure a disproportionately large market share of all home sales."

"The decline in the relevancy of salespeople" is listed as another threat.

For brokers, the report lists the top danger as "real estate brokers simply go broke."

Swanepoel writes, "A growing number of brokerages are not financially sound and, as a result, are reducing the products and the services they provide to their salespeople dramatically... An economic downturn in big cities, such as Toronto and Vancouver that have experienced almost two decades of continuous growth, could result in a large decline in the number of viable real estate brokerages."

Another danger to brokers is that "technology becomes a runaway train" in which the resources necessary to keep up with changes exceed the average brokerage's ability to remain competitive.

Other dangers: "The expansion of teams strangle brokerages", "mere posters and FSBOs create unwanted liability", "an industry-wide race to the bottom" and "big companies increase dominance."

For organized real estate, the report says that “growing mission creep” among local, provincial and national associations has resulted in “channel conflict and a duplication of services,” leaving associations fighting for economic viability.

The unwieldy governance structure of boards and associations, opposition to consolidation, huge declines in membership, conflicts with regulators and a tendency for boards to cater to the “lowest common denominator” of the association’s membership are cited as other dangers.

Finally the report looks at dangers impacting the MLS System, including the danger that a new nationwide system would marginalize the value of existing local systems. Entry by a powerful portal from outside the country is another danger, as well as the possibility that “someone builds a better mousetrap” or “major security breaches occur.”

Another danger is that the federal Competition Bureau could force the MLS System to become a public utility.

The final danger cited is, “A rapidly changing marketplace and battles over market share and leaderships create antagonism between brokerage operations, the Realtor community, MLS systems, portals and regulators.”

Swanepoel says, “It is incumbent upon every real estate professional who reads this report to ensure that we are leaving a healthy and thriving industry to the next generation. To that end, read this report with the intent of not only becoming informed, but with a commitment in becoming a proactive part of find the solutions for the future.”

[Click here](#) to read the full report.

TAGS CANADIAN REAL ESTATE ASSOCIATION COMPETITION BUREAU DANGER REPORT MULTIPLE LISTING SERVICE
STEFAN SWANEPOEL SWANEPOEL T3 GROUP



Jim Adair

Jim Adair is the Managing Editor of REM Real Estate Magazine. If you have a story you'd like to submit for consideration, contact Jim by [email](#) or call 416-425-3504 x3.

SIMILAR ARTICLES



B.C. proposal would eliminate real estate boards

Apr 21, 2016 0



Cliff Iverson takes over as CREA president

Apr 12, 2016 0

Sorry, the browser you are using is not currently supported. Disqus actively supports the following browsers:

[Firefox](#)

[Chrome](#)

[Internet Explorer 10+](#)

[Safari](#)

TWH

Dangers...Yesterday in Headlines across Canada homeowners were told that REALTORS are claiming Donald Trump getting elected would cause a surge in home purchased and increase prices in Canada. BNN, <http://goo.gl/fPDDn3> , Financial Post <http://goo.gl/T14WSf> etc.

Of course no proof. Just like the other propaganda that is used to sell homes, Foreign Buyers (just debunked by CMHC), Migration (debunked by CMHC decades ago), Flips (debunked in 1990 and soon again by RECBC), Supply and Demand (something if a licensee stated puts them up on charges), etc, etc.

How many REALTORS are selling homes today to first time buyers with 25 year

amortizations? Almost all. How many of those FTB have awesome credit scores?
Almost all. How many are buying at 37-39% GDS? Almost all.

What happens when interest rates rise only 1% over the next 2 years? How many of those FTB still qualify for the mortgages REALTORS are encouraging them to take out today so a commission can be earned? Less than Half!!

cseepe

Try before you buy. Free 30 day trial



AuthentiSIGN[®]
TransactionDESK[®]

Costs 80% less than the competition.
Why pay more for less?

[Click here for details](#)



Get the iPad app
that's redefining
real estate.

[Learn More](#)



REM REAL ESTATE MAGAZINE

REM (Real Estate Magazine) is Canada's premier monthly magazine for real estate professionals. REALTORS®, real estate agents, sales representatives, brokers, owners, administrators, and other real estate industry stakeholders read REM every month for news, analysis, and commentary on Canadian real estate.

REM is independently owned and operated, and is not affiliated with any real estate association or board.

Contact us: info@remonline.com



JERRY BRESSER
MoreMoneyInYourPocket.Biz

"MORE MONEY IN YOUR POCKET"
New Book By Jerry Bresser

FOR SALE
MORE MONEY
in Your Pocket

Read REM

[Home Subscription](#)
[E-Newsletter](#)
[Our Latest Issue](#)
[Upcoming Events](#)

Advertise with us

[Media Kit for Advertisers \[PDF\]](#)
[In Print](#)
[Digital Media](#)
[Readership](#)