

# REALTrends

The Trusted Source

Sponsored By:



## Commentary

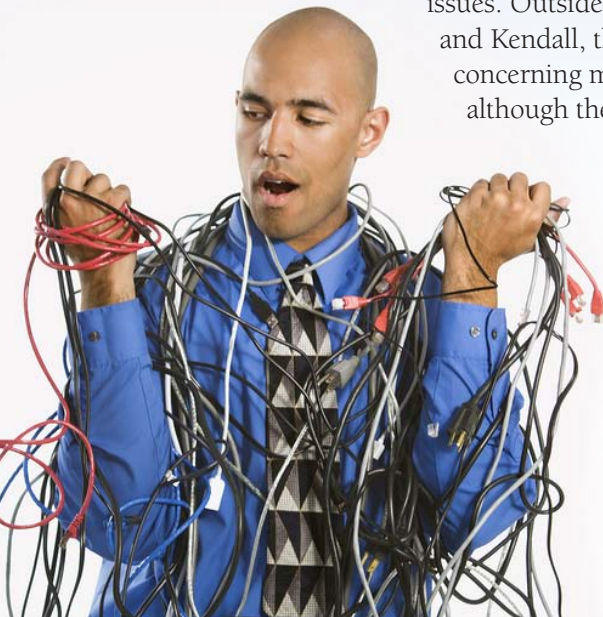
### Broker Issues

# Are We Over-investing in Technology?

*Is the problem the technology or the training?*

*Written by Steve Murray, publisher*

I am struck that while reading about our industry most of the blogs, newsletter articles and commentaries cover real estate technology. When speaking with CEOs of realty firms, the conversation just as frequently moves into questions about Web sites, search engine optimization (SEO), the portals and other technology-related issues. Outside of leading coaches like Buffini, Ferry and Kendall, there doesn't seem to be as many voices concerning management and agent development, although there are always discussions about recruiting.



This leads to a question. Have we overdone it? Have we leaned too heavily on technology to solve our growth and profit challenges? Has technology become the bright penny that has captured everyone's attention to the detriment of other important issues, such as recruiting, people development and relationship building?

*Commentary cont. on p2*

## Overheard

# My Favorite Search Tool

*Forget the Internet and try "Roger."*

*Written by Steve Murray, publisher*

Earlier this year, I appeared on a panel at a First American/*The Denver Post* symposium on real estate technology. The panel was composed of four people. I was the only one with a jacket on and was old enough to be the parent of all other panelists.



A question was asked: What search engines do you use to find homes to purchase? After hearing about some

*Favorite Search Tool cont. on p5*

## INSIDE: .....

- p1 Are We Over-investing in Technology?      p15 Technology is Not Our Business
- p1 My Favorite Search Tool                              p16 REDPLAN
- p4 Technology vs. Cooperation and Compensation?      p17 Where Are the Younger Agents?
- p5 MLS Déjà Vu    p17 The Strength of Housing
- p6 The Realty Alliance and the MLSs                      p18 Appreciating Values
- p7 Got Vision?
- p8 Consumer-centric or Customer Friendly?
- p10 Frank Norton Jr.
- p13 REAL Trends Housing Market Report

PAGE 16



Compliments of



7501 Village Square Drive, Ste. 200  
Castle Rock, CO 80108  
Phone: 303-741-1000  
FAX: 303-741-1070  
E-mail: [realtrends@realtrends.com](mailto:realtrends@realtrends.com)  
Web site: [www.realtrends.com](http://www.realtrends.com)

**Publisher:**

Steve Murray – [smurray@realtrends.com](mailto:smurray@realtrends.com)

**Editor:**

Tracey Velt – [tvelt@realtrends.com](mailto:tvelt@realtrends.com)

**REAL Trends Team:**

Bob Bill – [bbill@realtrends.com](mailto:bbill@realtrends.com)

Amy Broset – [abroset@realtrends.com](mailto:abroset@realtrends.com)

Jaime O'Connell – [joconnell@realtrends.com](mailto:joconnell@realtrends.com)

Terry Penza – [tpenza@realtrends.com](mailto:tpenza@realtrends.com)

Paul Salley – [psalley@realtrends.com](mailto:psalley@realtrends.com)

Travis Saxton – [tsaxton@realtrends.com](mailto:tsaxton@realtrends.com)

Daniele Stufft – [dstufft@realtrends.com](mailto:dstufft@realtrends.com)

Doniece Welch – [dwelch@realtrends.com](mailto:dwelch@realtrends.com)

Copyright 2013 by REAL Trends. All rights reserved. Material in this publication may not be electronically stored or reproduced in any form without written permission. Violators will be punishable by a fine of up to \$100,000 per offense.



*Commentary cont. from p1*

**Are We Sacrificing Relationships?**

To some extent it seems the answer is yes. Talking with CEO's of both realty firms and technology providers, I hear the utter frustration with the lack of adoption of new and useful technologies by sales agents. No matter the technology—back office or agent oriented—leaders, the providers and consumers are struggling with how to get the most use out of their deployment of technologies.

Further, while technology deployment in other fields often leads to gains in productivity and margins, the only ones seeing any gains in productivity are the sales agents. However, they're not using it to do more deals; they're using it to spend less time doing the same business they did before. This is mostly seen in the national per-agent productivity data, which shows little change over the last 15 years—years when investments in realty technology have soared.

So even though the investment is there, adoption is low. For those who are adopting technology, it's being used mainly to reduce the hours involved in each transaction. The question then becomes: Are we spending scarce dollars in an area of business solely to keep up

---

**Brokers with engaged agents who meet consumers on their own terms have more interactions with consumers who have a higher propensity to transact. Source: REAL Trends Online Performance Study**

---

with the rest of the industry? To be sure that our offerings are as good as our main competitors to avoid losing ground? Until 2012, Keller Williams Realty International offered little in the way of a national technology platform, yet managed to be the fastest growing brand in the United States.

**No Money For Training?**

One other key point is that the leading technology providers are finding that they have to price their offerings at a low price point to gain access to customers. This generally leaves them with scarce monies to invest in assisting their clients with training to raise the competency level of the end user. Realty firms often short shrift its own investment in training and adoption planning. Both parties end up frustrated with the outcome, namely potentially useful technology that is underused by the end user. Not the best outcome for the investment.

Are we over-investing? The answer is likely yes when talking about the systems themselves or about the short and intermediate term impact on growth and margins. It's just as correct to say that we are underinvesting when it comes to training the end user, whether referring to a managerial tool or one used by sales agents. ■

Please visit us at [www.realtrends.com](http://www.realtrends.com) for the following noteworthy products:

- Brokerage Compensation Report
- Game Plan
- Online Performance Study
- REAL Facts
- REAL Trends 500
- REAL Trends Canadian 250
- Valuing a Residential Real Estate Services Business

# Holiday Greetings That Are Uniquely You!

Make sure your current and past clients know they're on your most important list!

[www.merrill4marketing.com](http://www.merrill4marketing.com)



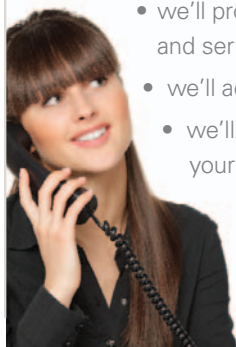
See what all the chat is about!

"I stand out from my competition with the help of the products from Merrill Corporation. Unique products give me a professional edge that other agents don't have."

– Kimberly McIntosh



## Merrill's SERVICE PLEDGE to you:



- we'll provide you easy-to-use tools and services
- we'll address your issues promptly
- we'll communicate with you your way
- we'll invest our resources to better meet your needs

Create an online marketing campaign.

Merrill mSHARE allows you to instantly create online marketing to complement your print campaign. Order any product – then share it with your email contacts, Facebook friends or any of the over 150 other social media sites – all with a click of a mouse. **Plus, It's FREE!**





# Is Technology Overwhelming Cooperation and Compensation?

Written by Steve Murray, publisher

In the October issue of the REAL Trends newsletter, we commented on the explosive growth of off-market or pocket listings and the likelihood of long-term damage to the role of agents in the housing transaction. The hot market with low levels of inventory relative to buyer demand is certainly the main contributor to this trend. Related to this trend, agents are forming private networks to share listings with only each other. Some realty firms are doing the same thing with their own sales force, marketing listings only to agents associated with the company.

### Need for the MLS

Technology obviously enables these modern private networks. Without platforms (even as rudimentary as simple email) that enable quick inexpensive transmittal of the data on listings, the opportunity to share data on new inventory would be hindered significantly. Further, the availability of listing portals that reach enormous audiences of potential buyers not requiring either cooperation or compensation makes pocket listings and private agent networks possible. For a small but growing number of high-producing agents, the need for the traditional MLS has declined measurably.

### In-Person Transactions Dwindling

More importantly, what we've heard is that in-person contact between agents and their customers is declining. Some realty CEOs have told us that their agents don't meet with clients and customers like they once did. Whether it's entering into listing agreements or sales contracts, prior to sale or during the closing process, it's all done using email, online documents and digital signatures. The need to meet with clients and customers throughout the sale or purchase process seems far less necessary than it once was. We have been told that the same trend is true in mortgage banking. While the source of business may still be personal knowledge or a referred relationship, during the actual process of providing service, there is far less in-person contact than once was the case.

### Are We Headed to Call Center Status?

If a true trend is developing where realty sales agents or loan officers have no in-person contact or far less than in

the past, why couldn't the whole transaction be done from a call center? If all realty professionals are providing guidance through a process, then certainly it could be done in this manner (think Amazon or Zappos). With such a trend, it may no longer be necessary for someone to meet someone in person to conduct an entire home sale or purchase. We don't meet someone at Amazon or Zappos. With the advent of a totally automated housing transaction process, and where sales agents no longer feel the need to meet personally with a client or customer, how long can it be until a new realty firm arises that processes entire transactions for consumers?



We don't know the answer to this one. The foundation of cooperation and compensation was that sales agents knew their customers and each other. This philosophy was designed long before technology enabled all of the functions of the market to be done electronically. Without in-person contact between sales agents, or without similar contact with housing consumers, it's conceivable that the next generation of realty firm will be more of a processor of transactions rather than a collector of relationships. Trust me, it would have a profound impact on the way the market works today. ■

# MLSs and the Realty Alliance

## MLS DÉJÀ VU

Written by Steve Murray, publisher

In the late 1980's and early 1990's, REAL Trends worked with brokerage firms in more than 30 metro areas to reorganize the MLS. In most cases, the problems were related to governance and fees, but there was also a huge push to regionalize and rationalize the MLS of that time. There were simply too many MLS systems in each discreet market. While the brokerage community did not get all that it would have liked in these efforts, there was a satisfactory outcome. Many of the large regionalized MLS systems of today came out of those efforts.

### Setting the Stage for Conflict

One of the reasons the MLS is at odds with leading realty firms is the absence of leaders of large regional brokerage firms in the leadership of the MLS (and Associations for that matter). In the vacuum came the heads of smaller realty firms and sometimes even sales agents. The interests of these participants were often at odds with the interests of large realty firms. It set the stage for conflict.

Recently, large realty firms are once again raising their voices over the direction and operation of MLS systems. The main point of contention seems to be related to the operating of public Web sites by MLSs in competition with the Web sites operated by large regional brokerage firms. Another related issue seems to be the listing syndication to third parties as practiced by some MLSs without regard to NAR policy or to the desires of large regional brokerage firms.

### Overstepping Boundaries

We had long believed that MLSs overstepped their bounds when they opened public facing Web sites. Marketing to and interacting with housing consumers has always been the responsibility of and the domain of the realty firm and its agents, not the MLSs. Whether an MLS has such a service or not, it's a decision made at the local or regional level, or at least it has been.

### Favorite Search Tool cont. from p1

amazing new tools that were used by the younger peers on the panel, I answered that Roger was my favorite search tool. The audience was quiet, as they had never heard of this search engine. When I explained that I meant that Roger, our family's real estate agent, was our favorite search tool there was some laughter.

This much is true—for those of us who truly value our time and trust our family advisors, like we do Roger (Roger Campbell of The Kentwood Company in Denver) there is really no reason to spend hours of valuable time searching for properties online when Roger and his team will do it for me. Actually, they'll do a lot more work than I could do



In the past, the absence of leading realty firms from the discussion at the local or regional level in MLS policy resulted in MLSs that didn't reflect the input from large realty firms. It would appear that their absence once again has caused the MLS to move in directions that are not in their interest. Many MLSs reflect the desire of the operational leadership of that MLS and the directors of these organizations to add to the membership services and products it offers. For small realty firms and sales agents, a public facing Web site makes sense.

### Where Are the Large Realty Firms?

Once again, the absence of large realty firms opened the door to the expansion of membership services provided by the MLS. There are also cases where large brokerage firms are well represented on such boards, yet the MLS opened a public facing site. In either case, the leaders of large realty firms need to make their views known at the MLS level as they once did nearly 20 years ago. ■

online in the same amount of time. No, for us, having Roger is far more efficient than using online portals or Web sites and it leaves us time to do the things we like to do.

I tell of this because we seem to be buying the technology story hook, line and sinker. It's impossible to believe that agents would tell buyers to "go to our Web site and look around, and then we will talk about what you found, and I can give you information about the market or areas in which you are looking." Whatever happened to the agent who would dig in and do the work himself? Are the majority of agents doing this? I certainly trust not, but it would appear that it is heading that way—a sad state of affairs. ■

## Brokerage

### The Realty Alliance and the MLSs

# The Keystone Cops Needed the Work

*The Realty Alliance has given notice that it will continue a confidential initiative that it believes will bring both justice and satisfaction to its cause.*

Written by Jeremy Conaway, contributing editor

It was almost as if all the other things happening in the industry these days weren't enough to capture everyone's attention. Apparently, some people were searching for just one more thing on which to fixate. Craig Cheatham, president and CEO of The Realty Alliance, provided that opportunity when on October 4, as a participant in a panel presentation entitled "Eliminating Conflict Between Brokers and MLSs," during the Council of Multiple Listing Services meeting in Boise, he raised a number of unwelcome issues.

Cheatham shared with the assembled MLS executives that the members of The Realty Alliance have concerns relative to the MLS and a number of other major issues and that those concerns were falling on deaf ears both at the National Association of Realtors® (NAR) and within the MLS community. This message was delivered complete with a detailed list of very specific issues that The Realty Alliance was concerned about and a very clear notice that the group would probably deliver another message during its fall meeting in Boston.

---

**The media has come alive suggesting that The Realty Alliance's failure to create industry havoc is somehow a sign of weaknesses.**

---

Response to Cheatham's comments echoed like a fire alarm throughout the industry and like a bomb blast through the blogosphere. Literally dozens of pages of blog posts appeared within 36 hours (when did blog posts turn into novels?). All matter of theories, acquisitions and counter acquisitions were raised. Responses ranged across three groups; those who wanted to attack The Realty Alliance, those who wanted to attack its message and those who were on their way to dinner.

Well, The Realty Alliance's October business meeting has come and gone. Once again the organization has expressed its concerns and has given notice that it will continue a

confidential initiative that it believes will bring both justice and satisfaction to its cause.



Once again the media and the blogosphere have come alive suggesting that The Realty Alliance's failure to create havoc within the industry is somehow a sign of weaknesses.

We are now on notice that a significant number (far more than the members of The Realty Alliance) of industry contributors and

sustainers are displeased with a number of issues and circumstances and are expending significant human and financial resources to find an alternative solution. One suspects that all over the country industry executives are enjoying their favorite beverage and feeling good about a crisis that has been averted. Do we intend to get back to business as usual?

Lets try this again. WE ARE ALL ON NOTICE THAT A SIGNIFICANT NUMBER (FAR MORE THAN THE MEMBERS OF THE REALTY ALLIANCE) OF IMPORTANT INDUSTRY CONTRIBUTORS AND SUSTAINERS ARE DISPLEASED RELATIVE TO A NUMBER OF ISSUES AND CIRCUMSTANCES AND ARE EXPENDING SIGNIFICANT HUMAN AND FINANCIAL RESOURCES IN AN EFFORT TO FIND AN ALTERNATIVE SOLUTION.

Should you really go back to business as usual or is it time to take a different approach? Our industry and our large brokers need to be as aligned as possible as we move forward. The Alliance's concerns go beyond the MLS into a number of other areas. Make sure that the REALTOR® organizations in your community are engaging the dialogue. We can do better than this. ■



## Company Leadership

# Got Vision?

*Without vision, organizations will perish. Here are three steps to a creating a compelling vision.*

*Written by Larry Kendall, author of *Ninja Selling* and Eric Thompson, CEO of *The Group, Inc.**

Helen Keller was once asked if she could think of anything worse than being blind and deaf. “Yes,” she said, “being able to see but having no vision.”

What is your vision for your organization? Where do you want to be a year from now? Five years from now? Do your people have a vision? Do they share in your vision? It’s been said, “Without vision, the people will perish.” So will organizations.

---

**“A great vision statement should be bold, measurable and written down. As a leader, you are responsible for the vision, for clarifying the future and for taking your company from vision to shared vision.” —**

***Larry Kendall and Eric Thompson***

---

### Create a Compelling Vision

In his book, “The One Thing You Need to Know,” Markus Buckingham says the primary role of a leader is to clarify the future—to create and communicate a compelling vision. How do we do that?

When we work with the top leadership of companies, we recommend a three-step process to develop a compelling, relevant vision that will inspire the organization to greatness. Here it is:

#### Step No. 1: Expand your perceptual map.

Your perceptual map is your worldview. Do you have an expansive worldview? If you do, you’ll have more and better ideas for your vision. It’s been said that we are today the same as we will be tomorrow except for three things: the people we meet (get involved in a CEO group); the places we go (benchmark top companies); and the books we read.

(Leaders are readers. Set a goal to read *The Wall Street Journal’s* top 10 best-selling business books each year.) Expand your perceptual map and you’ll improve your vision.

#### Step No. 2: Wave your magic wand.

Wouldn’t it be great if you could wave a magic wand and your office or company will be just the way you want it? What would it look like? In our leadership workshop, ideas range from “everybody is positive and productive” to “our profits are off the charts.” Pick two or three of the best ones.

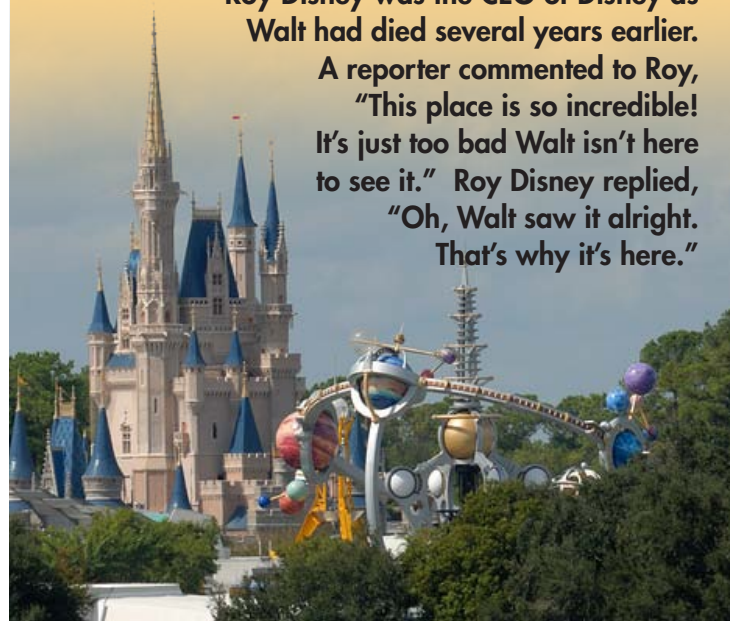
#### Step No. 3: Make your vision measurable.

Put metrics to your magic wand answers from Step No. 2. You need to be able to answer the question: How will we know when we’ve succeeded? Rather than just visualize productive sales associates, visualize an average GCI or the number of transactions per associate. How about developing a specific profit or market share? The gold standard for many companies is to outperform the market—if the market is up 15 percent, exceed that. Outperforming the market always increases market share. ■

## He Had Vision

**At the grand opening of Disney World, Roy Disney was the CEO of Disney as Walt had died several years earlier.**

**A reporter commented to Roy, “This place is so incredible! It’s just too bad Walt isn’t here to see it.” Roy Disney replied, “Oh, Walt saw it alright. That’s why it’s here.”**



## Brokerage Business

# Consumer-centric or Customer Friendly?

*Is this suggested lack of consumer-centricity a product of traditionalism or merely a cultural shortfall?*

*Written by Jeremy Conaway, contributing editor*

An often-heard criticism of traditional brokerage firms is that they're not inclined to be consumer-centric. Given the fact that consumer-centricity is not a traditional business policy or even a recognized value factor, this may well be true. Is this suggested lack of consumer-centricity or sensitivity a product of traditionalism or merely a cultural shortfall?

We recently worked with a brokerage whose new management team wanted to experiment with the issue of consumer-centricity with an eye towards moving the firm gently towards a more productive consumer perspective.



### Consumer Neutrality

As a starting point, we conducted a series of surveys and interviews with management executives, administrative staff and top agents. Our objective was to determine a residual attitude with respect to the idea of consumer-centricity. While we wouldn't suggest that our research methods met the requirements of a Ph.D. dissertation, it was sufficient to arrive at some management quality conclusions. What we discovered was an atmosphere of consumer neutrality.

The research failed to disclose any overt anti-consumer sentiment. Neither did it discover any overwhelming urge

within the firm to cozy up to the consumer. What we did find interesting was that those whom we surveyed didn't really think about consumers at all. Rather, they focused their attentions on their specific customers instead. Most interesting of all was the discovery that most of the individuals who participated in the research had a very strong sense of customer service, but no impressions regarding appropriate consumer interactions. Moreover, while their respect for customers was quite high, there was no corresponding cultural or professional respect for consumers.

### How to Handle Customers

Intrigued by these findings, we followed up with a secondary research effort that explored how the group felt relative to how their respect for their customers should be played out in their day-to-day interactions. This effort was really enlightening. We were able to determine that a significant number of individuals within the groups held common beliefs with respect to how customers were to be handled. Consider the following.

- A majority of the group felt that customer respect meant being respectful during direct interactions.
- A majority felt that a customer's needs and expectations should be taken into consideration whenever possible.
- Less than half of the test group felt that their customers really understood or appreciated their own transaction.
- A significant majority of the group felt that the decisions recommended by and knowledge of the agent should control the transactional decision-making process and that the agent really did know what was best for the customer.
- Slightly more than half said that occasional casual and/or convenient interpretations of the facts were both necessary and convenient to make deals come together and transactions close.

A case can be made that these folks are guided by a sense of "the doctor knows best." Under this approach, it's completely appropriate that an agent or manager do what is necessary to close a transaction so long as the best interests of the customer are not violated.



This laissez-faire style of practice (professionals should allow matters to proceed naturally unless a clear danger is poised for their clients) was for many generations a staple practice methodology within the legal, medical, accounting and other professions. Today, most of these professions converted to a more objective style because of one single factor—the arrival of today’s transparency- and accountability-seeking consumer. Professionals and businesses across the American economy have to migrate from their traditional caring and protective approach to customer service to the much stricter and demanding standard required by consumer-centricity.

### **Are They Better Off?**

Are today’s consumers any better off than yesterday’s customers? Perhaps not. Marcus Welby’s patients seemed to recover nicely, and Perry Mason’s clients seemed to relish their experience. Most of those harmed by this approach never even knew it. In contrast, today’s enlightened and empowered consumer launches into a jungle of research, bravado, fear, distrust and mistrust at every turn. While it’s true that they have a world of information and data at their beck and call, seldom are competent enough to take advantage of these benefits. In fact, younger consumers appear to have abandoned even the fantasy of enlightenment in favor of collegiality, eagerly seeking information about those who have gone before them through various service-provider rating programs and apparently never considering the fact that these “pioneers” may not have been anymore knowledgeable than they.

### **Brokerages Should Not Feel Inadequate**

All of which brings us back to our discussion of consumer-

centricity. Brokerages and real estate professionals should not feel guilty or inadequate because they’re not consumer-centric. The vast majority of customers that brokerages have served over the years are alive and well. Many still live in the very properties they bought through that death-defying transaction in which so many apparently were marred for life. Our real estate industry has provided a safe and satisfying real estate experience for millions of American families.

Yet there is one word of caution. Firms and agents who follow the traditional paths of customer service and respect must exercise great caution as they go about the day-to-day efforts of their traditional practice. A new creature is increasingly populating today’s market. A creature who is driven by a fear of the unknown and an abiding almost crippling lack of trust for any firm or professional who has not professed total consumer-centricity.

The concept is no longer buyer beware in today’s digital- and social-media-driven society. The former prey has become today’s electronic predator. Having convinced themselves that most real estate service providers are dishonest, these people have made an interesting choice. While one would think that the purist decision would be to “do it themselves,” they’ve apparently decided to bear their burden by demanding a discount.

If you’re a traditionalist and hope to survive in today’s increasingly combative world, you would do well to sport a nametag that identifies you to that world as “not consumer-centric but customer friendly.” ■

---

**Today’s home shoppers are looking to those who have gone before them for advice.**

---



# Focus On: Frank Norton, Jr.

Frank Norton, Jr., CEO/chair, The Norton Agency

Written by Tracey C. Velt, editor

“Many people think they know Frank Norton, Jr., but the real Frank Norton, Jr. just may surprise you. Spend some time talking with him, and you’ll uncover a creative introvert with strong family values, an untenable work ethic, and a heart for being a community servant.” This came directly from The Norton Agency website, and I couldn’t have written it any better! Read more about him here:

**REAL Trends:** Tell me about your career path. What influence did your father have on you joining the business?

**Norton:** I grew up in the business. I’m 57 years old and have been in the business that long. It’s a family-owned business, so my brother and I are third generation. The company was founded by my grandfather in 1928, and my mother was the first real estate agent back in the 1960s, I built the residential side.

I went to Georgia Tech to become the family builder and attended the College of Architecture, but I worked my way through school. In college, I worked in the research division of CB Richard Ellis, Coldwell Banker Commercial. They hired me into the training program. I trained in California, Texas and Atlanta. I moved into building sales, and I was rookie of the year my first year in sales. At 25 years old, I was named the youngest manager in history for the company.

However, my tenure at Coldwell Banker soon ended. They offered me a job traveling the southeast as a marketing director. I had a family and a child. I knew I would be away from home a lot, and I didn’t want that. So, I went home and joined the family business. In fact, I actually took the job at Coldwell Banker and had regrets immediately. I took the job on a Wednesday, had a long talk with my father that Friday, bought a house on Sunday and quit Monday morning,

I took a step backward to help my father build the residential side of the business. When I started we had \$35 million in annual volume. Last year we had \$575 million in annual volume. We are the largest independent insurance

real estate company in the state of Georgia. As an insurance agency, we have 65,000 customers.

My father taught me to become the ultimate multitasker. He did it because he had to put bread on the table. I learned that hard work pays off, and you have to be a multitasker to survive the multiple cycles. We’ve been a company for 13 cycles of down markets. Our greatest

expansion has been in those down cycles. We’ve been able to acquire strategically and capitalize on opportunities.

**REAL Trends:** How do you do business differently? What makes The Norton Agency unique?

**Norton:** We are a family business with a strong southern family culture and values. That culture is from the top down, so we attract people who share those values. We really care for our family. In fact, there are 47 different family units working within our company—brothers, father and father in law, mothers and daughters. Our firm wouldn’t be anywhere without nepotism.

We are approaching employment of 300 people.

We’re pushing the growth of a family business forward. We require our agents and employees to work, of course. We’re a hard-working family, but we also expect our employees to have fun and laugh.

**REAL Trends:** What are some trends you’re seeing in your market?

**Norton:** Atlanta is moving forward. In fact, it will move through us. We recognize that as a company we need to expand beyond that. We have to be small town and local, but also act as sophisticated as any of these national folks. The largest trend we’re seeing is high-net-worth families taking the opportunity to acquire legacy portfolios. People who have amassed wealth from other industries are looking to diversify and build portfolios that will last three or four generations.

**REAL Trends:** Do you have any hobbies outside of your career? Family?



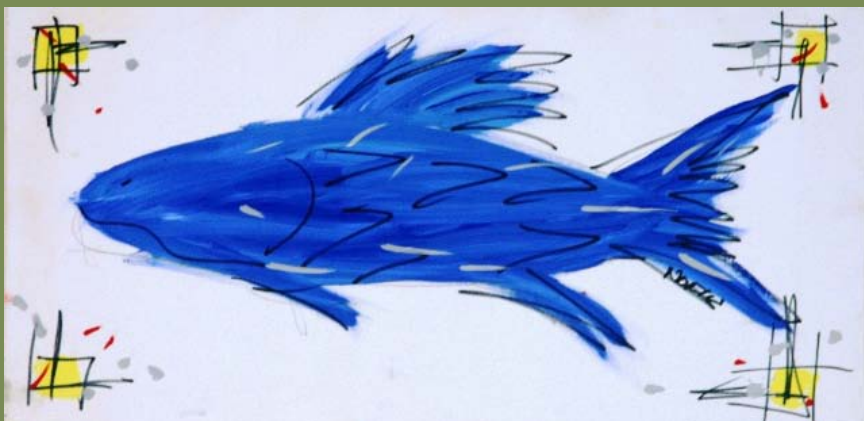
**Norton:** I'm a left brain/right brain person. I'm very creative. I'm an artist. I paint folk art birds and my paintings are in 13 southeastern galleries. I sell about 50 paintings a year. I donate about one-half of my work to charity for fundraising. It's my golf game. I'm experimenting with contemporary work represented by a national gallery. Painting gives me some down time to think about something other than real estate. I also fly fish.

I'm married to Nancy and have three adult children. My daughter, Teddie, works in Washington for a Georgia congressman. My son, Tripp, is an investment analyst in

Atlanta, and my daughter, Emilie, is working for an Internet start-up in Atlanta.

**REAL Trends:** What are you passionate about as it relates to your business?

**Norton:** I believe the secret to the success of any business is energy. It's not smarts. Energy can out-power any obstacle. Energy motivates people. I have a staff person who refers to me as a Tasmanian Devil. I try to energize our workforce. Since 2007, I stepped up my personal contacts and energy level. We decided we would be the most energetic firm. ■

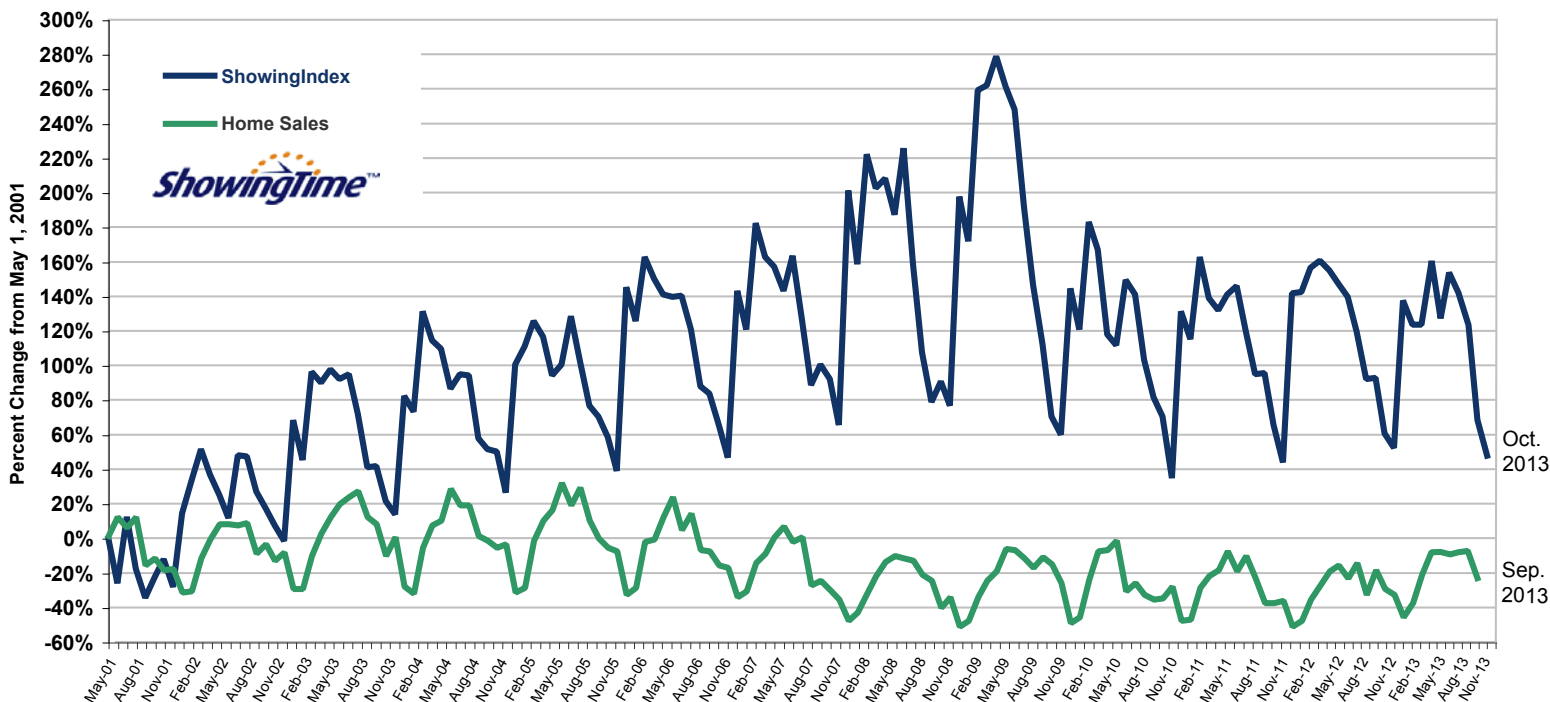


.....

Frank Norton Jr. is a folk artist displayed in many galleries throughout the southeast.

.....

## ShowingIndex - Leading Indication of Home Sales



Source : "Housing Sales" is the actual property sales statistic as reported by the National Association of REALTORS. The "ShowingIndex" is a moving trend statistic that tracks the rate of showing appointment requests from the websites of more than 60 real estate companies throughout the U.S. 40 of the companies are Top 100 companies as reported by REAL Trends.





# DO YOU HAVE WHAT IT TAKES TO BE A MEMBER OF THE MOST EXCLUSIVE REAL ESTATE CLUB IN THE WORLD?



The mission of The Fellowship of Realty Professionals is to recognize, reward and build relationships between the world's most successful real estate professionals.

## APPLY TODAY

Find out more at [www.realtyfellowship.com](http://www.realtyfellowship.com)  
or call 855-433-5569 (855-4FELLOWS)

The Fellowship of Realty Professionals | REAL Trends, Inc.  
7501 Village Square Drive, Suite 200  
Castle Rock, CO 80108



**THE FELLOWSHIP**  
OF REALTY PROFESSIONALS

*The most exclusive REAL ESTATE CLUB in the world.*

**REAL** *Trends*  
The Trusted Source



# REAL Trends

## HOUSING MARKET REPORT OCTOBER 2013



### **Home Sales Surge in September**

*September was surprisingly strong.*

“September 2013 sales of new and existing homes were surprisingly strong, especially in view of the rise of mortgage rates over the past few months,” said Steve Murray, editor of the REAL Trends Housing Market Report. “Historically when a recovery starts to drive rates up, buyers increase their buying activity to beat the rise in rates. We saw that in the July 2013 results. September results showed a small decrease in the annualized rate of homes sales from the prior month, which was also expected. Inventories continue to constrain sales as well and although homes available for sale have increased they remain below historical levels of balanced housing markets.”

---

### **The average price of homes sold increased by 5.5 percent in Sept. 2013 compared to Sept. 2012.**

---

The annual rate of new and existing home sales for September 2013 was 6.228 million up from 5.153 million recorded in September 2012 but down slightly from the rate in August 2013.

The average price of homes sold increased by 5.5 percent in September 2013 compared to September 2012.

Housing unit sales for September 2013 were up 24.4 percent in the Midwest, the strongest showing in the country. The next highest region was in the South region at 23.3 percent, the Northeast region was up 21.5 percent and the West was up 14.2 percent.

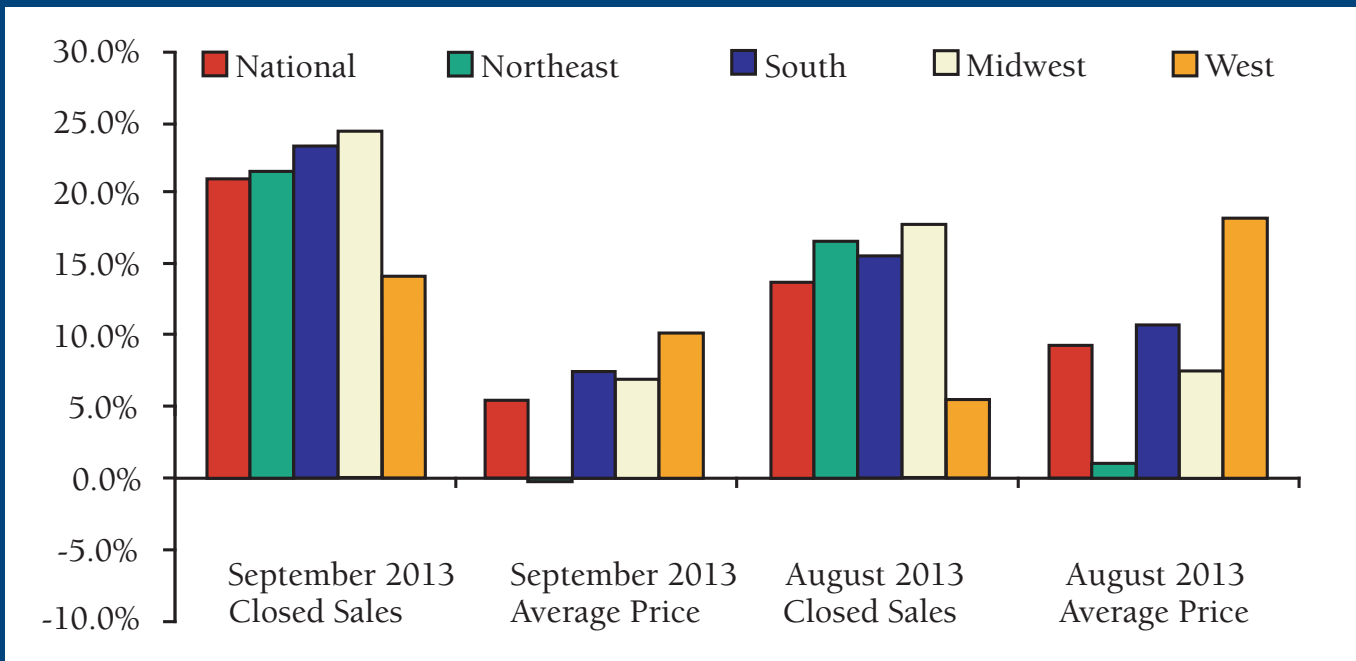
The average price of homes sold in September 2013 increased 5.5 percent across the country, down measurably from the results in August 2013. The West had the best results with the average price of homes sold increasing 10.2 percent followed by the South region at 7.3 percent and the Midwest at 7.0 percent. The Northeast region saw prices move downward by 0.3 percent. ■

*The REAL Trends Housing Market Report for September 2013 shows that the rate of housing sales increased strongly in September 2013 growing 20.9 percent from September 2012, a continuation of the powerful surge in housing sales that started in October 2011.*



## REAL Trends September/August Housing Market Report (Versus same month a year ago)

	September 2013 Closed Sales	September 2013 Average Price	August 2013 Closed Sales	August 2013 Average Price
National	+20.9%	+5.5%	+13.7%	+9.3%
<b>Regional Report</b>				
Northeast	+21.5%	-0.3%	+16.7%	+0.9%
South	+23.3%	+7.3%	+15.4%	+10.7%
Midwest	+24.4%	+7.0%	+17.7%	+7.6%
West	+14.2%	+10.2%	+5.5%	+18.2%



## Advertising Opportunities in REAL Trends

Contact Doniece Welch at [dwelch@realtrends.com](mailto:dwelch@realtrends.com) or 303-741-1000.

**REAL Trends**  
The Trusted Source



Heard at REAL Trends

# Technology Is Not Our Business

*No, technology is not our business. It's a tool for our business.*

The REAL Marketing and Tech Summit was held last month in Denver. It was a working session with topic experts presenting on areas such as lead management, integrating technology, agent adoption and the use of mobile. After the presentations, attendees were broken into work groups where the topics were discussed, with aggregate results reported to the conference at large.

## What did we hear?

Integrating the various real estate software systems necessary to the operation of a brokerage is a thankless task. It is time consuming and expensive, complicated and carries risks that are usually unknown when one gets started. It is critical that a firm moving down this path understands exactly what it expects to receive in terms of benefits— whether to the customer, agents or the firm. What will it do to improve the business of the firm? Don't count on decreasing headcount, at least initially. Don't count on agents suddenly adopting the platform or that even where they do that it will increase their productivity.

Brokerage firms have spent billions of dollars developing and deploying technology and marketing systems and tools in the past 10 years. Struggles with agent adoption continue unabated making these bets highly suspicious

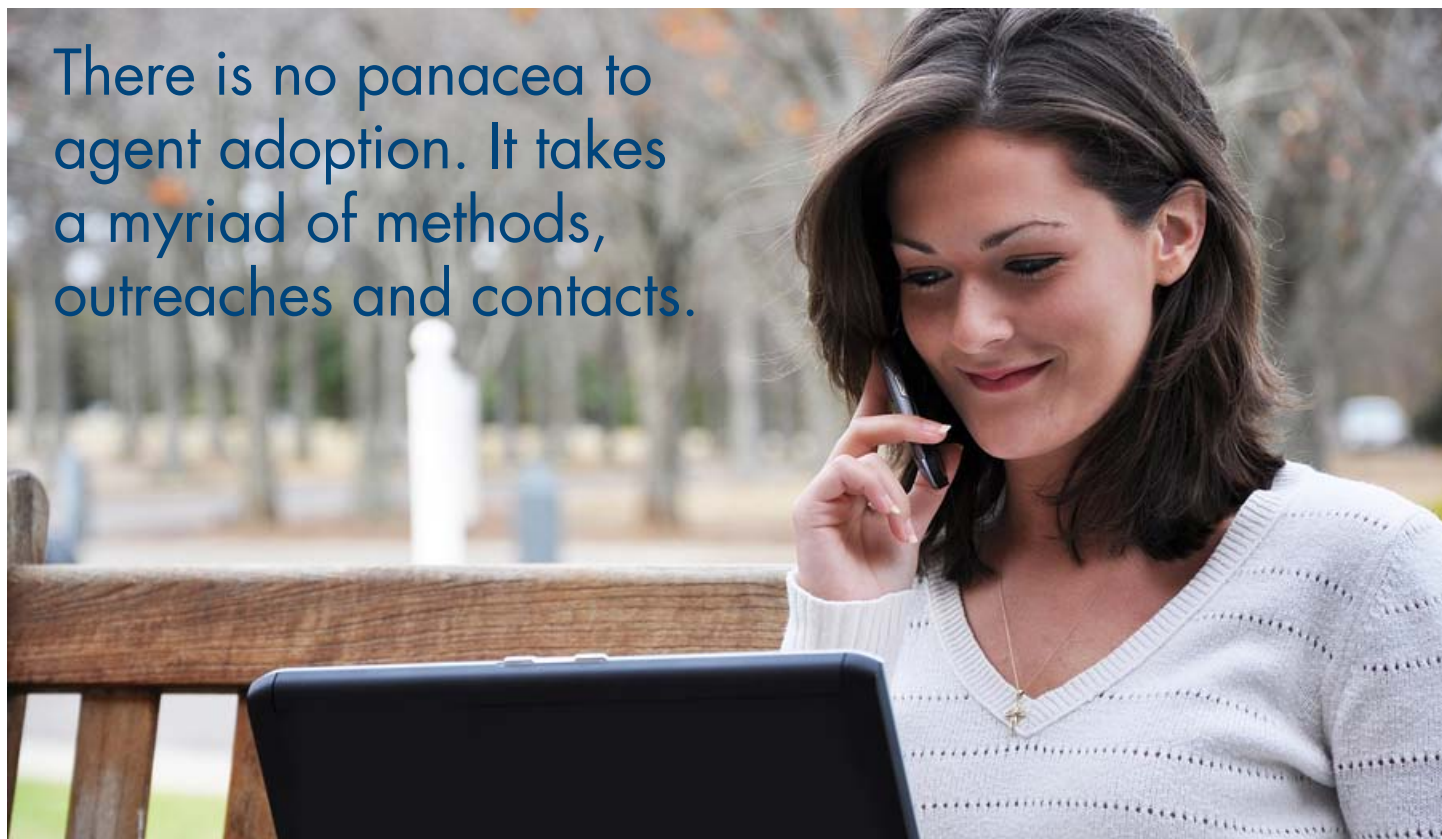
where one is looking for bottom-line returns. It is necessary for agent recruitment and retention? Undoubtedly, but the ROI on these investments is speculative at best.

There is no panacea to agent adoption. It takes a myriad of methods, outreaches and contacts to get agent adoption. And even then, of course, there will never be 100 percent adoption. So what is an acceptable level? And what segments are most likely to adopt new tools and which are not? These are all critical questions.

On lead generation/capture and the use of mobile, the issues were just as complex. And in each case some interesting answers were unearthed. We will save that for later.

It is clear that the leaders of technology and marketing services within the brokerage community desire to see every agent embrace today's technologies as a partial answer to the challenge of growing one's business. They think that new tools offer a better way to do business. They also understand that there are numerous highly successful agents who neither want nor need every new tool coming down the road. This is because, at heart, leaders in the brokerage business know that, in the end, today's tools are just that—tools to provide service to customers and not the other way around. ■

There is no panacea to agent adoption. It takes a myriad of methods, outreaches and contacts.



# Your Brokerage's New Best Friend

**Data sharing and piracy is rampant in the real estate industry. But, you can do something about it. Here's how.**

*Written by Travis Saxton, technology and marketing manager*

If you see unlawful use of your listings on an aggregating site, Craigslist, or other internet-sharing site, how can you protect what is rightfully yours?

REDPLAN is a new real estate friendly data protection plan that was built on four simple principals:

1. To serve as an advocacy group for the promotion of intellectual property rights for the real estate industry.
2. To serve as an incubator for best practices concerning new and innovative intellectual property usages and rights.
3. To provide investigative and monitoring services for the entire industry, and act like a central office for alerts and advisories concerning data theft and misuse.
4. To act as a clearing-house for litigation strategy and also, through an associational standing position, provide an organization to help class actions take hold so that MLSs, brokerages and other companies don't have to fight for the protection of their intellectual property rights through individualized, and inefficient, isolated litigation.

While REDPLAN is made up of a board of directors and takes an unbiased position they do fund its services with an annual membership fee. If you or a broker you know is

dealing with any type of data theft, then REDPLAN can work for you.

REDPLAN was founded by Clarity Consulting, and Claude Szyfer of Stroock, Stroock & Lavan LLP, to address the legal needs of the real estate industry with regard to data piracy.

One of the key goals of REDPLAN is to provide MLSs with a more efficient and organized method to protect their intellectual property rights. "It's like a member library of materials and education and documents that you don't have to recreate," says Gregg Larsen, president and CEO of Clarity Consulting. "We have a legal committee being formed right now. Our plan is to have a committee of attorneys who are in the real estate data business—those who understand the issues."

They'll be contributing and establishing what those best practices are and educating about issues related to intellectual rights for our industry. For more Information on REDPLAN Visit: <http://red-plan.org/organization/>. ■



## The Age of Realtors®

# Where Are the Younger Agents?

### The impacts of an aging Realtor® population.

Written by Steve Murray, publisher

- In 1987, the median age of Realtors was 43.
- In 2012, the median age of Realtors was 56.
- In 1987, 63 percent of all Realtors were under 50.
- In 2012, 31 percent of all Realtors were under 50.

The data is clear. As an industry, we are aging rapidly. Our industry is certainly not attracting young people into careers in real estate. This has significant impacts to the business.

- **Technology.** The adoption of technology is slowed substantially as older careerist are less likely to adopt new technologies as rapidly as younger agents. This is especially true as those who are older and more

experienced built their businesses more on their relationships, knowledge and skill sets rather than their ability to navigate and communicate through modern WI-FI and the Web.

- **Management.** There is a dearth of talent to fill sales management slots. This is not a recent challenge, but it's going to become more of an issue as the depth of those with the talent to fill these roles lessens. Where are tomorrow's managers going to come from if we continue to avoid hiring from outside of the industry? Are the aging sales agents and managers going to retire at the same time or will the industry have to adapt and change their mindset about hiring from other industries? This would also entail a broad scale change in the duties of the typical sales manager in residential brokerage.

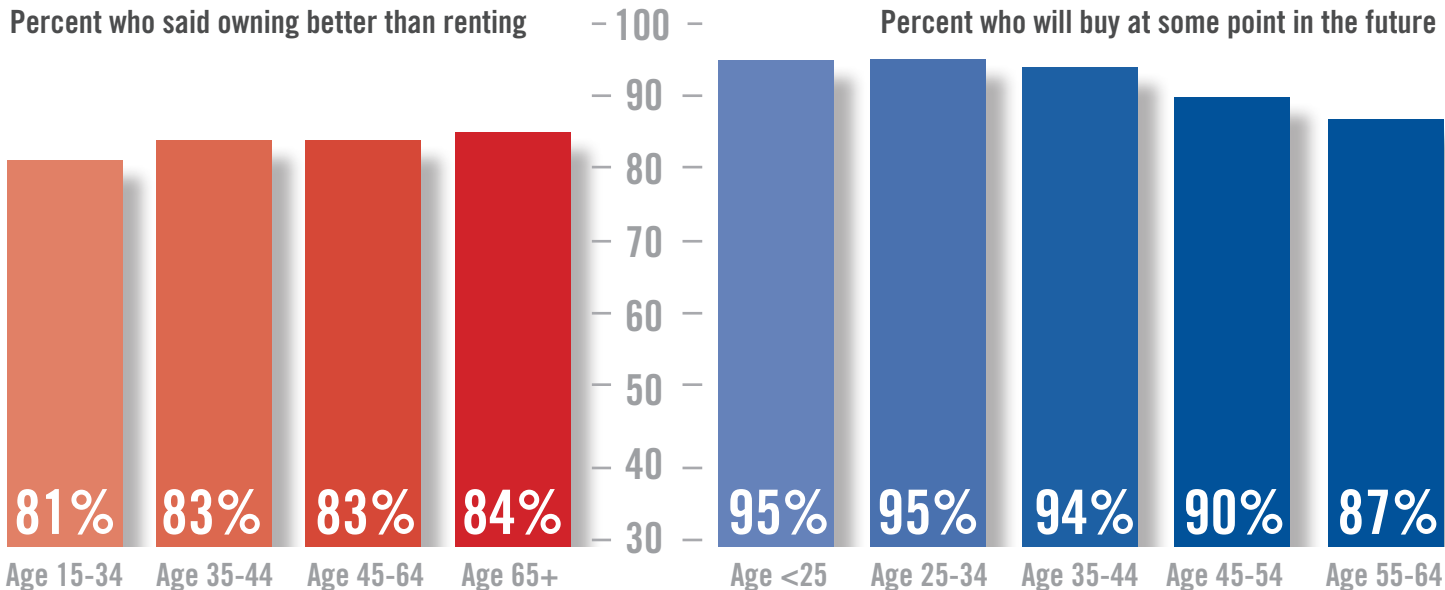
Interestingly enough the median age of brokers has risen from 48 years to 55 years in that same period. ■

## Market Study

# The Underlying Strength of Housing

From the Joint Center for Housing at Harvard University comes news that should warm the heart of every real estate professional. According to the State of the Nation's Housing report issued in July 2013, every age group reported, "owning a home makes more sense than renting."

And from a separate report done by Drew and Hebert based on Fannie Mae National Housing Survey comes a look into the current interest in purchasing:





# Appreciating Values Make it Easier to Move

## Relocation on the rise.

Written by Steve Cook, editor of Real Estate Economy Watch

One in three Americans would consider moving to another state in the next one to two years for financial as well as lifestyle considerations, according to a new survey by ERA Real Estate. "While U.S. unemployment has declined and real estate values have been on the rise, many Americans who met with financial challenges during the last five years may be looking to make a change by moving to a new job market," said Charlie Young, president and CEO



of ERA Real Estate. "That not only makes good financial sense, but would likely increase their quality of life."

For those consumers who would consider relocation, the primary financial drivers are better job opportunities and a lower cost of living, while curiosity about new places and better weather were equally important in the lifestyle consideration set.

For those who were not interested in a major move, 72 percent of respondents reported it was because they were happy living in their current local market.

With U.S. Census data pointing to increased migration—the number of people who moved out of state or region in 2012 increased 6 percent over 2011. ERA brokers citing an increased interest in self-directed relocation, ERA Real Estate partnered with HGTV to dig deeper into the American appetite for relocation.

"As the overall economy and job market improves, people are more likely to consider a major life change that is on their terms, not because they have to," said Dr. Leslie Reiser, a behavioral expert who worked with ERA Real Estate to understand consumer psychology, attitudes and behavior surrounding relocation.

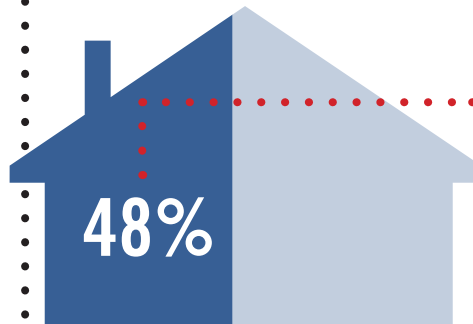
Moving to a market with better job prospects, a lower cost of living and better weather appears to be favorable to

prospective house-hunters, even if it means leaving family and friends behind. In addition to the consumer survey with HGTV.com, ERA Real Estate also conducted a national survey of its real estate brokers, who cited an improving economy and real estate market as the main reasons that their clients find relocating out of their local market today more attractive than it was two to three years ago.

## I Like to Move It, Move It

About two-thirds (63%) of ERA brokers reported that homebuyers and sellers are more open to the idea of moving to a new area, outside of their current local market.

63%



Nearly half (48%) of the brokers indicated that they are seeing an increase in the number of people in their market relocating, driven equally by financial reasons (lower cost

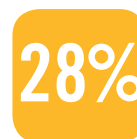
of living, better job opportunities, increased equity position and lower home prices) as they are motivated by lifestyle reasons (better weather, closer to family/friends, retiring, curious about new places).

ERA brokers reported that the two most important selling points in finding a home for a client who is relocating are home prices (29% of respondents) and schools (28%). Proximity to work was important for 17%. Real estate taxes were not a major consideration: only 8% of respondents indicated that was a major selling point. ■

### Most Important Considerations for Home Buyers



Price



Schools



Work



Taxes

## UPCOMING EVENTS:

January 22-24, 2014

### 2014 REAL Trends Institute for Emerging Leaders The Westin Denver Downtown

In January, join us for the REAL Trends' Institute for Emerging Leaders—a conference for future leaders in our industry. The program features expert advice about policies that have worked in the real world in several key areas. Attendees will participate in workgroups and be given case studies to work on and report back to the conference as a whole. The goal is that each participant will be given the benefit of working with other young professionals and hearing the collective input of many bright minds in tackling the toughest issues of the day.

Emerging Leaders is limited to no more than 60 individuals. There are no age limits or experience requirements.

April 30-May 2, 2014

### 2014 REAL Trends Gatherinf of Eagles Four Seasons Resort, Dallas at Las Colinas

President George W. Bush is the keynote speaker at this can't-miss event! General session topics include moderated discussion on second generation leaders, developing leaders in your firm and the benefits of private franchising of your brand.

For more details on these events, please contact Daniele Stufft, conference manager, at [dstufft@realtrends.com](mailto:dstufft@realtrends.com) or call 303-741-1000.

### REAL Trends Launches New E-Newsletter

Check your inbox for the REAL Trends Tech Touch, a weekly e-newsletter highlighting technology reviews, performance studies, brokerage tech case studies, product launches and more. For more info, or to subscribe, go to <http://www.realtrends.com/technology/tech-touch>. ■



## Welcome Terese (Terry) Penza

We are delighted to announce that Terry Penza will be joining our REAL Trends' team effective November 2013. Terry will be responsible for enhancing and developing relationships and Network Memberships with REALTOR® Associations. Terry comes to us with many years of successful experience steering a REALTOR® association, most recently as the president & CEO of the REALTOR® Association of Greater Fort Myers and the Beach and North Shore-Barrington Association of REALTORS®. She's well respected by industry leadership and widely known as an innovator, risk-taker and trailblazer.

“We are thrilled to have Terry join REAL Trends. She is recognized as one of the more talented Realtor association leaders in the country and has been recognized as such for years. We look forward to working with Terry to customize our services and products for Realtor® associations and MLS executives.”

Please join us in extending a heartfelt welcome to Terry. She may be contacted at [tpenza@realtrends.com](mailto:tpenza@realtrends.com) or 303-741-1000. ■

