

How can we bridge the talent gap in title and escrow?

The solution lies in harnessing the power of technology

By Patrick Stone

Much has been written about the decline in the numbers of active real estate appraisers creating a chokepoint in the mortgage process. But another talent crunch has been brewing at the same time in the title industry. It's a similar story that we've seen play out with appraisers — the title and escrow industry is aging out and attracting new talent has been a challenge.

As we move into 2022, this challenge will not see an immediate solution, but the problem will get solved, in time, and here's how.

First, we have to start simple. How do we solve the problem of attracting new entrants? The solution lies in embracing technology to address this growing gap in title and escrow hires.

If you look around the title insurance industry, there's a decade gap in the ages of the industry's talent pool. In other words, you have people like myself who have been in the industry for multiple decades, and then you have up-and-comers — the oldest group of up-and-comers right now is in their early fifties.

The challenge of relying on an older workforce is that it presents the unpredictability of retirement within this age group. According to a report by the U.S. Bureau of Labor, the participation rate for workers aged 65 to 74 will grow to 30.2% in 2026 — compared with 17.5% in 1996.

For workers 75 and older, the participation

rate in 2026 is projected to be 10.8%, compared with 4.7% in 1996.

The other side of this problem is that most people aren't intuitively familiar with title and escrow, so creating a buzz for this industry for a younger generation becomes all the more difficult. Nobody actually ever hears about the title industry until they buy a home. So we have a situation, and this has always been the case, where we rely on people essentially stumbling into title and escrow because it's simply not on the radar for most as a career choice.

It's key to remember, however, that the industry has always struggled to attract new talent for the reasons I mention above. This isn't a new problem, but the unprecedented growth in new originations and refinancings in the last two years has highlighted the struggle of attracting talent or scaling operations to meet the market's demand. Couple that with the changing way we've done business because of COVID-19 pandemic restrictions, and it has made recruitment all the more challenging. There has been a natural shift for homebuyers to desire a more digitized experience and that has challenged this aging industry to pivot. Title companies may want to evaluate their technology and make upgrades to meet the digital needs of the next generation of title professionals.

The emphasis, particularly on the escrow side, should be on technology. A digital transformation will not only impact day-to-day work — at scale — but better digital processes will also streamline the closing process and transform the real estate transaction. We are seeing the most successful players in the industry adopt digital solutions.

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As an example of putting this ideal into practice, at WFG we have a central goal: to create a single technology platform called MyHome that can bring together all real estate transaction participants, and to leverage it to provide maximum collaboration and efficiency.

The emphasis on technology allows everyone in title and escrow to grow both steadily and securely. And, as we're seeing more and more, it's usually not just one company doing one thing, but rather multiple companies relying on partnerships to help them fulfill their mortgage lending goals. These companies are also looking to diversify their offerings within their respective marketplaces in order to provide products and services across a broader segment of the real estate and mortgage spectrum. With these efficiencies at the ready, a new generation of title and escrow talent is more able to satisfy the needs of clients.

Embracing technology benefits our clients as well. Our team has worked to advance solutions to help reduce the operational costs of the more than 1,500 independent title companies that issue WFG-underwritten policies. This suite of outsourcing services, which we call WFG Blocks, is a set of turnkey back-office processes that title companies can plug in to their operations in whatever combination they wish.

I mention this because solutions in 2022 will need to be easy to use, almost intuitive. But why? Good technology should require little training and be accessible to everyone. The more accessible technology is, the broader the net that can be cast to entice potential staffers from all educational backgrounds.

Because of this, another alluring fact about this industry is that it can be a very attractive career even for someone without a college education. Indeed, it can be a tremendously rewarding career and new entrants should know that they can make a lot of money as well.

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How far will digitization go? There's one school of thought that believes you can go all the way, but I think it is being oversold, particularly when we look at the title side of the industry.

Title has been really slow to incorporate technology. One reason it's been slow to adjust is because of the varying regulatory environment companies operate in. For example, business practices and regulatory oversight vary in every single state. Now having said that, lenders have likewise been regulated differently, as have Realtors. That makes it unlikely we will have a uniform process anytime soon because these underlying regulatory issues, underlying databases and business practices evolve differently.

And this is what needs to change. Maybe we won't get there in 2022, but we can't bear to repeat the lack of technology that backlogged our pipelines during the pandemic. What's clear is that technology is how we answer the talent gap and also remain competitive in a real estate industry that increasingly considers the speed of execution as a differentiator.

Title companies play a pivotal role in this equation because we are at the center of each real estate transaction. The goal should therefore be to make it faster, and easier, for the young title agents coming into the industry and the young homebuyers and homeowners who expect results much quicker. ■



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