

Offerpad

**September 10, 2024
11:50 AM PDT**

Michael Ng: Everybody. Welcome to the Offerpad fireside chat presentation at the Goldman Sachs Communacopia and Technology Conference. I have the privilege of introducing the Co-Founder and CEO of Offerpad, Brian Bair. Brian has served as CEO of Offerpad since 2015. Prior to Offerpad, Brian was the Founder and President of Bair Group Real Estate and the Co-Founder and Managing Member of Lexington Financial.

My name is Mike Ng, and I cover Offerpad and real estate tech here at Goldman. We have about 35 minutes for today's presentation, inclusive of Q&A. so, first, Brian, thank you so, much for --

Brian Bair: Thanks for having me.

Michael Ng: Making the time to sit down with us today. To start things off, maybe we can go big picture and discuss the long-term vision of Offerpad within the broader housing market. There's obviously been an increasing focus on diversifying the business beyond the core [iBuying] model towards more asset-light services. How does that all play into Offerpad's vision and what you want to --

Brian Bair: Yes. From a vision perspective, we found an Offerpad to be a solution center for everybody and that sellers, buyers real estate agents, anybody who needs renovation. I mean the idea was to try to create a platform that people could actually get the transaction done. If you think about all the other marketplaces and things that are out there, there's a lot of information, but what people really want, sellers and buyers is actually transactions. So, we're making really good progress there.

Just as a reminder, we have the cash buying business, which is the core. We have the renovation business, which people can use our renovation teams. And we have a partners, which we partner with real estate agents. And then we work with other investors to buy homes off of our platform. So, those things have made good progress.

And I would say closer to the vision through even this last year or two and we made some really good progress. And so, I'm excited about that.

- Michael Ng: That's great. Let's talk a little bit more about the cash offer business. So, last quarter, the company talked about perhaps focusing a little bit less on volumes, but more on unit economics and margins and this was reflected in the guidance that you guys gave around homes sold. Could you elaborate a little bit more on this strategy? Why is this the right thing to do right now for the company versus trying to just drive scale and growth?
- Brian Bair: Good question. Right now, there's still a lot of uncertainty with the affordability. We're seeing buyer demand lower than we'd like to see out there. A lot of inventory hitting the market with not as much buyers. So, we're not seeing things move through that. So, we've been really disciplined really through this year of what we're buying and how we're buying. And everything is very market specific. But right now, the way to look at it is we're more focused on active and pending's, than we are on what's sold in the past.
- And so, we're staying really disciplined on what we're buying. Homes that are in low active -- low active home areas and staying away from like outlying areas, some price points and different things on that end of it. So, now to be really clear, that's not going to happen forever. This is a short-term strategy of what we're seeing in the market. They're starting to see, which I'm sure we'll talk about, some news with interest rates and some other things that are happening. And so, the easiest thing for us to do is to ramp back on acquisitions, but now it's just not the right time to do that. So, we're just -- we're watching it really closely and focused on some of the other asset-light services that we have.
- Michael Ng: Yes. And that's a good segue to maybe just talk about your view on the broader housing market. If you look at some of the MBA data, I think the forecasts are for 4.2 million existing homes sold this year.
- Brian Bair: Really low -- that's really, really, really low.
- Michael Ng: It's tough.
- Brian Bair: Yes. I mean it's just -- even the GFC, that's lower than projected -- I mean that we saw in the GFC. So, transaction volume is very low.
- Michael Ng: Yes. And you're in a unique position. You're in the market every day. so, what are you seeing? And could we see an inflection or --
- Brian Bair: Yes, what's interesting is that people are still focused on -- so, I think there's a pent-up demand of sellers that want to sell and buyers that want to buy. That's unique. But right now, there's so much uncertainty. And I was just talking to somebody just a few minutes ago, talking about like, I don't think there's enough appreciation for how sensitive the affordability is on the rates for buyers. So, a buyer that could afford a home when the volatility of what we're seeing in mortgage rates over the last six months, when mortgage rates go up 25 to 50 basis points, that's knocking out some buyers that could potentially qualify.
- So, that right there is -- we're watching that very closely. But from a seller's perspective, we are seeing a complete different seller than we were a couple of years ago. Sellers that

are selling now are more -- mostly having to sell for a life moment, either job relocation, something else going on in their life, which is much different than what we've seen in the past of Offerpad where people are going to sell for, they love us for the certainty and control. Right now, they're liking us because they can get access to liquidity fast and they can -- they have more control of where they're going. And so, -- but I think the housing market, it's going to be really interesting to see what happens with interest rates over the next six months and what that does.

I'm really focused on, I think the interest rates. One thing -- there's two things that need to happen. Either mortgage rates come down or home prices come down. One of those things has to give. We've seen home prices be -- they haven't come down yet and we're seeing more active inventory hit. I think that's because you're seeing still this pent-up buyer demand that people are expecting. But on the mortgage rates. If mortgage rates come down, I think you're going to see buyer demand come back in, and it can turn back on fairly quickly. But that's what we're specifically in 2024, what we're watching. You have a couple of other different things. You have this NAR settlement, which I'm sure we'll talk about. You have the election that's coming up. And so, you're just getting through this. But there's a lot of these things we've been waiting to happen are now kind of here. So, that's the good news.

I don't -- I think 2024, you're still going to see people kind of getting and then in 2025, I still think we're going to see lower transactions. But I think you're going to see more of that appetite to jump back in, again, if that makes sense.

Michael Ng: Yes. That's really interesting. And that was a very interesting observation you made about most of the sellers on the platform, moving because of life events kind of implies to me that there's a lot of -- there are a lot of would be sellers that may be holding back the inventory because of whatever reason. Is that what you're seeing at this moment?

Brian Bair: No. And that's exactly right. One of the things that -- we follow it every minute of every day, right, that's what we do. But most sellers, even that want to come in and sell us their home and transact with us, then get out in the open market and realize what they're trading, what they're giving to what they're going to get, and they change their mind, right? And so -- but the other thing that we're seeing, like we talk about the kind of the life moments, we're seeing more inventory right now that's -- that doesn't have as much pride of ownership or rougher lived in and needs more renovations that even if they wanted to, they probably couldn't list on the open market, and that plays well to our renovations as well because we can come in there. We can buy that home, obviously, from a seller that we can solve that problem, but that we can help maximize the price by adding the right renovations to the home on the market.

Michael Ng: Yes. Why don't we talk a little bit more about Renovate? You guys have made an impressive amount of progress in Renovate. I think last quarter, the company cited over 300% growth in closed renovation projects, generating \$5 million in revenue. How are you navigating growing the Renovate vertical, how big could Renovate be in the long term?

Brian Bair: Yes. I'm very, very excited about what Renovate is doing now and what it's going to be -- like it's just starting right now. I think we talked about the low transactions. And so, that affects everything. That's not just low transactions overall or for Offerpad, it's a low transactions for everybody. That's SFRs, that's fixed and flip companies, however -- whatever category, everyone's really if they're all-time low. Our renovations can help both with the quick turns for some of the SFRs, but then also renovation projects up to \$100,000 to \$200,000. And so, the benefit of what we get from Renovate is we already have the ground game to buy homes on our own behalf there. So, we already have the renovation teams, the foreman, the project managers already there on the ground.

And so, what we do is we allow others to plug into that into our renovations and they can get the same cost efficiency and timing and ground game that we get. And so, I think we're going to see that continue to grow. And it's always been something that is -- we've always really indexed on our renovation side because to buy as many homes as we do renovations are so key in the logistics around renovation. And so, this is really a good way to maximize the strength of our renovation teams.

Michael Ng: Great. And last quarter, Offerpad announced a partnership with Freddie and Fannie. Could you just expand on like what these partnerships entail? How does that help to grow the Renovation business? Like what are you doing with those --

Brian Bair: Yes. I mean, similar to us, Fannie and Freddie, similar to us, they want to put a nicer home on the market than what they took back, right? So, they want to get really strategic about what the renovations that they do to the home and try to put again put a better product on there. So, it's been great for us. We're really excited about that partnership with them and a lot of the other partners that we've signed up on the platform. But they -- and it helps us diversify with people like Fannie and Freddie that are everywhere. Instead of always happen to go into a market and lead with our cash offer, we can now go into a market leader with our renovation teams. And so, we have enough renovation business there that the cash offer business will then follow, or the Direct Plus business will follow.

So, it just gives us another product line to launch markets and to help us grow and expand that is not always through the cash offer business.

Michael Ng: Right. And -- the company also announced that it's going to roll out some of their renovation technology. I think it's Reno Captain to the rest of its markets. Could you just talk a little bit about what that is and how expanding that technology is going to help?

Brian Bair: This is -- I get geared up about -- like I geek out on this just because it's so, -- it gives not even just our internal teams like real-time workflow management, but it also gives our Renovate customers out there and the partners we work with, they can see real time where they are in the renovation process, helps with billing and accounting. It's just -- it's something we've been working on for actually a little over two years, 2.5 years. But that is something -- and as we talk about really cost efficiencies and some other things is that, that helps us where we don't have to have as many heads in there to upload some of the vendor invoice some of those things. And we can have all of this is really a streamlined process.

So, the Reno Captain -- and our -- we rolled it out in Charlotte. Now it's in Raleigh and now it's going to be rolling out to different markets. And our partners are loving it on the renovation side because it does give them that real-time look about where we are in the process and how quickly -- we always say every day and every dollar matters. And they can actually see that we're doing that every day that we're really working on the efficiency there.

Michael Ng: Yes. I mean it's certainly a market where it's obviously very fragmented. There's not a lot of visibility into what's happening at any given point in time.

Brian Bair: Well, it's a great point. We talk about fragmented. The real estate side is completely fragmented. That's where Offerpad started, right? But then you look specifically about -- you got real estate agents and home warranty and lenders, all that kind of thing. But then you look at the people doing renovations for themselves, or B2B -- dealing with contractors and vendors and all that is extremely fragmented, and everyone had a different experience with that. And so, what we want to do -- and right now, we're focused, highly focused on the B2B side. So, people we've talked about different SFRs, Fannie and Freddie, some of these large portfolio clients. But eventually, we're going to be on the B2C side. So, we'll be doing renovations directly with customers.

And what's exciting about that is you have a lot of people, like, for example, transactions are low because people are locked into their mortgage rates. But if they're locked into the mortgage, they're still going to want to live in a really nice house. And so, we can go in there and add paint, carpet appliances, flooring, give them an Offerpad feeling home that they can live in long term until they want to sell.

Michael Ng: Hope you guys come to New York at some point. Let's talk about some of the other, I'll call them, ancillary value-add businesses. What about the agent partnership program, right? So, if somebody wants to sell their house, they ask for a cash offer. They may not like it, but Offerpad something else to offer?

Brian Bair: Yes, there's two really directions with our agent partners. And think of it this way, an agent brings us the customer, or we bring the customer to the agent. So, there's really two distinctions there. The one thing that's been important with the agent community right now is leveraging them to figure out who the sellers are. I've been very, very pleasantly surprised with the amount of traffic and activity and the request that we still have people wanting to sell their home. But identifying who really wants to sell is harder than ever because of mortgage rates and different things.

When they are working through the agent community and what we've done there, they're able to identify and bring us that seller before that home is on the market, and it works out really well for them. They get paid a commission, and then we allow them to list the home once we buy that home on that end. And being able to provide agent listings in this environment is super key. So, we've seen that expand and grow really fast.

And then the other side of it is, again, this back into really the solution side of the platform is when someone comes to us and our cash offer doesn't work, for them for whatever reason, we can have them work with one of our rewards agents or one of our

partner agents in that area and say, listen, if this isn't the right path for you, we can have you work with this agent in this area that specializes in this and you get some rewards for doing that and with either reduction in their move cost or a free move depending on where it's at. So, it's worked out really well. The whole idea is what we want to do, and we continue to expand and grow, is we want to find a home for every customer that comes to us, what's the best path for them. Is it the cash offer? Is it trying to list it on the open market? Or is it just renovating their home and/or is it selling to one of our investors potentially could pay more money than we can because they're going to be holding that long -- that home long term as a rental, we're holding it in the short term. So, trying to find a solution for everybody is really important.

Michael Ng: And if somebody decides to list on the open market and you set them up with a partner agent, do you share in commissions? Or is there some sort of flat fee?

Brian Bair: Yes. So, we'll get paid -- the agents that are what we call our MAX agents. They'll pay us as zoning. So, basically a zone of what they buy. So, anything in that area or think of a ZIP code, I mean that we'll make a 25% referral fee on anything that they sell. So, it's really important to us because, obviously, again, we want to maximize everyone that comes to our platform. And as you cover the space really closely, there's only a few cash buyers that are buying at volume out there right now. And the cash offer is more important than ever. The sellers are getting accustomed to having a seller -- a cash offer on their home before they figure out which path they want to choose. And so, there's been -- it's been a really good partnership with us in the agent.

So, we like to -- we want to find the customer where they're at. If they're through an agent, that's great. We'll meet them there. And if they want to come to us directly, that's great as well. But we want to meet them where they're at and make sure they get a full solution of services that works for them.

Michael Ng: Right. And there's no reason for somebody who's a prospective home seller to not start with the cash offer.

Brian Bair: We -- [tell everyone] you know. Yes, I agree.

Michael Ng: That's great. And you did touch on Direct Plus, right, which is Offerpad serving as a marketplace, potentially having one of your institutional partners make a bid on the home capital light for you guys. What are you seeing on the institutional demand side, whether that be from SFR or long-term rental companies?

Brian Bair: Yes. The SFR over the last really couple of years, this has been -- it's been a hard environment, challenging environment for them, like it has been for everybody else. And so, we've seen really up until really low -- probably an all-time low volume of what we've seen them acquire. We've seen that change a little bit lately. We're starting to see some different -- some people get more into the game. And I'll say one thing they haven't been completely off in the SFR world, just what they're willing to pay that meet their yields has been. So, they've been bidding, but it hasn't been something that a seller will accept, or we can normally pay more. And what I love about that platform in normal times and when it turns back on and it will, it's just either tomorrow or who knows, right? But it

will turn on and turn on really quickly. The -- I love the idea of the seller coming to us, and we can really give them those solutions. And so, for example, if one of our partners can pay more than Offerpad can pay, great. Let's get them the most money for their home. And it works out great for us. We make a service fee. And then if we can pay more, great, we can buy the home.

So, the thing that's also -- just one thing to add on that is that the big five on the SFR world are really important. They have about -- but if you think of it this way, they still only have about 2% market share, as much incredible of growth that they've had over the last 10 years. And so, we're also laser-focused on the mid- to lower volume investors as well, because what you realize in real estate is everybody has certain areas that they're willing to pay different prices for or have more value to. And so, we want to try to -- as we keep expanding our partners within our Direct Plus channel, which is great because in some areas, we're down to people that specialize in just certain communities that -- it's an older product in that community. They want to buy it and completely do 100% refresh on it, and they're willing to pay more than anybody else. So, it really finds a great solution for the customer, too.

Michael Ng: That's great. I did want to go back to a macro question just around mortgage rate declines. What level of mortgage rates do we need to see for us to get back to mid-cycle existing homes sales? Is there a number in your mind?

Brian Bair: Yes. I mean listen, the number that's always been -- like kind of from when this all happened is, if rates could get into that from the 5.5% to 6% range, I think that would be a really good spot that you're going to see the activity. And this isn't just me saying this is some of our builders and some of the builder partners we're talking to and others where they [fill] in. But I think that's kind of the sweet spot, especially with the equity they have in their home of where they're going to give up a 3.5% mortgage potentially for a 5.5% or 6%, I think you're going to start seeing more activity on that end of it.

Now there is a -- obviously, there are some other things that play into that. But that's what we're hoping to see there. And again, I'll say I'm hoping to -- I want to see that sooner than later so we can start seeing some of the supply come off the markets and start to move through.

Michael Ng: Great. Let's talk about some of the operational initiatives. Last quarter, Offerpad announced that it expects to generate \$35 million in annualized cost savings this year. What's driving these cost savings? How do you balance cost reductions with investing in the business? And obviously, the company continues to evolve, like where are some of the pockets that you can pull back from, so you can invest in others?

Brian Bair: Yes. No. And it's great, we have been laser-focused on just our cost structure overall. We went into hyper growth so fast. Now we're focused on, okay, listen, let's -- right now as we're -- as our volume is lower than we would like right now, but the lower volume, when it does turn back on to have the efficiencies and using that through our technology efficiencies and head count efficiencies, our marketing efficiencies. So, really figuring it out. So, when we scale again, we're going to be that much smarter about what we've learned from the first time and that much more efficient. So, I think over the last two

years, we've almost -- we've almost taken about \$100 million of costs out of the company. And we can do that.

A lot of them are variable costs for -- so, it's leading to the volume that we buy. And so, - but also there's a lot of efficiencies that we're building out, which you mentioned Reno Captain and some of the other things that we're doing, that also really leads to head count efficiencies as well. So, we're really excited about what we're doing there.

Michael Ng: Great. And what's Offerpad's marketing strategy right now? I mean I don't think anybody would fault the company for pulling back on marketing spend when the U.S. housing market is kind of along the bottom?

Brian Bair: Yes. And this has been -- this is -- so, we're really leveraging -- right now, we're not focused a lot on brand. Normally, you'll see there's two different marketing channels, you have brand awareness. And then you have basically your call to action marketing campaigns. Right now, we're focused on our call-to-action marketing campaigns and then our -- really our B2B partnerships. So, that's through the agent community, that's through our builder partners. And so, really leveraging those partnerships. We have a partnership with realtor.com. Those are the kind of things of where we're focused on that.

On the brand perspective, it's just -- it's interesting. I mentioned earlier that we're seeing - I'm really happy with the amount of requests we're seeing come to Offerpad, but that's because of years of our brand awareness in our markets. And so, there's definitely -- it does pay off, but in moments like this, especially with the seller that we're identifying, it's the call to action. So, we've been really focused again on the partnership side and the call to action. Again, that's all short term. We will re-ramp again when it's time. But for right now, we're laser-focused on cost and really our CPL and the cost efficiencies and our CPL is one of the lowest it's been right now. So, we're really happy with that, too.

Michael Ng: And if we could tie that all in together with what you guys have said around your EBITDA outlook, which I believe is sequential improvements throughout the year, how do you think about the time line to getting to EBITDA profitability and do you still feel confident around the sequential EBITDA improvement there?

Brian Bair: We are making tremendous progress and shout out to our new CFO, Peter Knag, came in. He's been awesome, and helping me cut the cost and where we're going to be. And the focus is getting EBITDA profitable, but then net cash flow positive after that. And you're not going to do that just from cost-cutting efficiencies. You're going to do that also from our four product lines and expanding those and like what we're doing on Reno Captain and some of the other things.

And so, we're going to continue. But I really like where we're at on this end of it and especially with mortgage rates dropping and things. And -- but like I'll say again, is that the easiest thing for us to do is to turn on acquisition volume. We have the amount of requests now to go back to where we were at really our peak. It's just we're choosing to be disciplined now. And so, as soon as we see some of the things I mentioned before in that market, we can turn that on and we'll be ramping and growing really quickly again with a different level of growth, like I said, because we're in markets like Oklahoma City

right now and in Minneapolis doing just renovations. Those are both markets that we want to be in across the board for all of our product lines. But just with renovations right now, now it's going to be a much easier transition to transition our other product lines into those markets.

Michael Ng: And that clarity that you're looking for in the housing market to lean more heavily into it, is it clarity into what's going to happen with pricing, to your point, we don't know if it's pricing or mortgage rates or both?

Brian Bair: What really the -- and I'll start with a really simple way to explain it and then will go a little deeper. But simply right now looking for buyer demand because what the biggest mistake you can make in a market like this is trying to buy more inventory to solve the buyer demand problem. Well, that's only going to -- that's always -- I'm really happy with our overall health of our portfolio and our -- what we call tail inventory, homes we owned under 180 days. We've done a really good job managing that. We want to continue to do that.

So buyer demand is key. We want to see what's going to get buyers back off the sidelines from a mortgage rate drop, right? And we'll be watching that really closely. And then from the other side of it is, like I mentioned, if there's a really good opportunity for us, if home prices do decline, there's actually an opportunity to be a buyer in a buyer's market. It's a really good place to be. So, we're looking for -- is that going to -- so, that's where we're watching it really closely before we completely jump back in right now.

Michael Ng: Great. That makes a lot of sense. Let's go back to the NER settlement. I think Offerpad is in a very unique position to have a view on this. There is a settlement that made buyer commissions no longer mandatory and kind of reinforce the negotiability of it. Offerpad has buyer commissions as a cost, but also presumably some of the service fees kind of geared off what the brokerage commission rate is. So, what's your view on the impact of this ruling? Are you seeing buyer agent commission pressure and is this a good thing or bad thing for Offerpad?

Brian Bair: So, overall, I think it's a very, very good thing for Offerpad. I think there's two places you want to be with the new -- with kind of this new world. You want to either own the home or you want to be listing the home. And those are two things that we do. And so, I believe -- now this is just my personal belief. I believe what you're going to see America look a lot more like Europe that you're going to see just more of a listing commission. And buyer commissions are -- and I'm not saying that's happening overnight, but you're going to see over the next one, three, five years, whatever it's going to be, buyers getting more and more comfortable to working with the seller's agents directly without a buyer's agent because what's going to happen is you're going to have the seller's agents, the person listing that home, they're going to have people on call, they're going to be opening that door for buyers that come in without the use of a buyer's agent. And it kind of where it used to be buyer's agents were doing that. So, I think that's going to be turned upside down.

We have the ability with our homes with instant access, buyers can access our homes immediately through our app, which they love that, the ability so they can send us an

offer directly. So, I think the -- right now and what I kind of jumped out over that is that what's interesting is that there's so much confusion right now with this new thing that happened. And I think it's the 17th of August that everything kind of switched over, and you have sellers and buyers that don't know -- they all think they're going to have to -- they're going to save money somewhere. They just don't know how and where. So, they're reading the headlines on that. But then you have a buyer's agent. And just to be clear, now a buyer's agent from even a couple of months ago, if I was going to go show you a house, I would have to have you sign a contract saying, I'm going to show you this house. And if I don't get a commission from the seller of 2%, you're going to have to pay me directly.

So, buyers are taking a -- they're taking a hard look at signing that contract and going, I don't know if I want to sign the contract. And so, there's a lot of just -- there's a lot of kind of turmoil that's happening there. Now that will solve it. It's going to work itself out. But for right now, we've paid hundreds of millions of dollars in [COBRO] commissions over the last several years. And it's our biggest pass-through fee. So, I think there'll be an opportunity as more buyers come to us directly.

Now in saying that, again, we want to meet buyers where they're at. If they wanted someone to represent them, and we're okay with that, too. We're going to pay a COBRO commission. But I think overall, long term, it's going to play well, not just for us, but for listing agents who are heavy on the listing side and/or people who own homes. I think that overall, that's going to be -- it will play well to that.

Michael Ng: Yes. And do you have a guess or an estimate on what that buyer broker commission rate is going to turn to over time? And where is it today? Is it like 2.5%, [2.6%]?

Brian Bair: Yes. It's interesting. People talk about 3%. It's really been 2.5%, I feel like for a long time. It's a little bit like the listing commission, people always said 6%. And for the last 15 years, listing commissions have been around that 2% fee and you very rarely see 3%. But I think where -- and listen, what I'm guessing here, I think they're going to settle in at the 2% to 2.25% range probably. And I do think over time, though, is I do think they'll go lower than that. But I think for the short term, you're going to start seeing it settle around that 2%.

There's a lot of questions that sellers and buyers are going to have they've never had to answer before because sellers have always thought, I just pay a 5% or 6% commission and then it all gets taken care of. Now sellers are going to have to really look at them and go, do I want to pay a COBRO commission -- or should I challenge my listing agent to go, hey, you want to list my house? You don't need anybody's help go do it yourself, so I can save that money. It makes sense. And so, there's all these different things and choices that sellers and buyers are going to have to have.

I do think it's going to settle around the 2%. But I think, like I said, long term, I think we're going to see lower than that.

Michael Ng: Yes. And have you seen an acceleration in buyer agent commission pressure since the NAR settlement or even the suit, right, back in October of last year?

- Brian Bair: Too early to tell right now. Too early to tell. We're getting a lot of sellers and buyers, for example, even ask about our service fee. Hey, is your service fee -- because now you don't have to pay a COBRO. People are getting smart on that, which is great. I am -- and really, one of the reason that Offerpad exists is I love sellers and buyers. The more information they have, they're going to make smarter decisions. They just got to -- you got to simplify what they're going to do, what the best path is for them, similar with the agents in the commissions were seeing.
- In some of our markets, we're seeing COBRO commissions come down to 2.25% in some of the markets. But I think what you're having right now is from a seller perspective and the brokerage commission. I don't think anyone wants to be the first one to start offering lower commissions. And so, I think everyone's kind of wait and seeing right now of what happens. But I think over time, I think you're going to see a challenge again coming through the -- especially with seasonality.
- The other thing that as you see inventory amount up in some of these markets. You're going to see -- you're going to see listing agents get more like, let's pay a bigger COBRO to hopefully drive more traffic to our home so we can sell our home before some of the other ones. And so, I think you're going to see a lot of uncertainty for this year. I think it'll start settling down in the first part of next year. But I think right now, you're just getting everyone getting used to like what they're going to get paid.
- Michael Ng: Yes. And maybe one last one on this, just as somebody who's very tied into the industry. Are you seeing this requirement of buyer agency agreement requirements before showing, actually, causing a lot of disruption and like just people seeing homes?
- Brian Bair: Yes, it really is. You could almost see our showing activity from the 17th on, I think it's the 17th, so don't quote me on that. But when it basically got announced, you could see our showing activity slow down a little bit because, again, that next day a buyer's agent would have to, again, say, you have to sign this, and you would on the hook if the seller doesn't pay. So, that's a lot to sign and such a culture shock from what they've seen over the last several years, right?
- Michael Ng: You had to do nothing, or you'd just show up.
- Brian Bair: Right. And that's where. And so, they're even -- there's different things to talk about, we'll do a one-day listing agreement. We'll do a one house list -- or I'm sorry, showing agreement or one house. The problem is with that, you're still going to have to be on the hook. Someone's going to have to be allocated to pay the agent money. And so, again, but that will evolve, you'll see different things and people get smarter and really what they can and cannot do. But it's -- you're definitely seeing it.
- Michael Ng: Very cool. Why don't we wrap up and talk about what you're most excited about the company, long-term vision. We obviously talked a lot about some of the new initiatives or whether that's Reno Captain, some of the changes that are happening in the industry. Where are you most focused?

Brian Bair: Yes. Listen, the -- what we're most focused on right now is really the four product lines and getting those ready for when the market turns again, and they're ready now. And so, I'm very, very excited about what we're going to see in growth when those turn on. Like for example, everyone looks at us as an iBuyer right now. And there's a future that less than 50% of our volume can come from our cash offer business, it's coming from other business channels. And so, very, very excited about that.

I'm excited like right now, we're still hyper focused on the onetime transaction with that seller or buyer. You're going to see us, over time, look at that customer for the next 5, 7 to 10 years and be part of that journey for the long term with them when it's time to refinance their house, it's just time to do renovations, whatever it's going to be, we're going to be living with the. So, those are all things in the future I'm really, really excited about.

Michael Ng: Great. Excellent place to cap it off. Thank you very much for joining us, Brian.

Brian Bair: Thank you. Awesome. Appreciate it. Thank you, everyone.