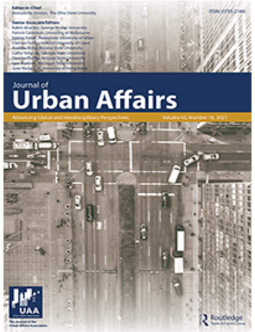

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BOOK REVIEW

Upsold: Real estate agents, prices, and neighborhood inequality, by Max Besbris, Chicago, University of Chicago Press, 2020

The majority of homebuyers in the United States—about nine tenths—use real estate agents to purchase their home, but social scientists know surprisingly little about real estate agents and how their work affects the assessment of houses. *Upsold* by Max Besbris successfully addresses this gap by examining how real estate agents guide buyers through the process of searching for a home. Besbris's focus is on "upselling," the tendency for real estate agents to subtly pressure homebuyers in expensive markets to raise their bids far beyond what they originally intended, thereby contributing to sky-rocketing prices and to worsening the housing affordability problem. He argues that in order to understand homebuying in general and upselling in particular, it is critical to take into account the role of the interaction between buyers and agents in determining the prices buyers are willing to pay and their preferences in economic decision-making more broadly.

Upsold makes three important contributions to the social science literature. So far, most studies of the housing search have focused on searches conducted by low-income renters; this one focuses on choices made by upper-middle to upper-income buyers. Second, this study looks at the housing search from the perspective of both buyers and real estate agents; previous work has concentrated on one group or the other. Finally, this book extends recent work by behavioral economists showing that economic decisions (such as home buying) are not fully rational and that preferences and aspirations are flexible rather than fixed.

Part I discusses interactions between buyers and agents: how buyers come to trust agents, how agents cultivate trust among buyers, and how these interactions produce price preferences. Part II examines how the impacts of the agents' work in shaping clients' preferences affect the geography of opportunity in cities. Appendix A describes how Besbris gathered the ethnographic and interview data, while Appendix B discusses the regression models utilized in examining the correlation between concentrations of real estate agents and both sales prices and changes in sales prices.

Upsold makes excellent use of the mixed-methods approach to probe the homebuying behavior of affluent and very-affluent households (mostly without children) in Manhattan and nearby areas of Brooklyn (many undergoing gentrification). Besbris observed interactions between 12 real estate agents and 57 buyers at open houses in the New York metropolitan area over 27 months beginning in January 2012, conducted follow-up interviews with 21 of the buyers who had made offers on houses, interviewed 57 real estate agents in and outside New York City, visited 87 open houses in New York and New Jersey, and attended real estate salesperson licensing classes at three different licensing schools. As a mixed-methods study, Besbris conducted regression analyses looking at the extent to which agents were concentrated in hot markets and the degree to which they drove up prices in areas that were already expensive.

Though most Americans use real estate agents, surveys show that they mostly distrust them. In order to establish their authority, agents in this study "badmouthed" other agents, emphasized the inaccuracy of information presented on websites, and rationalized their work as benevolent by telling buyers that they enjoy bringing vacancies to the attention of buyers to promote the health of neighborhoods and the city as a whole. A different story emerged, however, when Besbris interviewed the agents who acknowledged that it is the economic incentives (the commissions on home sales) that led them to become realtors.

Every one of the 49 buyers who purchased a home with the assistance of an agent engaged in "upselling." Upselling results from interactions between buyers and agents interacting throughout the sales process but is more pronounced among the wealthiest buyers. Wealthy buyers are the ones who can afford to pay above the median price for a Manhattan apartment (i.e., between $800,000 and $1,000,000). When working with the wealthiest clients, agents steer away from discussions of price and instead focus on preferences in building styles and amenities, avoiding any discussion of price. Agents ultimately convince wealthy buyers that if they spend more they will get more and that it would be worth it. In contrast, in conversations with less affluent buyers, agents speak about prices constantly, arguing that if buyers bid up offers slightly, they will be able to negotiate their way into homeownership.

Realtor practices (upselling and racial/economic steering) solidify the boundaries of neighborhoods and increase the degree of inequality between them. Besbris's regression analysis shows that the number of agents in a census tract is positively correlated with home values and increases in home values over a 5-year period. These results do not prove that agents drive up prices, but they do indicate that there is a link between an agents' location and the composition of neighborhoods. Besbris's experience in attending real estate schools established that they did not adequately prepare agents to deal with the complex and delicate issues of race and class: "instructors avoided discussing issues of race and ethnicity except from the exceedingly narrow framing of fair housing laws" (p. 102). In interviews, agents acknowledged their own racial preferences and the buyers' preferences, that is, to live in affluent, predominantly white areas. The agents believed it was their job to find homes in areas their clients wanted to live in and not to persuade them otherwise. Thus, even if the quality of real estate courses were improved, it would have little impact on existing patterns of income and racial segregation.

The future of upselling is uncertain. Until now, "higher prices [have] convinced buyers and agents that prices would continue to rise which in turn encouraged buyers to offer higher and higher amounts" (p. 118). However, recent market trends have pointed to a slowdown in investment in high-priced properties. Additionally, improvements in telecommuting since the start of the Covid pandemic have merged the home and the office, making center city living less of a necessity. Suburban and exurban residences have become more viable possibilities. Some surplus office space might be converted to housing for middle- and upper-middle-income people—thus pushing down prices. Nevertheless, current owners and realtors would have a continued interest in keeping prices high. How these two trends are resolved is an open question. Clearly, though, the conceptual framework and the mixed-methods approach used in *Upsold* will be invaluable for exploring these issues.

Max Besbris deserves a lot of credit for the amount of work that he put into the book—observing buyers and agents at open house sessions, conducting interviews with buyers and agents, attending real estate schools, and doing regression analyses. His hard work has paid off. *Upsold* is a highly readable book that I recommend to scholars, practitioners (including real estate professionals and planners), and the general public. Besbris's first book is a gem, and he has a bright future ahead of him.

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