

REAL ESTATE BROKER'S INSIDER

Management and sales tools for the residential real estate broker

Business Models

British discounter plans ambitious expansion into U.S. market

Purplebricks Group, a company that has ruffled feathers in Britain's real estate market, says it aims to spend \$60 million to expand in the United States.

The company launched in the United Kingdom in 2014 and gained attention by charging a flat fee of about \$1,000. Purplebricks later moved into Australia. Now it's targeting an even bigger prize — the U.S. real estate market and its estimated \$70 billion in commission revenue.

"Our customer proposition of high-quality service and value, delivered through the combination of technology and people, is driving irreversible change in the U.K. and Australian markets," Purplebricks Group Chief Executive Michael Bruce said in a statement. "We are confident that with our understanding of the U.S. market and our experience from having already launched in two markets, Purplebricks can build a significant business in what could be one of the most fascinating and rewarding real estate markets in the world."

Purplebricks, which trades on the London Stock Exchange, says it aims to launch in the United States in the second half of 2017. Purplebricks didn't say which geographic areas it will target, but the company noted that five states — California, Texas, Florida, Illinois, and Ohio — account for a quarter of the nation's transaction volume.

Like many disruptive brokerage models before it, Purplebricks promises to make such a big marketing splash that agents won't need to worry about cold calling and door knocking.

"The Purplebricks model should allow agents to spend more time focusing on looking after customers and selling homes, rather than a significant proportion of their time being taken up prospecting for the next listing," the company said in a statement. "This is possible because a sustained marketing and advertising campaign is intended to drive listing appointments."

Purplebricks has aired a series of cheeky adverts in Britain touting its low fees. In one spot, two women chat over tea about one woman's recent home sale. The other asks if she used Purplebricks.

"Aren't they just online?" the seller asks.

"No they're proper estate agents, real people," the friend responds. "They just don't charge commission."

Looking stricken, the buyer plops face down into a cake.

"Ahhh, commiseration," a narrator says. "The misery you feel when you spend thousands on commission but got nothing more for your money."

It's unclear how Purplebricks' model will differ from other brokers that have touted technology, marketing and a better deal for consumers.

www.BrokersInsider.com

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“For the Realtors we recruit, Purplebricks presents an exciting new platform to build scalable, profitable businesses in their own dedicated regions, supported by our strong technology infrastructure and marketing reach,” Bruce said in a statement. “For U.S. customers we are seeking to offer a better deal in selling and buying their homes, with a more convenient, transpar-

ent, and cost-effective service.”

Purplebricks says Eric Eckardt will serve as its chief executive officer in the United States. Eckardt previously ran Owners.com, a discount brokerage run by Altisource Portfolio Solutions of Luxembourg. Despite Owners.com’s plans to expand aggressively, the company had just 200 agents as of the end of 2016, according to Altisource’s latest annual report. **REBI**

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36 Midvale Road— Suite 2E, Mountain Lakes, NJ 07046

Telephone: (973) 265-2300 • Fax: (973) 402-6056 • Email: info@BrokersInsider.com • Website: www.BrokersInsider.com

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