

2023

State of the Title Industry

 A Report by PropLogix





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Foreword

Another year has gone by, and you do not need us to tell you that this one has been particularly tough for most title professionals. This year has been characterized by record-setting mortgage rate hikes, the continuation of unprecedented home values, and challenges with unregulated title insurance alternatives.

According to a Redfin report, 2023 is on pace to be the slowest real estate sales year since 2008. The struggle is real. We see it reflected in the data and in the words of our esteemed survey participants.

The title insurance industry has seen unexpected layoffs, early retirement, and numerous setbacks. But we have also seen a surge in creativity and scrappiness.

The good news is that this tough market will not last forever. Although things could get harder the longer we must ride out this dip, the market will eventually turn around. Business will pick up, and those that have hung on and even made improvements in the way of efficiency will come out on top.

We hope this report will help you plan for the coming year in terms of understanding where to put focus and how to prepare for the market's inevitable return.

Wishing you a prosperous 2024,

Lindsey Gordon
Director of Communications for PropLogix

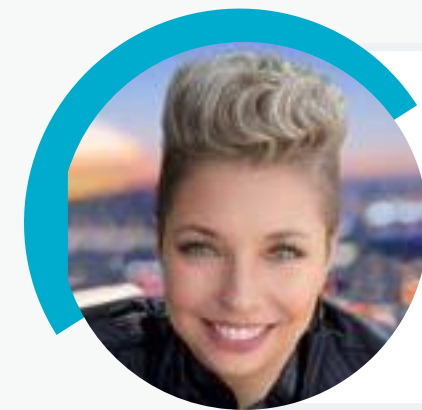


Contributor

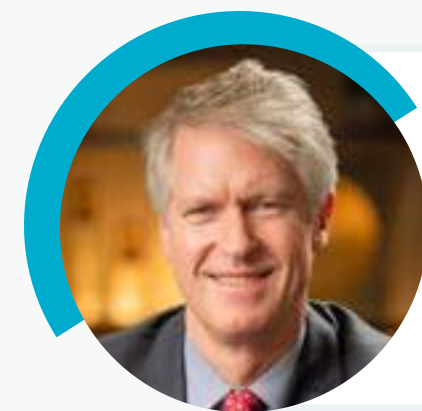
Acknowledgements

It is with deep gratitude that we would like to thank all our respondents; we couldn't have made this report without your openness and willingness to share your experience.

Additionally, we'd like to thank the following people for sharing their expertise on industry topics:



Andi Bolin
Stewart Title



John Dyer
Nova Title Agency



Deb Grace
AccuTitle



Brent Scheer
Advocus National Title
Insurance Company

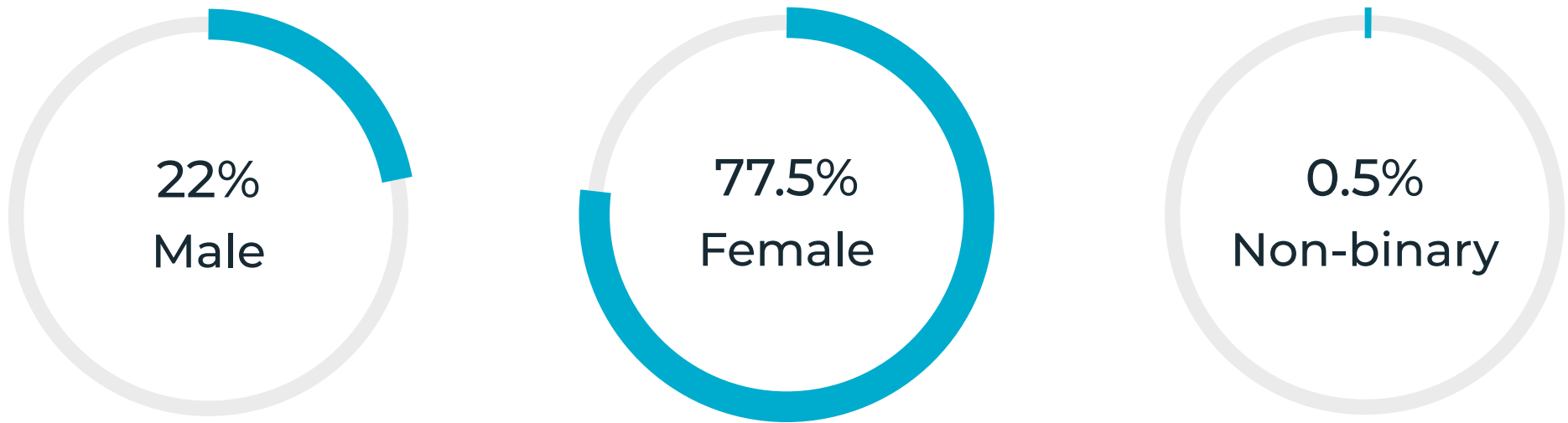


Diane Tomb
ALTA

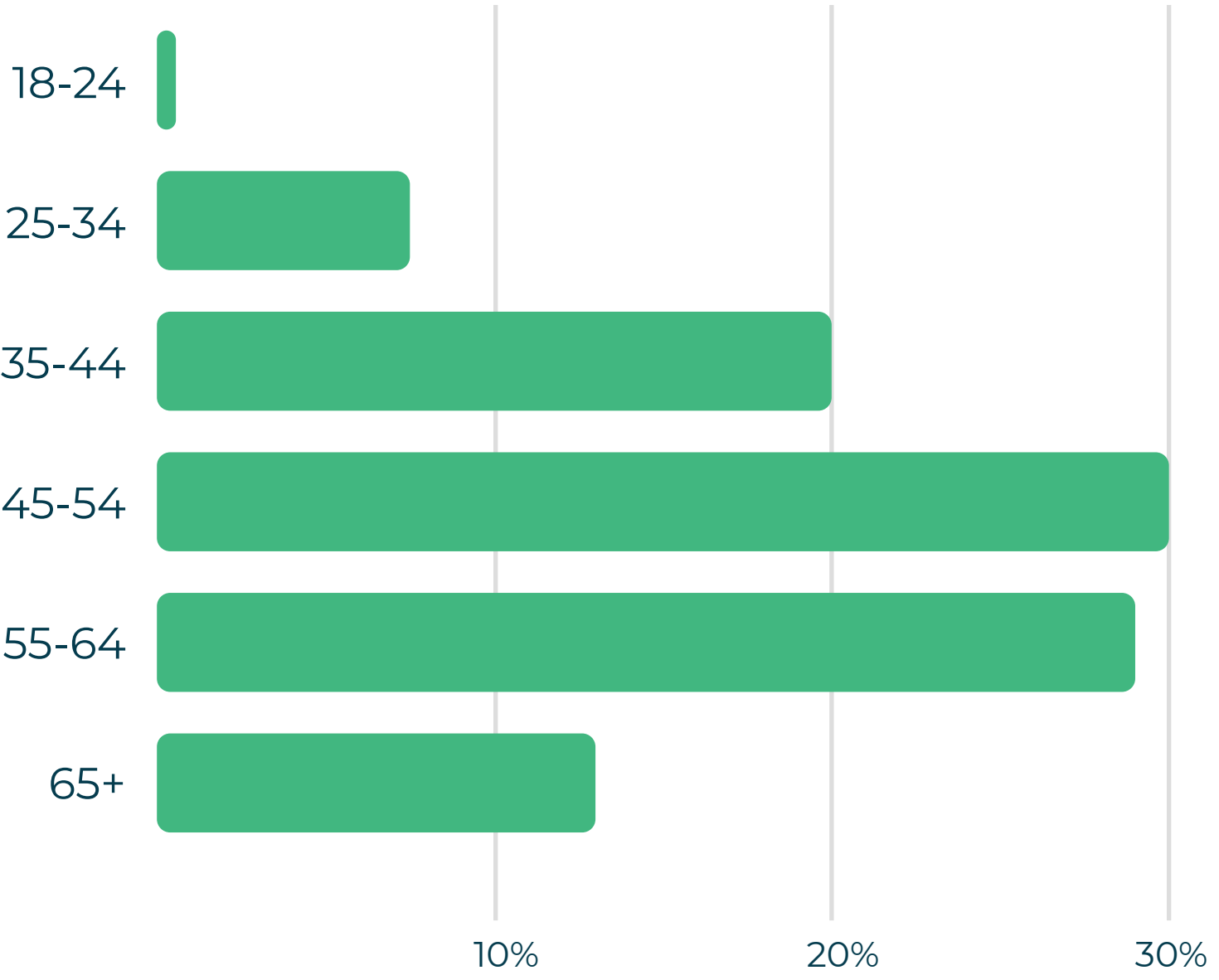


Respondent Demographics

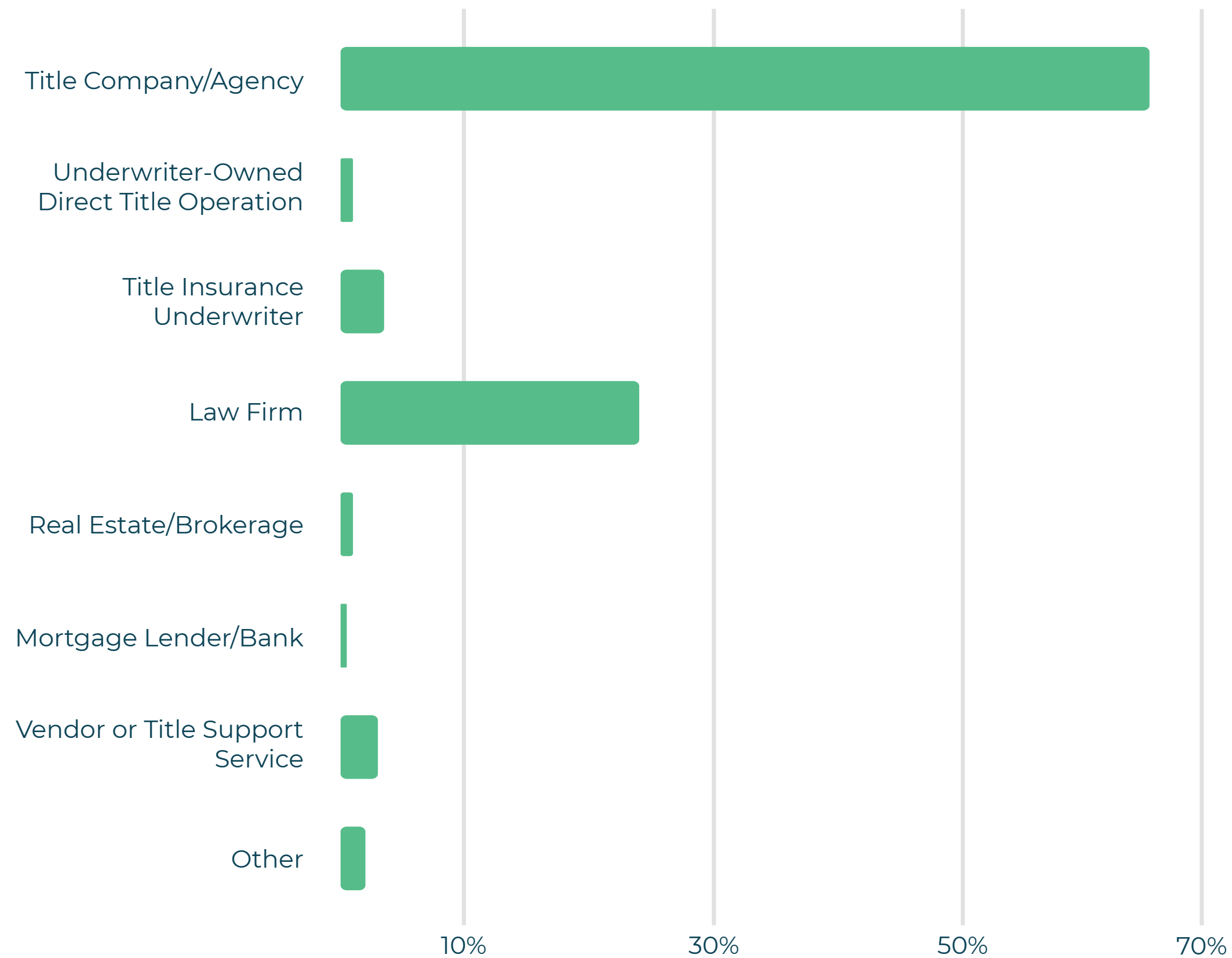
Breakdown by Gender



Breakdown by Age



What kind of company do you work for?



Demographic Takeaways:

- Mostly female (77.5%)
- 2-out-of-3 are between the ages of 45 and 64
- 65% work for title agencies

As the market remains challenging, some experts are seeing an increase in early retirement and mergers. Several respondents mentioned that they were gearing down the operation or planning to retire. Deb Grace (AccuTitle) spends a lot of her time speaking to agents all over the country, and she says it's a trend she's seen as well.

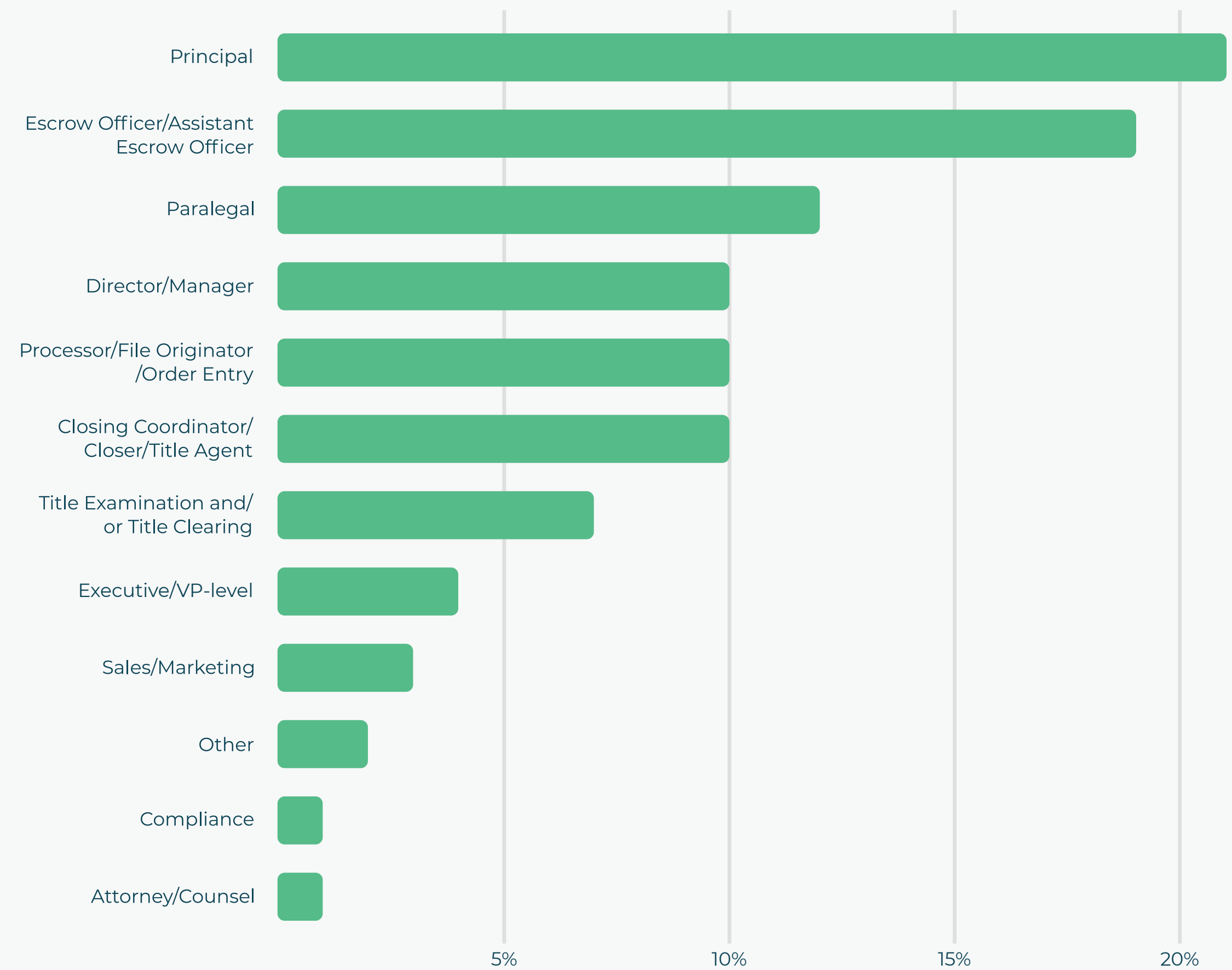


“People that may have been thinking about retiring in two to five years might be stepping that up.”

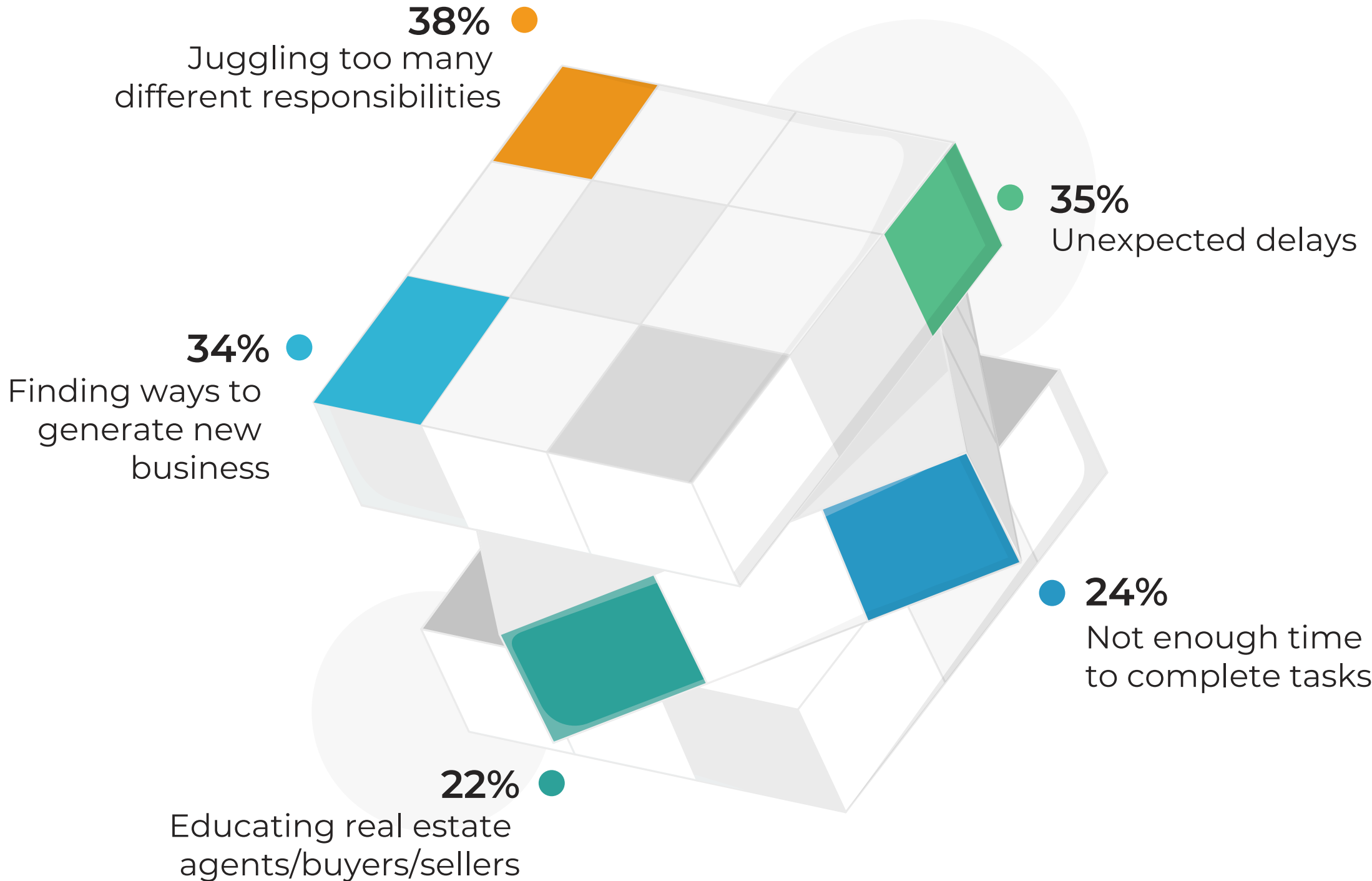
-Deb Grace, AccuTitle

Roles and Responsibilities

Which best describes your role in your organization?



What are the biggest challenges in your day-to-day job?



“Other” answers include:

“No responses from parties until closing day.”

“Agents scheduling at the last minute and not being responsive to questions.”

“Obtaining accurate information from agents in a timely fashion.”

“Closing dates moved up.”

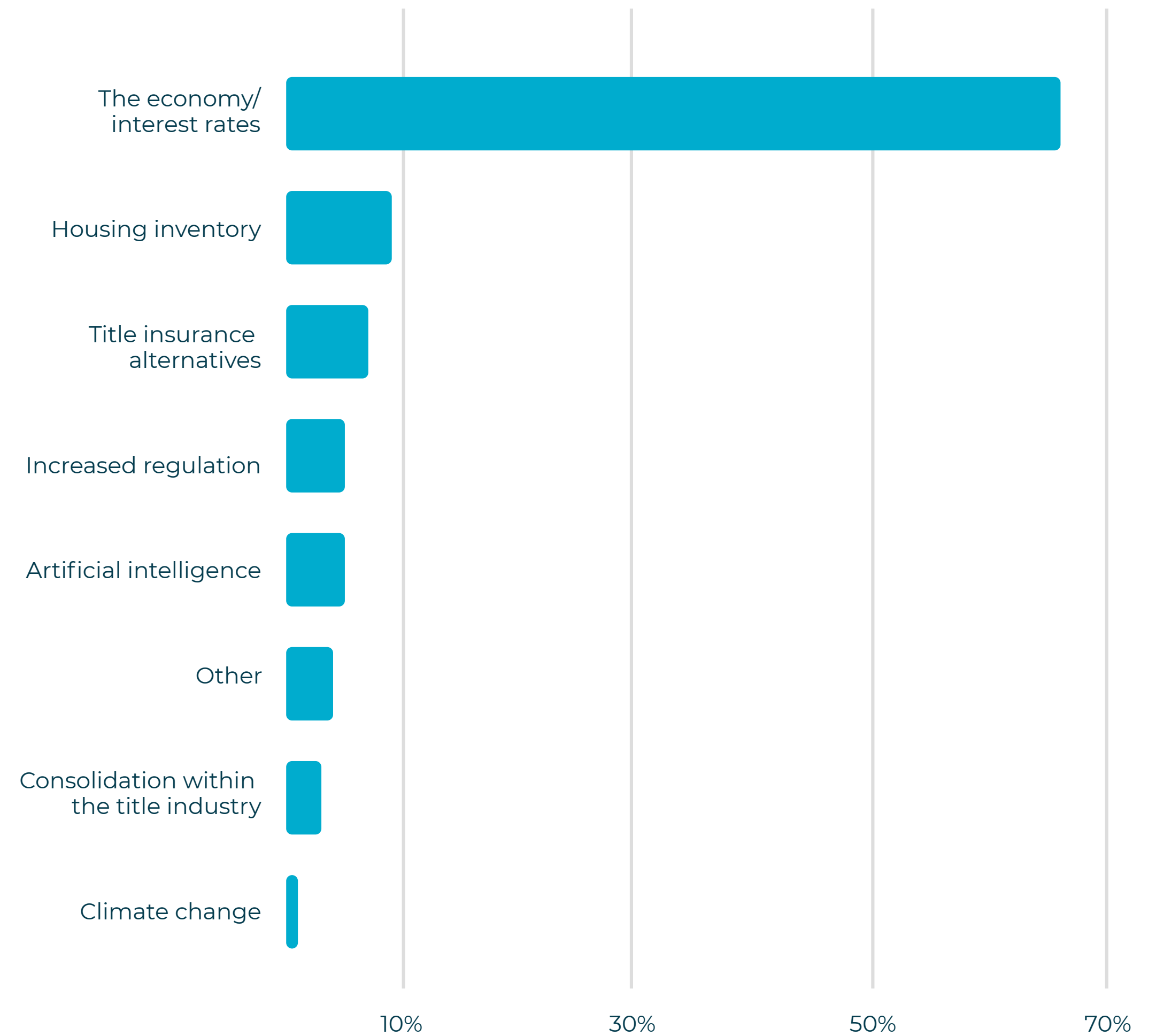
“Managing customer expectations.”

“Real estate agents with unrealistic expectations.”

Based on the written responses, we get a clear picture that title professionals are overwhelmed by the number of responsibilities and the tight deadlines, made tougher by less-than-ideal communication with real estate agents. In this role, they are faced with elevated expectations, but little-to-no control of timelines and deadlines. This duality creates a lot of stress and frustration.

An Uncertain Future

What issue concerns you most when it comes to the future success of your business?





At this point there still is no end in sight

for rate hikes. It makes a lot of sense that most agents (66%) are most concerned about the economy and interest rates. With 30-year mortgage rates hitting a 23-year peak in October, everyone is scratching their heads wondering, ‘when will it end?’

This prolonged period of uncertainty has forced layoffs and early retirement among an aging workforce.



From the Experts:

“The conversation is: ‘When do you think the market is going to change?’ If there was anything that I could wish for it would be a crystal ball, because I would like to give all of [my customers] reassurance that it’s not permanent.” - **Andi Bolin**

“The biggest challenge is retaining staff. Everybody is trying to find a way to retain their staff that they’ve already got trained that they want to keep and they want to preserve.” - **Deb Grace, AccuTitle**

“We know these are really tough times and sometimes it’s easy to just put your head down and hope you can get through it. But I think really stepping up and being part of the industry is valuable to all of us right now, particularly as we face some of these biggest challenges on the regulatory front.” - **Diane Tomb, ALTA CEO**

“No matter what the economy is doing, and especially in a turbulent economy, there’s always opportunity. You just have to go out there and find it. And if you make your calls and you’re active, and you take care of your customers, you know the deals are going to find you and you’ll be okay.”- **John Dyer, Nova Title Agency**



“These next six months are going to be brutal. So just get through it, get to March, and then it does look like there may be a light at the end of the tunnel.”

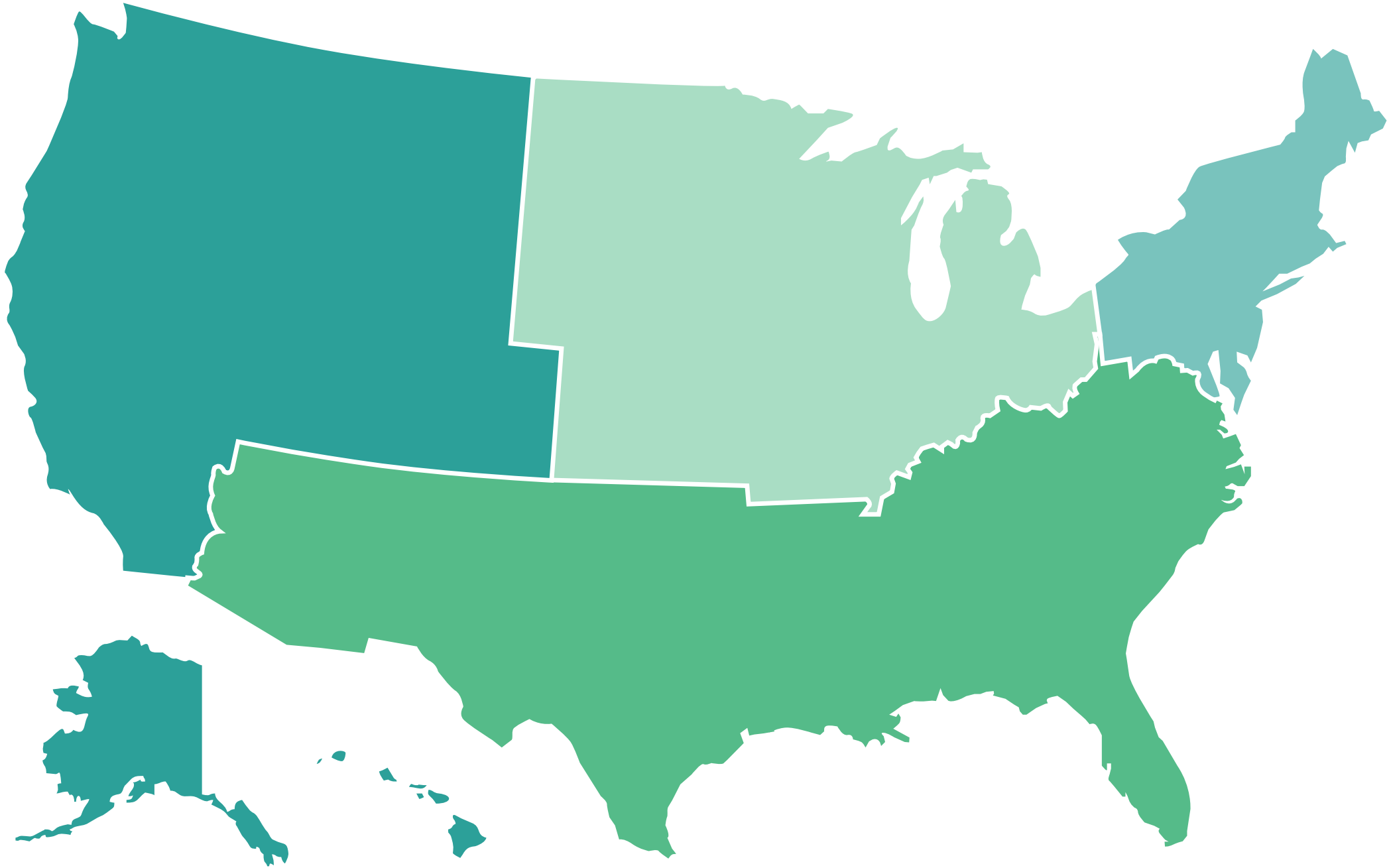
- **Brent Scheer, COO, Advocus**

Company Demographics

Does your organization perform closings outside your state?



Closings by Region



● 16%
West

● 22%
Midwest

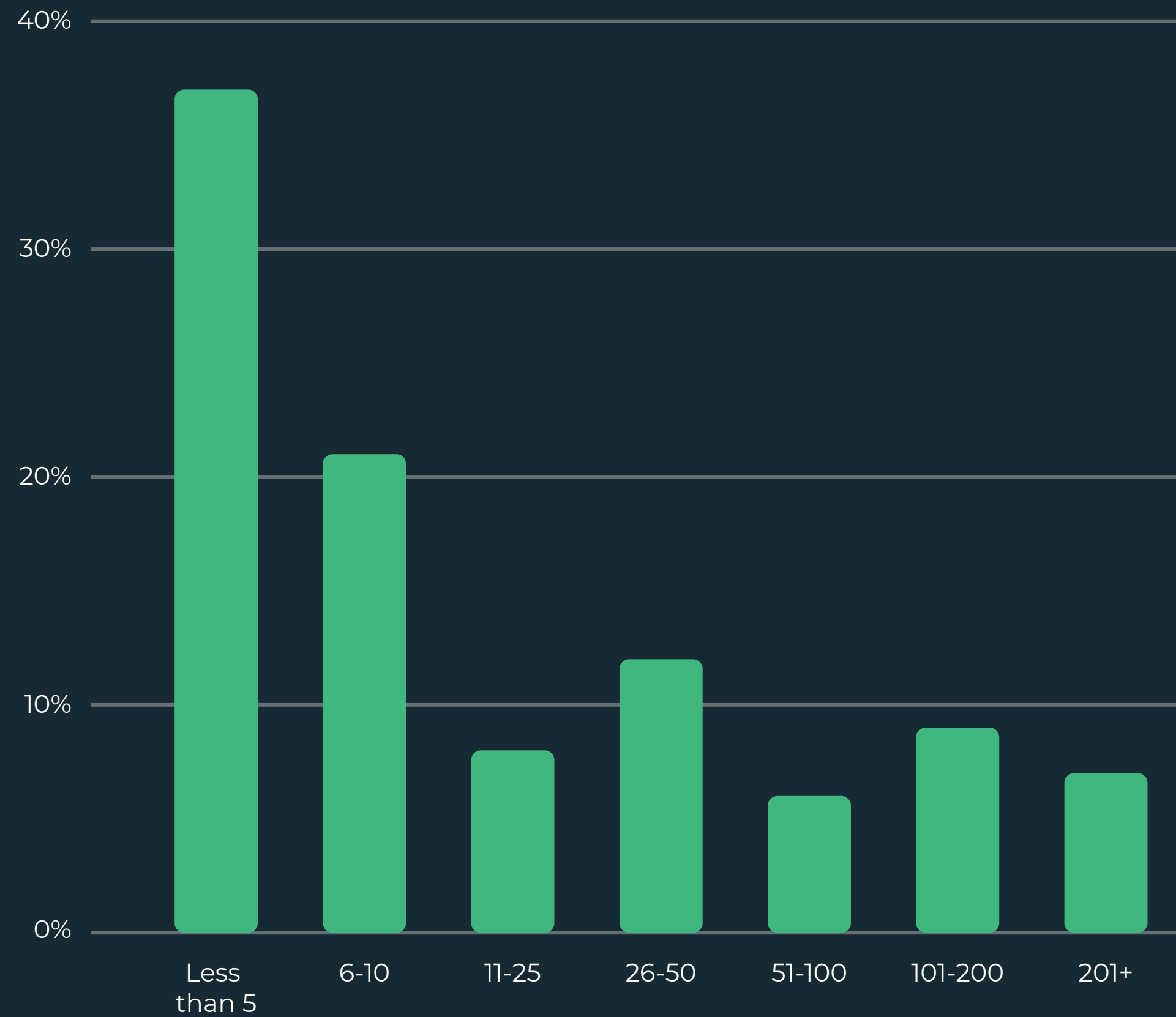
● 15%
Northeast

● 47%
South

Top 10 States respondents preformed closings in:

1. Florida (82.7%)
2. Michigan (15.1%)
3. Texas (13.9%)
4. Georgia (13.9%)
5. Illinois (13.3%)
6. North Carolina (12.6%)
7. Pennsylvania (12.4%)
8. South Carolina (12.4%)
9. Virginia (12.4%)
10. New Jersey (12%)

How many people work in your organization?



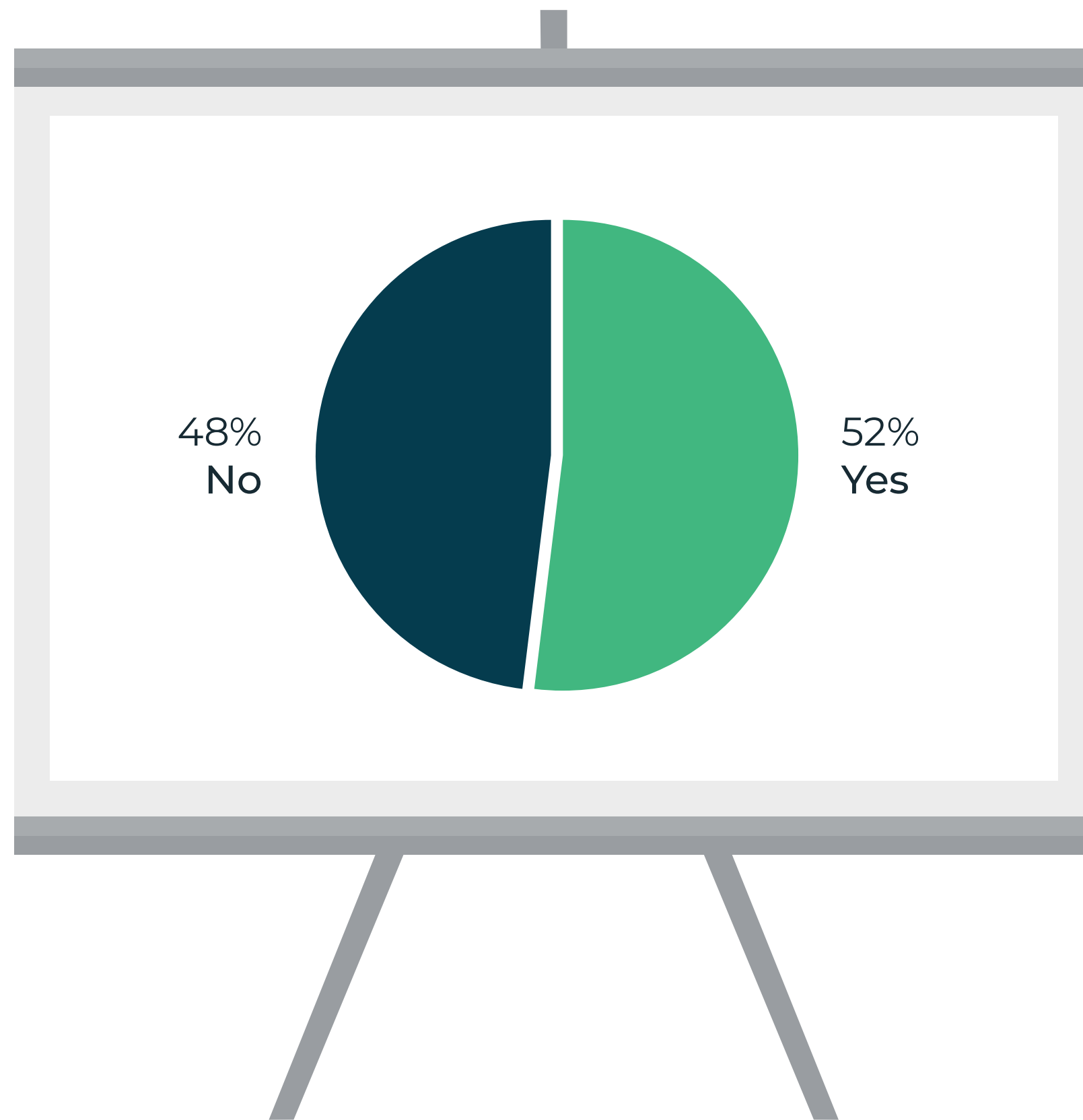
84%
Independent title
company or law firm

10%
Underwriter-owned

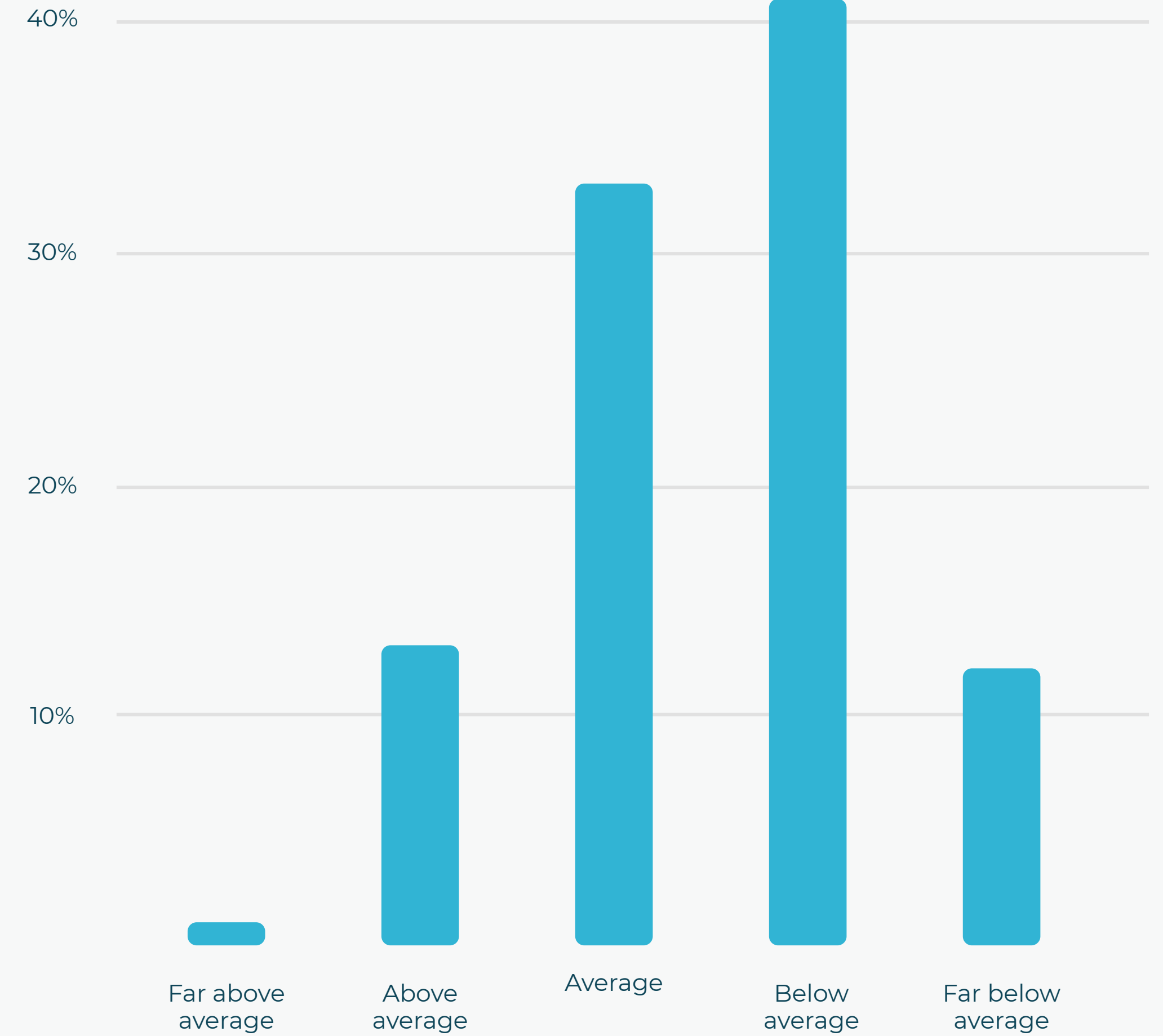
5%
Affiliated

What kind of title
agency or organization
do you work for?

Does your company or organization have people dedicated solely to sales or marketing roles?



How would you categorize your order volume so far in 2023?



Portrait of a title organization:



Fewer than 5 employees
(37%)



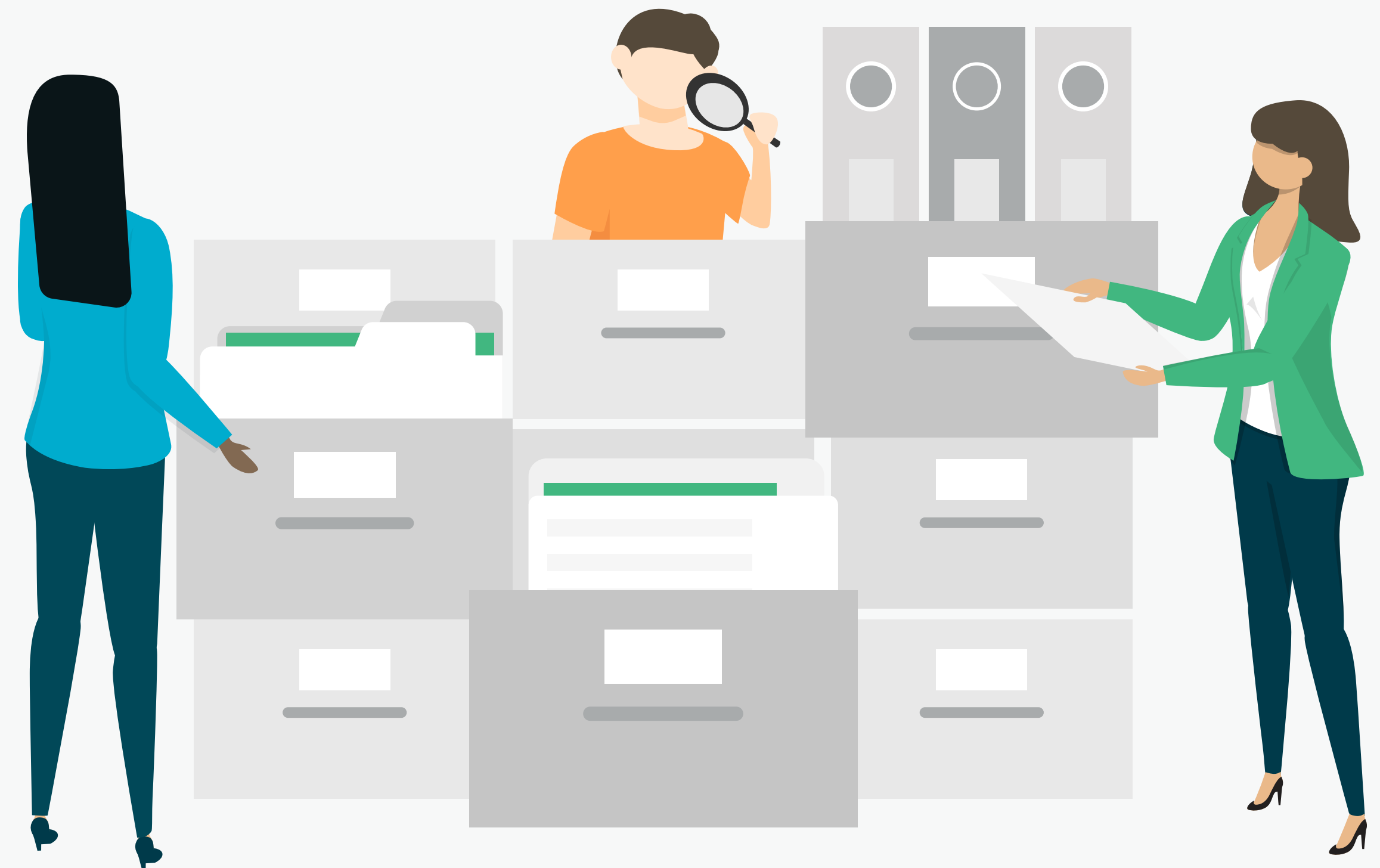
Independently owned
(84%)



Handling up to 10 closings a month
(22%)



Experiencing below average order volume
(41%)



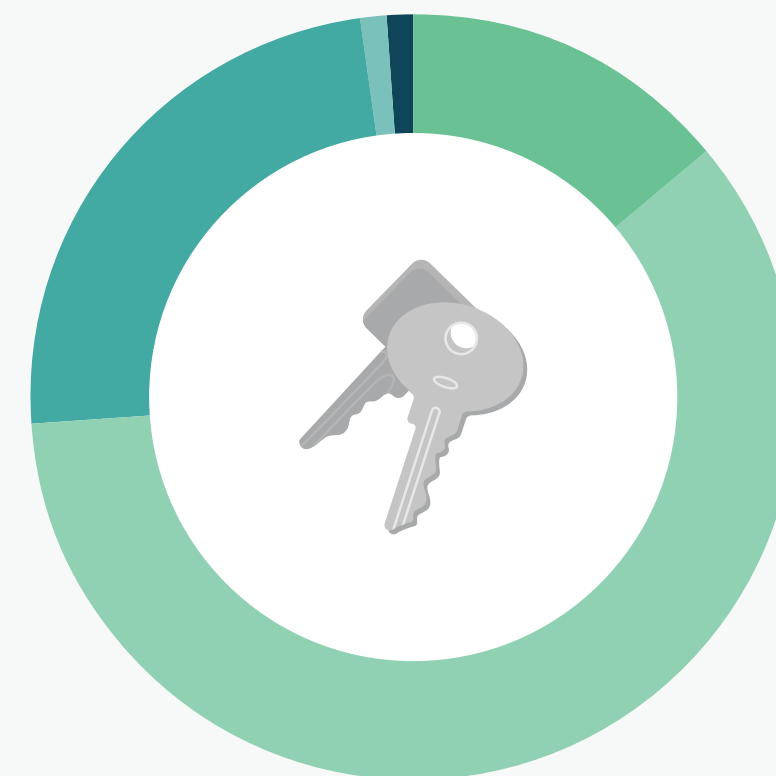
Order volume Challenges

53% of respondents are experiencing either far below, or below average order volume so far in 2023.

Among those who said that they were experiencing above average, or far above average volume 83% were based in Florida, where demand remains comparatively high as the state remains in a class by itself in terms of market strength. Ohio-based John Dyer says that they have faced challenges with the market, but believes that opportunity is still there: "There's still plenty of competition. Competition is good. I feel like there's enough for all of us."

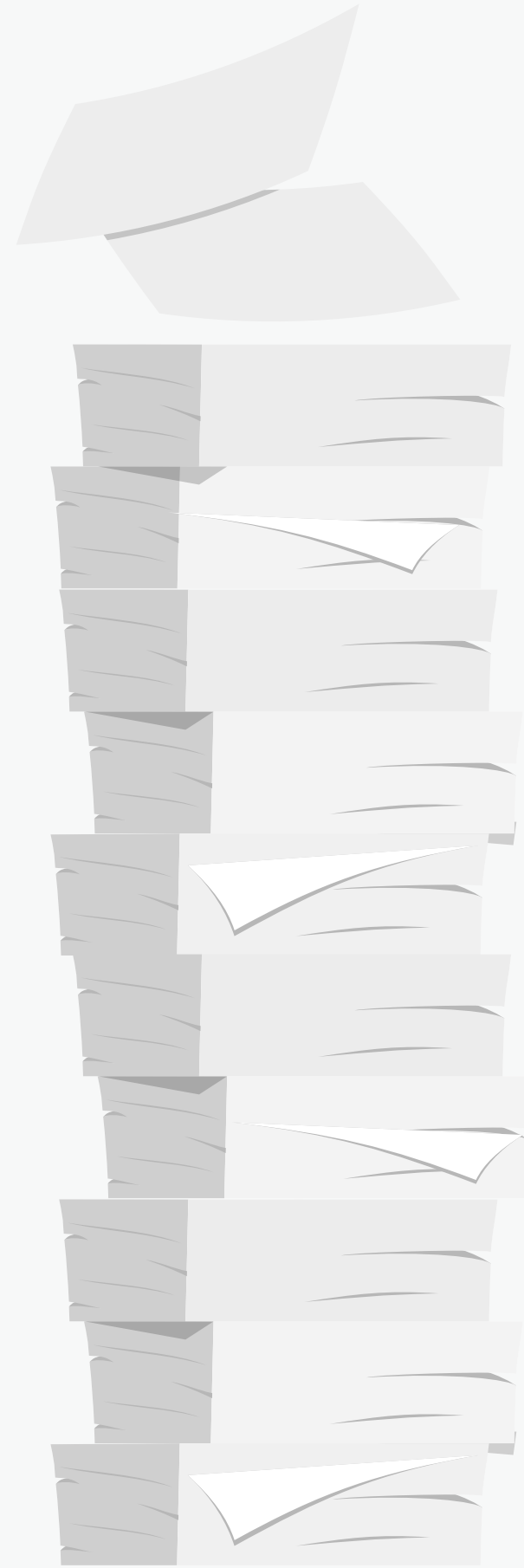
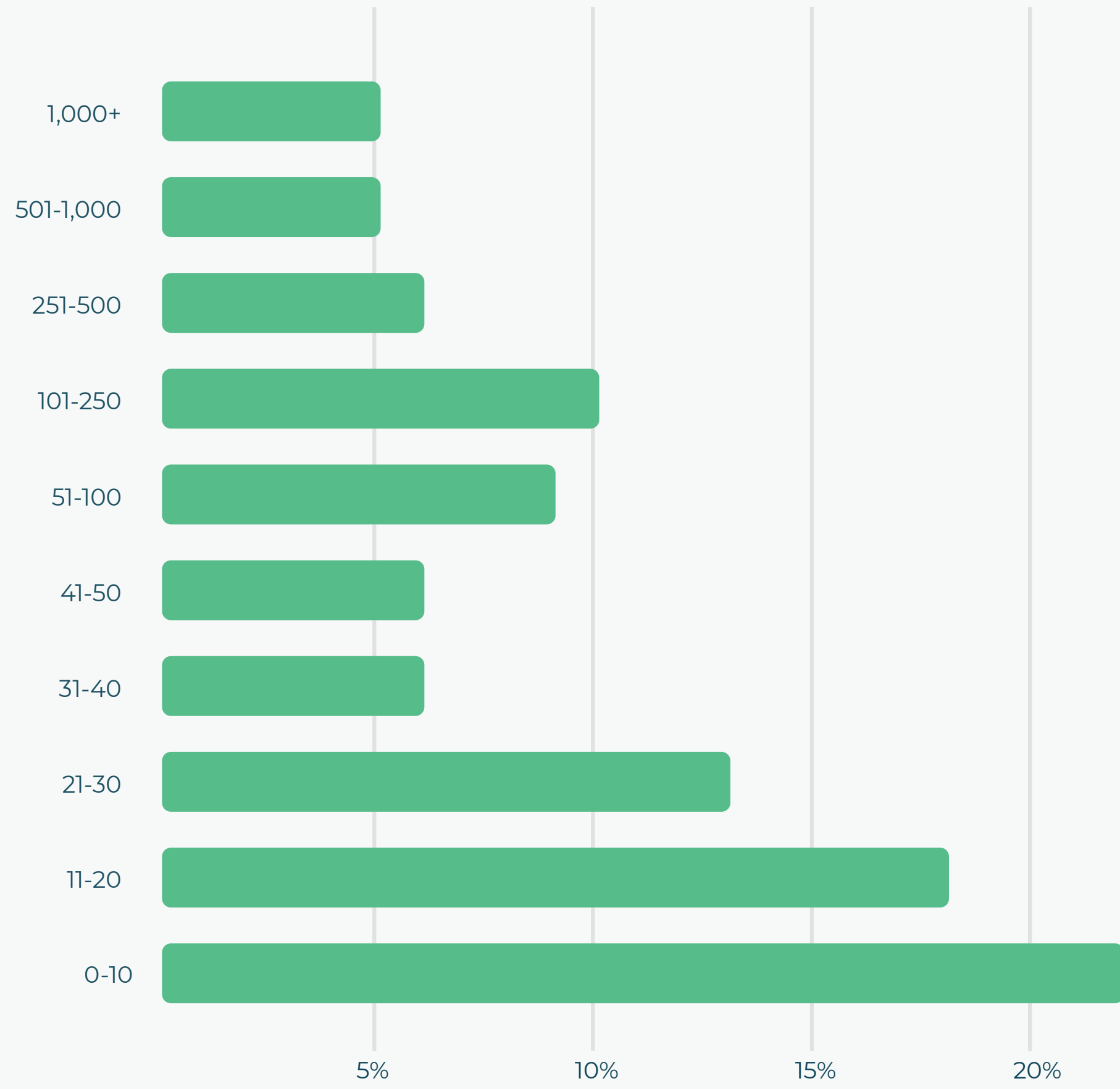
Respondents say commercial deals make up 20% of their total transaction number, a decrease from 2022's survey where that number was 26%. The outlook for commercial real estate is unlikely to improve as economists anticipate commercial transactions will continue to decrease through 2024.

How often do you issue both lender and owner policies for the same transaction?

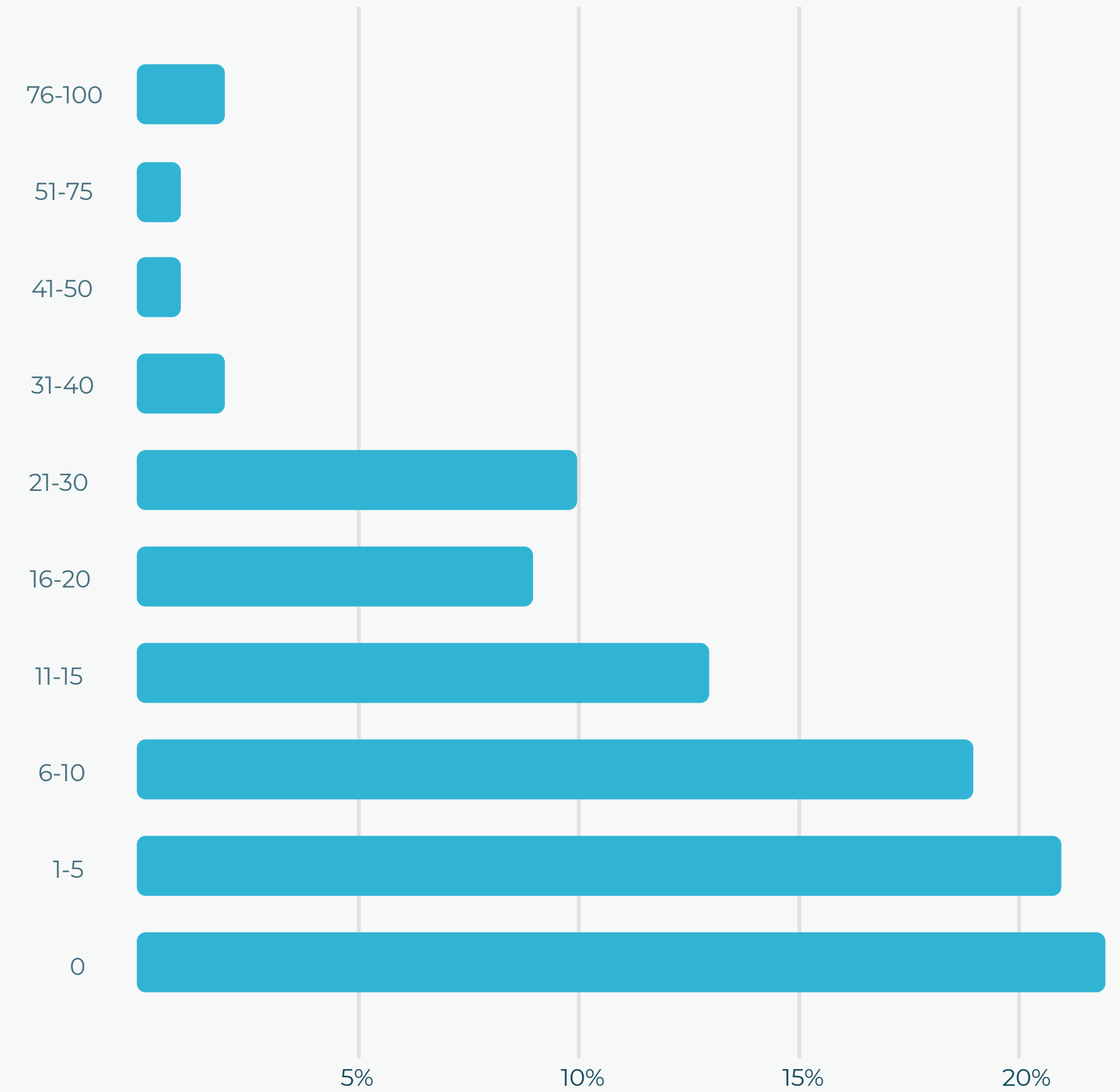


- 14% Always
- 60% Usually
- 24% Sometimes
- 1% Rarely
- 1% Never

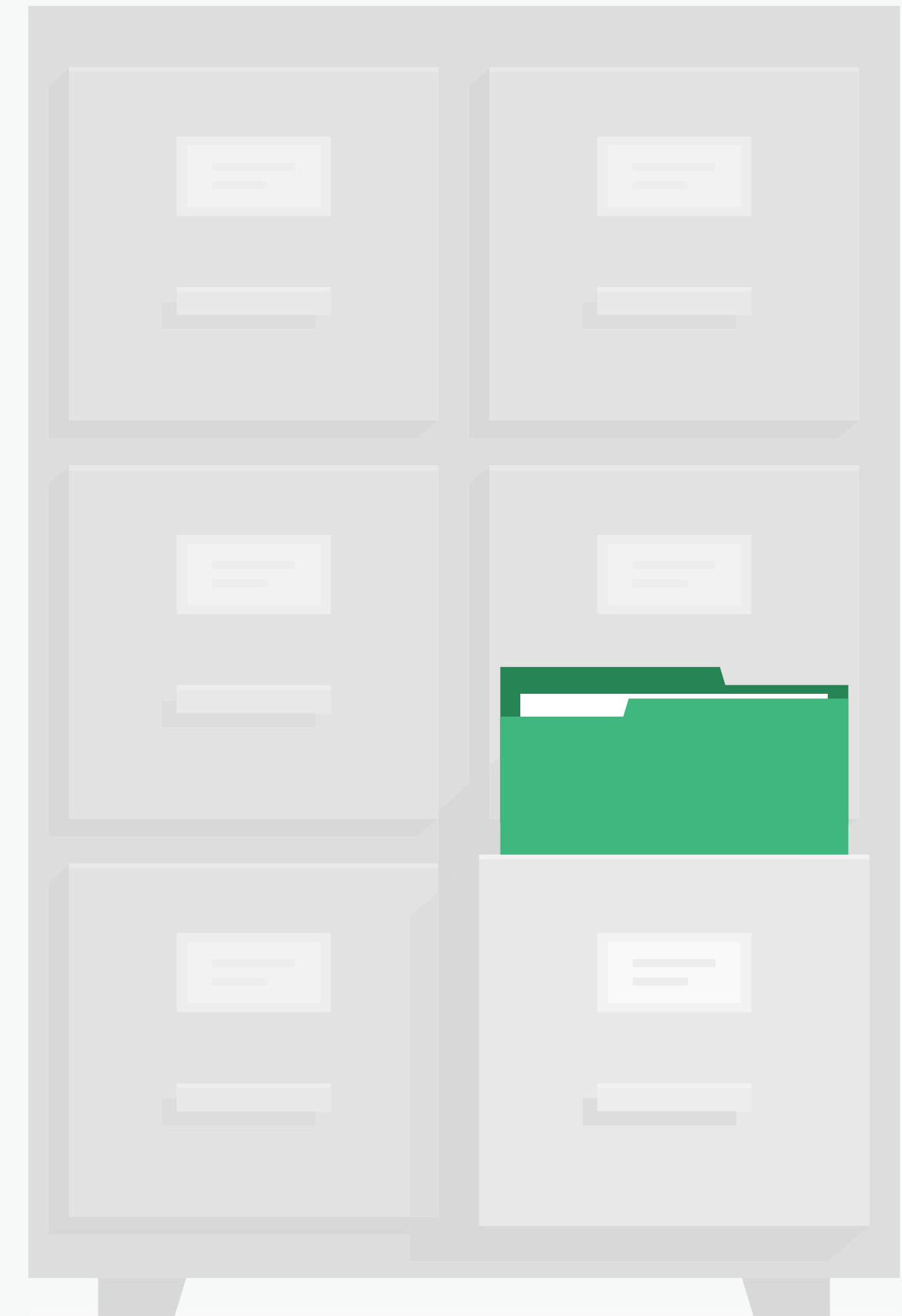
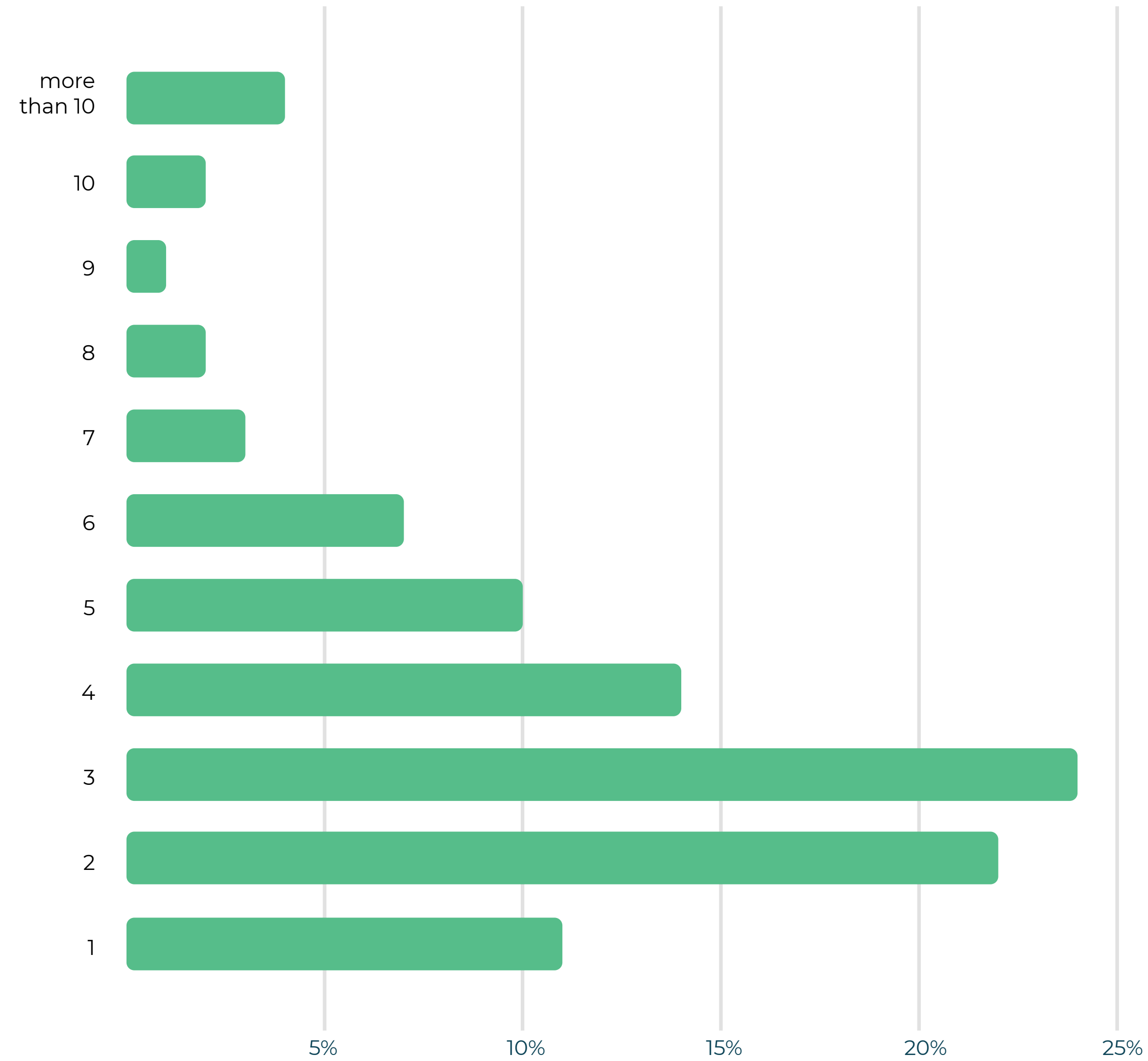
How many closings does your **company** do each month?



How many closings do you **personally** handle each month?

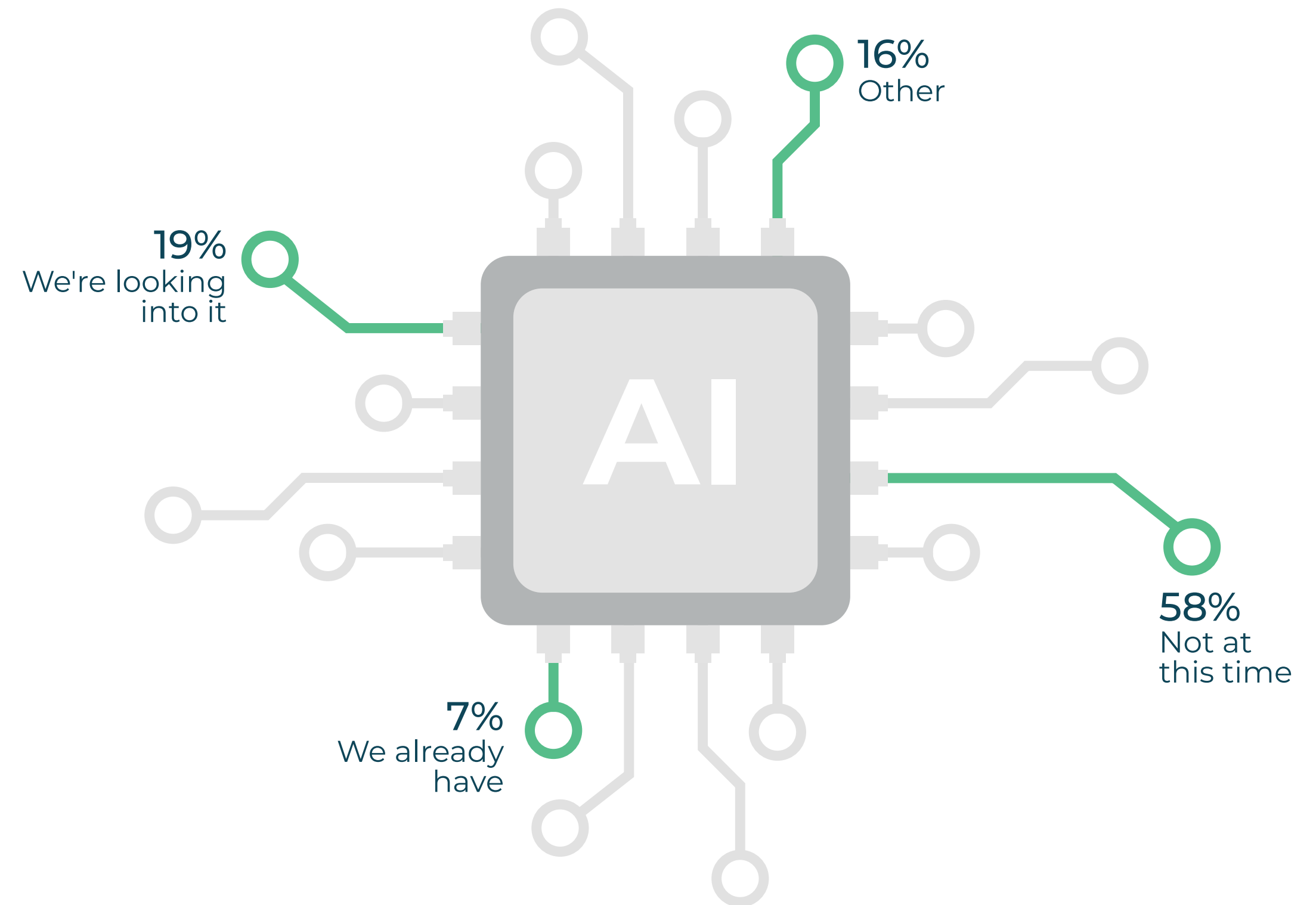


How many people work on or “touch” a single file?



Title Production Practices

Would you consider bringing AI (Artificial Intelligence) into your title production workflow for efficiency and cost savings?



26% of respondents are looking into or already using AI in their closing workflows. But the sentiment was all over the place between excitement, uncertainty, and fear regarding the technology's power and capabilities.

“Other” answers include:

“Benefits and drawbacks are unknown to us.”

“I don't make that decision, but I'm interested in knowing more.”

“No. It frightens me.”

“NEVER.”

“Not my decision.”

“I would love that.”



While AI's practical business applications are still being explored, ALTA CEO Diane Tomb understands there are a lot of concerns around AI and how it will be used in the title industry, but she suggests that title professionals keep an open mind to learning more about it:



“No one is going to lose their job to AI, but they are going to lose their job to the people who know how to use AI.”

- Diane Tomb, ALTA CEO.

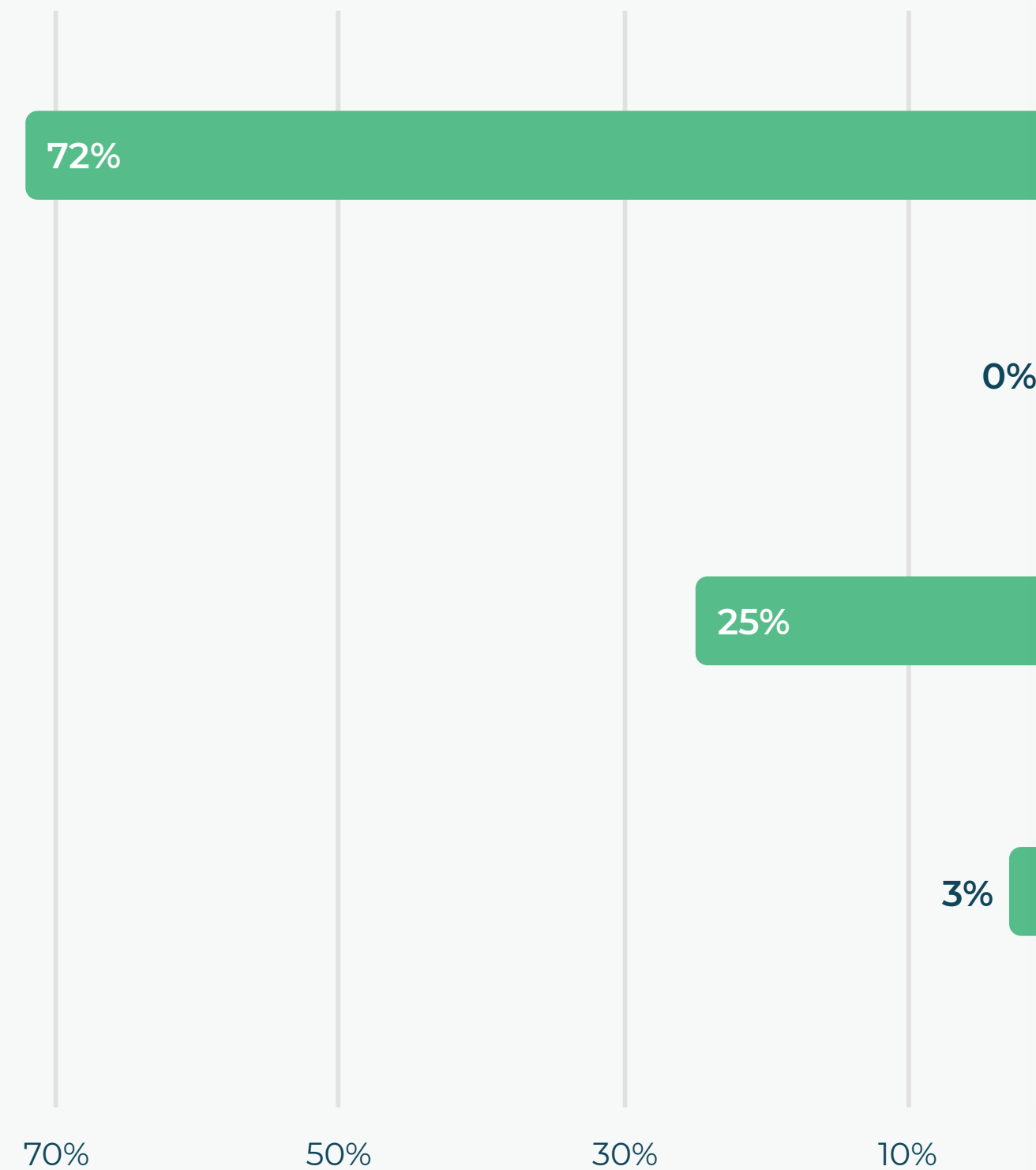
Beyond just AI, when it comes to technology making title professionals faster, John Dyer says that it can be a double-edged sword:



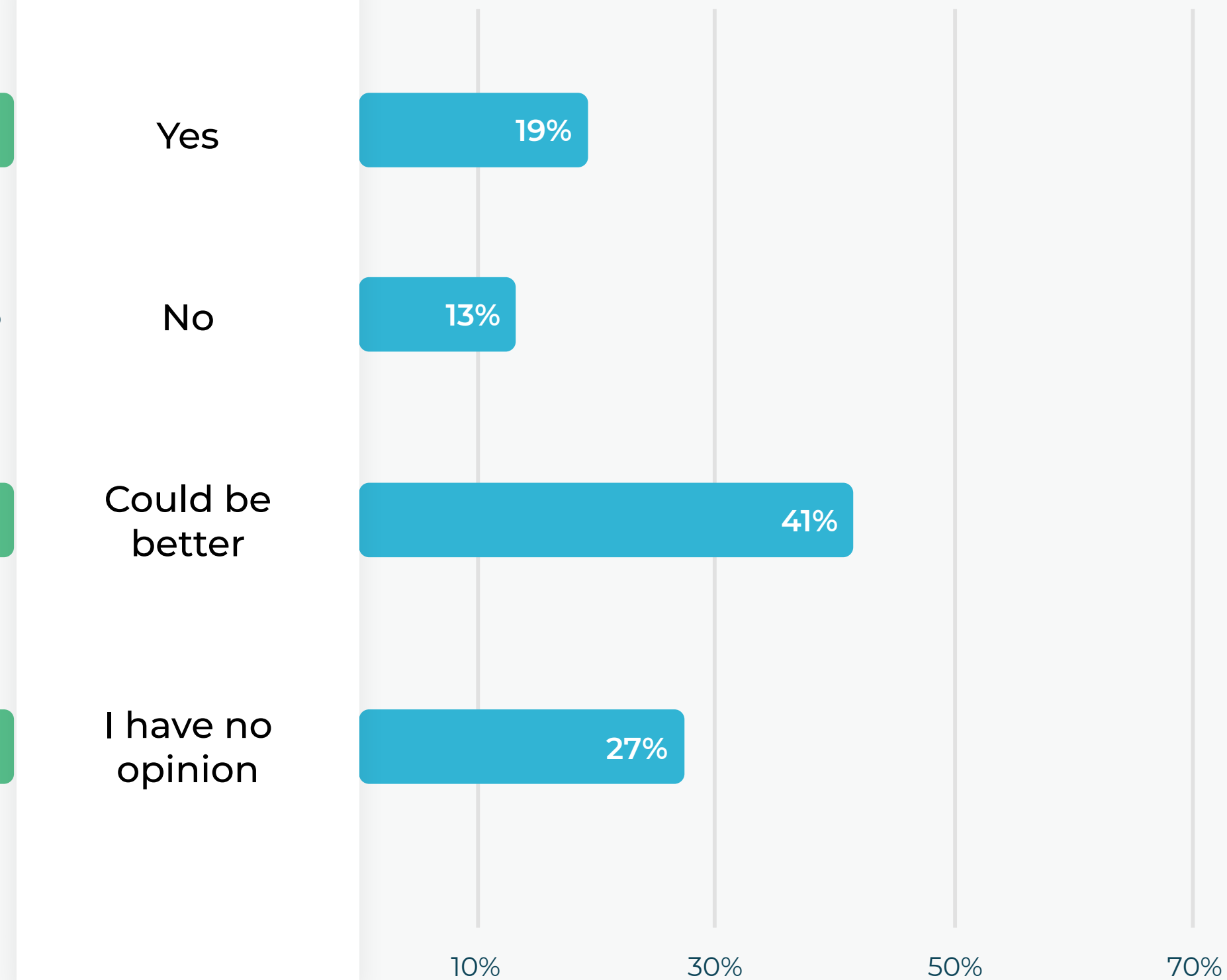
“Technology giveth and taketh away. It's allowed us a lot of operating efficiencies, but it's also created the ability for us to be the target fraud. So, it cuts both ways.”

-John Dyer

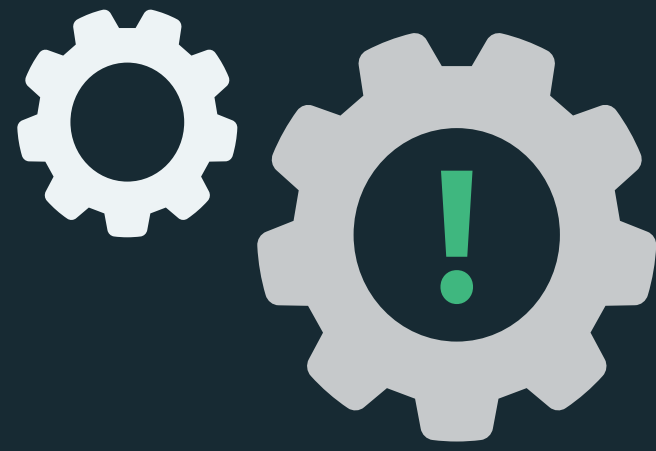
Do you think **your organization's** pre- and post-closing due diligence efforts are sufficient?



Do you think **other organizations** do a sufficient job with pre- and post-closing due diligence?



We saw a slight drop in the number of respondents who said that they did believe their due diligence efforts were sufficient, going from 79% in 2022, down to 72% for 2023. The number of respondents who said “We could be better” ticked up to 25%, from 19% in 2022.



In 2023, have you encountered or had to clear title issues neglected in a prior closing?

36%

Yes, more than a few times

19%

Yes, many times

35%

Yes, but very few

10%

No, not once

One of the biggest arguments against unregulated title insurance alternatives is that title professionals are discovering issues daily that they work to clear before they ever become serious issues. If this work is not done while issuing title, it does not get corrected or cleared.



“That’s the really important piece that I think most people don’t understand about our industry. We’ve really had to do a good job educating them about all the curative work that our industry does up front. **That’s why our claims are so low.** We always hear from our critics, ‘Oh, your claims are so low; people don’t really need title insurance.’ No, it’s the complete opposite. We’re very proud of that because of all the work that we do.”

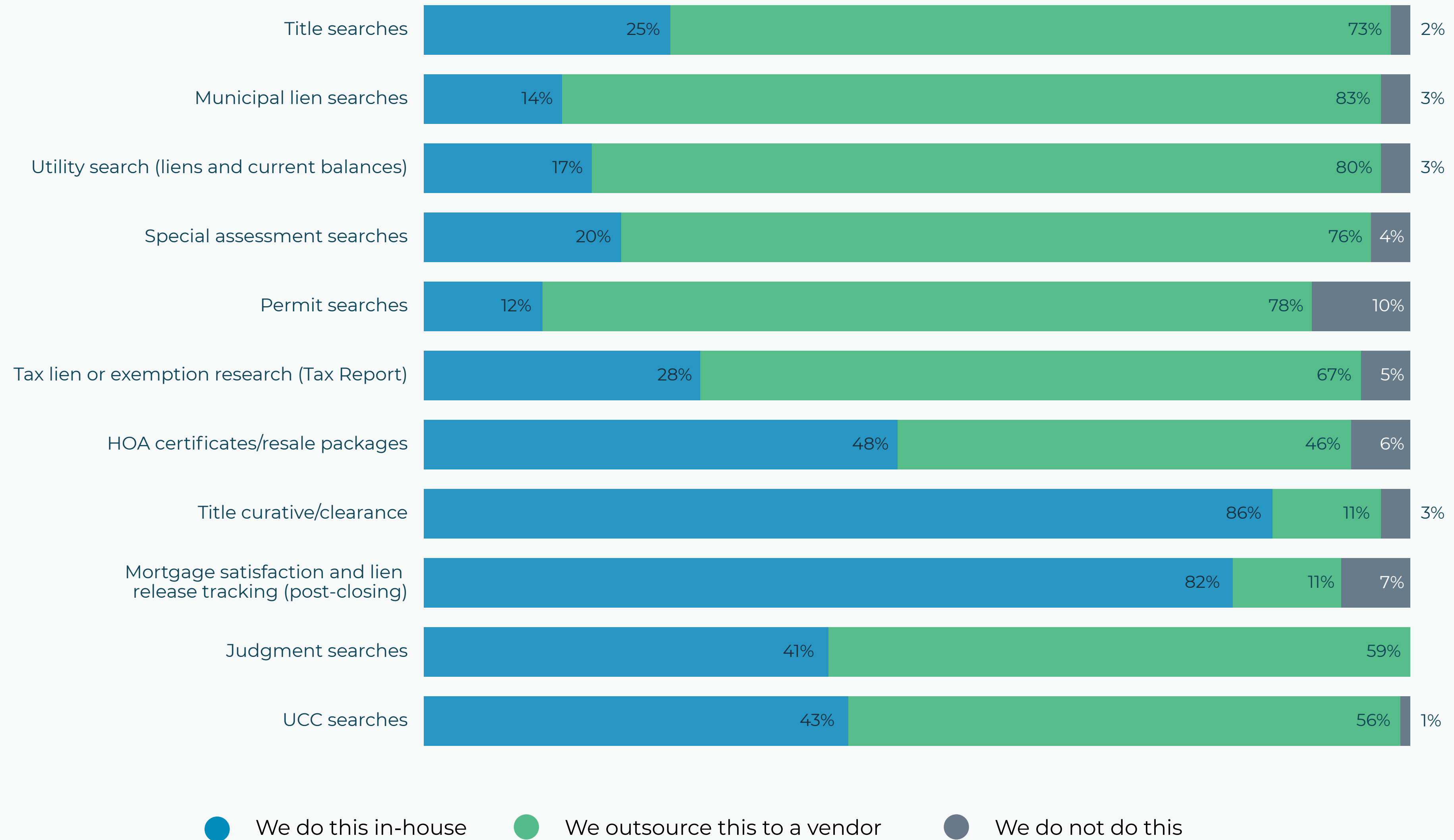
- Diane Tomb, ALTA CEO



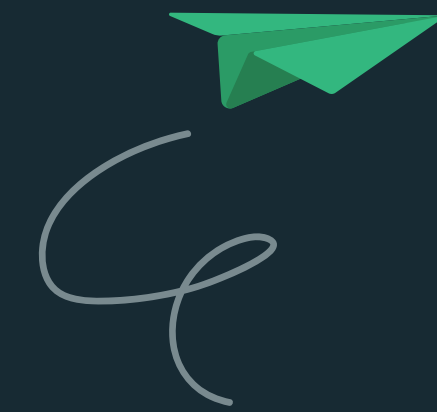
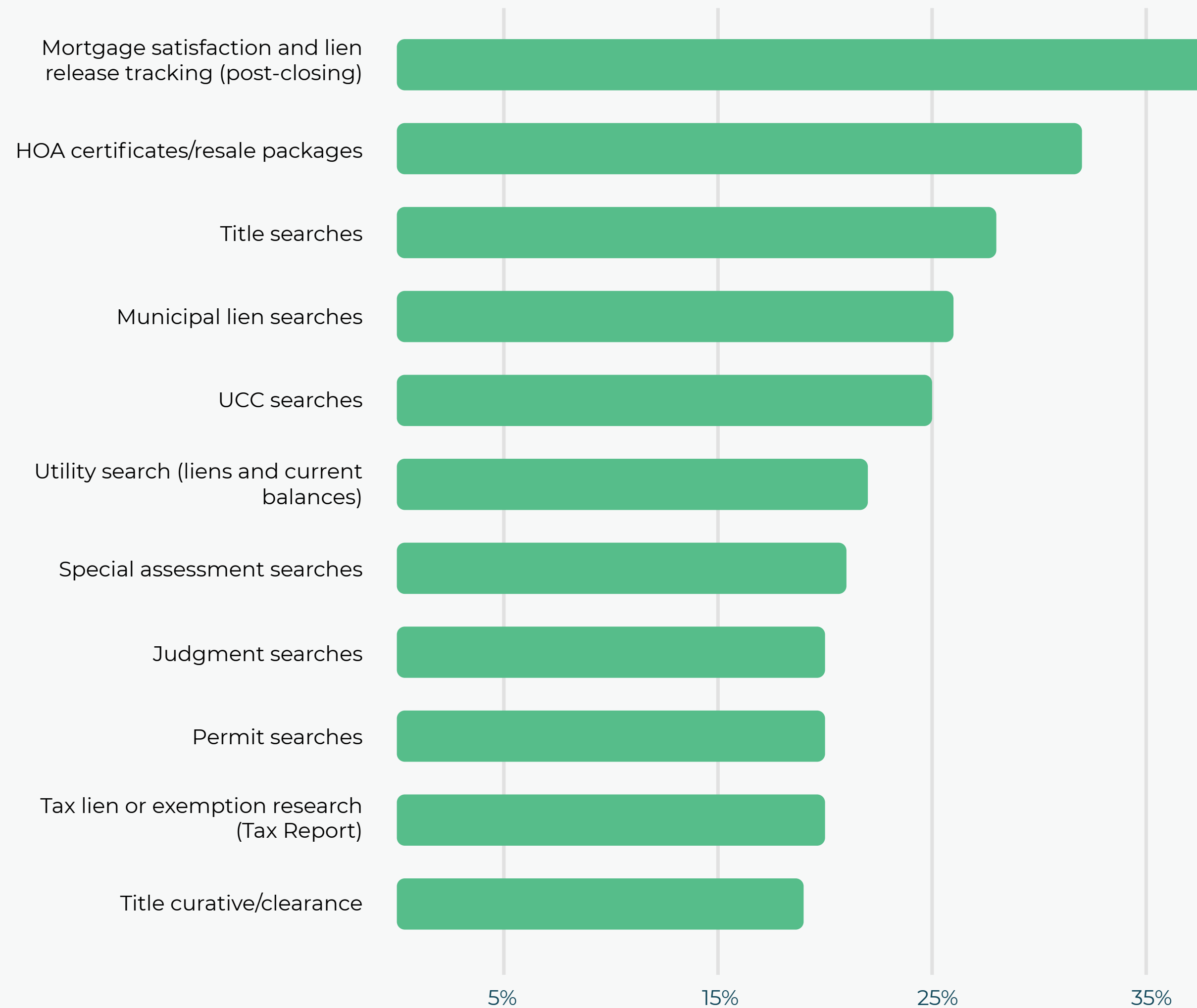
“**Where we show up best is supporting each other.** If we’re able to work collectively together rather than in a situation where we’re pitted against each other... it’s going to make it easier for title professionals when there is an opportunity for something to shift from one person or one company to another company for us to rally around them for their success.”

- Andi Bolin, Stewart Title

How do you handle these pieces of title production?



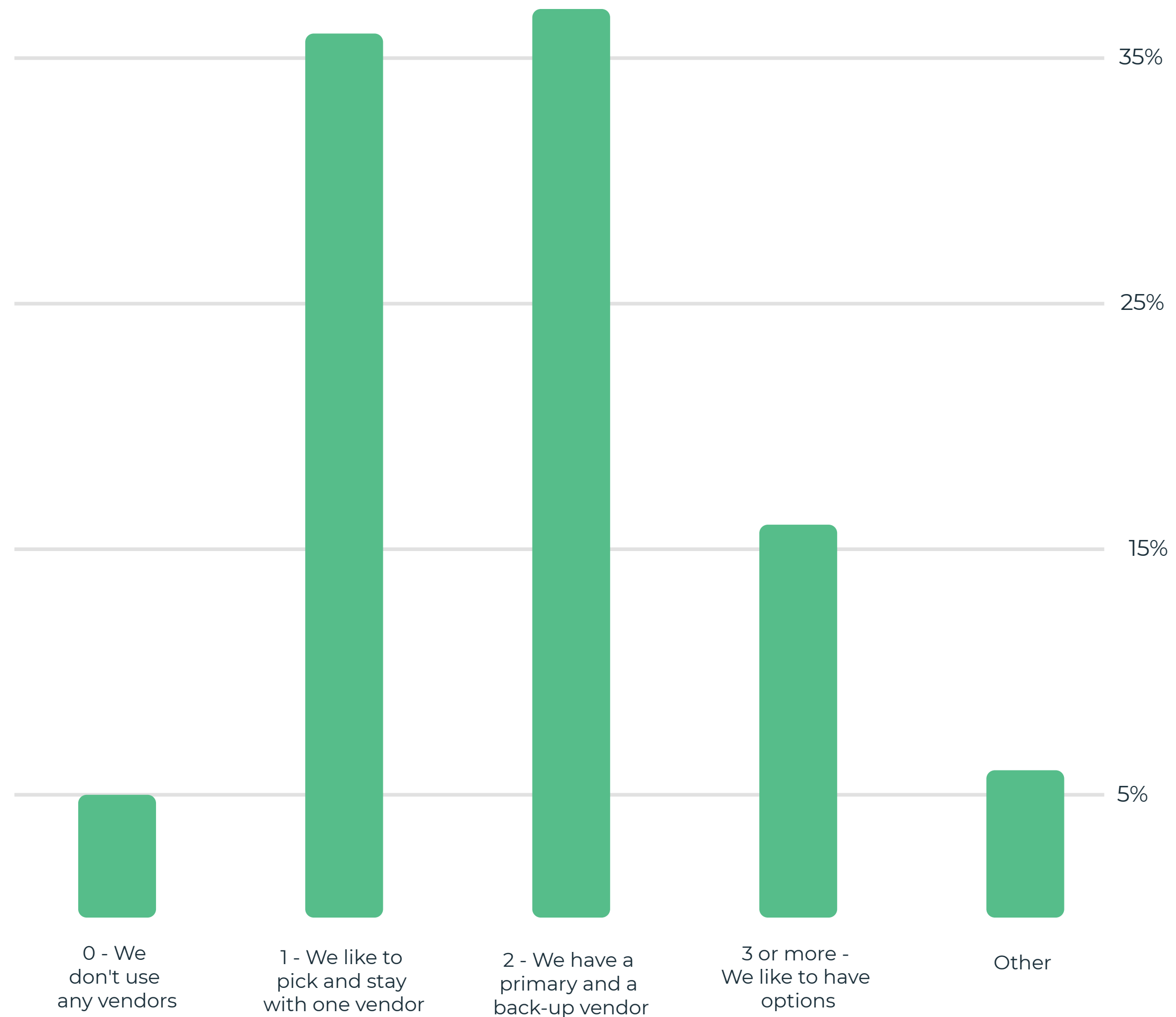
If you haven't already, what parts of title production have you considered outsourcing?



In 2022, the top title production piece that respondents were considering outsourcing was HOA certificates/Resale packages (36%), this year that number is down to 32%. Taking the top spot this year with 38% of respondents is Mortgage SATs and Lien Release Tracking, which was at 30% in 2022.

Tracking releases after the statutory period has always been part of the title agent's duty, but it's easy to forget to go back once they've moved on to other files. This is one area where busy agents can drop the ball and can result in a lot of work or potential claims down the line.

How many search vendors do you work with for the same services?



In the case of outsourcing, Nova Title Agency's John Dyer says they often outsource examination work to local experts. Some of the counties they work in still don't allow e-recording, so it means either they're getting help or having to take a drive to the recorder's office themselves, which isn't always convenient:

“

“We've tried to use technology in a way that allows our people to focus in on the customer experience, as opposed to doing something that's fairly easy to delegate to an outsource vendor or a third party, and that's worked for us.”

- John Dyer, Nova Title Agency

In your organization, who makes decisions regarding outsourcing and vendor selection?



39%

Owners



39%

Manager/Director



16%

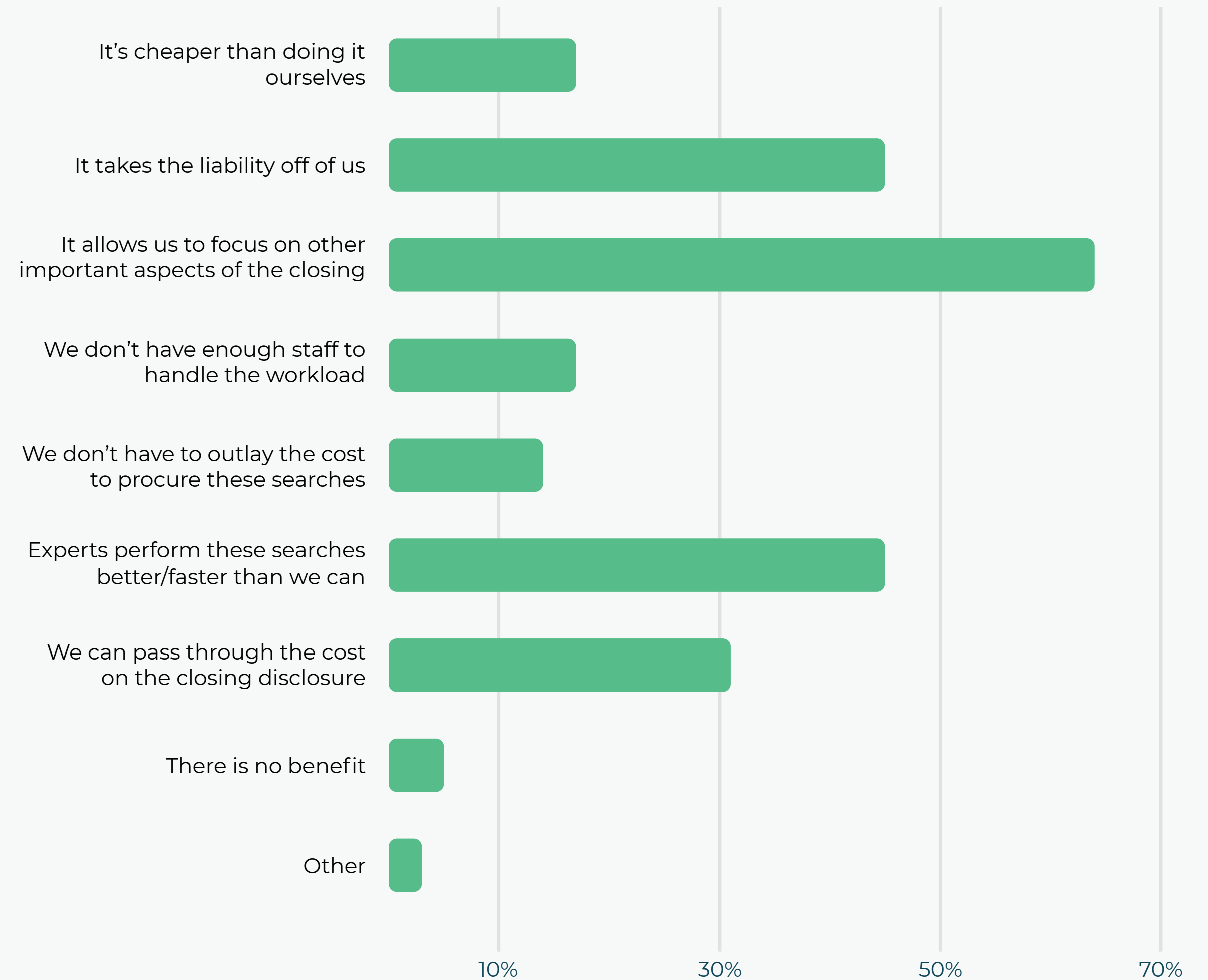
The individual responsible for the closing



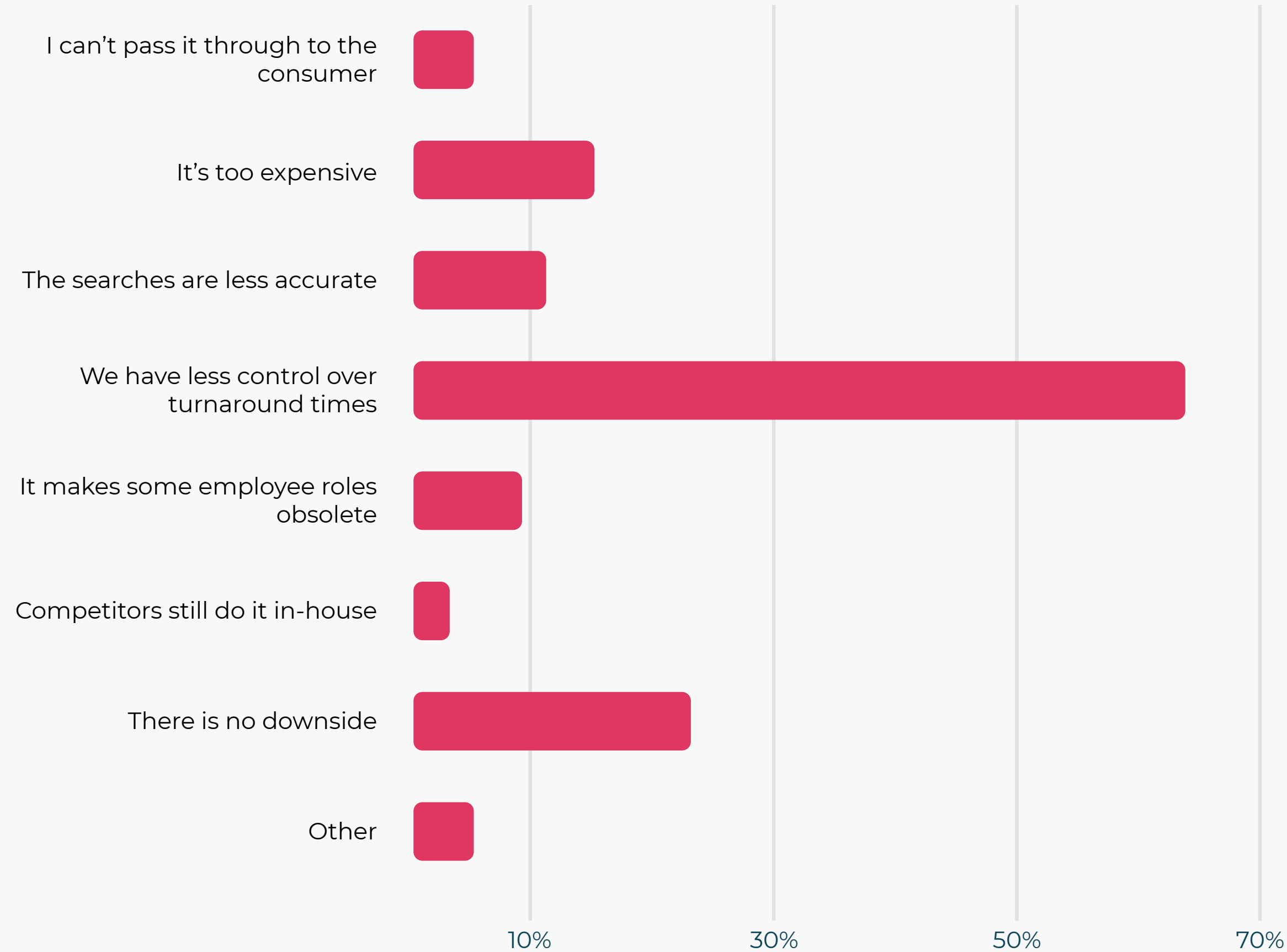
6%

Other

What are the **benefits** of outsourcing title production?



What are the **downsides** of outsourcing title production?



Rank your biggest priorities when evaluating vendors

- #1 Quality of Work/Product
- #2 Price
- #3 Ease of Ordering/Monitoring Orders
- #4 Software Integrations
- #5 The ability to order multiple services

Andi Bolin, who works with agents and has run her own agency, says that while quality is important as the number one priority, professionals should be careful to place too much importance on price. She says you're essentially getting what you pay for:

"I would say which is more valuable than cost is how that partner pivots when there is an issue because price can't save that for you. You can't justify a pivot in a problem with price."

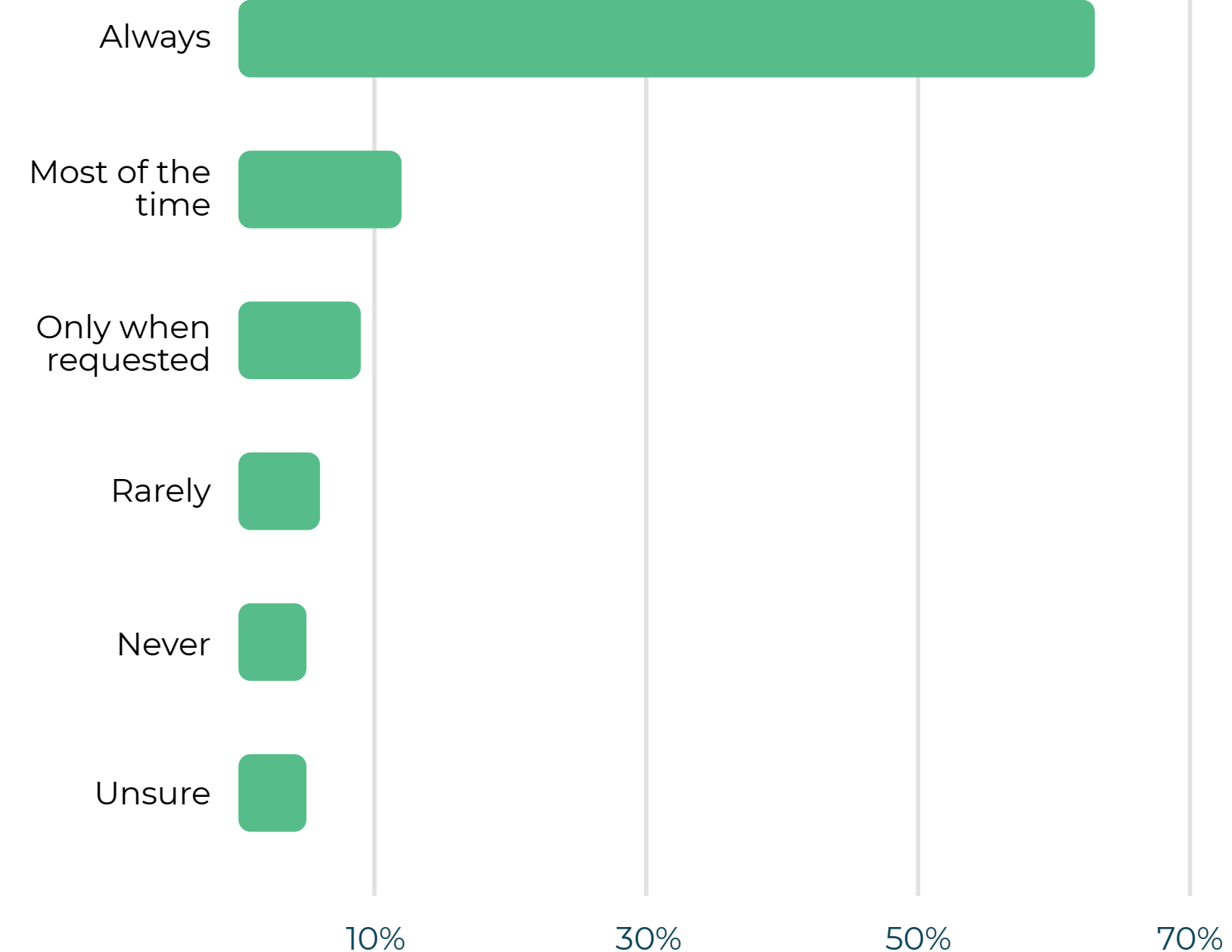
Do you check for open or expired permits before closing?



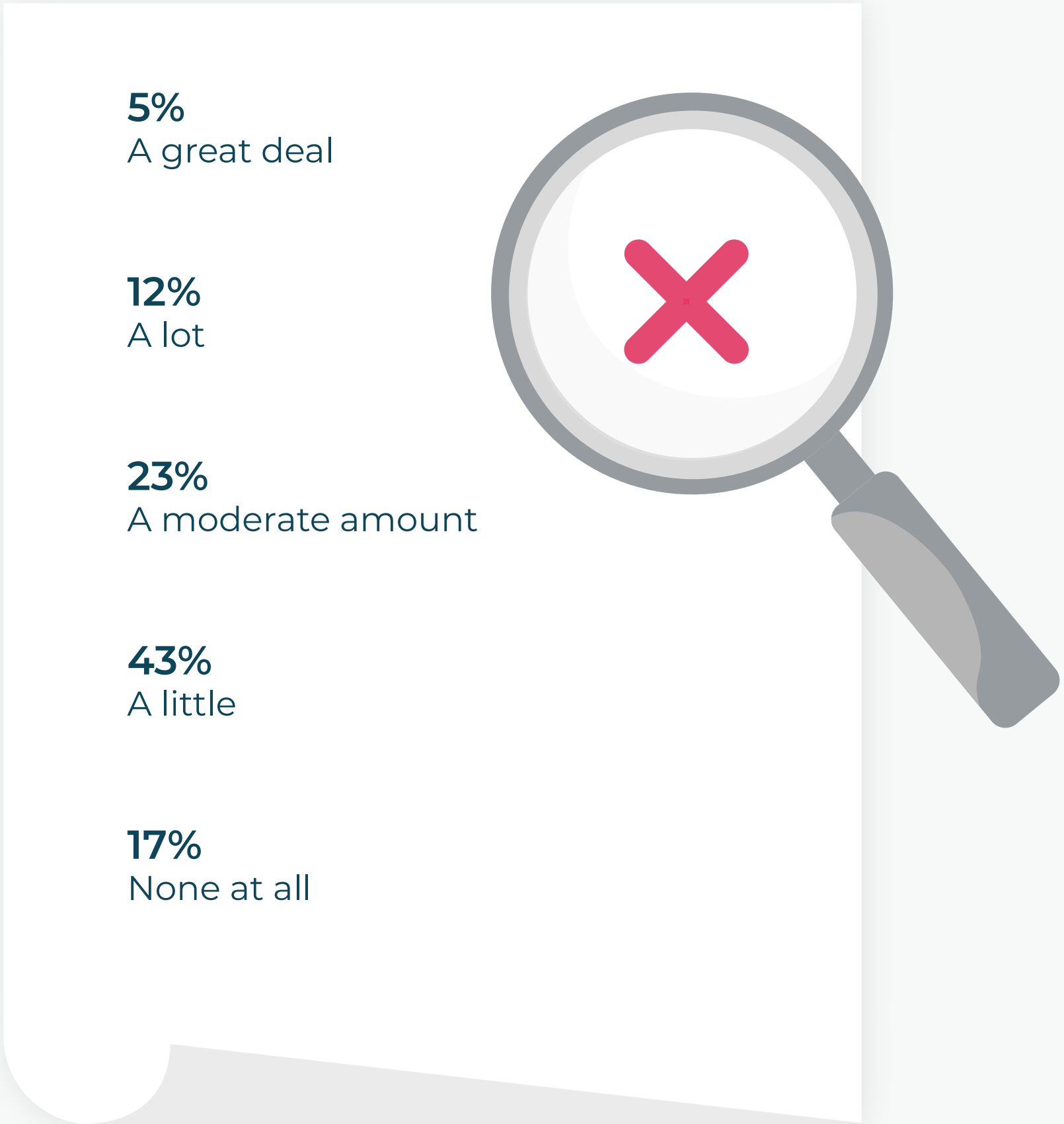
- Q Always (62%)
- Q Only when requested (13%)
- Q Usually (10%)
- Q Never (9%)
- Q Rarely (6%)



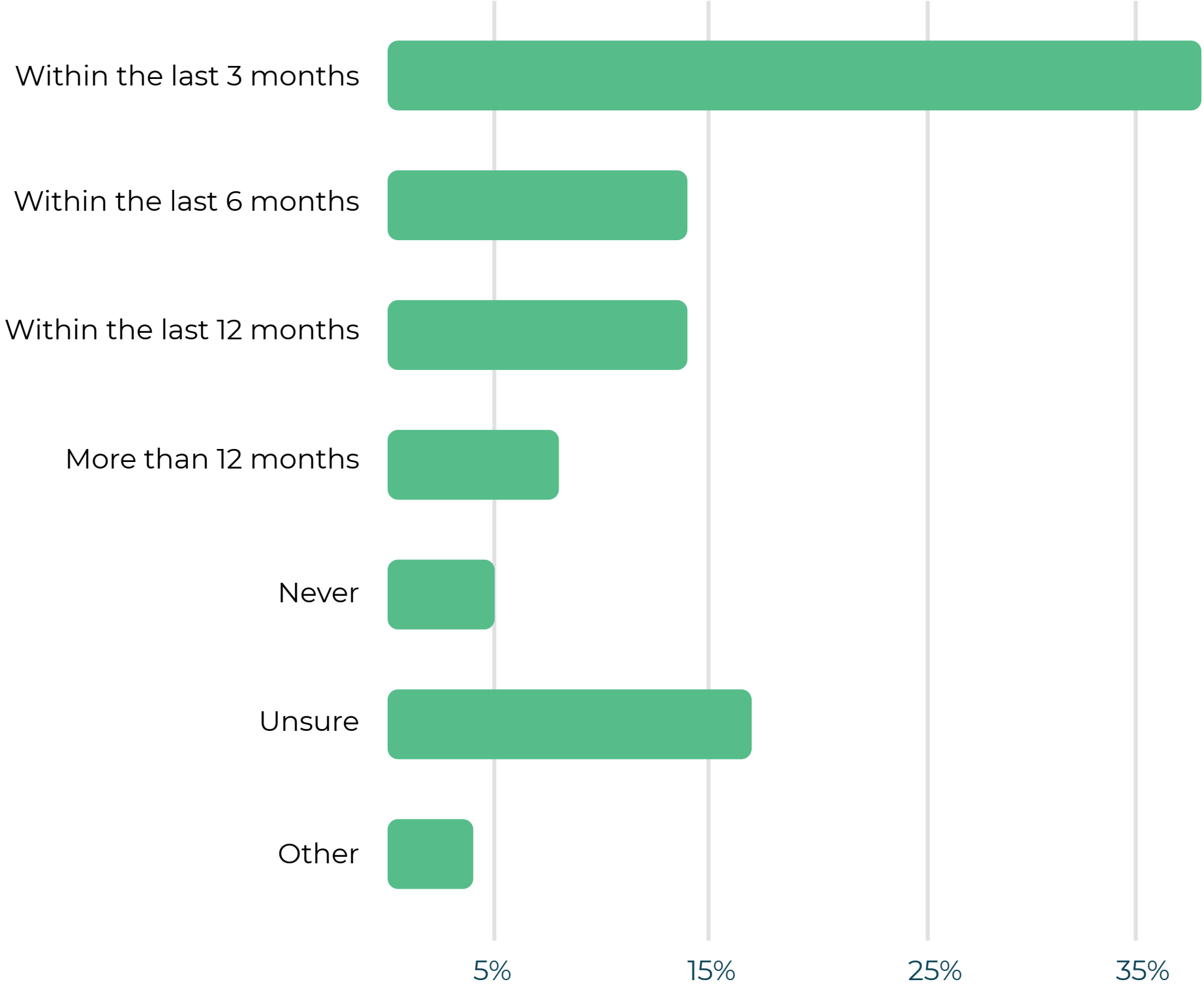
Does your organization check the public record after closing to ensure mortgage satisfactions and other documents are recorded?



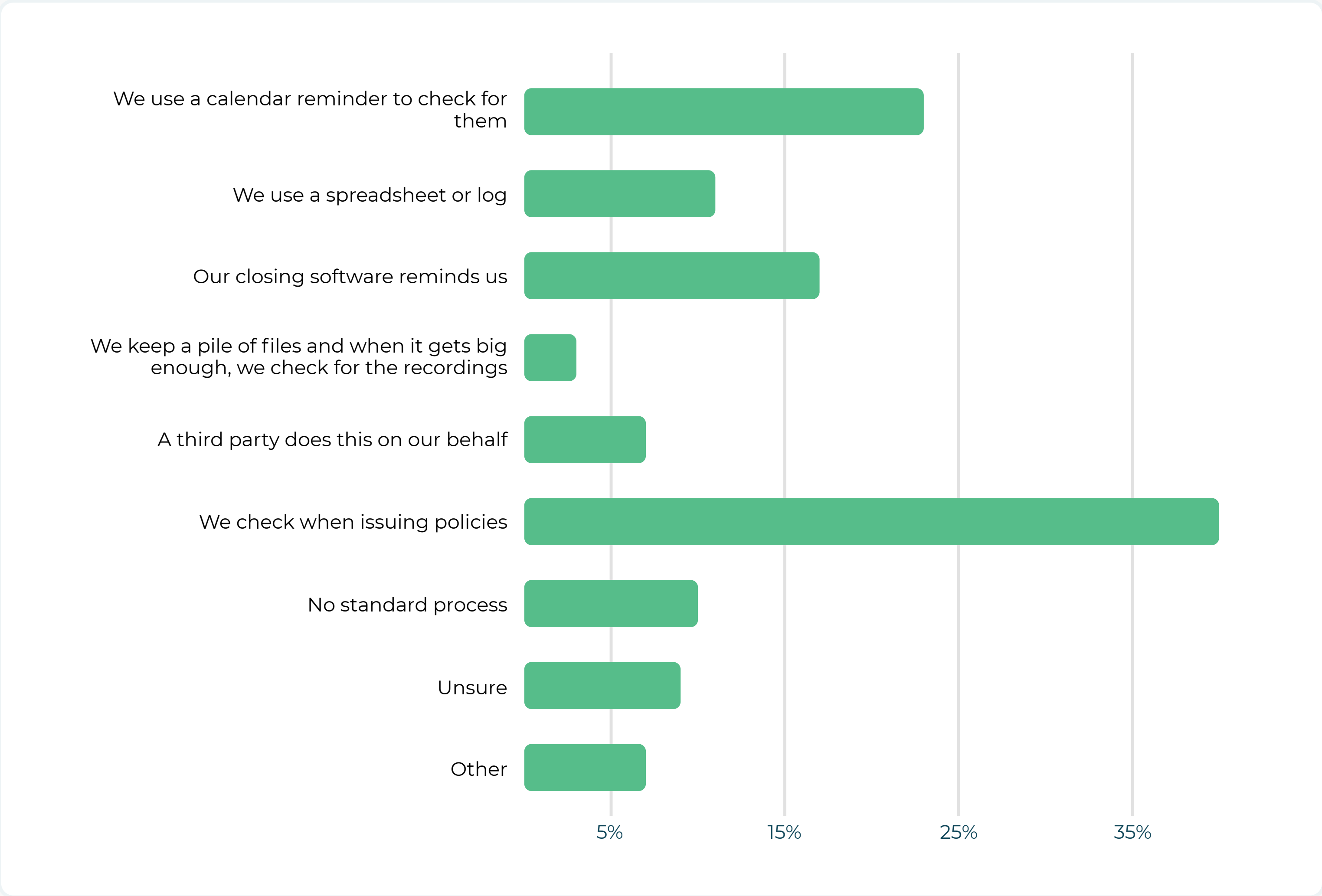
How often do you (or your colleagues) run across missing mortgage assignments?



How recently have you run into an issue with mortgage satisfactions or lien release recordings?



How does your organization track these recordings after closing?



**Hungry for more expert insight on this
year's results?**



Subscribe and listen to Title Talks on Spotify and
Apple to catch the full interviews!



Thanks for reading!

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