

REAL Trends

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commentary

The Value of MLSs

There has always been a question as to how to value the multiple listing systems operated mostly by Associations of Realtors® in the United States. Familiar valuation approaches, such as an income approach, a discounted cash flow approach or a market approach don't work well. First, as to the market approach there have been few truly arm's length sales of MLS to outside entities (it is possible there have been some, but we are not aware of any). Second, on the income or discounted cash flow approaches, it is hard to determine when a) deal terms would be in great part dependent on the restrictive covenants on the purchaser's pricing and service behavior after the sale, b) the inability of a purchaser to get a meaningful non-compete agreement from major brokerage firms where the association owns the MLS and c) how the leadership of any association owned MLS would explain the benefits of giving up control for a near all cash or all cash deal. What does an association need the cash for?

Commentary cont. on p2

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America's Best Agents

Over 6,700 of America's Best Real Estate Agents applied to our study this first year. For individual agents this meant a minimum of 50 closed sides or \$20 million in closed volume; for teams the minimums were 75 closed sides or \$30 million in closed volume.

In reviewing the final totals we found that of those who were featured in REAL Trends' Best Real Estate Agents in America whether individual or team averaged 83.3 closed sides and \$26.35 million in closed volume. For individual agents the averages were 66.5 closed sides and \$21.75 million in closed sales volume and for teams the averages were 125.4 closed sides and \$35.7 million in closed sales volume.

Best Agents cont. on p9

Compliments of



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Commentary cont. from p1

So we are left with some who say MLSs are invaluable, some who think there ought to be one (likely run by NAR or an affiliate of NAR) and those who think they could simply be replaced by a national broker run listing exchange. Now, thanks to the leadership of Zillow we may have a way to value the entirety of MLSs in the United States. Instead of speculating about the value, Zillow has pointed out some examples of market values of related enterprises in other countries that may give us clues as to the value of MLS in our country.

According to an investor presentation from Zillow executives earlier this year, the leading portal in Australia had an estimated enterprise value of \$3.4 billion in a market where residential gross commissions are an estimated \$5.3 billion. The same numbers for the United Kingdom are \$2.7 billion in estimated enterprise value for the leading portal in a market where gross commissions from residential sales are estimated at \$5.9 billion. While Zillow says that U.S. gross commission revenues were nearly \$59 billion last year, REAL Trends would suggest they were more near \$47 billion given the level of sales, commission rates and the level of the unassisted market. But there is no need to quibble about this.

So in markets where there is no MLS prevalent, and where there is a dominant residential real estate portal, the enterprise value of the leading portal expressed as a percentage of residential gross commissions was 64.9 percent. (We get this from adding the residential gross commissions of the UK and Australia and dividing that sum into the sum of enterprise value of the two leading portals, again in countries without the presence of a strong MLS).

Were we to take that figure and apply it against the total of residential gross commissions in the U.S. for 2012 (we will use the REAL Trends figure for now) and then compare it against the enterprise value of Zillow (about \$2 billion) we have some idea of the enterprise value of the MLSs in this country. It's not perfect but is as reasonable as any other approach.

So 64.9 percent of \$47 billion or \$30.5 billion, less Zillow's value of \$2.0 billion leaves a difference of \$28.5 billion. We could add Trulia's value of about \$1.0 billion to this and we would still end up with an estimate value for all the MLSs of about \$27.5 billion. That is the value inherent in the MLS for without them, without the market-making position they have in the industry, it is entirely conceivable that Zillow, Trulia and their peers would capture this value as has been done in countries without an MLS system.

Commentary cont. on p4

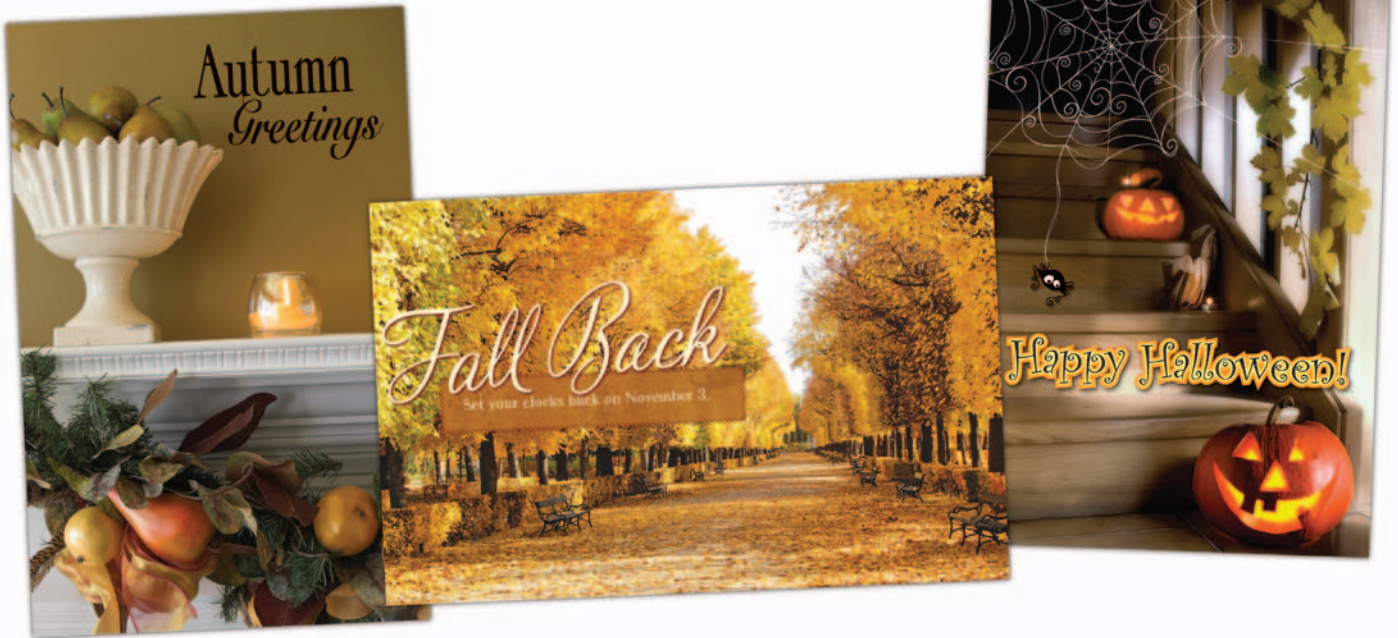
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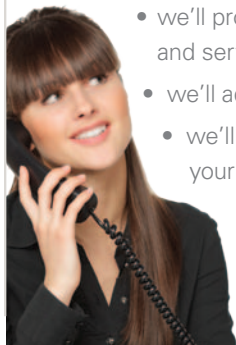
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So when you think about the value of your MLS don't think in terms of how much profit it makes, or how much someone could make owning and operating MLS on a private, venture backed approach. Consider that without MLS doing what they do much of the value of the interface between real estate professionals and housing consumers would be or could be captured by others. And this comes from someone who thinks there is absolutely nothing wrong with the presence of firms like Zillow, Trulia and Realtor.com. They do push all real estate professionals to be better and more consumer-focused.

Another point to consider is this. MLSs as conceived at this time are not focused on the goal of maximizing profit or driving their stock price up. We have seen where that can lead with the example of Realtor.com. While many members thought it was there solely to serve the interests of members of the association, its structure and public offering took it into uncharted waters. In the near future a special meeting will be held to determine whether it needs to be unshackled from some of the restrictions that the Realtor® organization first put into place when it was formed. MLSs have none of these “member/stockholder” conflicts. **Please refer to Page 18 for Updated news from NAR about the future for Realtor.com.**

\$27.5 billion is quite a bit of value.

On the Issue of MLS Websites

The Realty Alliance, a group of large brokerage firms, adopted a new set of fair display guidelines for MLS public-facing websites recently. Regardless of your view of MLS websites these sound reasonable.

Fair Display Guidelines for MLS Public Facing Websites

These guidelines are not offered as being either for or against the concept of MLSs operating public facing websites; however, if an MLS does decide to operate a public facing website they should adhere to these concepts to be labeled as conforming to the “Fair Display” guidelines.

1. Brokers may opt-out of displaying their listings on the MLS operated public facing website.

2. Unbiased display of all listings. Search results will return listings sorted/ranked based upon the consumer's search parameters. The search results list will not give preference to any type of featured listing, or paid placement.
3. Consistent display of listing data. Each MLS will determine the amount of listing data and photos to display on a public facing website. There will not be charges for displaying any data related to the listing or the agent, such as fees for additional photographs or the broker or agents' contact information.
4. No ads for other brokerages or agents displayed on or with a brokerage's listing. Only the actual listing broker and agent may be displayed on the property details page. No ads from companies that may compete with a broker's affiliated business such as mortgage, title, or escrow companies will be displayed on an individual property listing page.
5. Leads Distributed at No Charge to the Listing Brokerage Firm. All leads will go directly to the listing brokerage firm or the agent, as directed by the firm. No leads will be diverted elsewhere. No fees will be charged for leads. Every listing will have the brokerage name and logo prominently displayed, and contact information as provided by the broker including a link directly back to the brokerage website (or other site as dictated by brokerage).
6. Make reports available to the broker. Brokerages will receive or be able to access complete reports on any traceable activities related to their listings.
7. Brokerage maintains control of all of their data. No syndication of the broker's listing data without the broker's consent.
8. MLSs and Brokerage Firms will work together locally to make decisions about allowing ads and other revenue generation methods on the MLS public facing website. If there are ads or other revenue generators the MLS and Brokers will work together to determine the types of ads allowable; and the types of revenue generators allowable; and an appropriate revenue share between the MLS and the listing brokers of the revenue generated. ■

Chatter About the Potential of a Broker-Owned National Portal

Over the years we have heard chatter about the formation of a broker-owned and operated portal to compete with current incumbents Homes.com, Realtor.com, Trulia and Zillow. In many ways it resembles the discussions about having groups of local brokerage firms either buying out existing MLSs or starting from scratch. While there are possibilities that either could happen (and brokers have either taken over or started new MLSs in the past) there are several challenges to doing so successfully.

Twenty years ago we were involved in over 30 major metropolitan areas working with leading residential brokerage firms in a number of efforts along the lines of a reorganization of local and regional MLSs. Some of these efforts were to pressure local associations (owners of most MLSs) to regionalize to fewer MLSs, change governance to include more representative board leadership, literally take over existing MLSs and in some cases to start new MLSs. In most cases it was the threat of the latter to get MLSs to do some of the former goals. Another big issue was the outsized profits of MLSs twenty to twenty five years ago. Brokerage leaders simply felt that these represented overcharges for no good benefit they could see.

There are some real issues that blocked the start up of new MLSs and in brokerage ownership. It wasn't really an issue to change governance, or compel pricing changes or to regionalize. Many of these issues made eminent good sense and MLS and association leaders recognized it as such. The start up of entirely new MLSs and competing against incumbents was another thing. Here are a few of the challenges that our clients faced when attempting to start up a new MLS to compete against incumbents.

First, founding brokerage firms in a new MLS were faced with having to offer an MLS that was both a) virtually the same interface that existed with the incumbent MLS so as not to challenge every agent with learning a new system and b) offer a system

that was no more expensive or at least modestly less expensive than the incumbent.

Second, founding brokerage firms could not make the joining of the new MLS conditioned on the departure from others or have an agreement that required a firm joining (or owning) the new MLS to drop the use of the incumbent.

Third, the founding brokerage firms had to deal with their own real estate agents who may have had at least as strong a relationship with the association/MLS as they did with their brokerage firm. And incumbents were not shy about relying on their relationships with sales agents to undermine any privatization attempt. In at least one case, when five or so leading firms did form a private MLS, the agents of one of the founders threatened to leave unless they could belong to and use both the new MLS and the incumbent's MLS. One can imagine the pressure facing that firm.

So as to brokerage firms or national brands forming their own portal it is useful to examine the potential road blocks to do so.

First, do the leading national and regional firms really want to have yet another portal brand name competing with their own existing brands?

Do these firms think that they can stop their own agents from wanting to continue to use the "incumbent" portals and if not, what real benefit would the founders gain? Or were the national brands to be involved do they think their affiliates would stop using the others in favor of one owned by the national firms?

These are real issues anyone would face in determining the viability of a brokerage owned global portal. There are others for sure but to us these are real and difficult choices that face anyone seriously considering such a move. ■

The Epidemiology of an Emerging Market

by Jeremy Conaway, contributing editor

Classic epidemiology is the study of the patterns, causes, and effects of health and disease conditions in defined populations. It is the cornerstone of public health, and is used extensively to guide both public and private policy decisions and evidence based health care practices by identifying risk factors for disease and targets for preventative care. Epidemiologists control this process by designing, collecting, analyzing and interpreting health data. Epidemiology and epidemiologists are always at the front lines when their assigned populations begin to demonstrate health related symptoms and behaviors that suggest the potential of a mass outbreak of a particular malady AKA; an epidemic.

With the information gained from their collection and analysis epidemiologists undertake to develop strategies and tactics to control, or perhaps manipulate, the disease conditions in a manner that is consistent with the health, political or economic policies under which they work.

As we discussed in last month's article there is every evidence that the American real estate industry appears poised to experience an epidemic of its own in the shape of what is now being called the "hyper-market."

The statement that establishes the vital link between epidemiology and real estate and its relevancy moving forward is simple; brokers who wish to take advantage of the new market must quickly move to understand and practice market-centered economic epidemiology. In other words, every broker in the country must start this new era by making a decision to be either an observer or ultimately a victim or, in the alternative, to exercise knowledge and leadership by taking advantage of the unique opportunities and challenges being created by the new "hyper-market" environment.

The decision between these two roles is not a matter of size or economics but rather a decision between dormancy and activism. One of the positive things about an epidemic, whether health or market based, is that it doesn't discriminate. It treats all of its victims equally leaving to those who will be impacted the decision of whether or not to improve their position or suffer the consequences of non-engagement and denial.



Start with the good news. One of the most positive aspects of the "hyper-market" that is now taking shape on the real estate landscape is that preparing to take advantage of its opportunities and challenges will not require learning a new language or even a new science. The essential knowledge of this new market is already intimately understood by anyone who has spent the past ten years in the real estate marketplace. All that is required to engage here is to (1) align one's knowledge with the current circumstances and (2) to understand how the unique circumstances of the "hyper-market" will manipulate the classic players, markets and dynamics of the industry.

In order to take full advantage of the benefits and rewards of this new marketplace brokers must take

action to either create a brokerage strategic business plan or update their current one. The critical element that must be incorporated into every plan is called “strategic intent.”

While volumes have been written about strategic intent it is a relatively simple concept to learn. The basis of this approach to moving forward is that a

A firm must be driven by what position it wants to hold in its marketplace at some identified point in the future.

firm must be driven, not by where or what it is today, but rather by what position it wants to hold in its marketplace at some identified point in the future. For the purposes of this discussion 2015 is a reasonable target.

So, as a starting point, it matters not whether your firm’s current business plan is five years or five months old. You must return to the design table to create, design and implement your firm’s strategic intent.

Each firm will, after evaluating its current situation and market position, create a completely unique strategic intent. Franchise organizations will design strategic intents that will have to be delivered to hundreds of firms while smaller firms will have the luxury of focusing on just their situation. Large privately held firms will want a strategic intent that brings certain advantages to their business model while publically held firms will move to exploit the benefits of their configuration.

However, while strategic intents, like diets, will all differ in terms of wording, emphasis, prioritization and implementation, if they are to be successful they will have to be grounded in structure and discipline. The days of everyone in the firm doing it “their way”

are probably over. Moving forward key industry players will develop comprehensive and collaborated programs and the classic “everyone can do their own thing” approach will not likely provide enough competitive lift and productive dynamic to carry the day.

So, how can a brokerage evaluate its strategic intent and its business plan to power its chances of success moving forward? We developed the following guidelines to act as a tool to make this determination. We invite you to use it to validate your brokerage’s strategic intent element.

- Does your element require and demand **accelerated learning** at all levels of the brokerage?
- Does your element require and demand the brokerage to **establish and attain seemingly impossible goals**?
- Will your element ignite and sustain a **burning desire to succeed** among the brokerage’s executives, managers and agents both now and over the next several years?
- Will your element create and drive the brokerage to **become a powerful and effective leader** within its chosen marketplace?
- Will your element use creativity and innovation to **drive a compelling spirit of competitiveness** at all levels of the brokerage?

Some readers or members of their teams may take exception to one or more of the above factors. No problem. Just be sure to replace the offending factors with new ones that reflect a detailed and precise analysis of today’s rapidly changing market and industry conditions.

The brokerage leadership value proposition has just changed. Brokerage executives and managers must become economic epidemiologists. The brokerage battle flag must now bear a strategic intent that is not focused on where the firm has been or even where it is today but rather where it needs to be moving forward. Let’s get on with it. ■

The Issue of Off Market Listings

Selling Your Home? Know the Perils of Off-MLS Listings

Article by the California Association of Realtors shared with their members (reprinted with their permission)

As the California real estate market changes, so does the vocabulary of real estate. Once common phrases from the real estate recession such as distressed property, short sale, and shadow inventory are fast being replaced as the real estate market improves by new phrases, such as equity sale, multiple offers, and “off-MLS” or “pocket” listings.

While not a new concept, pocket listings are growing in number; as many as 10-15 percent of homes offered for sale today are “off-MLS” listings,

sites commonly used to search for properties.

On the other hand, as the term implies, a pocket listing generally is marketed by a single agent to one or a select few potential buyers. The marketing pool can be so small that in some cases, other agents within the same brokerage or brokerage office may not even be aware that a fellow agent has a pocket listing.

Pocket listings are not illegal if the listing agent fully discloses the pros and cons to the home seller and follows rules that are designed to protect consumers. Nevertheless, many real estate professionals believe that off-MLS listings may not be in the best interest of the seller – particularly if a client does not know about the benefits of marketing his or her property through the MLS.

To keep a listing off the MLS, a listing agent who is a participant of an MLS is required, under the rules of most California MLSs, to obtain a signed certification from the seller that he or she does not wish to sell the property via the MLS. If a property is exposed to fewer potential buyers with a pocket listing, why would a home seller agree to one? Pocket listings sometimes are requested by celebrities, judges, prosecutors, or others who wish to maintain their privacy.

The downsides to pocket listings may outweigh the advantages of pocket listings though. Primarily, the pool of agents and potential home buyers who will know the property is for sale and

With fewer offers, sellers may not be getting the best possible price for their home.

make an offer to purchase may be limited. That could significantly reduce the potential for multiple offers above the asking price, which is a frequent



according to one Multiple Listing Service (MLS).

Simply stated, a pocket listing is a property that is marketed without the benefit of being listed for sale on the MLS (i.e., “hidden” in an agent’s pocket). A property that is listed on the MLS has the advantage of being actively marketed to every real estate agent who belongs to that MLS and, through those agents, to their vast network of potential buyers looking to make an offer to purchase the property. Active marketing on the MLS usually includes open houses, broker tours and inclusion of seller’s property in the MLS’s download to various real estate internet

occurrence in today's competitive market. With fewer offers, sellers may not be getting the best possible price for their home.

How can consumers protect their interests if their listing agent suggests an off-MLS listing?

Home sellers should ask their agent about the pros and cons of selling their home off-MLS. The pros are that the listing remains private if sellers wish to maintain privacy. The cons are that their home is unlikely to be exposed to the full population of potential buyers, which likely may decrease the chance a seller will obtain the highest and best price for his or her property.

A listing agent may ask his or her seller to sign a standard seller exclusion form (Seller Instruction to

Exclude Listing from the MLS or C.A.R.'s SEL form). Sellers should be sure they fully understand what they are signing and the possible adverse consequences outlined in the form of not listing their property on the MLS.

Sellers should ask their agent to show their home and present all offers from both inside and outside his or her network. That may increase the chances of obtaining a more accurate selling price and could help avoid any potential for violations of fair housing laws.

Finally, working with a knowledgeable REALTOR® is always a good idea anytime you are considering buying or selling a home. So is being an informed real estate consumer. ■

Realtors® reported purchases from 68 countries, but five have historically accounted for the bulk of purchases; Canada (23 percent), China (12 percent), Mexico (8 percent), India (5 percent) and the United Kingdom (5 percent). These five countries accounted for approximately 53 percent of transactions, with Canada and China the fastest growing sources over the years.

Canadian buyers were reported to purchase properties with a median price of \$183,000, with the majority purchased in Florida, Arizona and California. Chinese buyers tended to purchase property in the upper price ranges with a median price of \$425,000 and typically in California. Sixty-two percent of Mexican buyers purchased property in California and Texas, with a median price of \$156,250.

*Source: National Association of REALTORS®
Foreign Home Buyers Continue to Identify U.S. as Profitable Investment,
Report – June 24, 2013*

Did You Know?

Best Agents cont. from p1

Given that there are nearly 1 million Realtors® in the U.S. those who are America's Best Real Estate Agents truly do represent the top 1% of all sales professionals in the industry. We do believe that there are potentially hundreds more who either did not hear about REAL Trends' Best Real Estate Agents in America or who chose not to apply. And in the

years to come we will do all that we can to be sure that, at the least, everyone knows about it and has the chance to apply.

Check out the rankings: <http://realtrends.com/best-real-estate-agents-america>. ■

Focus On Austin Allison

CEO and president, dotloop

Interview with Tracey Velt, contributing writer

REAL Trends: Tell me about your career path.

Allison: I first became interested in real estate when I bought my first home at age 17. I felt the process was antiquated and inefficient. I went on to college at the University of Cincinnati in 2008, graduated and started law school there. All through college, I sold real estate and got more and more frustrated with the inefficiencies. I dropped out of law school, despite being in an academic scholarship and being in the top 20 percent of my class because I realized that if I was going to make dotloop work, I needed to focus solely on the company. In 2009, I founded dotloop and launched it that year at the National Association of Realtors® Annual Convention. The concept was that paperwork doesn't sell real estate; people working together sell real estate.



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

Allison: I'm passionate about the opportunity to change the way people in business work together. I believe we've entered a new era as a society — the people work era. This is our opportunity for people in business to work differently than they have in the past. If you think back 50 years ago, if two or more people were to reach an agreement, they would work together in person. At the end of the day they'd sign and a deal would be done. The digital era changed the way we work and it has enabled this new level of collaboration that we haven't seen

before. I'm passionate about driving the movement to change the way people work. Ten years from now people won't be attaching PDF docs to email; they'll be working together on a collaborative platform.

REAL Trends: What trends are you seeing in your business and how are you structuring your business to take advantage of those trends?

Allison: The biggest trends we're seeing are the volume of activity that's happening in our space and the changes in the way businesses and people operate today.

Concerning volume: The real estate economy is in a better place than it was several years ago, which has translated into more deals, more multiple offer scenarios and more extensive price negotiations. Time is of the essence and we're providing real estate professionals with solutions to do more in less time and work better with other people than they were previously. For companies, it has increased the burden and pressure on the business model of the past. Most companies are looking to streamline operations, increase company dollar and lower risk by streamlining compliance and we're fulfilling those needs by delivering better solutions.

Concerning changes in operations: About five years ago people weren't talking about productivity and business management solutions. They were talking about generating leads online. It was all about marketing. Now, they're recognizing that the best form of marketing is delivering a better experience for the buyers and sellers with whom you work.

REAL Trends: What differentiates dotloop from its competitors?

Allison: Our business's success is the result of all the people we've surrounded the company with. Not too many businesses survive alone. I contribute passion to the business. This leads to passion

throughout the organization. I am also very focused. I'm a firm believer that time is best spent focusing on the few things that matter most. I spend a lot of time keeping the organization focused.

Dotloop is different because we fundamentally reinvented the way people work and that's not been done in our space. When people rode horses, no one thought of anything than finding faster horses as a solution to the amount of time it took to get from point A to point B. Then, Henry Ford came along and made a machine. He focused on the solution. Other companies are creating faster horses made to manage paperwork. We didn't focus on paperwork; we focused on people work. Just digitizing the paperwork isn't the answer.

REAL Trends: What or who inspires you and why?

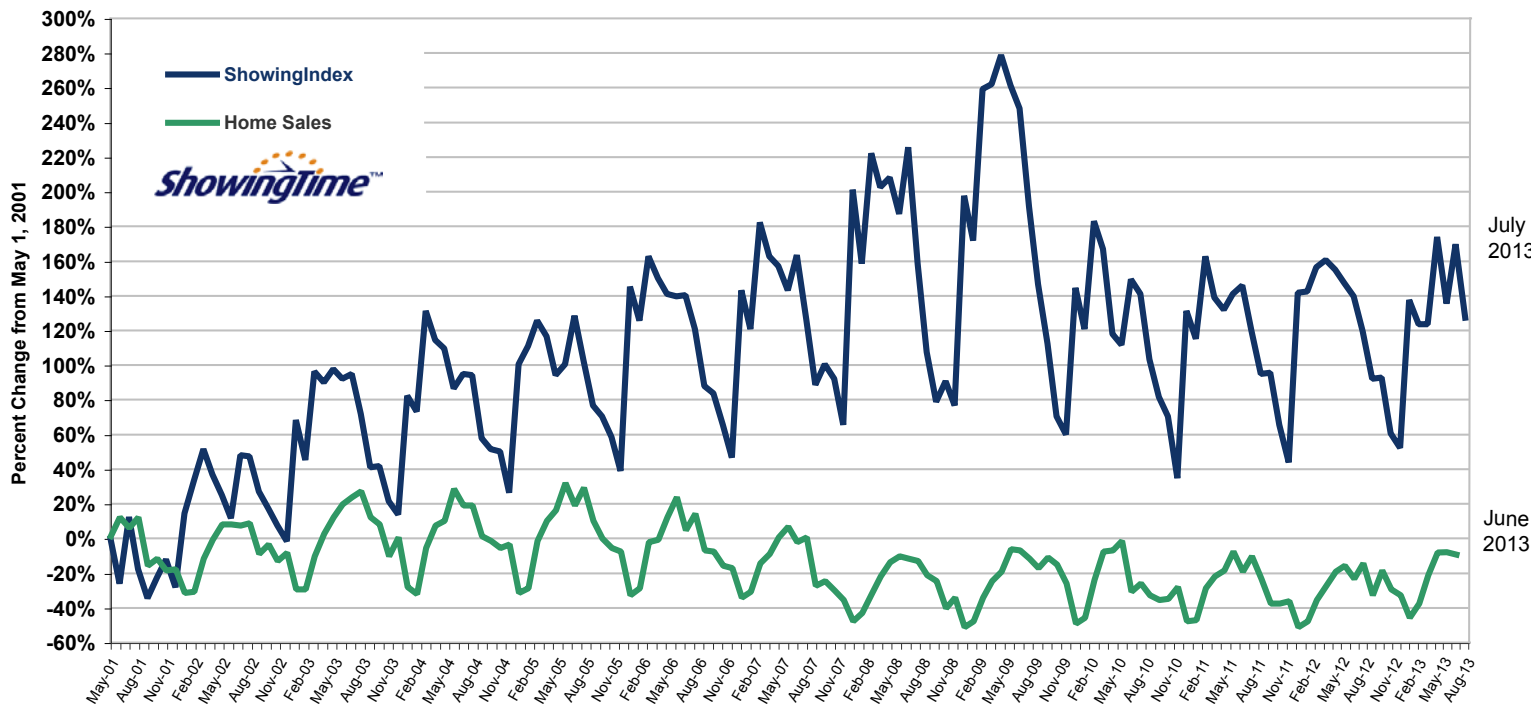
Allison: There are a lot of people who inspire me. I probably have 15 to 20 formal and informal mentors and advisors that I surrounded myself with

over the course of the last eight years. I am most inspired about the opportunities to make a dent in the universe. For me, that means changing the way people and businesses work with one another.

I am most inspired about the opportunities to make a dent in the universe. For me, that means changing the way people and businesses work with one another.

Read more about Austin Allison and his passions in the fall issue of *LORE* magazine, due out August 1. ■

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.

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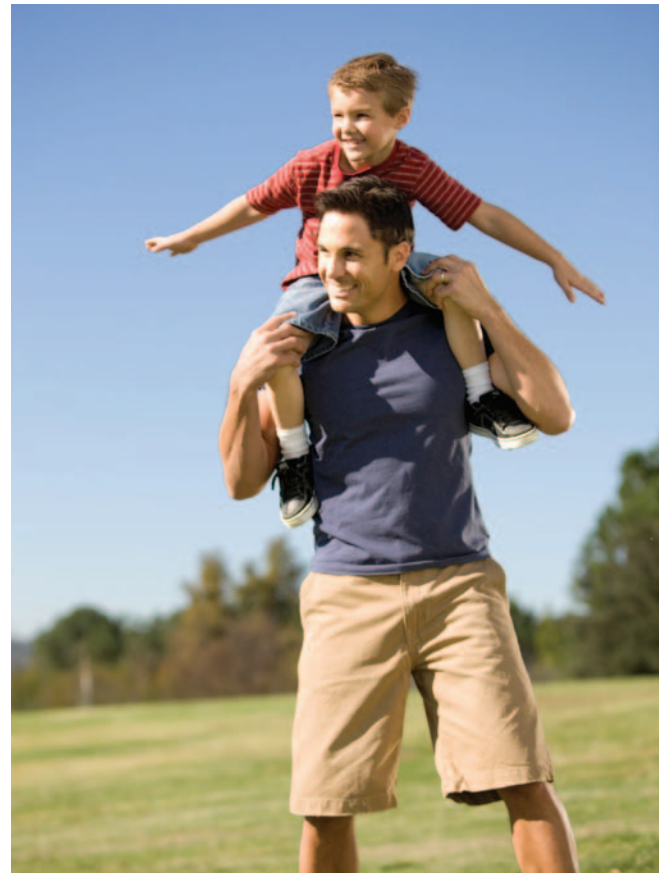
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Together we'll go far

REAL *Trends*

HOUSING MARKET REPORT JULY 2013



The July 2013 report shows that the rate of housing sales increased strongly in June 2013 growing 10.2 percent from June 2012. The annual rate of new and existing home sales for June 2013 was 5.612 million up from the 5.091 million recorded in June 2012 but down from the 5.984 million annualized rate in May 2013.

The average price of homes sold in June 2013 was up 7.8 percent from the average price of homes sold in June 2012 marking the 15th consecutive month of increased home sale prices on a year over year basis.

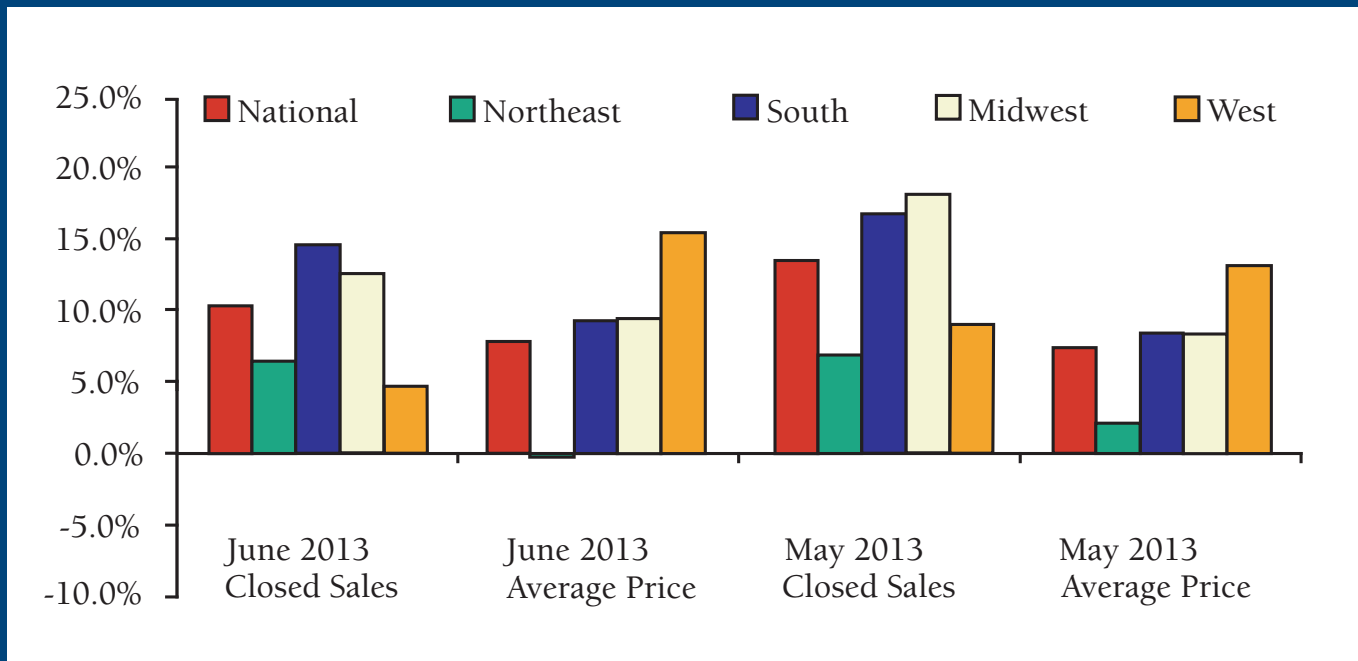
Housing unit sales for June 2013 were up 14.6 percent in the South, the strongest showing in the country. The next highest region was the Midwest region at 12.5 percent, the Northeast region was up 6.3 percent and the West was up 4.7 percent.

The average price of homes sold in June 2013 increased 7.8 percent across the country, nearly the same increase as that recorded a month earlier. The West had the best results with the average price of homes sold increasing 15.5 percent followed by the Midwest region at 9.5 percent and the South at 9.3 percent. The Northeast saw a small decrease in average price coming in with a decrease of 0.3 percent.

“June 2013 sales of new and existing homes continued to show strength across all regions and are evidently shaking off the impact of relatively low inventories in most markets. The two regions of the country with the lowest average sales prices, the South and Midwest, continue to outperform other regions in terms of unit sales increases. The average price of homes sold was up solidly again due to supply and demand imbalances. As this report and other housing indicators show the scarcity of inventory and buyer demand are creating a situation where prices are advancing at far greater rates than had been predicted due to high levels of housing affordability and restricted inventory,” said Steve Murray, editor of the REAL *Trends* Housing Market Report. ■

REAL Trends June/May Housing Market Report (Versus same month a year ago)

	June 2013 Closed Sales	June 2013 Average Price	May 2013 Closed Sales	May 2013 Average Price
National	+10.2%	+7.8%	+13.5%	+7.5%
Regional Report				
Northeast	+6.3%	-0.3%	+7.0%	+2.2%
South	+14.6%	+9.3%	+16.8%	+8.6%
Midwest	+12.5%	+9.5%	+18.1%	+8.5%
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RE/MAX Region Launches Broker First

“Most leading brokerage firms and franchisers focus on the importance of the real estate agent. This is totally understandable and appropriate. We also came to believe in addition to being sure that what we deliver to our affiliates benefits their sales agents that we needed to have a focused series of programs to assist our affiliates. They are on the front lines with the sales agent, they do the recruiting and bear most of the responsibility for their agents’ development,” said Jeanette Schneider, regional vice president for RE/MAX of Michigan. “This led us to an in depth review of what our brokers need and how we could best assist them in becoming stronger and more forceful competitors.”

According to Schneider this led to the launch of the Broker First program. “We took the view that the broker is also a critical customer of ours. And that we may be able to assist them in developing their skills around the big five issues: recruiting, retention, facilities, personnel and marketing. We felt if we were able to bring new knowledge and analysis to our brokerage leaders, they would become more effective and potentially more profitable affiliates.”

The Broker First program has a series of web based tools and wizards that help a broker benchmark their firm and/or answer critical questions about their business. It also gives them ideas of how to best put ideas into action. Thus far over 50 such tools have been developed and are available.

One interesting analysis tool that has been developed is one that analyzes the culture of a firm, where it is in its development and history and then attempts to target

recruiting efforts to the agent who best fits that culture. For instance one may not want to try and recruit a sixty something agent who’s sales are trending flat with a young, techie fast growing brokerage firm. The agent analysis tool is called the Agent Career Cycle. Basically it tracks the agent cycle from fast growth through life balance to the time when an agent is considering exiting their real estate career.

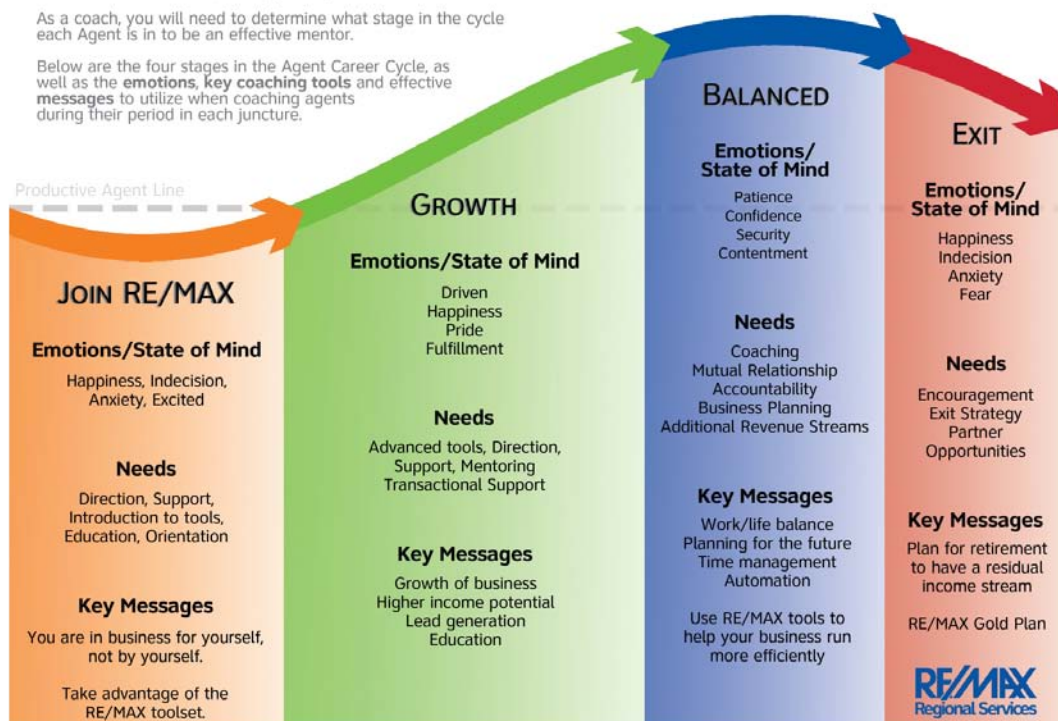
According to Schneider, while what they are doing may not be earthshaking, they are already seeing good results from the tools set and personal attention paid to broker owners. She said that brokers can tend to keep their business information private and not want to open up totally when discussing their most important challenges. On top of that there is always resistance of some kind to new approaches to brokerage when many affiliates have found a way to get through the tough market of 2006-2011. But she said that RE/MAX believes that Broker First will be adopted by more affiliates as they see the benefits of the kinds of analysis that the regional staff can deliver. ■

The Agent Career Cycle

Agents move through different stages during their real estate career and also as a RE/MAX Agent in your office.

As a coach, you will need to determine what stage in the cycle each Agent is in to be an effective mentor.

Below are the four stages in the Agent Career Cycle, as well as the **emotions, key coaching tools** and effective **messages** to utilize when coaching agents during their period in each juncture.



What's the Perfect Real Estate Domain Worth to You

Case Study: REAL Trends assists local brokerage in identifying value, negotiating price, and implementing launch of the PERFECT domain name.

By Travis Saxton, REAL Trends and Warren R. Sacks, Barker Realty Inc. Santa Fe, New Mexico

What goes into finding the perfect domain name for your brokerage? One can't always just get lucky or have the amazing foresight to buy a domain name back when Al Gore invented the internet. Some have to work at it. This is how an innovative brokerage established an online footprint and developed a blueprint for local online dominance.

What is the perfect domain name? Well for those of you that are reading this you probably have a decent or at least basic knowledge of Search Engines. The perfect domain name is a blend of short and sweet, combined with the ideal keywords that consumers are searching. In the case of Barker Realty, of Santa Fe, New Mexico, we knew how important it was to have a keyword-rich URL. When REAL Trends Consulting was first engaged by Barker to assist with this project we picked up a few longer names as supplements to their then current domain name (www.brisf.com). The problem was apparent to us, the name was non descriptive and pretty tough to remember and had virtually no SEO value.

After implementing some SEO, social, blogging, and technical strategies at Barker Realty, we saw traffic numbers nearly quadruple from when we started. This was all good but Warren R. Sacks the VP & Tommy Faulkner, director of IT/marketing at Barker Realty kept pushing for better results. The sign of great leadership, they knew we could accomplish more. We were limited with the webhost to a certain point and knew we needed to do something with their URL.

After thorough research, consulting with Google Analytics, and the release of the REAL Trends 2012

Online Performance Study it became evident that consumers were seeking three to four main keywords on search engines when it came to real estate. After that the volume significantly dropped into what we call long tail search terms which essentially include more granular keywords like neighborhoods and specific addresses. Warren was convinced there was a superior opportunity and wanted to see what it would take to land a URL with one of the most common phrases "Santa Fe Real Estate" Your initial reaction is probably: It's 2013 (actually we analyzed this in 2012) and there is no way such an obvious URL will be available. You would be surprised when we looked it up we found that it was available privately. We felt it was going to cost quite a bit, but we wanted to evaluate the opportunity anyway. REAL Trends has a pretty good finger on the pulse and working knowledge of what brokerages are doing in this arena due to merger and acquisition and valuation work. While we haven't done a lot of domain specific valuation we know of several recent purchases in that respect and are privy to numerous companies trying to sell URLs they have squatted on for years.

Sticker Shock: The initial asking price for SantaFeRealEstate.com was a significant five figure number! REAL Trends went into full valuation mode to determine if that was a good value or not. We combined working knowledge of recent and past purchases of similar market specific real estate domains. Further we conducted an interview of such firms in their valuing process and also did a thorough search engine analysis of the Return on Investment (ROI) of such a domain. We concluded there was a significant value in the domain and countered based on our metrics we shared with the seller. The final deal was negotiated between both parties at a fair price.

The Value: We had to look at it from a combination of perspectives:

- Traffic, search volume and actual gains
- Branding and legacy

While significant search traffic gains can be made with a quality domain we also had to not ignore the elephant in the room (or the panda in the room if you want to refer to Google). Google has made several updates in the last 3 years and the latest being that Panda was having a great impact on the search algorithms and how they display results. Google could at any point turn our purchase upside down and completely or partially remove the overall value of a domain in its search algorithm. We knew this and chose to put a big emphasis on—**Branding and Legacy**.

From internal research we knew the impact of a non-descriptive domain to not only the consumer but the agents was adversely affecting the bottom line.

Consumers had a hard time remembering it and as a result we had many agents using a mixed bag of their own email address domain websites confusing our consumers and thus reducing the value of our brand in the market place. This was the big reason into our decision of swallowing the large price tag. We feel the long term legacy value of the domain and the asset appreciation with the way domain names are trending is a significant piece of the puzzle as well.

And so it is in 2013 Barker Realty in Santa Fe, NM was pleased to announce the launch of the new www.SantaFeRealEstate.com.

“The world and the consumer are changing every second and we have a responsibility to our associates and clients to improve their lives and their online real estate experiences. We plan to lead and set the new standards in the online real estate world.”

– David A. Barker, owner & president ■

Updated News from National Association of REALTORS® About the Future for Realtor.com

The board recommended amending restrictions to the agreement that governs the site's operation in order to enable realtor.com® to:

- Display unlisted new homes and new-home communities.
- Display unlisted rentals.
- Obtain listings from entities that are not REALTOR®-owned and controlled, as well as from brokers who are not REALTORS®.
- Identify properties where a notice of default has been recorded, auctions of distressed properties, short sales, foreclosures, and bank-owned properties. (Listing brokers will have the option

to opt out by calling the realtor.com® customer care center.

Individual consumer FSBOs remain precluded from the site, and the changes will be implemented in a way that preserves Realtor.com®'s accuracy advantage, according to Move executives.

There was no shortage of unease about the changes, particularly those that would allow listings from brokers who are not REALTORS®. But when NAR and realtor.com® executives presented a comprehensive look at the history of the site and the inroads third-party aggregators had been making since 2010, the recommendations passed overwhelmingly on a voice vote. ■

Putting Big Data to Work for Your Brokerage and Agents: A REAL Trends Interview with INRIX

By Travis Saxton, REAL Trends Marketing & Technology Manager

We have all heard the term big data before and many of us feel that it is way out of our reach. How do I take all of this data, digest it and then find a way to use it in a meaningful fashion. Many brokerages struggle with this and are at the mercy of the technology vendors they employ. Well a new solution has entered the real estate industry that will certainly transform the way we search for real estate. INRIX, a Kirkland, WA based data company is delivering ground breaking big data breakthroughs to the real estate industry, these guys currently power many of the drive times and traffic data flowing to major news outlets and more. It has often been said that location, location, location is a significant driving factor in the consumer home search and frankly we probably all know this first hand on a personal level. Drive time to and from work is a top five criteria in a home buyer's search criteria and depending on what market you are discussing can be as high as number three! The problem we have encountered for decades is many times real estate consumers are choosing homes based on proximity or drive and don't have useful ways to get the data needed for educated decisions.

INRIX has solved this dilemma, taking their big data approach to the real estate sector. They have millions of data points from sources such as taxi cabs, UPS, FedEx, anonymous consumer apps and more flowing into their organization and presently have an app called INRIX Drive Time (available on both major app Stores) that allows anybody to see what drive times are from Point A to Point B at any time of the day. They noticed that many real estate agents started to use it to take the guesswork out of the home buying process for their consumers. No longer do you have to actually get in the car to test a drive out, or when you are working with a client on Sunday afternoon and they want to know what the traffic is like on weekday commutes at say 8:30 am during rush hour. This type of data is now at our fingertips

through INRIX. However, the folks at INRIX did not stop there, they said what if we could actually tailor a real estate search based on this critical aspect in the home buying process.

Many real estate agents started using (INRIX) to take the guesswork out of the homebuying process for their consumers.

Enter Windermere Real Estate, by tapping the power of big data and an industry friendly API (Application Program Interface) so two systems can talk to each other, Windermere is embarking on a ground-breaking launch for real estate consumers. For the first time prospective home buyers will be able to pinpoint an actual drive time to and from multiple locations (e.g., Home to Work) and sort properties based on this data. So now you can say I want to see all 3 bedroom, 2 bathroom homes for \$300,000 within a 20 minute drive to my office. With the variety of route options and traffic nuances even a seasoned real estate agent would have difficulty with this solution. Tapping big data INRIX delivers and Windermere is on slate to be the first brokerage with this technology. Will you be next?

So how do you get involved and what does it cost?

This is the best part. The API is industry friendly so any tech vendor you may have can tap into it and the cost is as low as \$1 per agent per month. This is lower than their WI-FI cost or the cost for a few pieces of direct mail. Imagine the competitive advantage you could have by tapping into this powerful search opportunity and the ability to promote this to the consumers in your marketplace. Don't waste anytime and check out INRIX today.

Putting Big Data to Work cont. on p20

The screenshot shows the Windermere Real Estate website. At the top, there is a navigation bar with links for Search Listings, Agents & Offices, Buying & Selling, Community Support, Additional Services, and myWindermere (Sign In | Register). The main content area features a central search interface titled "Search by drive time. Find homes within your preferred commute time." This interface includes a map, a search bar with the address "3720 159th Avenue Northeast, Redmond, WA", and filters for arrival time (10:00 am), distance (within 30 minutes), price range (\$325,000 - \$375,000), and number of beds (4+). To the left of the search interface, there are two property listings: one for 50056... Indian Wells, CA priced at \$1,995,000, and another for 2 Awbrey Ct, Henderson, NV priced at \$5,999,999. Below the listings, there is a "Community Support" section with a photo of children and the text "Learn why we love our communities." To the right of the search interface, there is a "New! Search By Drive Time" section with a "NEW!" badge and the text "Search smarter with our INRIX Drive Time™ tool." The footer contains links for "Join Us", "Blog", "Terms of Use", "Feedback", "Our Company", and "Mobile", along with the Windermere logo and the text "LEADING REAL ESTATE COMPANIES OF THE WORLD".

Our interview with Kevin Foreman, GM of Geoanalytics at INRIX Inc. went many places and was quite interesting. When asked if he could elaborate on any big changes coming or forecasted for the real estate industry five years from now Kevin said this: “Great question, especially for someone new to the industry but as an outsider I would say this. Today we have about a million agents selling 5 million homes. I think five years from now we will have 750,000 agents selling 6 million homes. I think the pace of homeownership will move



Kevin Foreman, INRIX Inc.

because of how fast we move and with technology advancements we can reduce the time, effort and cost in the closing process to move more homes less expensively. With reduced costs and pains, and more efficiency across the board, I think we will see the propensity of the seven to ten year real estate cycle reducing to say six years. I also think you will see a move to drive MLS dues based on productivity rather than a flat fee or membership fee and I think you will see more productive agents producing more deals all for the betterment of the economy and industry as a whole.”

To find out more information about INRIX and their product offerings to the real estate community please contact Kevin Foreman - kevinf@inrix.com - 206-240-2518. ■

The REAL Marketing and Tech Summit

From October 16-18 this fall in Denver REAL Trends will be launching a new format for our conferences. Called the REAL Marketing and Technology Summit this two day session will have topic matter experts sharing their experiences, successes and failures with a limited audience.

A key difference is that after each brief presentation small work groups will tackle challenges raised about that topic area leaving the work groups to come up with their own answers. Each work group will then share their ideas with the group at large. The sum of the knowledge from the entire group will be documented and shared with all who are in attendance.

Given this format the number of those allowed to attend will be limited to 90 persons. Rather than lengthy presentations from panelists, the audience itself will be working on solving issues that face those in charge of marketing and technology at the brokerage level. While any one person may not have the answers the power of the group at large is sure to provide some.

Go to Realtrends.com to inquire as to topic areas to be covered and to register. An added bonus is a two hour leadership course hosted by Larry Kendall, founder and proponent of the Ninja Leadership series. ■

REAL *Trends* **Presents**

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