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FEBRUARY 2017 NEWSLETTER



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NEW BUSINESS MODELS

**DOES IT REALLY MAKE
A DIFFERENCE?**

In the age of the internet, where numerous industries have been turned inside out by the web, the residential brokerage industry has seen only process change, not a fundamental change.

by Steve Murray, publisher

We often get asked about new business models. Most recently, the questions have been about firms like Compass, EXP, Next Home and Fathom Realty. While each is

interesting in its own way and may have a larger impact down the road, none of that is certain. Besides, by the time they reach maturity and scale, it may not matter.

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High Level of Service

For the past 30 years of REAL Trends, and 40 years of my career, there is one thing industry professionals talk about in hushed tones. When will consumers begin to demand consistently high levels of professional services? What will happen to our industry when that happens? How will we survive that wave of change?

Fundamental Change?

In the age of the internet, where numerous industries have been turned inside out by the web, the residential brokerage industry has seen only process change, not a fundamental change. We've used the web to improve our processes and transaction productivity (on each transaction), but we haven't seen housing consumers make themselves heard regarding overall professionalism. Estimates are that 30 to 40 percent or more of the Realtor® membership didn't do a single transaction in 2016.

Surveys of housing consumers continue to indicate that having a relationship with a sales associate is the most important determining factor in who they chose—not experience or productivity. They chose that person because it was someone they know or a friend knows. Old-timers in the business will tell you that it's been this way forever. The same old-timers will tell you that sooner or later this will change. It just hasn't yet.

**WHILE WE DO NOT
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NOTION** that technology
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we do believe that changes
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are coming.

As to new business models, they are interesting, and some may become successful. But, they don't address the coming consumer changes any more than the incumbents do. They address how and where services to agents will be delivered and at what cost. While we do not subscribe to the notion that technology will soon crater our business; we do believe that changes of a more dramatic nature are coming.

What Changes?

When will housing consumers start to choose a sales associate for reasons other than they know one or someone referred them? Today, more than two-thirds of buyers choose their sales associate this way. What changes would be wrought should this number decline to one-half and the other half found their sales associate online, through rankings, ratings and reviews?

What would this do to the ability of new sales associates to enter the business? What would the impact be on those who pay their dues and fees to Realtor® Associations and MLSs but have far less chance to refer clients for a referral fee? What would this do to the economics of the brokerage firm? Would the resulting consolidation because of fewer agents and teams affect the number of Realtors and brokerage firms?

Seeing the Impact Today

In fact, we already see some of the impact from this today. The consolidation of market shares among fewer sales associates has been underway for some time. In some markets, the top 20 percent of sales associates already control more than 80 percent of the listing side of the transactional volume. While their share of the buy side is not nearly as strong, it is increasing. One example is the number of teams doing more than 75 sides on REAL Trends Americas Best—it's more than doubled in the last three years. The top 250 teams increased their volume by more than 41 percent over the last three years, while top individual sales associates' volume has declined.

There are many areas where the fundamental change in the way consumers find and select a sales associate could impact industry economics. We can't list them all. While we don't subscribe to the theory that consumers will bail on the use of sales associates for selling and buying homes, we think this foundational area of our business by itself could have a material impact on how the business is organized. ▶

WE BELIEVE THAT CONSUMERS WON'T BAIL
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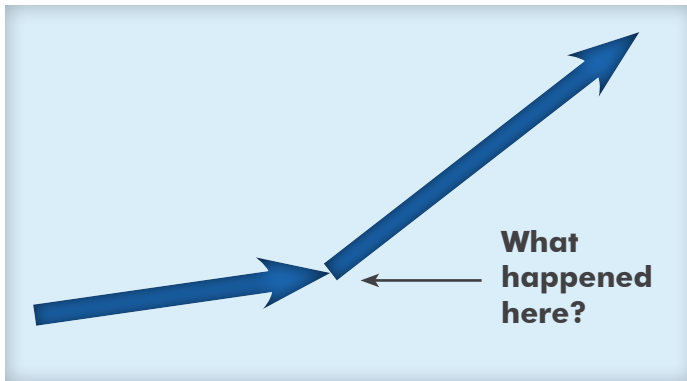


SUCCESS LEAVES CLUES

TREND BENDERS

Have you ever seen one of your sales associates double or triple their income in one year? How did he or she do it? Success leaves clues. Look closely, and you may discover a trend bender.

What is a *trend bender*? You observe a sales associate cruising along, incrementally improving each year, and suddenly there is a spike where his or her production increases at an exponential rate. What happened? Was it luck or a trend bender?



Warning: Shiny objects posing as trend benders are often sold by speakers, internet promoters and at Realtor® Expos. To find out if there is a true trend bender at work, you want to do four things:

1. Document the associate's process in detail.
2. Repeat it to see if the associate will get predictable results. (This ensures it wasn't luck or a one-time occurrence.)
3. Repeat it with another associate to see if it works regardless of personality.
4. If it works for others, spread the word in your company. You have discovered a trend bender!

Discovering and spreading trend benders in your organization is a primary responsibility of a good

Want to increase the productivity of your office or company? Find, install and spread trend benders in your organization.

by Larry Kendall, author of Ninja Selling and chairman of The Group, Inc.

manager and coach. We have documented dozens of trend benders over the years and teach them in our Ninja Selling classes. One example of a trend bender is a good database or CRM (Customer Relationship Management) system. Helping your associates put together a good CRM will turn the dial on their productivity.

The Science Behind Trend Benders

A survey of 20,000 Realtors® found that fewer than 40 percent had a database—even scraps of paper and business cards in a shoebox counted. Some 60 percent had nothing! Those with at least a semblance of a database earned 251 percent more than those who didn't have a database. Helping your sales associates set up on a user-friendly database is a trend bender.

Case Study

Steve and Jessica Bohner own Premier Realty Group in Stuart, Fla. Their entire office went through our four-day Ninja Installation training. After the training, one sales associate, Candace Harman, came to them with a box full of papers, cards and sticky notes and asked, "Can you help me put these into a database? I love my clients, but I'm frustrated that I can't stay in touch with them." Candace is a 35-year pro and a consistent \$4- to \$5-million producer. Jessica helped Candace put together an electronic database to start 2016. Here are her results:

2015 production (pre-database): \$3.9 million
2016 production (post-database): \$17.4 million

Now that's a trend bender! Candace can now stay in touch and deliver the kind of "wow" service of which she has always dreamed. The results of installing this trend bender were career- and life-changing for her!

Want to increase the productivity of your office or company dramatically? Start by finding, installing, and spreading trend benders in your organization. 🏠

FRANK NORTON, CEO, THE NORTON AGENCY

NORTON TALKS BUYER TRENDS

Lessons remembered—learn from leaders where tomorrow's opportunities and threats lie.

by Steve Murray, publisher

Those who know Frank Norton of The Norton Agency in the Gainesville and North Georgia area, joke with him about the multitude of businesses with which he and his family are involved. From residential brokerage to a large property casualty insurance business and numerous investment and property management services, Norton's reach still exceeds his grasp. We asked Frank about what he sees ahead.

"2017 will likely be a repeat of 2016 [regarding] small increases in unit sales and prices," says Norton. "It all depends on where you are in the United States, but there aren't any factors present that would affect the market too much. We've seen a pause as developers and builders wait to see the direction of the new administration, but we don't believe [this pause] will last. With income and employment still growing, housing these new households is going to be a big challenge."

Active Adults and the Cool Factor

However, according to Norton, he's seen the Baby Boomer generation in Georgia shift to smaller houses; but more of them. "Boomers are selling off their larger houses, and we see them buying two units to replace it—one for [living] and one as a getaway place. We see the development of far more active adult communities in our market than ever before," Norton says.

"We're also hearing from our [sales associates] that buyers are looking for more of the cool factors in the houses they want," he says. "They want something that expresses their uniqueness. It might be smart home features, outdoor living/cooking areas or community amenities. They want that extra something that fits their personality." He adds that it's not only Millennials seeking this wow factor; this interest spans all generations.

Sales Associate Challenges

REAL Trends asked Norton what is challenging his sales associates. "Buyers are showing up more knowledgeable about the homes and neighborhoods. This isn't new, but the incidence of it has risen significantly. It is going to challenge all [sales associates] to have to do far more



homework than they have in the past, or else they'll find themselves ducking and covering when they are in the presence of a well-educated buyer."

"The important thing is that while buyers are far more informed about properties and neighborhoods, they

still seek guidance from their agent, whether it is the non-public information or the transactional details of getting a deal done. Our agents tell us that they are doing more than ever to put and keep deals together. That is a good sign as far as we are concerned."

Diversify and Thrive

Norton is an avid pursuer of diversification. "We have numerous businesses wrapped around the real estate transaction, whether it be residential or commercial. Our view is that there is no good reason we can't be the premium, dependable supplier of all one needs when they are investing in real estate."

Looking at the changes in his own business Norton says, "We have over 300 employees in our various businesses. You can't lead a firm with that many people [the same way you did] when you had 50 employees. We now have a full-time human resources director. We have become a different company. What doesn't change is that to succeed you have to make great hires. That is the key to growing successfully, and there is no shortcut in this key area."

For now, Norton has no intentions to slow down. "My dad and mom are alive and well in their late 80s. I don't see retirement on the near horizon. Shoot, I don't have enough hobbies to retire," he laughs. 🐾

NEW NOMINEES

DON'T FORGET THE FEDERAL TRADE COMMISSION

The new president will appoint two commissioners and a chairperson, and this could impact your business.

by Sue Johnson, strategic alliance consultant

When it comes to enforcement of federal consumer protection laws, most people think of the Consumer Financial Protection Bureau (CFPB). But there's another agency that should not be overlooked when watching President Trump's appointments in the coming months. That is the Federal Trade Commission (FTC).

About the FTC

The Federal Trade Commission (FTC or Commission) is a bipartisan, independent agency with a dual mission—to protect consumers by stopping unfair and deceptive acts or practices in or affecting commerce (UDAP), and to promote competition by challenging anticompetitive business practices.

The FTC is headed by five commissioners, nominated by the President and confirmed by the Senate. The President chooses one commissioner to act as chairperson and no more than three Commissioners can be of the same political party. It currently has two open seats, so President Trump will fill two seats and appoint a new chairperson, giving the Commission a 3-2 Republican majority for the first time in nearly a decade.

Why is it important not to forget the FTC? Here are a few examples of areas in which it has jurisdictional authority over non-bank entities in the real estate and financial marketplace.

President Trump will fill two seats and appoint a new chairperson, giving the Commission a 3-2 Republican majority for the first time in nearly a decade.



FEDERAL TRADE
COMMISSION

Since Dodd-Frank did not transfer to the CFPB authority to enforce the data security requirements of the Gramm-Leach-Bliley Act and the Fair Credit Reporting Act, the FTC retained the authority to enforce these requirements.

Real Estate Competition

The FTC has long opposed efforts by Multiple Listing Services (MLS) and real estate associations to restrict the ability of non-traditional real estate brokers (e.g., fee-for-service brokers, discount full-service brokers, and internet referral networks) to compete.

In a 2007 joint study by the U.S. Department of Justice, entitled “Competition in the Real Estate Industry,” the FTC said that attempts by real estate brokers to restrict non-traditional business models “hinder competition in the industry.” It recommended that the FTC and DOJ “continue to monitor the cooperative conduct of private associations of real estate brokers, and bring enforcement actions in appropriate circumstances” if the conduct is anticompetitive and violates antitrust laws.”

The FTC has brought enforcement actions over the years to stop rules that restrict non-traditional listing agreements from being displayed on public real estate websites. Most resulted in consent orders in which the MLS or association agreed not to adopt or enforce such rules for 10 years. Each violation of the consent orders carried a civil penalty of \$11,000. The Commission also opposed proposed state laws requiring that real estate professionals entering into exclusive service provision agreements with their clients provide state-mandated minimum service packages.

Unfair and Deceptive Acts or Practices (UDAP)

Section 5 of the Federal Trade Commission (FTC) Act gives the Commission UDAP authority over most non-bank entities (including real estate brokers) that are not subject to the CFPB’s UDAAP (unfair, deceptive and abusive acts and practices) jurisdiction. It also has concurrent jurisdiction with the CFPB over federal consumer protection statutes (such as the Truth in Lending Act) that specify that violations of certain practices are to be treated as if they were “unfair or deceptive” acts or practices under Section 5.

Some financial services attorneys speculate whether or not the FTC will step up its enforcement of UDAP and specific federal consumer protection laws against non-bank entities if the CFPB Director is made removable without cause as a result of the *PHH Corp vs. CFPB* case or Congressional action.

Data Security

Since Dodd-Frank did not transfer to the CFPB authority to enforce the data security requirements of the Gramm-Leach-Bliley Act and the Fair Credit Reporting Act, the FTC retained the authority to enforce these requirements. It also has the authority to pursue data security violations under the UDAP clause of the FTC Act. During the Obama administration, it aggressively pursued enforcement actions related to data privacy and security.

The Do-Not-Call Registry

The FTC enforces the Do-Not-Call Registry, which gives consumers the ability to place their telephone number on the registry and prohibits telemarketers from calling anyone whose name is on the registry unless they meet certain criteria.

It has been aggressive in assuring that companies abide by the Do-Not-Call Registry rules. According to its website, it brought 105 enforcement actions and recovered over \$41 million in civil penalties and \$33 million in redress or disgorgement.

The Future of the FTC under President Trump

While we do not yet know the Trump administration’s priorities for the FTC, he appointed Dr. Joshua D. Wright, a Republican FTC Commissioner from 2013-2015, to lead FTC transition efforts. Wright was considered by *The Wall Street Journal* to be the most conservative FTC Commissioner during his tenure. Nevertheless, the shaping of the FTC in the Trump Administration bears watching. As one Washington, D.C. financial services attorney says, “Once the FTC finds you, you can never get rid of them.” 🐼

AUCKLAND, NEW ZEALAND

ONE OF THE HOTTEST PROPERTY MARKETS IN THE WORLD

New Zealand's largest city has an average house price of over \$500,000 USD. Have prices gone too far?

by Peter Gilmour, REAL Trends chief foreign correspondent

New Zealand is one of the world's most open economies with years of unbroken economic growth boosted by strong personal consumption and low inflation. In its Q3 2016 Global House Price Index, Knight Frank reported that New Zealand recorded a year-on-year house price growth of 13.5 percent, second only to Turkey in the 55 countries surveyed. By comparison, the United States placed 24th in the survey with a year-on-year house price growth of 5.5 percent.

Facts about Auckland

New Zealand comprises many islands with approximately 70 percent of its 4.7 million people living in urban areas on the North Island. Auckland, the largest city, is situated on the North Island and is the most expensive housing in the country with an average house price of over \$500,000 USD, as reported by the Global Property Guide website. Ten years ago, the average house price was half of this amount, and for the outlay, you may not even get views of the water. Over 70 percent of New Zealand's population consider themselves of European decent with the largest minority being indigenous Maori, who account for around 15 percent of the population. Farming and commerce are the major employers in the local economy.

Immigration

In the aftermath of the Brexit vote, Immigration New Zealand reported a spike in queries from British nationals

registering their interest on immigrating. Ten thousand inquiries were received in 49 days—more than double the inquiries received in the same period the previous year.

Why is Auckland so popular? It all comes down to jobs. New Zealand's most global city attracts those who want to get ahead in their careers, and once employment is found, few want to leave.

Foreign Investment Booming

Also, foreign investment is booming. According to Corelogic, 37 percent of buyers in 2012 were investors, whereas today's investors make up over 50 percent of all homebuyers, a large percentage of whom are Chinese. Rental prices continue to rise, and many locals are choosing to relocate to more affordable parts of the country and enduring a long commute into the city.

The New Zealand government is urgently looking at ways to find a solution to the crisis. These include fast tracking consent on new housing projects, making investors put down 40 percent of the purchase price in cash, offering locals cash incentives to move out of the city and strengthening of money laundering laws to prevent the stashing of ill-gotten gains in New Zealand property. Time will tell if these measures will be successful or if Millennials will lead the charge to work remotely and inject new talent into regional centers around the country. 🏡





TRENDS

KEY VALUATION OBSERVATIONS FOR 2017

What should companies expect in the coming year? | By Steve Murray, publisher

As we move further into the housing recovery—now in its sixth year—the question of where the market is for brokerage companies is a hot topic. While we’ve already reported on the cooling that started in the 2nd quarter of 2016, that seems to have leveled off at this time.

Here is what we are currently observing:

- Buyers are still looking for quality brokerage firms to acquire as a means of growth and expansion.
- Buyers are far more selective and are looking for those

opportunities that are unique, fill a void in their existing operations or geographic coverage or bring strategic locations and personnel.

- While the prices have flattened out, terms have turned more in favor of the purchasers than they were one year ago. The demand is still there, but the purchasers are more cautious about the next few years.

Will premiums still be paid? In certain circumstances the answer is yes, but these will be large or strategic deals as seen through the eyes of the purchaser, not the seller. ▲

THE 2017 REAL TRENDS THE THOUSAND AND AMERICAS' BEST REAL ESTATE AGENT RANKINGS

On January 9, surveys were provided to over 12,000 of the top-ranked real estate sales associates and teams. The deadline for submission is March 31.

To be eligible, an individual sales associate must have closed a minimum of 50 closed residential transactions in the calendar year 2016 or \$20 million in closed sales volume of residential transactions in the calendar year 2016. For teams, the minimum levels are 75 closed residential transaction sides or \$30 million in volume.

If you are a sales associate or team affiliated with Keller Williams, Realty Executives or RE/MAX, your

national franchiser is providing your information to us and is paying your submission fee. Leading RE has a service where they will do the same for their member firms' agents.

If you changed firms during 2016, you should check with your current brokerage to determine how to file your survey. It is unlikely your past brokerage or affiliation will do this for you.

For more information, contact Doniece Welch (Dwelch@realtrends.com) or 303-741-1000 ▲

TRENDS

FACTORS THAT AFFECT MARKETABILITY

By Scott Wright, director of mergers and acquisitions

How does one truly define value? According to the IRS, the standard of value is Fair Market Value, which is defined as “the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy, and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.”

In simple terms, this definition says, “you’re only worth as much as what somebody is willing to pay.” At REAL Trends, our goal as valuers is to determine this worth. There is a myriad of factors that go into this process.

Before these factors are considered; however, it’s important to recognize the precarious nature of the residential real estate brokerage business. This is a business where the primary asset is not a tangible product, but rather an independent contractor sales

professional who may freely move from one brokerage to another. Add this to the fact that the housing market is subject to a high degree of seasonality and cyclical, and it is only then that you can establish a baseline upon which to build value. Thankfully, despite the overlying risks associated with this industry, brokerages are still marketable businesses with transactional value.

Financial Performance

One of the first major factors we consider is financial performance. We always look at a multi-year trend, but what matters the most is the performance over the last 12 months. It is this performance that guides the approach to valuation, with the most common these days being the Income Approach.

Size and Concentration of Sales

Some other factors that naturally affect marketability are

Despite the overlying risks associated with this industry . . .

. . . brokerages are still marketable businesses with transactional value.

Larger brokerage firms are usually going to have a premium over smaller firms, all things being equal.

size and concentration of sales, which often go hand-in-hand. Larger brokerage firms are usually going to have a premium over smaller firms, all things being equal. With a large firm, there are more sales associates and thus a greater volume of transactions, which often leads to a more robust cash flow. With a larger volume of transactions spread across a larger agent pool, you also don't typically run into concentration of sales issues. The loss of a top agent or team has much more of an impact on smaller brokerage firms.

Location and Competition

Location and competition are other factors to consider when applying the value. Firms in larger metropolitan areas will typically get a premium simply because there is more inventory and, in all likelihood, a lot more market share to gain. Also, the bigger the city or region serviced the more competition. More competition means more available buyers.

Availability of Buyers

Not surprisingly, the availability of buyers is one of the more important factors that affects marketability. The

fewer available buyers; the more a firm's value can be discounted. Remember, you are only worth as much as someone is willing to pay. And, it is this willingness to pay that is hands down *the most important factor* that drives value. Doing what we do on the mergers and acquisition front allows us to see what the buyers are actually paying to buy brokerage firms. This knowledge is invaluable and allows us to pin down Fair Market Value.

Other Factors

There are, of course, many other factors that we consider in the valuation process, including compatibility, brand, culture, leadership, economy and longevity. The bottom line is the factors mentioned above and more are all taken into account when determining value.

At REAL Trends, thousands of brokers have trusted us to conduct their valuations. Whether it's for the sale of the company, the sale of partial shareholder interest, insurance, estate, legal or partnership issues, business planning, or simply wanting to know what your firm is worth, you can count on REAL Trends to be your trusted source. 🏠

START PLANNING YOUR YEAR WITH OUR REAL ESTATE INDUSTRY EVENTS CALENDAR!

Who has time to go from website to website searching for industry events dates? No one! That's why REAL Trends has your one-stop-shop for the schedules of all real estate-related events. Just think no more conflicts, and you can arrange your schedule ahead of time to get the most bang for your conference buck!

To see the calendar: [CLICK HERE](#)

Have an event to add? No problem! Email Dani Stufft at dstufft@realtrends.com, and she'll add it to our calendar. 🏠



HOME AUTOMATION, VIRTUAL REALITY AND BIG DATA

Find out how the current tech trends can change your business in the coming years.

by Paul Salley, manager of marketing strategy & business development

Working with firms across the country, we have a unique vantage point that allows us to understand how brokerages are incorporating new technology into their company and strategy. We've seen the rise of smart home technology over the last year, and it will continue to impact real estate as consumers become more accustomed to the gadgets and tools that help them save time and money. In addition to the continued dominance of home automation, other trends that will be heavily manifested this year include the incorporation of virtual reality and big data.

Recently, members of the REAL Trends Technology team attended the 2017 Consumer Electronics Show in Las Vegas to get a pulse on the latest technology trends and releases. Let's take a look at the top three trends:

Home Automation

Smart homes are getting smarter. We've already seen the popular smart home technology introduced last year in its second iterations.

Voice-command technology has been the method of choice for big smart home companies to deploy their products. Amazon Alexa captured the market on voice-assisted tech. Many suspected Google Home or Apple Homekit to lead the pack, but that's not happened yet.

When one thinks of home automation, typically a whole house system comes to mind, such as a thermostat or camera system. Smart home technology has entered into a realm of being specific to particular facets and rooms of the house. For example, smart nurseries. Smart nurseries include products such as baby monitors, scales, heart-rate monitors and more. Also popular are outside systems, such as smart garages, smart sprinkler systems, smart doorbells, and smart outdoor security monitoring.


Virtual Reality

Today, consumers expect high-definition (HD) imagery, maps and even drone footage of a property before they pick up the phone to schedule a showing. Imagine if consumers could tour a home from the comfort of their living rooms or offices? Some real estate firms are already experimenting with virtual reality (VR). This solution is appealing to

long-distance consumers. The ability to navigate a home, inspect the floor plan and have a 3D experience before visiting a property could have a profound effect on the real estate industry. Matterport, a virtual imaging company, provides 3D environments to the real estate consumer. Expect VR to become more and more mainstream as new consumer 3D cameras flood the market.

Big Data

We've seen a shift in the ability to leverage big data with marketing efforts. A perfect example of this is Facebook. Without thinking twice, Facebook users provide information on a daily basis that can be used for marketing purposes. From check-ins at local restaurants to relationship or job status changes, marketers have found a way to tap into this big data for the purpose of targeting the perfect consumer. Downloaded an app lately? This information is fair game, too. With the wealth of information people provide to cyberspace on a daily basis, there's an incredible opportunity for brokerage firms to use this information to their benefit. Not only has Facebook exercised this ability, but also other display network platforms are aggregating big data and allowing advertisers to purchase ad space and categorize consumers. We expect this trend to continue and even expand in 2017.



Imagine if consumers could tour a home from the comfort of their living rooms or offices? Some real estate firms are already experimenting with virtual reality (VR).

Questions about your 2017 technology and marketing initiatives? Contact the REAL Trends Technology and Marketing team for more information at tech@realtrends.com. 🏠

TO STAND ALONE OR NOT?

REAL ESTATE CRM OPTIONS

By REAL Trends Tech Team

Your CRM should be the hub of all things technology in your brokerage. It should be the glue that ties your sales associates to your firm and provides so much value that sales associates aren't afraid to share their contacts. Most importantly, having a feature-rich CRM positions sales associates and teams for growth.

When it comes to brokerages, there are ways to consider using a CRM:

1. **Full Solution.** Using a full real estate solution that is tied to your website. This typically consists of websites, agent sites, CRM, email marketing and lead routing.

Pros: Having everything integrated is exceptional for data control, accuracy and overall accountability. It makes training and adoption easier and allows for the brokerage to track lead sources, ROI and reporting and be transparent. Marketing has greater control of the content and brand standards and can support sales associates with their CRM/marketing endeavors.

Cons: To get a full solution, you must be willing to spend the money. And, if you're spending so much on the solution, you'll want to ensure buy-in by your sales associates and a long-term commitment from your vendor.

2. **Tied-in to Other Tools.** Many firms have contracted with a local- or website-specific vendor. To this tool, they add-on a real estate specific CRM.

Pros: With this option, you get a world-class CRM with all the bells and whistles. New features are typically commonplace and frequent. A strong API allows you to integrate with your website and other systems. Sales associates like these systems because they usually have robust social tools, email contact and calendar integrations.

Cons: Broker support is tough because many of these CRM companies don't have the staff and resources to support a larger brokerage. Reporting and marketing functions are isolated and individual to the sales associates. Leaving the agents to do everything is difficult for busy sales associates.

3. **The DIY model.** Firms promote a specific CRM vendor and give the CRM partner a license to sell to your organization in exchange for a small discount.

Pros: The obvious pros are cost and commitment. It's the ultimate low-risk solution for a brokerage. Some of these systems are powerful and low cost for the sales associates. This strategy separates the broker and agent technology strategies. Some sales associates like the DIY type, but it also allows for the broker to drive their brand and lead generation through separate digital marketing tactics. This system takes the brokerage agnostic in the CRM adoption conversation.

Cons: The broker loses some control. Thus, the agent is portable and can take their CRM and the business they've built anywhere. In the end, this solution is giving the sales associate much more than they can get for themselves on their own. The brokerage has virtually no control, insight, marketing capabilities or connection.

REAL Trends recommends you choose a CRM from options No. 1 and 2. This is due to the long-term and future implications. Option No. 3 is fairly short sighted for a large brokerage with growth aspirations.

If you need help in this area, please reach out to tech@realtrends.com, and we can give you more specific examples and customized advice. 🏠

If sales associates are hesitant to share their client database and use the brokerage CRM, consider offering a trust agreement with your sales associates. A trust agreement is a written document sharing with them the intentions of your CRM offering.



REAL TRENDS DEAL MAKERS CONFERENCE

August 10-11, 2017 • Denver, Colorado

REAL Trends is launching a new conference focused solely on understanding the valuation of brokerage firms, mergers and acquisitions among brokerage firms, and that of businesses related to our

industry. This first year we are limiting attendance to 100.

Present will be the main deal makers from the leading national and regional brokerage industry, attorneys with

expertise in deal structuring and tax considerations along with the leading merger and acquisition advisory firms in the country in this industry.

Register today: [CLICK HERE](#) ↗

CELEBRATING REAL TRENDS 30TH ANNIVERSARY

FEBRUARY 1988: THE THREE BIG STORIES

by Steve Murray, publisher

The three big stories of 30 years ago were the significant increase in lock-box-oriented robberies among listings, particularly those in the Western United States; the entry of Prudential Real Estate Affiliates into residential brokerage franchising; and sales declined in 1987 from the prior year for the first time since the bounce off of the recession years of 1980-1982.

In other news, REAL Trends reported on the results of the 1987 National Association of Realtors® Membership Profile which showed, among other things, that the median age of Realtors was 43; over 37 percent of Realtors® had either an undergraduate or post graduate degree; 50.7 percent of all Realtor agents were male (what a difference 30 years makes!); and the median years in the business was four. ↗

To celebrate REAL Trends' 30th anniversary year, we will bring back old articles from our early years to see how much (or little) has changed about the industry.

SURVEY CLOSES MARCH 1

THE 2017 REAL TRENDS 500 AND UP-AND-COMERS RANKINGS

Surveys were sent to over 1,600 firms from last year's rankings on January 4. The survey will close on March 1.

Brokerage firms who are affiliated with Keller Williams, Realogy and RE/MAX do not need to file as your franchiser does this for you. Leading RE affiliates should contact their national office to confirm that they have your data. To be

eligible a brokerage firm had to do a minimum of 500 closed sides in calendar 2016. Verification is required from one of several outside sources.

Should you have any questions, please contact Scott Wright (Swright@realtrends.com) or 303-741-1000. ↗



REALTRENDS

GATHERING OF EAGLES

30TH YEAR ANNIVERSARY
FOUR SEASONS HOTEL, DENVER, CO
APRIL 26-28, 2017



Get to know... **Keynote Speaker Jim Collins**

If you could pick one word to describe Jim Collins, leader extraordinaire and author of books such as “Good to Great” and “Built to Last,” it would be *curious*. From his work in the leadership field to his current work researching K-12 education, Collins’ thirst for knowledge has opened up opportunities that serve as the foundation of his career.

That curiosity and love of discovery have led him on a lifelong quest to understand what drives great leaders. “People struggle with making great people decisions. We all make mistakes, whether [we] hire the wrong person or [fail] to notice someone’s potential. To master the people aspect, you must be rigorous, but not ruthless in the way you deal with people,” says Collins.

Learn from the best. Collins will be holding a leadership workshop at the 2017 Gathering of Eagles.

Register today: [CLICK HERE](#) ↗

