I toured an Opendoor home for sale — it was a game-changer

Notebook:	Articles
Created:	5/24/2018 8:14 AM
URL:	https://www.inman.com/2018/05/22/i-toured-an-opendoor-home-for-sale-and-frictionless-tech-was-game-changer/?utm_so...

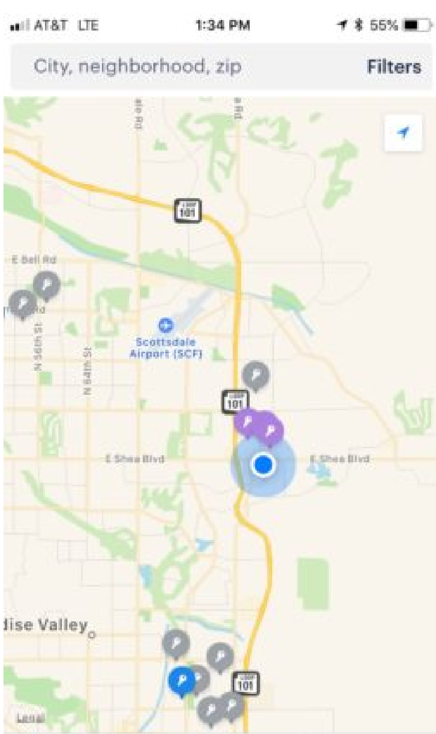
I toured an Opendoor home for sale, and its frictionless tech was a game-changer

Can smoothly automated showings pave the way for higher prices? A recent visit to Scottsdale, Arizona, led me to believe that it's plausible

BY TEKE WIGGIN | MAY 22

EMAIL SHARING: SHARE ON SOCIAL:

If you make it easier to see a home, could you sell it for a higher price?



A recent visit to a Scottsdale, Arizona, property listed by Opendoor — the cash-rich startup that touts a painless sale to homesellers by using technology to make quick offers on homes and purchase them in days — led me to believe that it's plausible. I used the iBuyer startup's app to tour the Opendoor listing alone and left with the sense that, were I a serious buyer, sampling additional Opendoor listings would be my next order of business, rather than tours of homes not listed by the startup that might require more planning.

I began by using the free Opendoor app to find one of its listings nearby and then tapping a button on the home's listing for directions. Google Maps guided me to a home with voice directions, where a sign in the driveway advertised an open

Google Maps guided me to a home with voice directions.

house from 6 a.m. to 9 p.m. — a schedule that typically applies every day of the week for Opendoor listings.

Following instructions posted on the front door, I tapped the "Tour this home now" button in the app for access.

Then, I received a text message with a link. Upon clicking it, I was asked if I was working with an agent. After selecting the "buying on my own option," the electronic lock buzzed open, and I stepped inside.

"Thinking of selling? We've made that simple too," read a standing sign that greeted me.

The ad underlines how Opendoor's showing experience can convert prospective buyers into seller clients, setting the stage for homeowners to use the startup's "trade-in" option that lets you sell your current home to Opendoor and purchase a new one from Opendoor at the same time.

One corner of the sign was somewhat damaged, perhaps speaking to the unavoidable consequences of heavy, unchaperoned foot traffic.

Are you working with an agent?

New shaggy carpets (highlighted by a sign laying on the floor of one bedroom) and a fresh coat of white paint covered most of the of four-bedroom, two-bathroom home's interior. These are the sort of touch-ups that Opendoor typically makes to listings.

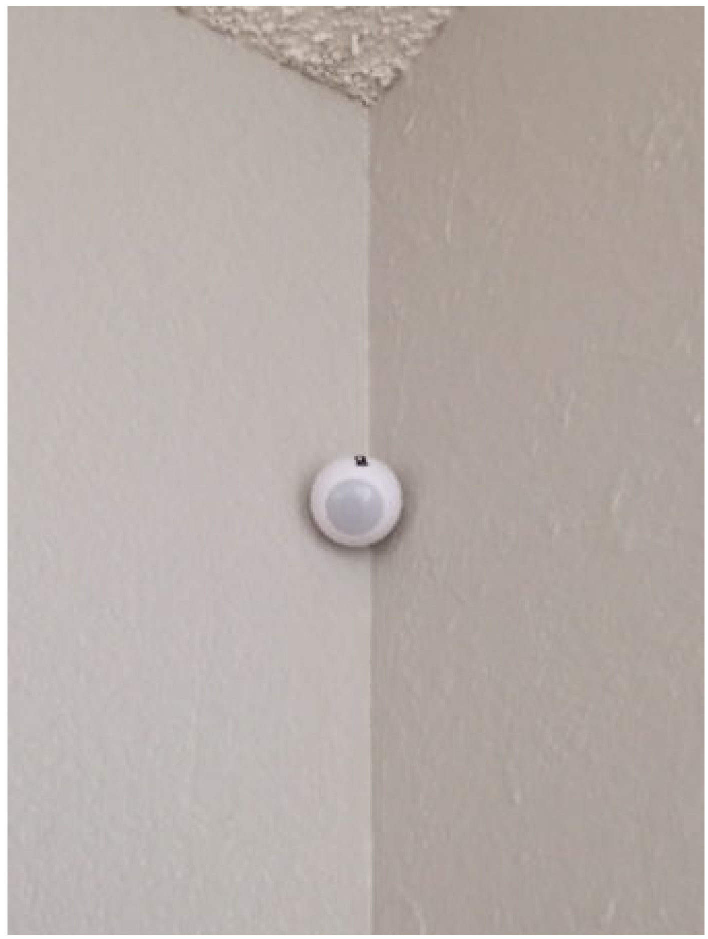
But in the interest of re-selling homes as quickly as possible (the startup frequently relists properties within two weeks of purchasing them), it often doesn't conduct extensive renovations.

Older tile flooring in the kitchen and an adjoining room — flecked with drops of white paint that I could easily scrape off — seemed to convey the company's focus on speed.

The quick-fix strategy, along with its leveraging of technology and claimed goal of offering fair market value (while charging a service fee of 6 percent or more), sets Opendoor apart fair market value (while charging a service fee of 5 percent or more), sets Opendoor apart from many traditional home flippers, which tend to buy far below market value and give homes a makeover.

Warned in a discrete message on the front door that I might be monitored during my visit, I scanned the premises for surveillance devices. Soon, I noticed a small white globe perched in the corner of the living room.

It looked like a camera or motion sensor. Opendoor has previously indicated that it’s chosen the latter as its security device of choice, explaining in the past that the data the sensor collects removes the need to monitor someone through a camera. I counted a sensor in only one other room, though I may have missed some since they were so small and blended in with the paint.



Opendoor has previously indicated that it uses motion detectors as its security device of choice.

If the home was outfitted with Opendoor’s latest security kit, and I moved about in a suspicious manner, the surveillance system should have set off a siren. I didn’t test this capability, but it’s supposed to be how the company guards against theft and teenage house parties.

The experience was quick and easy, and shortly after I left, my phone lit up with a text message asking me if I wanted to learn more about the listing and make an offer.

The link pulled up the home’s listing in the app, where I could tap to indicate whether I liked it and begin making an offer. Everything was designed to help buyers act fast.

As I reviewed the listing on my smartphone, a jeep pulled into its driveway, and two other prospective buyers glided out of their cars and into the property.

The listing indicated that 44 people had visited the home. If Opendoor was keeping count correctly, the two men who arrived after me would mark the 45th visit. Less than a day later, the listing showed 47 visitors.

The tour was so efficient, it’s easy to see how some buyers might be tempted to breeze through other Opendoor listings (it currently has more than 300 in the Phoenix area) after seeing their first. That seems especially likely given that subsequent Opendoor tours may be more frictionless than the first.

Though I was a half mile away, I was apparently able to unlock the property I had visited again through the app and do the same with another listing close by — this time without answering any questions. The listings closest to the one I visited showed 270, 105, 89, 63, 15, 11 and 6 visits.

New shag carpeting.

Questions remain over whether Opendoor does, as it claims, pay market value for homes. If true, that would mean the service can often be only marginally more expensive than using a real estate agent.

But it seems feasible that Opendoor may be able to quickly flip properties at a premium — not only by making light repairs and possibly paying less than market value — but by simply making its homes extremely accessible. Throwing open the doors of its listings to buyers 15 hours a day, seven days a week could feasibly create more competition between buyers for its homes, theoretically resulting in faster sales and higher prices.

OfferPad, an iBuyer with roughly 90 listings in the Phoenix area, offers a similar self-showing experience, known as “Instant Access.” Zillow Group also recently debuted an iBuying service in Phoenix that uses third-party listing agents to market the properties it buys. These agents might also be able to make their Zillow Group properties available for independent tours, should they so choose.

Agents representing typical sellers would struggle to offer the same showing flexibility to buyers, given that those listings would usually be occupied, rather than vacant. But should they secure the permission of their client (a tall order), they might be able to come close.

Real estate professionals could deploy new lockboxes and smart locks that can be opened by buyers without agents by their side, allowing them to make listings available for showings to unaccompanied buyers when their clients aren’t home.

Email Teke Wiggins

Article image credited to Pedro Correa/Inman