



**REALTRENDS**  
THE TRUSTED SOURCE

JULY 2019 NEWSLETTER

# CONTENTS

## 1-5 FIRST PERSON

- Big Data: Will It Make a Difference in Brokerage Strategy?
- Lawsuits Against the Industry: An Analysis

## 6-7 BROKERAGE

- What Is the Future of Real Estate Brokerage?

## 8-9 MARKET

- Northeast Region Posts Increase in Buyer Traffic

## 12-13 REGULATORY

- Today's Regulatory Lay of the Land: Joint Ventures

## 14 GLOBAL

- Global City Cost of Living

## 15 VALUATIONS/M&A

- Why Acquire a Brokerage?

## 16 PUBLISHER'S LETTER

- Why Acquire a Brokerage?

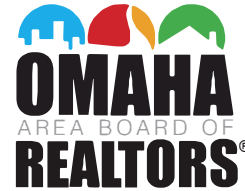
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## BIG DATA

# WHEN WILL IT MAKE A DIFFERENCE IN BROKERAGE STRATEGY?

*It's not a lack of data holding brokers back;  
it's that brokers don't use the data they have.*

*By Steve Murray,  
president*

**W**e reviewed a new dashboard from one of the largest transaction management firms in North America a few weeks back. The current data on the performance of agents and the brokerage was incredible. Even more, it had a forecasting toolset that allowed brokerage firms to know its 30-, 60-, and 90-day likely results. It also compared and contrasted how the brokerage was performing against the market.

## THE DATA IS THERE

Which brought to mind tools such as Broker Metrics, Real Data Strategies, and TrendGraphix, each of which reads MLS and sold data to do some of the same things. Then, there are the available data tools from companies like Adwerx, BoomTown, SmartZip, and others, that provide excellent information about consumer behavior for their brokerage and agent customers.



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THE TRUSTED SOURCE

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## FIRST PERSON

REAL Trends provides a variety of such data, having access to 25 years of performance data on all forms of brokerage firms through our ranking reports and over 10 years of data on agent performance. Also, REAL Trends has 25 years of brokerage financial performance from which we derive metrics about brokerage firms' financial performance.

### ARE YOU USING IT?

Most brokerage firms do not use this information. Whether it's their own firm's financial performance, their performance against the market and competitors or the behavior of consumers, the majority of brokerage firms don't make strategic or tactical use of this data to operate their companies.

There is one case of a firm doing so. Keller Williams Realty International makes use of its global operating platform to track the performance of its market centers in every aspect of the business. Among other things, they can track recruiting results, agent performance, training, and educational involvement by their agents and teams, along with typical financial results. There is little argument that this has been a contributing factor in their growth over the past 15 to 20 years. Imagine knowing the correlation between agent performance and involvement in training programs and how that could be used to increase the credibility of a brokerage leader in the use of that training.

Trainers like Brian Buffini, Tom Ferry and Larry Kendall each have systems for tracking the performance of agents and teams who have adopted their programs.



It isn't a lack  
of big data that  
holds brokerage  
firms back  
from using it  
to improve  
performance.

**USE THE DATA**

In short, it isn't a lack of big data that holds brokerage firms back from using it to improve performance. In our view, it's the leadership of the brokerage industry that needs to learn new ways of operating their businesses using this data.

Much like the concept of *Moneyball* (the book and movie by Michael Lewis about the Oakland Athletics' use of big data that changed how sports teams of all kinds are operated), the leadership and management teams of brokerage firms must not only look at the performance data of their firms and the market, but also must act on that information. It does little good to know you're getting kicked around in the market if you don't respond to change your performance. Billy Beane and Paul DePodesta of the Oakland A's knew their team was underperforming and recognized the data that told them how to improve that performance. However, they had to take the next step

and change how they used that data to produce a winning, profitable team.

**SUCCESS STORY**

One example from our consulting work was from an assessment we did with a reasonably successful brokerage firm that asked us to perform a valuation. The valuation includes a benchmark analysis of revenues and expenses against the firm's peers. We were able to point out that the data showed that the firm was underperforming in gross margin, had higher-than-normal employment and higher occupancy costs on a per-dollar and per-agent basis. As a result, his EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) was lower both in total and in per-agent contribution. Armed with this knowledge, the principal focused on improvements in those areas. Now, the firm is much larger and leaner. It now leads its peers in EBITDA and most other vital measurements of performance. The firm is also more valuable

than it was by a significant factor.

The leader saw the data. He restructured his business to target the key areas the benchmark provided, changed the allocation of the firm's leadership team in critical areas, and built a firm, as *Good to Great* author Jim Collins would say, "built to last."

We do believe that the national firms are all headed in this direction with big data and artificial intelligence. Indeed, it will give them a leg up in the environment of the future—although their affiliates must buy into the use of these tools and rearrange how they manage their business. As a result, nothing much will change.

One might view, therefore, that nothing has changed. It's still about the quality and intelligence and relationship skills of the brokerage leadership that will determine who wins. 🐾



**In our view, it's the leadership of the brokerage industry that needs to learn new ways of operating their businesses using this data.**



# ARE WE UNDER ATTACK?

*Is it the end of the cooperation and compensation structure of brokerage?*

*By Steve Murray, president*

Over the past few months, numerous lawsuits have been filed against the National Association of Realtors® (NAR) and some of the large national franchisers alleging that they are engaged in a massive conspiracy against housing consumers to maintain a certain commission level and sharing arrangement. Some commentators have said that they believe this is the beginning of the end of the *cooperation and compensation* structure of the North American brokerage market.

## WE DON'T SEE IT THAT WAY

First, in our consumer studies with Harris Insights from 2001 forward, (and particularly our studies of 2004 and 2005) consumers were well aware that they had choices ranging from selling or buying a home themselves, or using a flat-fee firm, or a discount brokerage firm or a full-service firm.

They knew to ask for discounts from the average brokerage commission.

Second, consumers reported in these studies that not only were they aware of these options, but a significant share of them seriously considered using them.

## MINIMUM SERVICE STANDARDS

Some years ago, REAL Trends was retained by the Canadian Competition Bureau (picture the U.S. Federal Trade Commission and the Department of Justice Anti-Trust Division combined) to study the effects of minimum service standards in various states in America on discount, flat fee, and limited service brokerage firms. We concluded, after interviewing more than 25 firms, that although these firms had to add somewhat to their service offerings, it did not affect their businesses.

No consumer is forced to use an agent by law or regulation. If that were the case, then we could blame the regulators or politicians who put them in their jobs for forcing consumers to do so.

Sellers who list their homes with an agent do so at arm's length. First, they don't have to list with an agent. If they do, they can negotiate the commission. When they do enter into a listing agreement, they know how much the commission is.

There is no evidence that we are aware of that sellers adjust their market price net of commission. Most data we've seen indicates that the market price is, in fact, the market price. Whether a commission is 1 percent or 8 percent does not seem to have a direct impact on what the seller gets for their home.

Some commentators have said that they believe this is **BEGINNING OF THE END** of the *cooperation and compensation* structure of the North American brokerage market.

In REAL Trends consumer studies with Harris Insights & Analytics, the usage rate of agents has gone from approximately 81 percent in 2001-2002 to 90 percent in 2018. Even millennials are using agents more than predicted, at a 92 percent usage. In an age of more technology, limited inventory, and rising home prices, consumers think using an agent is more important and useful than ever before.

### WHERE IS THE CONSPIRACY?

Where is the harm to consumers? What we suspect is that there are those who are hugely frustrated that the combination of tech and Wall Street hasn't been able to blow up the residential brokerage industry as they have done to so many others. Numerous articles are calling for the demise of the agent, or the broker, or the MLS, and that something about it isn't fair. They all say the same thing. Consumers now find their own homes online, do all the homework, etc., so why haven't commissions come down?

Two things—first, commissions have come down, and they are going to drift

even lower in the years ahead. It's incredible what competition (versus) litigation can accomplish. Second, the housing transaction is infrequent, complex, and consumers know at an instinctual level that if they were to make a mistake in buying or selling a home, it could hurt them badly.

So, the usage rate of real estate agents goes up even as the commission rate comes down. Some research we've done suggests that the scarcity of inventory, together with increasing numbers of agents explains much of the decline in commission rates.

### WHAT'S THE ALTERNATIVE?

Let's break up cooperation and compensation. Sellers pay their agent; buyers pay their agent. Suddenly, first-time home buyers (34 to 36 percent of all buyers) have to negotiate to pay their agent and, then, pay their agent—on top of all their other closing costs. Anybody want to opine on the impact on first-time home buyers or the homeownership rate?

Would this drive more double-sided deals as some buyers go directly to the selling agent to avoid paying any buyer's agent?



Would this cause the MLS to go away and tilt the playing field to firms like Zillow or Realtor.com? Or Upstream? Would a national MLS in the hands of two or three providers be a better situation for consumers than what is available today? Or, would change anticipated from the litigation drive the market to fragment the other way with more off-market or coming-soon listings than are available in the large public exchanges?

Keep in mind that the claimants, in this case, are not non-profit public interest law firms. They are not in this to help improve the system, but to extract money from it. 🍷

Keep in mind that the claimants, in this case, are not non-profit public interest law firms. They are **NOT IN THIS TO HELP IMPROVE THE SYSTEM**, but to extract money from it.



# WHAT IS THE FUTURE OF REAL ESTATE BROKERAGE?

*Despite the constant buzz surrounding technology and its impact on the industry, it is unlikely it will replace the role of a trusted real estate advisor. Here's why.*

*By Larry Kendall, author of Ninja Selling and Chairman Emeritus of The Group, Inc.*



# Have you ever had to talk a buyer or seller off a ledge? Throw in the emotions of a divorce or a job transfer. Does a computer algorithm have the empathy and counseling skills to deal with the human side of a real estate transaction?

Will technology, artificial intelligence, and machine learning change the real estate business? The answer is yes. Will these disruptors replace the role of the real estate sales associate? I don't think so. There are five universals or pillars of our business that have not changed and will require the role of a trusted real estate advisor in the future. Technology will change *how* we do the business, but these five pillars make what we do unique and require a carbon-based life form to orchestrate them.

**1. Frequency.** People only purchase or sell a home on average every 8 to 10 years. This is not the same as ordering a book, an airplane ticket, or a Netflix video. The requirements for selling and buying 10 years ago may be very different today. Most people only buy or sell a home four or five times in their lifetime. The experience ranks up there with graduations and weddings in the frequency of life events. Due to the lack of frequency, people need help navigating the process, which changes with market cycles and legislation.

**2. Uniqueness:** Every property is unique and has unique marketing

challenges. We are not selling iPads or cars. We are selling one of a kind. Add the different personalities of buyers and sellers into the equation, and every real estate transaction is unique. Have you ever had to talk a buyer or seller off a ledge? Throw in the emotions of a divorce or a job transfer. Does a computer algorithm have the empathy and counseling skills to deal with the human side of a real estate transaction? A trusted advisor, not machine learning, is the critical value component here.

**3. Size:** The numbers are huge—typically a home is the largest financial and emotional transaction in a person's lifetime. It's not the same as ordering an Uber.

**4. Complexity:** There are a lot of moving parts in a real estate transaction—by some estimates over 80 details to be handled. The real work often starts after going under contract. The iBuyer movement is attempting to simplify the process, but at a significant cost to the seller. Will this movement be a niche or become broad-based? Because of the other four pillars, my feeling is that the iBuyer component will be a

niche for some sellers.

**5. Risk:** Due to the size and complexity of the transaction, there is a fair amount of risk. If something goes wrong, you can't just "send it back" as you do products from Amazon.

Because of these five pillars, clients need sales professionals with deep smarts in marketing, negotiation, real estate law, and contract management as well as empathy, customer service, and communication skills. They need a trusted real estate advisor and concierge.

When I go over these five pillars with sales associates, owners, and managers, they seem to get a stroke of insight and clarity. They stop being confused and afraid of the disruptors and new technologies. They start focusing on their relationship-building skills, empathy, and finding ways to create a WOW! experience for their clients. The new technologies will assist the sales professional, but not replace them. Most clients are not looking for an app or algorithm to help them. They want an empathetic, trusted advisor. Provide this level of service, and our future is very bright! ▲



# NORTHEAST REGION POSTS FIRST YEAR-OVER-YEAR INCREASE IN BUYER TRAFFIC SINCE APRIL 2018

*The U.S. as a whole reports slightly lower buyer traffic, but more stable showing activity.*

## KEY POINTS:

- Showing traffic experienced a more stable 2.3 percent year-over-year decline throughout the U.S. in May, representing the smallest such decline since August 2018.
- The Northeast Region reported a 1.5 percent year-over-year gain in showing traffic, the first increase in the region since April 2018. Real estate agents throughout the U.S. may have to brace for a more sluggish market than anticipated based on last month's decline in home showing activity, the ninth consecutive month of a nationwide year-over-year decrease according to the ShowingTime Showing Index®.
- Showing traffic was slower in the West (10.6 percent), the South (4.1 percent) and the Midwest (3.4 percent) compared with the same time last year.

In a welcome sign for the Northeast, which has experienced lower year-over-year buyer traffic since April 2018, the region saw showings increase 1.5 percent in May, according to the latest data from the ShowingTime Showing Index®.

The Northeast was the only region to report higher buyer traffic, however, as the U.S. as a whole was slower, albeit more in line with prior-year showing

traffic. The U.S. declined 2.3 percent, the lowest such decline since August 2018 after 10 consecutive months of slower activity. The West Region continued its trend of slowing traffic, seeing a 10.6 percent drop year over year. The South and Midwest saw more modest declines in activity at 4.1 percent and 3.4 percent, respectively.

“Year over year, the situation is stabilizing

with May 2019 roughly in line with May 2018 and with the Northeast region crossing into positive territory,” said ShowingTime Chief Analytics Officer Daniil Cherkasskiy. “Activity in the Midwest and South are also in line with last year as we continue to see stronger traffic in the lower price quartiles of the market, with more expensive homes still seeing less traffic compared to the same time last year.”

**“YEAR OVER YEAR**, the situation is stabilizing with May 2019 roughly in line with May 2018 and with the Northeast region crossing into positive territory.”

— Daniil Cherkasskiy,  
ShowingTime  
Chief Analytics Officer





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# ShowingTime® Showing Index May 2019

UNITED STATES

**-6.5%**

WEST REGION

**-11.1%**

MIDWEST REGION

**-7.1%**

SOUTH REGION

**-8.1%**

NORTHEAST REGION

**+3.8%**

The ShowingTime Showing Index tracks the average number of buyer showings on active residential properties on a monthly basis, a highly reliable indicator of current and future demand trends.

Methodology: The ShowingTime Showing Index® measures showing traffic per residential property for sale by agents and brokers utilizing ShowingTime solutions for property-access management. A higher number means that an average home receives more buyer visits in a given month. All index values are scaled relative to initial index value set to 100 for January 2014. ShowingTime facilitates more than 4 million showings each month.



The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, providing a benchmark to track buyer demand. ShowingTime facilitates more than four million showings each month.

Released monthly, the Showing Index tracks the average number of appointments received on active listings during the month. Local MLS indices are also available for select markets and are distributed to MLS and association leadership.

To view the full report, visit [www.showingtime.com/index](http://www.showingtime.com/index).

## ABOUT SHOWINGTIME

ShowingTime is the residential real estate industry's leading showing management and market stats technology provider, with more than 1.2 million active listings subscribed to its services. Its showing products and services simplify the appointment scheduling process for real estate professionals, buyers and sellers, resulting in more showings, more feedback and more efficient sales. Its MarketStats division provides interactive tools and easy-to-read market reports for MLSs, associations, brokers and other real estate companies, as well as a recruiting tool for brokers. ShowingTime products are used in more than 250 MLSs representing nearly one million real estate professionals across the U.S. and Canada. For more information, contact us at [research@showingtime.com](mailto:research@showingtime.com) 🏠



# REAL *TRENDING*

**WITH STEVE MURRAY**

A weekly real estate industry and trends  
podcast hosted by REAL Trends; created for  
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## JOINT VENTURES

# TODAY'S REGULATORY LAY OF THE LAND

*What do recent actions mean for joint ventures in the real estate industry? Here's an analysis.*

*By Sue Johnson, strategic alliance consultant*

The Real Estate Settlement Procedures Act (RESPA) regulatory environment has changed significantly since the former Consumer Financial Protection Bureau (CFPB) director Richard Cordray left the CFPB in November 2017. New leadership promised to end the era of “regulation by enforcement.” In 2018, the D.C. Circuit Court of Appeals overturned Cordray’s controversial ruling against PHH that rewrote the RESPA statute under his view that any relationship involving a referral source is illegal.

What do these relatively recent developments mean for joint ventures in the real estate industry? Here’s what two leading RESPA attorneys, Phil Schulman of Mayer Brown and Richard Andreano of Ballard Spahr, had to say about today’s regulatory lay of the land.

## A CLEAR STATUTORY EXEMPTION:

Schulman and Andreano both noted that the regulatory environment for affiliated business arrangements (ABAs) is more precise than that of Marketing Services Agreements (MSAs) since there is a specific

ABA exemption (a safe harbor) under RESPA. There must be the disclosure of the affiliation at or before the time of the referral, no required use of the affiliated service and *nothing of value* received other than a return on an ownership or franchise interest. “The PHH case involved RESPA’s more generic exemption for payments for services rendered (Section 8 (c) (2)), not ABAs,” Andreano pointed out. “If Cordray had tried to rewrite the ABA statutory exemption, he would have had a harder road to follow.”

## RESPA'S SHAM JOINT VENTURE GUIDELINES:

Both lawyers emphasized that a company should not enter into a joint venture unless both partners are ready to substantially comply with the RESPA Sham Joint Venture Guidelines, which lay out 10 factors regulators use to determine whether a joint venture is *bona fide* or a sham designed to circumvent RESPA’s referral fee prohibition. These include

(but aren’t limited to) adequate and proportional capitalization by both partners, the performance of the core or essential services by the joint venture’s employees, separate management, and separate office space. Note: A 2013 Sixth Circuit Court of Appeals ruling in *Carter v. Wells Bowen Realty Inc.* that the Guidelines need not be given “deference” is only binding on district courts in Ohio, Michigan, Tennessee, and Kentucky.

## OWNERSHIP BY REAL ESTATE AGENTS:

There are additional securities issues raised if real estate brokers want to include agents as owners, according to Schulman. The ownership interest is a security, which means it must be registered with financial authorities unless the agent is an *accredited investor*. To be an accredited investor, a person must have an annual income exceeding \$200,000 or



\$300,000 for joint income for the last two years, or a net worth exceeding \$1 million. “Some real estate brokers don’t understand this,” he said.

#### A COMPLIANT ABA DISCLOSURE:

Andreano also underscored the importance of providing a compliant affiliated business disclosure, pointing to a \$500,000 civil penalty that the CFPB under Cordray imposed on RealtySouth in 2014 for deviating from the model Affiliated Business Disclosure Form provided as an appendix in RESPA regulations. RealtySouth allegedly did not use capital letters when advising of the consumer’s right to choose; did not set apart a statement advising of the consumer’s right to choose, and included promotional language. While an Alabama federal court ruled in 2016 that the exact language of the model disclosure is not required as long as the required statutory elements are present, companies need to be mindful that the CFPB finding is still on the books.

considered a Qualified Mortgage, which is assumed to have met Dodd-Frank’s ability-to-repay requirements. Current CFPB regulations require that affiliated (but not unaffiliated) title fees and mortgage broker fees be counted

**In 2014, the CFPB under Cordray imposed a \$500,000 civil penalty on RealtySouth for deviating from the model Affiliated Business Disclosure Form ... RealtySouth allegedly **DID NOT USE CAPITAL LETTERS** when advising of the consumer’s right to choose; did not set apart a statement advising of the consumer’s right to choose, and included promotional language.**

#### DODD-FRANK’S 3 PERCENT POINTS AND FEES CAP:

Andreano pointed to Dodd-Frank’s requirement that a loan must have less than 3 percent in points and fees to be

towards the 3 percent threshold, which could cause some affiliated loans to exceed the cap—particularly when loan amounts are low.

#### STATE LAWS AND REGULATIONS

Both Schulman and Andreano advise a thorough review of state laws and regulations, many of which cap the percentage of business a title agent or insurer can receive from an affiliated business or contain other restrictions on affiliated operations. Many state attorneys general and financial services regulators will be motivated to ramp up their enforcement activity to fill perceived regulatory or enforcement voids at the federal level—often at the urging of affiliated business competitors.

#### A SUBSTANTIAL INVESTMENT

Finally, Schulman highlighted the practical considerations of creating a joint venture. “ABAs are more lucrative than MSAs, with higher gains,” he said. “But real estate brokers need to understand that they are creating a whole new business, which means a higher investment.”

*Next month: Today’s Regulatory Lay of the Land for MSAs*



*Sue Johnson is the former executive director of RESPRO, the Real Estate Services Providers Council Inc. She retired in 2015 and is now a strategic alliance consultant. 🐦*

## GLOBAL CITIES

# GREAT VARIATION IN 2019 COST OF LIVING

*Interesting economic trends in cities around the world.*

*By Peter Gilmour, chief foreign correspondent*

In real estate markets around the world, one of the many factors affecting supply and demand is the cost of living in that market, and the changing components of living costs—compensation packages, house rentals, schooling costs, recreational costs, etc.

## TRENDS IN GLOBAL CITY ECONOMICS

Some exciting trends are revealed in the 2019 Worldwide Cost of Living survey conducted by The Economist Intelligence Unit, a research division of The Economist Group. For the first time in the survey's history, the title of the world's most expensive city goes to three cities—Singapore, Hong Kong, and Paris. Also appearing in the Top 10 most expensive cities are Zürich, Geneva, and Copenhagen in Europe, Osaka, and Seoul in Asia, New York and Los Angeles in North America and Tel Aviv in Israel.

With the strong U.S. economic growth in 2018 and corresponding appreciation of the U.S. dollar, most cities rose in rankings in 2018. San Francisco was up 12 places to 25, Houston up 11 places to 30, Seattle up eight places to 38, and Cleveland and Detroit up eight places to 67.

In addition to New York and Los Angeles, only Minneapolis achieved the top 20 rankings.

## WHAT MAKES A CITY EXPENSIVE OR INEXPENSIVE?

If one looks at cities by category, Copenhagen owes its ranking to high transport and recreation costs. Asian cities are expensive due to general shopping and consumables spending. European cities are ranked high due to household, recreation, and entertainment categories.

At the lower end of the scale, the least expensive cities in the world have also seen changes. Asia, with some of the most expensive cities, also has many of the world's least expensive cities, particularly those in India and Pakistan.

Bangalore, Chennai, New Delhi and Karachi feature among the 10 cheapest cities surveyed. In those countries, wages and spending growth remains low, and this limits household spending. Rural producers can supply cities with retail goods cheaply, and when you add government subsidies, prices are well below those in Western countries.

Emerging markets had a lot of currency volatility in 2018 due to the strong U.S. dollar and also encountered political instability and corruption. Istanbul in Turkey had the most significant decline in its ranking, falling from 48th place to 120th. Buenos Aires in Argentina also fell sharply in its ranking to 125th place—in the bottom 10 cities ranked. Other cities in the bottom 10 were Caracas in Venezuela, Lagos in Nigeria and Damascus in Syria.

Cost of living in places around the world is always fluctuating. Slowing global growth in the next two years will continue to affect the rankings of many cities. Oil prices will also affect economies that rely heavily on oil revenue and oil imports. The relative cost of living in the U.K. and Europe, due to Brexit, is still to emerge as supply chains become more complex and new import duties are imposed. A slowdown in growth in China could have consequences for the rest of the world, and the lasting impact of the U.S.-China trade war is still to be judged.

To view the report, [CLICK HERE](#) ➤

*Central Singapore skyline.*





## MERGERS &amp; ACQUISITIONS

# WHY ACQUIRE A BROKERAGE?

*Acquisitions can be tedious and difficult. So, why do it? Simple: To grow.* | By Scott Wright, vice president

The recent publication of our popular e-book *Valuing Small- to Medium-Sized Brokerage Companies* has prompted several questions. Mainly, why do firms go through the undertaking of acquiring other firms? Since acquisitions tend to not be for the meek, this is a valid question.

Achieving growth for a residential real estate brokerage firm is not a complicated endeavor. You either grow organically via effective recruiting and agent development, you grow via acquisitions, or you do both. Though the solution for growth is simple, the execution can be difficult.

## ORGANIC GROWTH

The organic path is not an either/or option for *successful* brokerage firms. Broker-owners should be targeting various means to attract agents to their company. Equally important, they should be striving to improve agent productivity. Interestingly, success on this path allows firms to be more successful should they also choose the acquisitive route.

In our valuation and M&A work, we've seen every reason imaginable when it comes to why firms choose to acquire. Regardless of the reason, the process of a brokerage acquisition is not for the faint-hearted. Besides the undeniable fact that most acquisitions require upfront capital, they demand a tremendous amount of time, and when the primary asset being acquired is an independent contractor who can walk out the door at any time, the execution must be flawless.

## M&A ACTIVITY

Lately, we've seen a lot of activity from medium- to large-sized firms as they endeavor to acquire smaller

firms, which was a big impetus for penning our e-book. A softer housing market is undoubtedly whetting the appetites of some of these buyers as smaller firms struggle to compete. Thus, there are bargains to be had, but most buyers are intentional in their acquisitions as it serves their growth strategies.

When it comes to *why?* in many cases, it's merely a matter of buyers seeking to expand their footprint. In some situations, the buyer has already tried to expand but has had trouble penetrating the market. In other cases, all it took was a simple cost/benefit analysis to determine that it would be cheaper to acquire than to set up shop from scratch. Acquisitions can be challenging; however, so is finding a suitable office space, retrofitting the office, hiring staff, and recruiting agents.

In other cases, the *why?* is to take out and join forces with a pesky competitor. If you can't beat them, join them, or in this case, compel them to join you. Interestingly, we find that many smaller firms are owned by folks who continue to list and sell, and as the landscape for operating a brokerage firm grows more challenging, these owners lose their passion for owning. As mentioned, if your firm is doing an excellent job on the organic side of things, then it will be a lot more enticing for a competitor to join forces. A seller will feel a lot better about a deal if they know their agents will find a good place to land.

There are, of course, many other *whys?* and for both buyers and sellers the why ought to be well defined and thoroughly vetted. ▀

**If your firm is doing an excellent job on the organic side of things, then it will be a lot more enticing for a competitor to join forces.**



## REAL TRENDS + TOM FERRY ANNOUNCE

## 2019 THE THOUSAND

Fourteenth annual real estate ranking advertised in *The Wall Street Journal*

ON JUNE 28, REAL Trends + Tom Ferry, as advertised in *The Wall Street Journal*, published the 14th annual The Thousand list of America's top 1,000 real estate sales professionals and teams. An abridged list of the designees is published in today's edition of *The Wall Street Journal* and a complete listing is available online at [www.realtrends.com/rankings/rt1000](http://www.realtrends.com/rankings/rt1000).

REAL Trends + Tom Ferry The Thousand, as advertised in *The Wall Street Journal*, is an annual, national awards ranking sponsored by REAL Trends—the Trusted Source—and Tom Ferry International coaching, advertised in *The Wall Street Journal*. Designees are recognized as the top one-tenth of one percent of more than 1.4 million licensed Realtors® nationwide.

"The best individual agents and teams' award-winning efforts were phenomenal considering the competition in the real estate market," said Steve Murray, president of Castle Rock, Colo.-based consulting company REAL Trends, which compiled the list.

The Thousand is divided into four categories, each listing the top 250 designees:

**Individual Agent—Sales Volume**  
**Individual Agent—Transaction Sides**  
**Agent Team—Sales Volume**  
**Agent Team—Transaction Sides.**

"The real estate sales professionals ranked in The Thousand have proven that they have the skills to grow their businesses year after year," said Steve Murray, president of REAL Trends and publisher of The Thousand. "The average U.S. Realtor® sold nine homes in 2018. The average agent ranked in The Thousand sold 217 homes and the average team sold over 562 homes. These kinds of results show that those who commit to being full-time professionals can build meaningful businesses and succeed beyond expectations. Achieving this level of results is simply incredible."

"The REAL Trends team set a precedent on what success looks like in our industry with The Thousand list," says Tom Ferry, founder of coaching and training company Tom Ferry International. "We're honored to partner in recognizing these talents and will continue to help agents fulfill their greatness."

REALTRENDS  
THE TRUSTED SOURCE

TomFerry

THE THOUSAND

AS ADVERTISED IN THE WALL STREET JOURNAL.

**RANKING  
THE TOP  
REAL ESTATE  
PROFESSIONALS  
& TEAMS**

by:  
Transactions Sides  
Sales Volume



The top five designees in each category of the 2019 REAL Trends The Thousand are:

#### INDIVIDUAL AGENT Sales Volume

- 1. Ben Caballero**  
HomesUSA.com, Inc.  
Addison, Texas
- 2. Christian Angle**  
Christian Angle Real Estate  
Palm Beach, Fla.
- 3. Chris Cortazzo**  
Coldwell Banker Residential  
Brokerage Southern California  
Malibu, Calif.
- 4. Tracy Campion**  
Campion and Company  
Fine Homes Real Estate  
Boston, Mass.
- 5. Ralph Harvey III,**  
Listwithfreedom.com  
Boynton Beach, Fla.

#### INDIVIDUAL AGENT Transaction Sides

- 1. Ben Caballero**  
HomesUSA, Inc.  
Addison, Texas
- 2. Ryan Gehris**  
USRealty.com LLP  
Womelsdorf, Penn.
- 3. Ralph Harvey III**  
Listwithfreedom.com  
Boynton Beach, Fla.
- 4. Qjzhan Yao**  
Realmart Realty  
Millburn, NJ
- 5. Jason Saphire**  
Entryonly.com  
Boston, Mass.

#### AGENT TEAM Transaction Volume

- 1. The DeLeon Team**  
Deleon Realty, Inc.  
Palo Alto, Calif.
- 2. The Lucido Agency**  
Keller Williams Realty  
Ellicot City, Md.
- 3. The Serhant Team**  
Nest Seekers  
International  
New York, N.Y.
- 4. Ben Kinney Team**  
Keller Williams Realty  
Bellingham, Wash.
- 5. Mark Spain Real Estate**  
Mark Spain Real Estate  
Alpharetta, Ga.

#### AGENT TEAM Transaction Sides

- 1. Mark Spain Real Estate**  
Mark Spain Real Estate  
Alpharetta, Ga.
- 2. Robert Slack**  
Robert Slack LLC  
Ocala, Fla.
- 3. Ben Kinney Team**  
Keller Williams Realty  
Bellingham, Wash.
- 4. Hergenrother Realty Group**  
Keller Williams Realty  
South Burlington, Vt.
- 5. The Loken Group Inc.**  
Keller Williams Realty  
Houston, Texas

“In total, this year’s professionals in The Thousand closed 195,195 sides and sold more than \$89.8 billion in 2018—a new record for sales volume with a 14 percent increase in sales volume and a 16.4 percent in sides over last year,” said Murray. “It is incredible to consider that 1,000 sales professionals and teams could accomplish so much.”

#### METHODOLOGY

REAL Trends The Thousand awards program was developed by REAL Trends, a leading source of analysis and information for the residential real estate brokerage industry, in partnership with Tom Ferry International, a leading real estate coaching and training company. The Thousand honors America’s finest real estate professionals and their companies and is compiled and analyzed by REAL Trends.

Rankings are compiled based on surveys from virtually every national branded network, state and local associations of Realtors®, multiple listing services, all

applicants from past years’ rankings, and the 900 largest brokerage firms in the United States. Verification from an independent source is required for all submissions. In addition, REAL Trends senior staff reviews every submission for completeness and accuracy.

#### About The REAL Trends + Tom Ferry The Thousand

The REAL Trends + Tom Ferry The Thousand ranking report is sponsored jointly by REAL Trends and Tom Ferry International and advertised in *The Wall Street Journal*. REAL Trends The Thousand honors America’s elite real estate agents and their companies and is

compiled and analyzed by REAL Trends with a special ad section published in *The Wall Street Journal* and is not affiliated with *The Wall Street Journal* news department.

When promoting your selection into The Thousand, any use of The Wall Street Journal name other than ‘as advertised in The Wall Street Journal’ is strictly prohibited. Violators will be subject to legal action.

REAL Trends is a leading source of analysis and information for the residential real estate brokerage industry. Tom Ferry International is a nationwide real estate business and life coaching and training company. 🏡