

## Commentary

## REAL *Trends* Survey

# Thoughts on the Recruiting Challenge

*No surprise. Our survey found that brokers are concerned about recruiting.*

Written by Steve Murray, publisher

REAL Trends recently completed a national survey of the largest 1,400 brokerage firms in the residential industry. The survey is part of the process leading to a new book called "Game Changers—The Unfounded Fears and Future Prosperity of the Residential Real Estate Industry," that will be released April 30, at the Gathering of Eagles conference in Dallas. The survey was conducted in December of 2013 and January 2014.

In our recent survey, one of the questions we asked was: What were the biggest challenges faced by the firms Commentary continues

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## Housing Affordability

## **Non Profits Pull in Investors**

## New coalition aims to help families afford homes.

According to the Joint Center for Housing Studies of Harvard University, more than 7 million low-income households now spend more than half of their income for rent, which leaves little money for anything else. The situation is expected to get worse.



Now, a coalition of nonprofit groups is trying to turn things around with a new, more business-like approach to buying real estate. They hope to preserve housing units that low- and moderate-income families can afford. ■

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today? We also asked: What did the leaders expect the biggest challenges would be in the future? Not surprisingly, recruiting of agents was mentioned prominently. In fact, it was mentioned as the No. 1 challenge. Associated with this finding was the fact that firms are faced with an aging sales force and an aging sales management group. Firms also reported that they were having a great deal of difficulty in recruiting younger people to become real estate agents.

### **Not a Surprise**

This is obviously not new information. Recruiting has always been a challenge for most firms, and the aged sales agent force has been right there, as well. We have never been an industry known for its ability to attract college graduates. The average age of sales agents has always

**Economics have dictated that there are fewer man-hours available than in the past for developing new people.**

been higher than the average age of Americans in general and has always been 15-20 years older than the average first time homebuyer, who historically makes up 35-40 percent of all buyers.

### **The History**

From 1985 to 2006, the number of real estate professionals in the country doubled, from just over 700,000 in 1985 to over 1.4 million in 2006. Few think that the industry will grow at those rates again anytime soon, if ever. Those years were marked by a long-term up market in housing sales (with some softness in the 1989-1993 period). Prices of homes marched steadily upward, and housing sales increased from under 4 million unit sales to nearly 8 million unit sales. Again, while sales will increase as the population grows, it is unlikely we will see that kind of growth again soon. The industry has consolidated, especially in the share of all business captured by individual high producing agents and teams. While it may not have been certain in the past, we are very close to the "80/20" rule where the top 20 percent of the agents have captured nearly 80 percent of all the business being done.

### **Hostile Environment**

The environment for new agents is more hostile than it was yesterday. It is harder to break in than it used to be. Complicating this further is that brokerage firms have suffered significant erosion in their gross margins. This has caused increases in the number of sales agents per office, increases in the responsibilities of sales managers and a substantial reduction in the availability of systematic training and accountability systems in the offices for new agents.

Economics have dictated that there are fewer

Commentary cont. on p5



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## Industry Concerns

# The Listing Issue

*The power of listing portals and inaccurate information are two major issues the industry is facing today.*

Written by Steve Murray, publisher

If there are larger issues in the industry today, we don't know what they are. The influence of power of listing portal firms and the inaccurate information due, in part, to out of control syndications are two worrisome issues.

### The Listing Portals

Let's discuss the listing portals. The fear is that they will use their housing consumer viewership to resell customers back to the industry and perhaps even enter the brokerage business. They are selling customers back to the industry either on an advertising impressions basis or through a direct lead purchase arrangement. While this is not dissimilar to what prior print media did, (look what happened when agents advertised in newspapers) it is also true that some of their actions (selling ads to one agent on another agent's listings) are, well, egregious and a bit over the top.

As far as their entry into the brokerage business, they are already in the brokerage business—the advertising and lead generation part of it. Whether they will actually directly employ agents in a brokerage business is unknown, but given the economics of the brokerage business, one would have to wonder why they would get into this business. Both Zip Realty and Redfin have married excellence online to the brokerage business. Thus far, they haven't destroyed the brokerage industry. Further, given the economics of the advertising segment or even the referral fee segment of the industry, it would seem far more likely that they would leverage their capital and consumer portal to remain and gain share in the eyeball segment of the business. It is more profitable and requires less capital with far less liability.

So long as the vast majority of consumers choose an agent because of a personal relationship or a referred relationship they won't take over the business. Should the time come when a large share or majority of consumers use online sources to find an agent, or should the portals provide a start to finish transaction management solution (and offer flat-fee brokerage services as a result) they likely won't become more deeply involved in the home buying or selling transaction. At least as far as the purchase or sale of a home, the great majority of consumers don't view doing so the same as buying a book on Amazon.com. It is too infrequent, too complex and the cost of making a mistake far too high.



### Syndication

The syndication problems appear to be both in the accuracy of the information and out of control distribution to multiple sites without the knowledge or permission of the brokerage provider. As to the first, when the source of the data is either a brokerage firm or an MLS, those providers are in the best position to insure that their data is timely and accurate. They can insist on it. It would seem to be in the portals' best interest to have accurate information at any given moment in time. ***Further, unless someone has changed the rules on syndication any brokerage firm at any time can determine which sites will receive its information.*** Brokerage firms can decide for themselves which listing portal in which to send data.

As to the second issue, it is based on large portals also sharing their data to other web sites. The issue appears to be that there is little to no accountability by either the portal or brokerage firms to ensure that these third-level web sites are keeping the data current and accurate. We have heard stories of homeowners calling brokerage firms and agents to complain about their homes being shown as available when they've been sold or withdrawn from the market months before. Ultimately, there is going to be a problem here.

There have been efforts to remedy this but, thus far, it doesn't seem to be working. Some brokerage firms and agents are just aware of this issue, or they are aware but don't have an easy way to fix the problem. This needs thoughtful work.

More importantly, this second issue needs the attention of the major brokerage firms and MLS operators. They are in the best position to demand accountability from those doing syndication or from the portals. On the first issue, as we have always known, the brokerage firm can simply stop allowing their listings to be posted on the portals, which has been their right all along. ■

man-hours available than in the past for developing new people, particularly young inexperienced sales people.

Another factor is that everyone looks like a genius at recruiting when the numbers of new people entering the business were growing steadily at 3.5 to 4 percent per year. As one well regarded trainer/coach put it, "that is not recruiting, that is hiring." It was relatively easy to add new agents when they are flooding into the business, and your main goal was simply to capture your share of them. It did not require any real outreach to sell the benefits of being in the business. It just happened.

There are examples of firms that have bucked these trends. Keller Williams has grown their total agent count by over 50,000 agents while the industry has shrunk by more than 400,000 agents. Many would credit this to their focus on investing in training and education, and while they and everyone else knows it is not perfect, they tend to focus their efforts and their message on the availability of training at levels.

Another firm that is having great success at recruiting new younger people into the business and getting them into production is The Group Inc. of Fort Collins, Colo., and home of Ninja Selling. Their focus is on new-to-the-industry people, and they have built a very successful track record over the past few years of recruiting new people into the business, providing high levels of training and education and having an accountability system that stays right with the new agents until they are more than making a living—or they have found another career. Does it perfectly work all

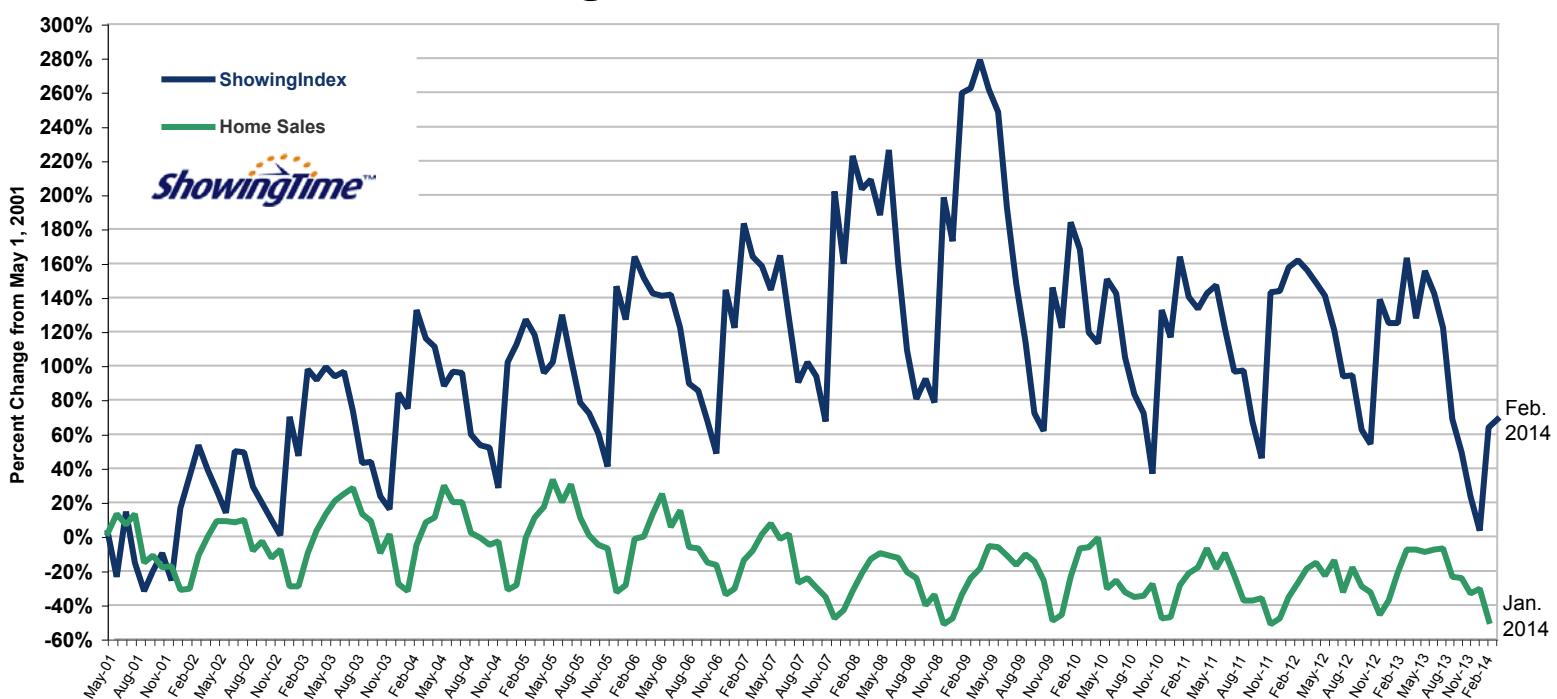
the time? No system does, but they are succeeding far more often than failing. They don't have gross margin problems of the kinds faced by most other firms either.

The answer to an aging sales force is actually recruiting and developing younger people to join our business. In our view, this requires that realty firms do a few things better than they have in the past.

- Develop a real system of training and education that not only teaches the fundamentals but also creates a business plan for each new agent and builds accountability into such a system.
- Develop messaging that describes the benefits of a career in residential real estate sales and target schools and other industries that are populated with customer-trained sales and service workers who also are not highly paid.
- Teams and true mentorship programs are a great way to develop new younger agents and potentially a way to get these new people some income sooner.
- It may well be that some experimentation with compensation and paying new salespeople for activities that lead to sales is in order (assuming one is serious about recruiting and developing new and younger people.)

These ideas are not new. Many have tried these actions with mixed results. But, based on just the two examples we shared, growing your business by hiring younger agents into your firm is achievable so long as there is an intense focus on the effort. ■

## 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.

## Lightening Bolts

# The Quintessential Visionary

*A clear vision is essential to business success.*

Written by Jeremy J. Conaway, contributing editor

I recently attended the Keller Williams Family Reunion event in Phoenix. Those who have attended this event in the past will best understand its unique and amazing dynamics, but that is not the focus of this piece.

Traditionally, one of the first programs at the Family Reunion event is the annual vision presentation produced by Keller Williams Chairman of the Board Gary Keller and his team of writers and researchers. Sitting in the venue watching more than 10,000 people attempt to capture the meaning and relevance of every word, you cannot help but wonder whether or not there is one word that fully defines this presentation. It is part lecture, part newscast, part comedy routine, part coaching, part motivation, part sermon and all with a giant dose of admonition. The word Gary Keller chooses to apply to this lightening bolt of consciousness is vision, and it is certainly all of that.

**Very few managers, franchisees and/or agents can articulate their brand's vision and direction.**

Defining, refining and communicating a clear and powerful vision is one of the fundamental and essential duties of a business leader. Yet, as you experience the various personalities, images and words of our industry's leaders, it isn't clear that all brands, franchises or entities are guided by a vision rather than the status quo or automatic pilot. Even if these fine organizations have defined such a vision, it is definitely not clear that it is being communicated to either its internal or external constituencies. Very few managers, franchisees and/or agents can articulate their brand's vision and direction.

### **A Clear and Powerful Vision**

What is clear is that, in the current market atmosphere of "tipping point" level change and historic transition, all of our industry's business leaders and executives should be focusing on the basic elements of visioning, vision

implementation and vision communication.

Creating and communicating a clear and powerful vision delivers many benefits. A clear, shared vision helps to define company philosophies, direction and values for the benefit of everyone involved, perhaps most importantly to agents that the company is seeking to recruit. In today's marketplace with a strong agent recruiting and retention atmosphere, more sales associates are becoming aware that their career choices must go beyond commission splits, office expenses, brands and marketing plans.

### **Agents Must Choose The Right Company**

More agents from all generations and experience levels are coming to understand that choosing the right company in which to invest one's career and future success is becoming more critical than ever before, that there are fewer options with respect to companies that a top agent or would-be top agent might want to have a long-term career relationship with and that this may be their last recruiting decision. As such, it better be based, to a great extent, on understanding, respecting and assuming ownership of that company's vision.

While a strong vision can contribute to productivity and efficiency, it can do even more to contribute to the formation of the committed long term relationship between companies and their agents that will be the basis of sustained success moving forward.

So, how should real estate industry business leaders go about creating and communicating clear visions for their troops to follow? Here again, the Keller example might serve as a model for what it takes to produce a relevant, unique and effective vision for any entity in today's real estate marketplace.

### **Identify Core Values**

The answer lies in understanding and identifying the business's core values, understanding the core purpose or envisioned future of the business, and clearly articulating and communicating the vision to the organization. The best visions are developed by individuals who are truly in awe of and have love and respect for the functions and legacy of the residential real estate business. This might be in direct contradiction with the industry's current expanding relationship with Wall Street. The industry will soon learn whether classic shareholder value-based priorities can

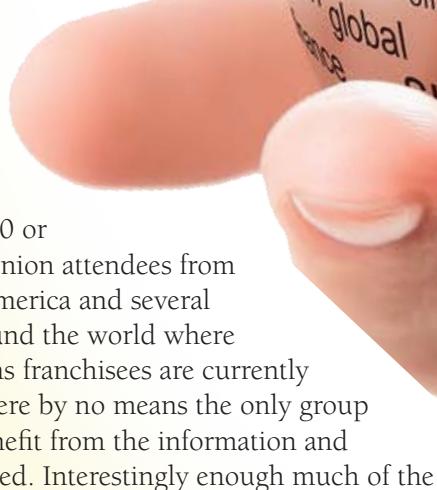
**It is difficult for someone who is worried about his or her own future to create a great vision.**

successfully contribute to an overall company vision that can be owned by all involved.

Exploring the creation process further, it might be said that would-be visionaries ought to not be in the midst of their wealth collection phase because dollars-and-cents-directed decisionmaking often runs counter to what it takes to be a great visionary. Stability and continuity are also critical elements. It is difficult for someone who is worried about his or her own future to create a great vision.

## **Strong Sense of Community**

Finally, great visionaries tend to have a strong sense regarding the common or community attributes of their industry. Competitiveness is certainly a powerful, respected and even worshiped virtue among successful business leaders in both the real estate and other industries. Yet, upon closer examination, one would discover that over and above competitiveness visionaries understand "to the victor belong the spoils." Being the winning competitor in a race to be the best in a failed industry is of little value to its participants, its executives and its shareholders.



While the obvious audience for Gary Keller's vision presentation was the 10,000 or so Family Reunion attendees from both North America and several countries around the world where Keller Williams franchisees are currently active, they were by no means the only group that could benefit from the information and insight provided. Interestingly enough much of the presentation is also directed at an audience that was not in the huge venue. For executives, brokers and agents across

the American residential real estate industry Keller's comments offer a level of guidance and wisdom that can only be produced by sustained study and continuous analysis.

Beyond his status as the founder of the Keller Williams organization and his current employment as its Chairman of the Board, Keller holds yet another designation. Gary Keller is Keller William's resident scholar and senior researcher, and it is this status that takes him beyond being a KW treasure and makes him an industry icon.

Keller is a prolific writer  
who has written  
and/or



coauthored several best-selling books on real estate business operations, marketing and personal achievement dynamics. Keller spends much of his time studying the residential real estate industry and the changing environment in which it must exist from the command center like spaces in the basement of the Keller Williams International headquarters outside of Austin, Texas.

Beyond his engagement with Keller Williams, Keller has also demonstrated an ongoing commitment to the overall intellectual and business health of the real estate industry as a whole. In 2007 Keller personally contributed the funds

**In 2007 Keller personally contributed the funds necessary for Baylor University to create a new research center for residential real estate.**

necessary for Baylor University to create a new research center for residential real estate. Operating under Baylor's Hankamer School of Business, the center is among the first of its type in the country. The center will benefit the entire industry, as well as the real estate consumer by studying issues such as real estate consumer behaviors, factors that influence real estate-buying decisions, and real estate marketing and management strategies aimed at assisting agents and brokers reach more effective business practices and customer relationships.

Is Keller's example an exclusive insight into the qualities of a visionary? Obviously not. However, it does offer a number of clear and valuable indications of what matter of intellect, emotional stability and commitment are necessary to field and communicate a great vision.

So, you ask, what vision did Gary Keller deliver in his presentation? It really doesn't matter. Experience tells us how effective his visions have been in the past and history will reflect how intuitive they will be in the future. Besides, you really had to be there when his eyes narrowed, and he announced, "If you are not going to stay in real estate don't screw it up for the rest of us." Enough said. ■



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The program will commence with a reception on the evening of July 16 and adjourn at noon on July 18 allowing Fellows and their guests to enjoy Denver or the mountains of Colorado for the weekend that follows. There will be a series of both general and breakout sessions for guests addressing key opportunities of the finest real estate professionals in North America.

The Fellowship of Realty Professionals is an organization founded in 2013 to recognize the highest performing sales professionals in the real estate industry and to foster the exchange of insights and ideas among the membership.

There will be a limit of 100 guests allowed at this inaugural conference. It is only open to members of The Fellowship and qualified nominated candidates. Each member is limited to bringing two persons from their organizations and one personal guest.

The fee for members of The Fellowship is \$200. For those who are not yet members the fee is \$700. For more details, contact Jaime O'Connell at [joconnell@realtrends.com](mailto:joconnell@realtrends.com) or 303-741-1000.

## Synergy

# What is the Goal of a Group?

*Most all of us are part of a group—a company or an office of people. Why are they with us? Why do people form groups? What is the goal of a group?*

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

**Synergy.** The goal of a group is synergy. The idea is that we can do something together that we can't do on our own, i.e. the whole is greater than the sum of the parts. Why do geese fly in a V formation? Because they can fly 72 percent farther working together. This is why groups form.

If there is no synergy, there is no need for the group to exist. If people can do better on their own, why be a part of a group? The group may last for a while due to tradition or because there is not a viable alternative. Unless there is synergy, the group will not last long term. It may not have a blowout, just a slow leak over time.

### Getting Synergy

How do we know when we have synergy in our office or company? Certainly we can look at our metrics such as profitability, rising market share and associate count. These are more the results of synergy than its cause. Metrics that show great results demonstrate that synergy did exist at one time.

Generally, synergy is something we can feel when we come in the office or attend a meeting. We can sense the synergy, or the lack of it.

### Synergy = Energy + Alignment.

If you sense the office is flat and lacks synergy, what to do? If synergy is lacking, look to the formula for synergy (synergy = energy + alignment). Is there a lack of energy in the organization? If so, as the leader, where is your energy and focus? Have you become distracted? Are you still passionate about your company and your people? The body (your people) follows the head (you).

**Energy.** There are ways to build energy in the organization. Salespeople enjoy fun, games, music and goals. Incorporate these into your meetings and environment. Make sure you show up to lead the fun. Set a goal that every meeting ends with people walking out on a high note. If you have to cover a tough or even negative topic, cover it first and end on a positive. Your people will come to the office and meetings for the energy high they receive.



**Alignment.** Once your office is in a high-positive-energy state, the next step is to get this energy aligned. Before the geese can fly in a V formation, they have to decide on a direction. We do this by developing a shared vision using the five-step process we outlined in the December 2013 issue of this newsletter.

Successful leaders create a buzz. Salespeople need to come to your office meetings and feel energized and excited. Get synergy today! ■

## 5-Step Shared Vision Process

1. Does this align with my values and the company's values?
2. What is the plan?
3. What's in it for me?/What's expected of me?
4. How committed are you to this?
5. How will you communicate our progress?

# Focus On: Helen Hanna Casey

## President of Howard Hanna Real Estate Services

Written by Tracey C. Velt, editor

Born into the business, Helen Hanna Casey found a way to make her own mark in real estate. Here is her story:

**REAL Trends:** Tell us about your career path. How did you get your start in real estate?

### Helen Hanna Casey:

I was licensed by the time I was 18 years old, but I didn't join the firm until I was in my mid-20s. I went to graduate school, had my daughter (Annie Engel) and taught at a small school before joining the brokerage as a salesperson. Ironically, due to nepotism concerns, I did not become a manager until the 1970s. A consultant came in and said that our family is our strength and that we should play to it, so I became a manager, then eventually moved up the ranks to president. Before that though, my father, Howard Hanna, understood the value of hiring women when real estate was very much a man's world.



**REAL Trends:** How do you do business differently? Howard Hanna Real Estate is a family business. What are the benefits?

**Casey:** The Howard Hanna company continues to play to that "family business" strength and currently employs 13 family members, with eight of them on the executive committee. I have a broad perspective about the business from being in it for so long. When it is in your family business, there are great privileges, but with that there is an expectation that work comes first. You're never really off. However, you also have the benefit of sharing the same goals with the people you work with and the level of trust is high. You always assume that of people who work with you, but you know it with family. Family doesn't always agree on things, but we make it a priority to talk things through and be respectful.

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

**Casey:** In business and in life I am most passionate about shoes. I know you're laughing, but it's true. I have even given a university commencement speech about shoes and how they help determine the paths we will take to the future.

In reality, it's the future about which I am most passionate. There is so much potential for everyone to grow. There are so many tools that we can choose from and so many opportunities. I am passionate about the people who will lead us to the future, not just the people who are joining us now but also those who have been with us through the years. I am passionate about helping our managers and sales associates achieve their goals. They choose to be part of our team and together we continue to do great things. We have to be sure that we are providing them with the right training and tools and we must be able to differentiate ourselves and be the very best in our industry.

I am also passionate about our clients. We must provide the level of professionalism that exceeds expectations. We may have many clients, but the customer has only one broker. We must be there for our customers. That's why one-stop shopping is so important to today's buyers and sellers. As I have said for many years, people make the difference.

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

**Casey:** Some of my hobbies are fading. I used to love to garden. I love to decorate my home. I am also very committed to musical theater, and our family is very involved locally as producers. Last year, our family went to London, and when we came home, we invested in the Broadway play Matilda. It's been our biggest winner so far. My husband and I spend time listening to scores of musicals. We also travel. We're probably more family-oriented than most of our friends are. We spend a lot of time at our daughter's house. ■



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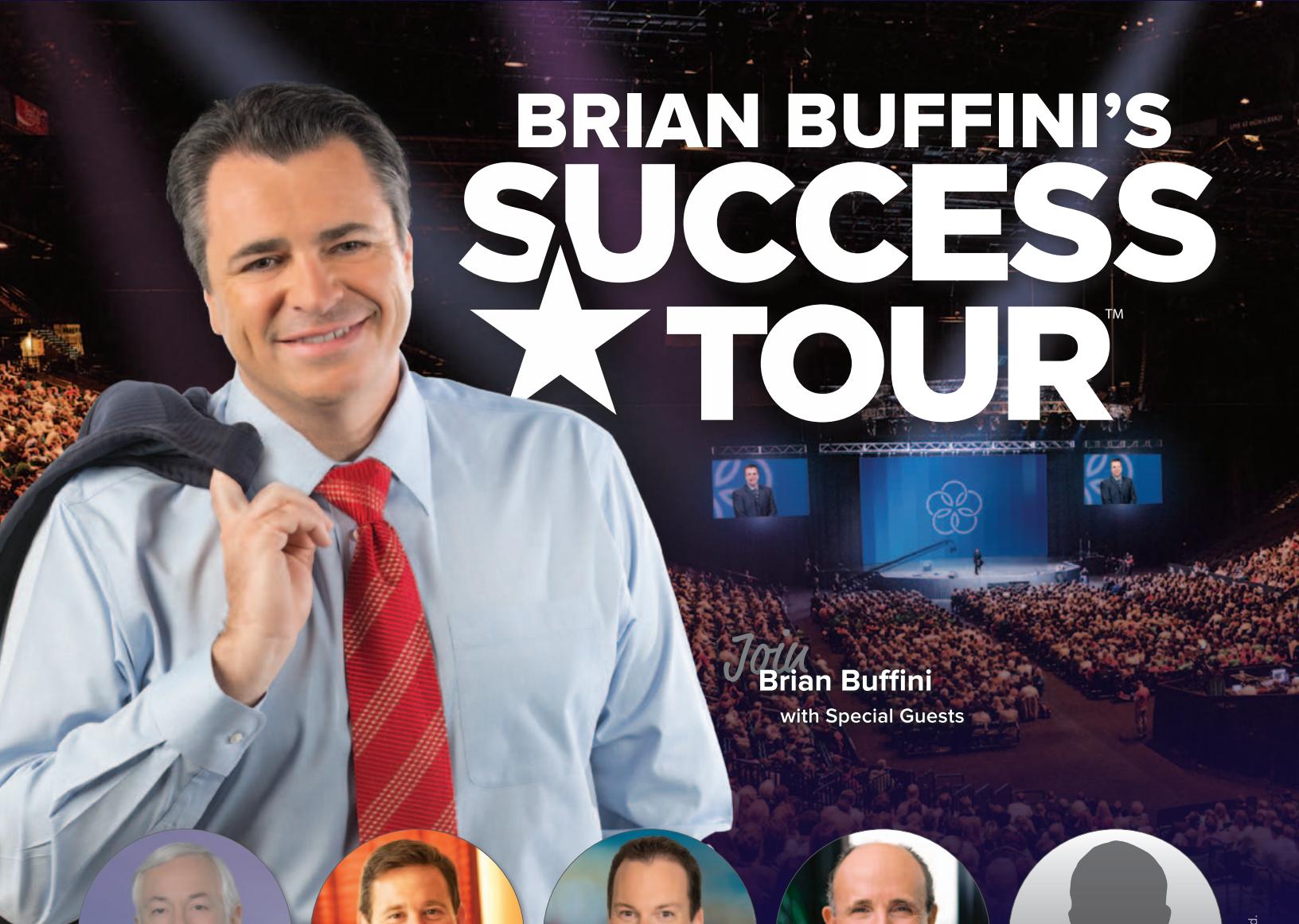


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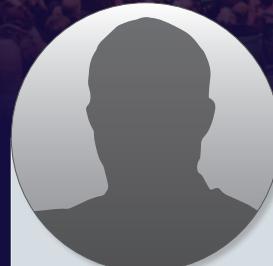
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# REAL Trends

## HOUSING MARKET REPORT



### Housing Sales Increased — Slowly

*Small increase in year-over-year sales in January 2014.*

"January 2014 sales of new and existing homes reflected the decline in the affordability rate in most regions, the widespread inclement weather, and the rise in interest rates. The slowdown in year-over-year unit sales also reflects the absence of real growth in employment and household incomes," said Steve Murray, editor of the *REAL Trends* Housing Market Report.

Housing unit sales for January 2014 increased 4.8 percent in the Northeast, the strongest showing in the country. The next highest region was in the South region with an increase of 4.1 percent, the Midwest region was down 1.3 percent, and the West was down 3.7 percent.

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**"We believe that unit sales are nearing a normal level given employment, the number of households, mortgage rates and household income"**

— Steve Murray

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The average price of homes sold in January 2014 increased 13.3 percent across the country, a wide increase over the same year over year results from December 2013. The West region had the best results with the average price of homes sold increasing 18.7 percent followed by the Northeast region at 14.1 percent, the Midwest region at 9.9 percent, and the South saw average prices rise 9.4 percent.

"As we stated last month we believe that unit sales are nearing a normal level given employment, the number of households, mortgage rates and household income," says Murray. "We expect that year over year increases will continue to be only slightly improved on a year-over-year basis in the months ahead." ■



*The *REAL Trends* Housing Market Report for January 2014 shows that the rate of housing sales increased at the slowest rate in the last 30 months on a year-over-year basis. Sales of new and existing homes in January 2014 increased 1.1 percent over the rate of sales in January 2013. The annual rate of new and existing home sales for January 2014 was 6.043 million units up slightly from 5.976 million units sold in January 2013.*

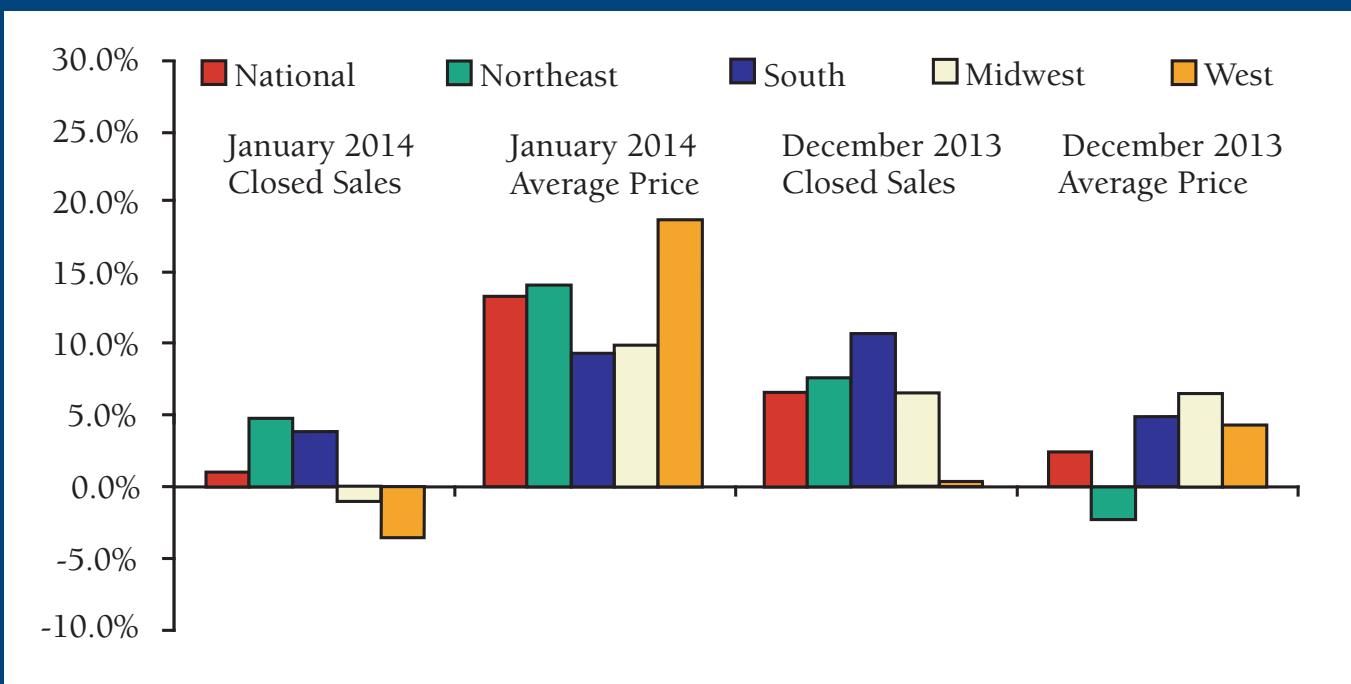


*The average price of homes sold increased by 13.3 percent in January 2014 compared to January 2013 on the strongest showings in the last year.*



## REAL Trends January/December Housing Market Report (Versus same month a year ago)

	January 2014 Closed Sales	January 2014 Average Price	December 2013 Closed Sales	December 2013 Average Price
National	+1.1%	+13.3%	+6.8%	+2.5%
Regional Report				
Northeast	+4.8%	+14.1%	+7.8%	-2.5%
South	+4.1%	+9.4%	+10.6%	+5.2%
Midwest	-1.3%	+9.9%	+6.9%	+6.9%
West	-3.7%	+18.7%	+0.3%	+4.6%



## 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

## Reaching Customers

# Century 21 Sees Online Success

*The oldest of the major national brands is acting more like a teenager these days with a firm focus on reaching consumers where they live—online.*

Executives of CENTURY 21 Real Estate shared their 2013 results with us in a recent call about their online success from last year and where they see the future.

“We had more visitors to our web site than any other major national real estate firm last year with 25.3 million visitors during 2013,” says Rick Davidson, CEO of Century 21. “We, of course, are very proud of attaining this level of consumer interaction, and it confirms the efforts that we have made to shift a great deal of our ad budgets [from offline to online] is paying off.” Bev Thorne, the chief marketing officer for Century 21 added that the lead in online visits is courtesy of eComscore, Hitwise and other recognized online media scoreboards.

Thorne said, “It is our sponsorship of iconic events that is helping drive traffic and brand recognition. Among others, we are involved in the Indy 500, the U.S. Open, the Super Bowl and the Little League World Series. Each helps us reach engaged audiences in different niches and has contributed to our success in driving customers to Century21.com, and ultimately to our affiliates,” she says. “Another thing we are excited about is that our 49 percent year-over-year growth rate indicates that we have a lot of momentum going forward.”

Davidson also said that Century 21 now has 7,100 offices in 75 countries and approximately 102,000 sales agents associated with the firm. “Just to name a few countries where we have major presence are France with over 900 offices, Japan with over 830 and China with over 915 and growing.” He said they signed their first office on the island of Manhattan in New York City.

Old doesn’t mean dead. It would appear that Century 21 is engaging in the new frontier of the online world as if it were a new born. ■



## NOW YOU KNOW

The Pentagon Federal Credit Union Foundation (PenFed Foundation), a nonprofit organization working to meet the unmet financial needs of military members and their families, helped more than 200 military families across 40 states in 2013. These military families realized the dream of owning their first home through PenFed's Dream Makers program by providing a record-breaking \$1 million in grants to cover down payments and closing costs.

To learn more about the PenFed Foundation's Dream Makers program and apply online click: [PENFED FOUNDATION](#)

## New Partnership

# Daniel Gale Sotheby's Extends Asian Reach

### *Firm finalizes exclusive partnership with international real estate marketer Caimeiju*

Daniel Gale Sotheby's International Realty (DGSIR) unveiled the leading edge of its Global Realty strategy with the launch of its Asia Desk. Comprised of staff experts and a team of experienced, multi-lingual agents, the Asia Desk is part of a multi-pronged initiative to engage the international homebuyer that includes numerous specialty desks, as well as active participation in trade organizations, niche advertising, targeted marketing materials produced in numerous languages and engagement with various web and social media portals. In conjunction with the Asia Desk launch, Daniel Gale Sotheby's has signed an exclusive partnership agreement for the vast majority of Long Island with the international real estate marketing agency Caimeiju ([www.caimeiju.com](http://www.caimeiju.com)). Caimeiju offers highly targeted exposure to affluent consumers in China and will enable Daniel Gale Sotheby's to further engage with this important market.

"Reaching the overseas market with our listings is a priority and we're always on the lookout for new ways to engage this significant audience," says Patricia J. Petersen, president and CEO of Daniel Gale Sotheby's. "Formalizing our active Asia Desk under the direction of Deirdre O'Connell and Lois Kirschenbaum, and adding Caimeiju as a powerful marketing tool, will provide us additional and immediate highly targeted exposure of our top listings behind the firewall of China." ■

For more information, click: [WWW.DANIELAGALE.COM](http://WWW.DANIELAGALE.COM)

**"Reaching the overseas market with our listings is a priority, and we're always on the lookout for new ways to engage this significant audience."**

**— Patricia J.  
Petersen**



# Drones in Real Estate! What's Next?

*Give customers a bird's eye view of properties.*

Written by Travis Saxton, REAL Trends technology and marketing manager

Looking for a cutting-edge way to market properties? Halstead Real Estate in New York has found it. The brokerage opened our eyes to what could be the future of home tours. They are currently using active drones to shoot videos of many of their listed properties. It's a far departure from animating the MLS photos that many do today. The drone or mini helicopter literally flies around and sometimes in the property to give the viewer a detailed 360-degree view



of the property. What a great way to increase the consumer experience by showing them a full panoramic 360 degree view of their future home, yard, neighborhood and more.

"Our marketing staff saw this technology being used in 2008 on an oil spill in New Orleans," says Diane Ramirez, chief executive officer of Halstead Properties in New York. "We realized that this could be helpful for real estate. Our helicopter shots got stunning overhead views from a land perspective, but missed the close-up artistic shots. Our photographers got close-ups but missed the proximity to water and special features. We learned about the vantage points [a drone] can shoot and realized that this is the missing piece to our presentations for acreage and waterfront properties. Drones are able capture that view from 50 to 100 feet. In addition, our drones take both photos and flyover videos of the home's exterior. We are even shooting inside homes to showcase the heights of ceilings and flow of the homes."



Photo courtesy of the drone Heliskope used to produce the Wydler Brothers' neighborhood tour. Courtesy of Rob Seaver.

Let's take a look at it in action: Follow the link below and then click the flyover button

[WWW.HALSTED.COM](http://WWW.HALSTED.COM)

Then click on the video icon for View All ProperTV Videos.

The drone above costs \$20,000 to build.

Here is a screenshot of a drone in action:



The cool part is that it can fly inside the property, as well!

There are a few companies in the real estate industry offering this type of technology to brokers. The obvious use of this technology is on high-end listings. The scalability and affordability are yet to be determined for listings under \$1 million.

[WWW.SKYCAMUSA.COM](http://WWW.SKYCAMUSA.COM)

[WWW.SKYPANINTL.COM](http://WWW.SKYPANINTL.COM)

The *New York Times* recently featured an in-depth article on the use of drones:

[NEW YORK TIMES ON DRONES](http://NEW YORK TIMES ON DRONES)

For those in high-end, resort markets who are looking for a competitive advantage, there are numerous stories online explaining how to do-it-yourself. The basic drones can be bought or built in the range of \$1,000 upwards to \$20,000.

Here's to happy droning in the future of real estate! ■

## Social Media Challenges

# Questions to Ask When Developing Your Social Media Campaign

*Confused by which social media sites work for real estate?*

Written by Christopher Tompkins, CEO of The Go! Agency

One major challenge that faces marketers in today's social media landscape is, of course, choosing the appropriate site to use for marketing your company and listings. At one time, all that we needed to be familiar with was Facebook. Not anymore. Now you have Instagram, Pinterest, LinkedIn, Vine, among others. In the evolving social media world, we have a growing number of sites from which to choose. With that being said, there exist some basic problems to confront, such as understanding and knowing how and when to adjust your social media strategy in order to accommodate growth. Simply put, you basically have an inability to scale. Here are some challenges to consider while building a social media campaign:

- 1. How do you maintain control and security?** You must be able to manage this across large numbers of people. With update statuses and Tweets going out instantly to millions of consumers, how do you correct an error? If you Tweet out the wrong date for an open house, or the incorrect price for listing, what happens next?
- 2. Are you consistent?** As you navigate through various social media sites, you must strive for consistency. Based

on the differences of the social platforms, this can be challenging. A comment that may be appropriate for one social media platform may be way off for another. Do you have time to evaluate and read the waters of each one?

- 3. Who's managing your social media content?** There should be a centralized base of operation, and how you manage this could present challenges. Providing training to in-house staff can be overwhelming, and time consuming, while outsourcing all of your needs may leave you out of the social media loop.

Without a doubt, the greatest advantage of social media marketing outweighs the risks involved. Remember when you had to make thousands of phone calls to reach potential consumers? With social media, such as LinkedIn, Facebook, Twitter and Pinterest, millions of potential customers are just a click away. It's a tremendous benefit to stay in touch with your customers, exposing them to your policies and providing them with useful information can be invaluable in customer retention. Contacts made through these outlets can show how much your customer is valued and allow new promotions to be had instantly by millions. In this way, you are not only going down the road to new customers, but also maintaining the road of your current customers. ■

## Social Media Caution!

When building your social media campaign, don't lose sight of the fact that there are ethical issues to take into consideration, including privacy concerns. You are participating as part of a community and should be respectful of the privacy of others. Information gathering and surveys, being used as a deceitful method to sell, are not ethical.



## Consumer Outlook Survey

# Consumers More Committed to Buying or Selling This Year

*New study shows buyers and sellers more comfortable with moving.*

Prudential Real Estate, an HSF Affiliates LLC real estate brokerage network, released results of its fourth quarter Consumer Outlook Survey indicating that consumers' perception of residential real estate is increasingly favorable, and that consumers are more committed to buying and selling homes in 2014 than they were during the previous year.

In fact, favorability toward real estate reached 78% among all respondents, a 5-point jump from the previous quarter and 15 points higher than at year-end 2012. Millennials' perception of real estate is most favorable, peaking at 87%. Respondents' growing optimism yields resolve, as 76% of likely transactors and 63% of all survey participants indicated they were more committed to buying/selling homes in 2014.

Here are some interesting results:

- **Consumers are more committed to buying and selling homes in 2014.** 76% of likely transactors and 63% of all survey participants indicated they were more committed to buying/selling homes this year.
- **Millennials are key drivers in the growth of market trust.** 87% of Millennials have a favorable perception of the real estate market overall.
- **Homeownership remains important to Americans for both financial and personal reasons.** 96% of Americans say that owning a home is important to them and 72% agree that finding the right home and community is crucial to helping their family be happy.
- **More than ever, consumers look to real estate agents for sound guidance.** 61% of respondents who have considered buying or selling a home within the past year say they need help navigating the process and that they can't do it on their own. 62% of all respondents said a good agent can help maximize homeownership investment.

Respondents acknowledged that macro-economic events of 2013, such as government sequestration and rising interest rates, impacted their personal finance decisions. However, they look to the new year with anticipation: A full 65% are optimistic about the housing market in 2014 and a

nearly 60% believe home sales will increase during the year. Half of all respondents believe that the rate of appreciation in U.S. home values will slow this year after a strong run in 2013.

While financial concerns certainly play a role in the decision to buy or sell, homeownership remains a deeply personal decision. Owning a home is important to 96% of Americans, and 78% agree that homeownership is an important part of the American dream. When asked about their experience buying and selling in today's economy, 72% of respondents said that finding the right home and community are crucial to their family's happiness.



These and other hurdles call for advice and guidance from real estate professionals. A full 64% of survey respondents indicated that a good agent can help them make the right choices about the type of home and community they want; 62% said a good agent can help maximize homeownership investment. Among millennials, 70% said a good agent can help them maximize their investment and 62% say now, more than ever, they look to a real estate agent for sound guidance on a real estate transaction.

The full survey details are available by contacting Kevin Ostler at [kevinostler@hsfranchise.com](mailto:kevinostler@hsfranchise.com) ■

# THINGS ARE LOOKING UP

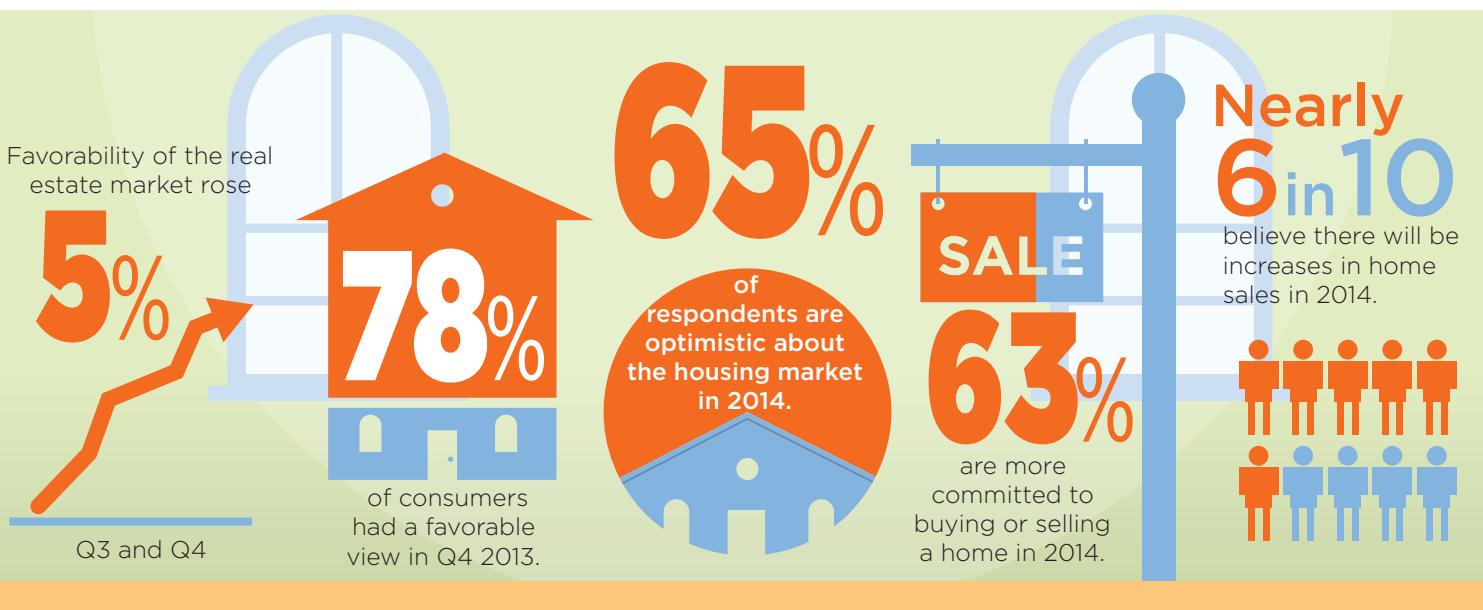
2014 BRINGS OPTIMISM

about the real estate market. Consumers are more committed this year to buying a selling a home, according to the Prudential Real Estate Q4 Consumer Outlook Survey.



## Optimism on the Rise

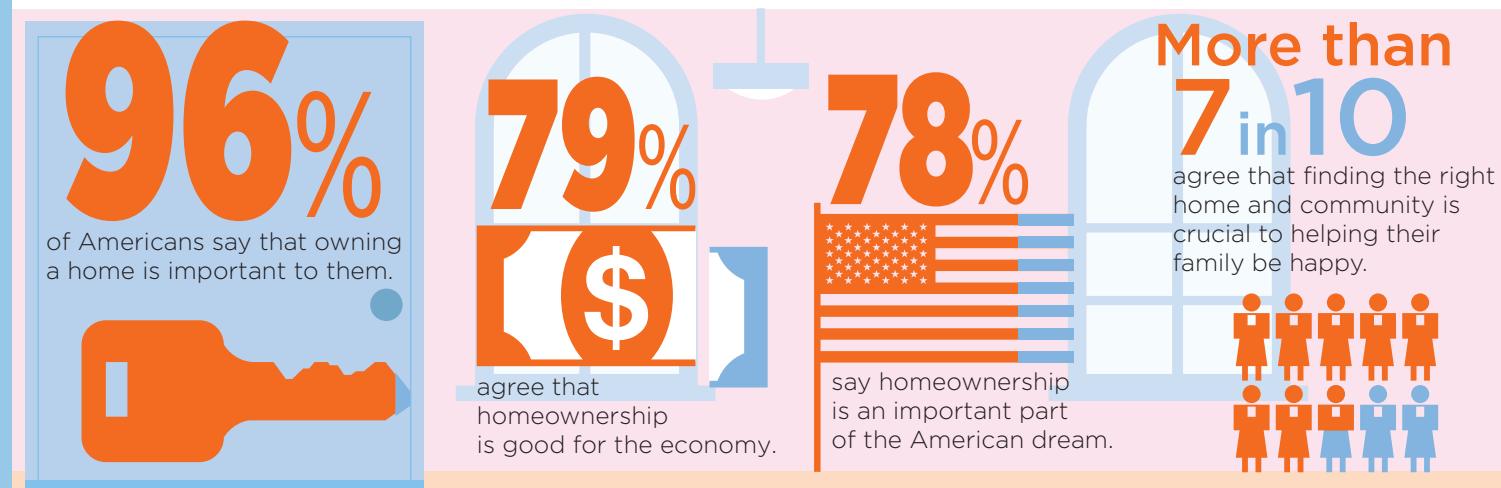
Favorable views of the real estate market continue to increase.



## Homeownership Is the Cornerstone

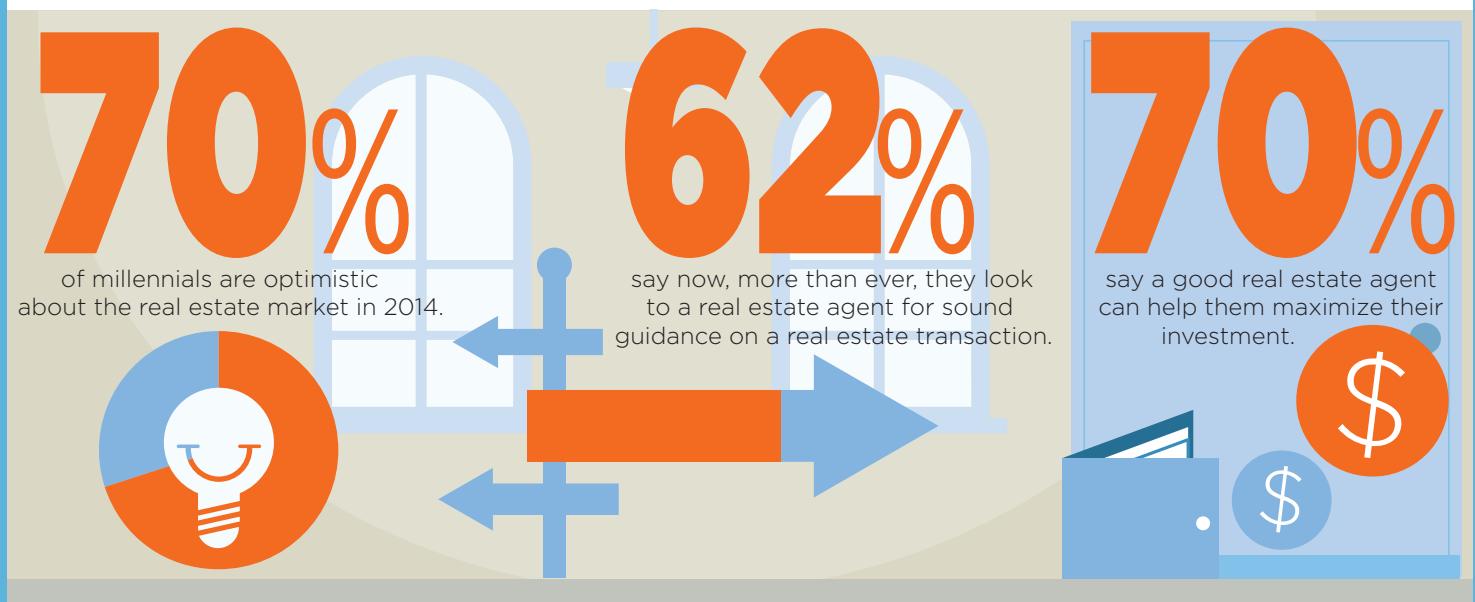
Homeownership remains important to Americans for both financial and personal reasons.

of the American Dream



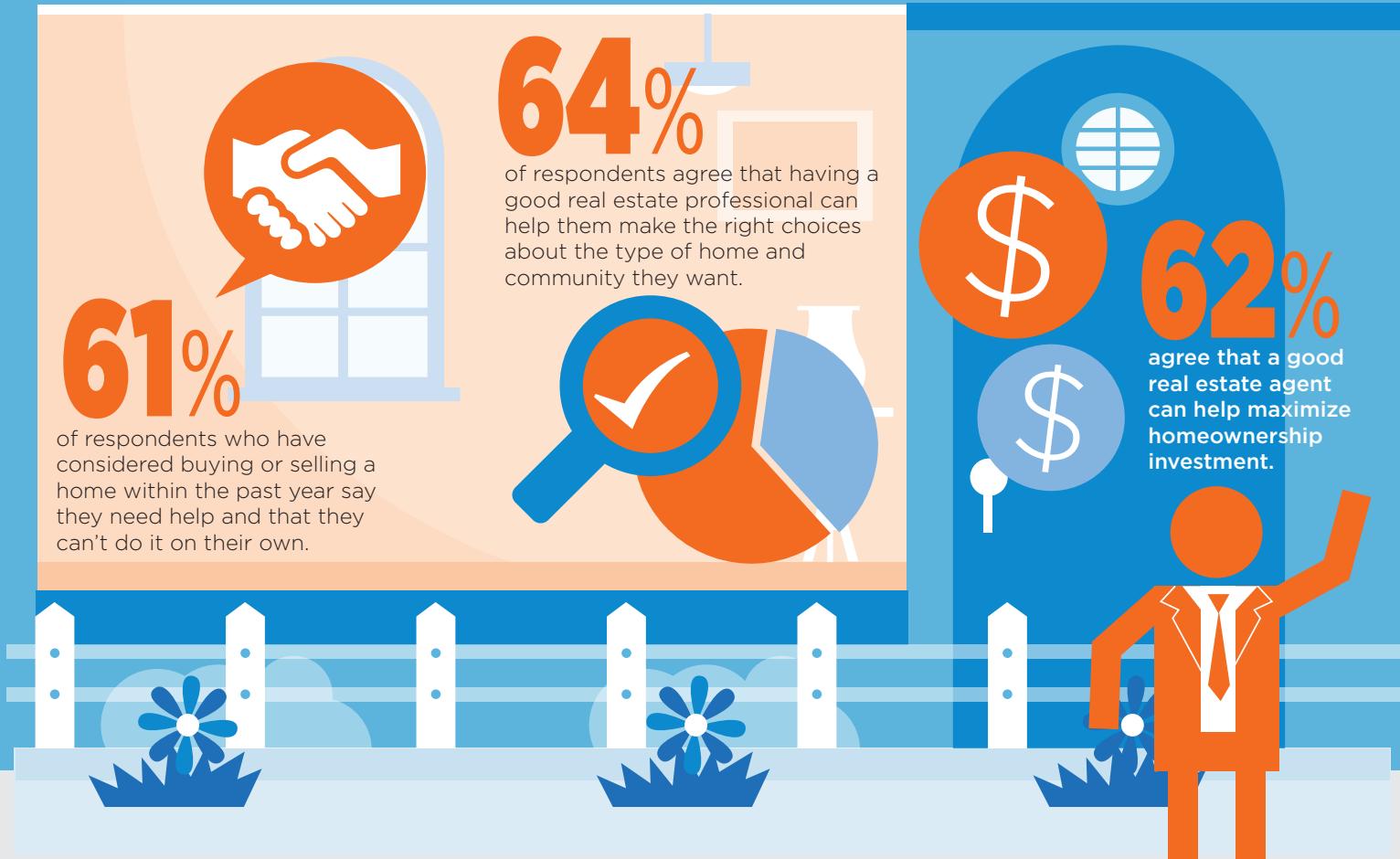
# Millennials Seek a Real Estate Agent's Expert Advice

A sense of optimism and the desire for expert advice from a real estate agent extends to the millennial generation.



## Opportunity for Real Estate Agents

Consumers acknowledge the need for real estate agents to help them navigate the process.



# Is Housing More Affordable for Working Households?

*National improvements mask regional problems, struggles for renters.*

The continuing economic recovery has improved housing affordability for low- and moderate-income working households, but housing costs are still a significant burden, especially to renters, according to a new report released today by the Center for Housing Policy, the research division of the National Housing Conference. *Housing Landscape 2014* finds that after peaking at 23.7 percent in 2011, the share of working households with severe housing cost burdens fell in 2012 to 22.1 percent. Renters are much more likely to be severely cost burdened—25.4 percent of working renters spent more than half of household income on housing costs, compared to 18.6 percent of working homeowners.

Most of the affordability improvements between 2009 and 2012 were among homeowners who benefitted from falling housing costs, as many were able to modify or refinance their mortgages at lower interest rates or buy homes at low prices.

The widespread affordability challenges have implications for the country's economy as well as for the welfare of individual households. "Working households who spend half or more of their income on housing costs have difficulty keeping up with other essential expenses, like food, healthcare, and transportation," said Dr. Lisa

Sturtevant, Director of the Center. "Spending on non-essentials will also go down when households spend a disproportionate share of their income on housing. Lower household spending is a drag on the slowly recovering economy."

Working households are defined in the report as households whose members work a total of at least 20 hours per week on average, and where household income does not exceed 120 percent of the area median.

### **Widespread improvements mask regional challenges, struggle of lower income workers**

Between 2009 and 2012, housing affordability improved in 13 states, mostly in the Midwest and West where in many regions, the for-sale market has not yet fully rebounded and owner costs continued to fall. However, in New York State, the share of working households with severe housing cost burdens actually increased between 2009 and 2012, and in 36 states (and the District of Columbia) there was no significant improvement, implying that much of the nation is still recovering from the financial crisis.

While median renter incomes have increased faster than their median housing costs over the past three years, the

**“The increase in renter incomes is certainly positive, but we don’t know what the future will bring” — Janet Viveiros, Center for Housing Policy**

share of severely cost burdened working renters was still higher in 2012 than at the end of the Great Recession in 2009. While between 2009 and 2012, median housing costs for working renters rose 3.9 percent and median incomes rose 5.1 percent, only in 2012 did the share of severely cost burdened working renters decline for the first time since the end of the recession, from 26.4 percent to 25.4 percent.

“The increase in renter incomes is certainly positive, but we don’t know what the future will bring,” said Janet Viveiros, Center for Housing Policy research associate and lead author on the report. “Without an increase in the number of available rental units over the next few years, particularly where demand for rental housing is high, rents will continue to increase. If incomes stagnate or don’t match the increase in rents, we could see even more working renters with severe housing challenges. It is important to remember that a quarter of all working renters are still severely cost burdened.”

*Housing Landscape 2014* also finds that the lowest income households continue to experience the greatest housing cost burdens. **Nearly eight in 10 extremely low-income working households**—those earning 30 percent or less of the area median income—are **severely cost burdened**, and **over a third of very low-income working households**—those earning 31 to 50 percent of the area median income—face **severe housing cost burden**.

These figures likely underreport the cost burden experienced by low income households, as underemployed and non-working households, such as those including seniors and persons with disabilities, are not counted in this analysis. ■

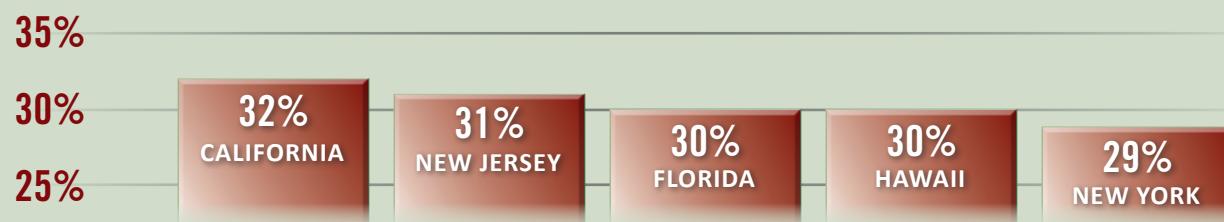
The full report is available online **here:**

**WWW.NHC.ORG**

## State and Local Findings

### Is Your State on the List?

Among the 50 states and the District of Columbia, the following five had the highest share of low- and moderate- working households with a severe housing cost burden in 2012:



Among the 50 largest metropolitan areas, the following five metropolitan areas had the highest share of low- and moderate-working households with a severe housing cost burden in 2012:

