

# HOME SELLERS IN 3D

## REX debuts Hollywood-quality virtual tours with Malibu mansion

By **CAROL LAWRENCE** Staff Reporter

In its quest to replace traditional real estate brokers with a website, **REX** has a new tool: ultra-high-quality 3D virtual reality home tours.

The Westlake Village company launched in 2015, offering to sell homes for 2 percent of the sales price rather than the higher commissions charged by brokers. While video tours are nothing new in residential real estate, REX has taken the technology to a new level by partnering with Hollywood studio **Legend3D** to assure high production values.

And the first property to benefit from a 3D campaign is a \$57.5 million mansion in Malibu overlooking the Pacific Ocean.

REX Chief Executive **Jack Ryan** said his team screens potential buyers and mails virtual reality goggles to those with a confirmed interest in the property.

Selling a Malibu mansion with an asking price of \$57.5 million? Real estate company **REX** has a 3D marketing campaign for you.

The Westlake Village startup broke into the crowded residential real estate market in 2015 by offering to sell upscale homes through its website, charging a fee of 2 percent rather than the higher commissions of traditional real estate agents. Now it has partnered with a Hollywood production company specializing in virtual reality to bring high-quality home tours to potential buyers.

REX plans to mail **Google** Cardboard goggles to hundreds of people that its team has first identified as potential buyers based on several factors, including income and the value of their current home. While virtual tours that enable viewers to see and move through a home's interior aren't brand new, REX believes its process will bring a quality level to the experience appropriate for the price of its property.

Chief Executive **Jack Ryan** calls the strategy for the Malibu home proactive because his marketers are pursuing possible buyers rather than just posting a listing on the traditional listing services that most agents use.

"We can create a virtual reality experience, and send them the tool they need to have a virtual reality experience," Ryan said. "That's a totally different mindset versus putting a listing up on a website and crossing your fingers that someone shows up."



Merchants:  
REX's Jack Ryan  
and Ari Sternberg  
at property  
in Malibu.

### Luxury listing

It doesn't hurt that the first home to utilize REX's virtual selling technology boasts celebrity status and stunning visuals.

The 12,000-square-foot, Cape Cod style house at 33740 Pacific Coast Highway was designed by Malibu's **Burdge & Associates Architects Inc.** for the producer of the hit television series "Friends." And while it was built recently, it was never lived in, according to Ryan.

The property sits perched above the Pacific Ocean on a bluff with beach access, and its ocean-facing rooms provide panoramic views. The 2-acre property includes a guesthouse and a pool, and REX is co-listing it with **Coldwell Banker Residential Brokerage** in Malibu.

REX's virtual reality partner is Hollywood studio **Legend3D**, which until now has produced pieces for motion pictures and other entertainment companies. Partnering with REX plays into Legend3D's recent effort to diversify into other sectors, particularly residential real estate, said **Tim Johnson**, virtual reality producer. The Malibu home will help the company expand its profile beyond its typical \$200 million movie projects.

"We're looking to broaden that horizon, and a totally different market is one way to open those doors a little bit," Johnson said.

To create the virtual reality experience for the Malibu property, Legend3D shot numerous ultra-high-quality still images of

the inside and outside of the house rather than video, Johnson said. By using still images, the final piece could be high quality but still have a manageable file size.

Atop those images, Legend3D composited special effects such as adding moving flames to the fireplaces, and steam escaping from pots on the stove. The studio also designed navigational elements within the piece that matched REX's own logo and graphics style to help viewers move around.

Then it applied technology that blended the separate stills into a cohesive piece, and added 3D effects that give it a fully immersive feel so viewers think they are inside the home, able to look around and walk through it.

Real estate agents and firms have been marketing listings with varying degrees of virtual reality in recent years, Johnson said, but they are simple, often don't have the same degree of image quality and have minimal or no immersive feel because they weren't created using stereoscopic or other technology that tricks the human eye into thinking it's in a 3D world.

"Some end up with huge holes in the wall of a house because of how the camera was placed," he explained. "Maybe that's fine on a half-million-dollar home, but on a \$57.5 million home, they want Ruth's Chris (Steak House), not McDonald's."

Ryan agreed, saying that if the potential buyers of a very high-priced home see a lower



# Virtual Realtors

REX and a Hollywood production house partner on 3D marketing campaign for a \$57.5 million Malibu beach house.

quality video tour of the home, “they will blame the house.”

Virtual reality is a “game-changer” for the residential real estate industry, said **Nobu Hata**, director of member engagement at the **National Association of Realtors** in Chicago.

Agents have been using virtual reality for about four years now, Hata said, particularly now that goggles are commercially available. Models include **Samsung**’s Gear VR and the newest and least expensive device on the market Google Cardboard, selling for about \$20.

“If your value proposition is opening doors as an agent, you can use this as a disrupter,” Hata said. “Brokers use (it) as a marketing gimmick, as a differentiator.”

In addition to providing that advantage for the Realtor, the technology’s primary benefit is saving time for home buyers, he added, especially in Southern California where traffic can significantly slow down how long it takes to tour multiple homes in person. Instead, viewers can vet homes through virtual reality tours.

Sellers are also inconvenienced less because they only have showings for serious buyers.

The quality and technology are improving, Hata said, and it’s becoming inexpensive as most Realtors can hire a company that may charge as little as \$350 to produce a virtual tour, professional photos and a floor plan.

“You get back the return on investment of a simple \$350 every time because you’re doing a premium service, and in the housing market, you’re really standing out,” Hata said.

Potential buyers of the Malibu home identified by REX will receive Google Cardboard goggles in the mail, and be invited to view the tour on REX’s website. They will have to slide a smartphone into the goggles to get the full, 3D immersive effect.

**Victor Lund**, founding partner of the **WAV Group Consulting** in Arroyo Grande, which advises the real estate industry on technology, said that needing devices, such as goggles, is a deficiency that can cause virtual reality to be a novelty rather than a mainstream marketing tool.

“All it aims to do is to get someone to inquire about a listing, or get a showing,” Lund said. “It’s nice to have, but you can live without it.”

## Virtual investment

On the technology front, **Ari Sternberg**, vice president of digital marketing for REX, said his team had to decide where people should access the 3D tour – just the website, or on a device.

“We decided it was critical to have both – device-driven and web-driven,” Sternberg said.

Viewers need the goggles to view a fully-immersive, 3D tour of the home on REX’s



PHOTOS BY DAVID SPRAGUE

**Wireless:** Jack Ryan, left, and Ari Sternberg of REX in Westlake Village shows imagery of Malibu home while standing in bedroom.



**Curb Appeal:** Right, Ryan walks past the turquoise pool in the home’s backyard; above, a wall of windows and glass doors leads directly to the sand. If the 3D campaign succeeds in selling the home, REX’s 2 percent commission would bring \$1.2 million in revenue.



website. Those who don’t have the goggles can still view the tour, but it won’t be immersive, he said.

Also, despite the vetting of potential buyers, the first foray into 3D has been an expensive investment for both REX and Legend3D.

REX paid for the virtual reality production and for sending out the Google Cardboards at about \$10 to \$12 a piece, Ryan said. Legend3D paid for creating the custom effects and in hiring a consultant, while both spent a lot of time ironing out kinks in the process.

But if REX sells the home, with its 2 per-

cent commission rate, it would generate \$1.2 million in revenue, although REX shares the listing with the Coldwell brokerage.

“On this first one, we probably lost a lot of money,” Ryan said. “On the second, we hope the time (it takes) goes down on both sides.”