

SMART HOMES

Smart homes promise comfort, convenience and sustainability—these strategies will help you sell them

By Matt Alderton

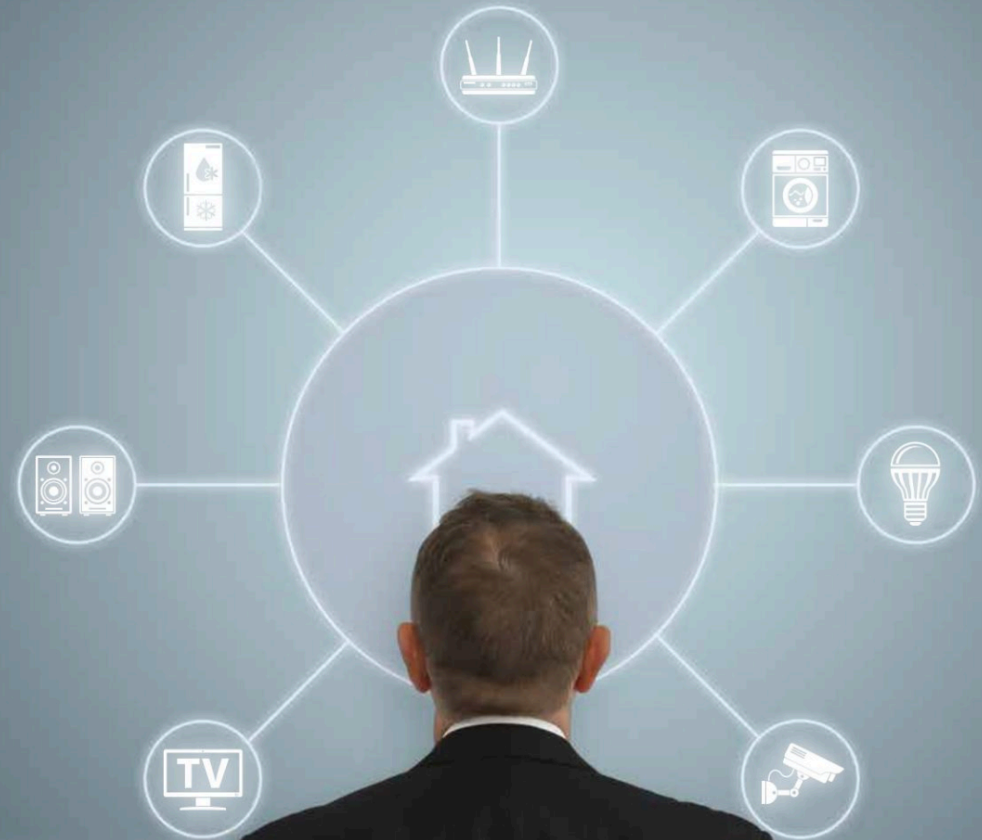
Smart homes can automatically brew your coffee when you wake up in the morning, unlock the front door for your dog walker when you're away, buy milk when you run out of it, turn the lights on at dusk and turn off the air-conditioning when no one's home to enjoy it.

But here's something you'll probably never say to your smart assistant: "Alexa, sell my house." Because even though it's smart enough to operate a home, technology isn't shrewd enough to sell one. For that, even the brightest homes still require the services of a residential real estate agent.

Business is not a given, however. To succeed in the era of intelligent real estate, agents must be just as smart as the homes they represent. "Technology is a growing element in the home, and it can literally make or break the deal," says residential REALTOR® Matthew Rathbun, CRS, an RRC Certified Instructor and executive vice president of Coldwell Banker Elite in Fredericksburg, Virginia. "As agents, it's our responsibility to understand smart home devices so that we can explain the benefits to potential buyers."

Buyers want technology in ever-growing numbers, according to market research company Statista, which says the global smart home market currently is worth \$71.6 million, with just 7.7% market penetration. By 2023, it predicts, the global smart home market will more than double in size, reaching \$151.9 billion in value and 18.1% market penetration.

Clearly, the appetite for in-home technology is growing. To leverage it in your business, use the following strategies to turn smart home doubters into smart home devotees.



GET SMART ABOUT smart homes



1

Hone your message

To be considered truly "smart," a home must have technology in its bones, according to Vasily "Vachi" Udolkin, partner associate at RE/MAX Advance Realty and RE/MAX

Advance Realty II in South Miami and Miami, Florida, respectively.

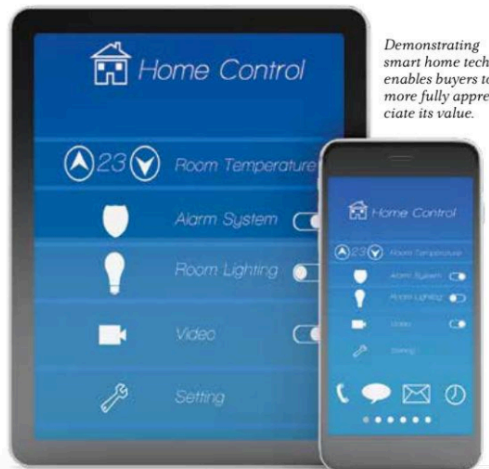
"Just having an Amazon Echo in your home doesn't count," explains Udolkin, who says genuine smart homes are those with built-in, whole-house systems whose platforms typically consist of a central hub through which to control and integrate disparate smart home solutions.

Which leads to the No. 1 reason people want to own a smart home, according to Udolkin: convenience. "It just makes life easier," he says.

But convenience isn't the only message that resonates. For some buyers, financial and environmental incentives also are motivational. "Smart thermostats can save 10%–15% of your energy bill each year, and pay for themselves within two years. When people learn that, it's a no-brainer," says Don Ham, vice president of Refresh Smart Home, a New York State-based installer of smart home solutions. "Also, there are people who are very conscious about what fossil fuels do to the environment; with their smart thermostat and smart lighting they feel like they're contributing to the preservation of the planet."

Yet another benefit is safety. "Adding smart locks, cameras and sensors can add layers of security to home monitoring," says Mitchell Klein, executive director of the Z-Wave Alliance, a consortium of smart home manufacturers that have pledged to make their products interoperable with each other.

Agents must discern what messages will most connect with a given buyer, then market smart homes through the appropriate lens.



Demonstrating smart home tech enables buyers to more fully appreciate its value.

2

Show, don't tell

The best way to sell technology is to showcase it, according to Klein, who suggests giving interactive demonstrations when showing a smart home.

"Hands-on is the best way for the concept of the smart home to 'click' in potential homebuyers' minds,"

Klein says. "They have to be able to visualize themselves actually using this technology and it being valuable to them."

Because he can't always be present, Rathbun has found ways to remotely illustrate smart homes' benefits. One strategy is filming a video walk-through during which he points out the home's devices; he subsequently leaves the video playing on a television while buyers' agents show the home. He also creates informational cards that he laminates and posts with sticky tack on devices so buyers will notice them when they're touring the home. He even creates VR tours for remote buyers in which they can learn about a given device by watching the manufacturer's commercial for it on their VR goggles.

"When a buyer purchases a home, it's an emotional purchase," says Udolkin's business partner, RE/MAX Advance Realty and RE/MAX Advance Realty II broker-owner Anthony Askowitz, CRS. "When you show off the smart home, it appeals to those emotions."

SMART HOMES AT A GLANCE



Want the skinny on smart homes? Check out "Smart Homes: An Emerging Real Estate Opportunity," published last year by Coldwell Banker Real Estate. Based on a survey of more than 3,000 residential real estate brokers and agents, here are its top findings:

91% of brokers and agents say they would benefit from incorporating smart home technology into the marketing of a home.

82% of brokers and agents say smart home technology streamlines a home sale.

46% of brokers and agents say they've recently worked with sellers who either had smart home technology or intended to install it to increase their home's appeal.

53% of brokers and agents

use smart home technology themselves; and another

39% say they don't use it, but would like to use it.

79% of brokers and agents say buyers are willing to pay more for smart homes. Brokers and agents say buyers most often inquire about smart home technology in the following categories:

36.4%—security

26.7%—energy management

21.8%—entertainment

3

Sell the 'smart' lifestyle

When you discuss smart home solutions with prospective buyers, avoid talking about the technology; instead, emphasize what kind of life it will enable, suggests Brad

Hintze, senior director of product marketing for Control4, a maker of whole-house smart home solutions.

"Speak about the technology in terms of what it would enable a homeowner to do—being able to see who's on your front porch while you're away, for instance; being able to unlock the door and turn on the lights for a guest when you're not home; or being able to turn off all the lights as you're leaving the house," Hintze says. "Describing that experientially helps consumers imagine themselves as the owner of that home."

Because technology is most prevalent in new construction, experiential anecdotes can be particularly persuasive for selling existing homes. "[Technology] gives an edge to older homes by making them feel more modern," Udolkin says.

4

Anticipate apprehension

Although many buyers will be wowed by smart homes, others will be wary of them. Older buyers, for example, may worry that technology will be too difficult for them to use. But in fact, systems often come with intuitive interfaces that

were designed to be intergenerational, like a wall-mounted keypad or a handheld remote control. Giving buyers tactile opportunities during showings—letting them press the button or give the voice command—often allays their concerns.

"It's like using a light switch; everyone knows how to use a light switch," explains Hintze, who says hesitant buyers can commission a smart home installer to do a factory reset of all in-home technology and teach them how to use it.

Another common concern is security. "People are afraid of being hacked," reports Ham, who says homebuyers should review the devices in homes to make sure they're from reputable vendors. "It's really important to purchase name-brand smart home products because those companies have security teams that are constantly providing software updates to ensure their products don't become susceptible to hacking."

Likewise, buyers need to understand basic network hygiene. "The first point of entry for hackers is actually your wireless router," Ham continues. "How to secure their router is the most important thing you can teach a buyer who's worried about security."

At the end of the day, the sale hinges as much on an agent's relationship with technology as it does a buyer's relationship, says Rathbun, who recalls a recent favor asked of him by a competitor and friend. The agent asked Rathbun to meet a mature couple on her behalf at a house in which they were under contract. The couple was having doubts because the house was overheated when they did their walkthrough. The cause: The current owners had a smart thermostat that was set to turn off the air-conditioning when the home was unoccupied.

"Because they didn't understand how the thermostat worked, and because their agent didn't know, they assumed the system was broken and decided they didn't want to close," Rathbun says. "I was there for less than 15 minutes, and because I understood the device, I was able to show them how it worked and how it would benefit them. Now they think it's the most amazing thing in the world." ■

Matt Alderton is a freelance writer based in Chicago.

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