

Commentary

"If we weren't doing things the way we are, how would we be doing them?"

— Paul DePodesta, *Moneyball*

The Naïve Question

What's working and what's not in real estate today?

Written by Steve Murray, REAL Trends publisher

The National Association of Realtors® (NAR) recently unveiled a significant new effort to increase the efficacy and performance standards of all state and local associations. At the heart of the effort is a list of standards of performance that focus on advocacy, community involvement, code of ethics issues, regulatory focus and other subjects closely related to a new core mission for the association. While the launch of the program is making some local associations nervous, for the most part it is well received by leaders at all levels of the association.

This effort may also be followed by a similar effort focused on the organization and operation of the MLSs of the country. NAR is to be congratulated for taking the initiative to look inside its own house and do what can be done to raise the level of performance across the board.

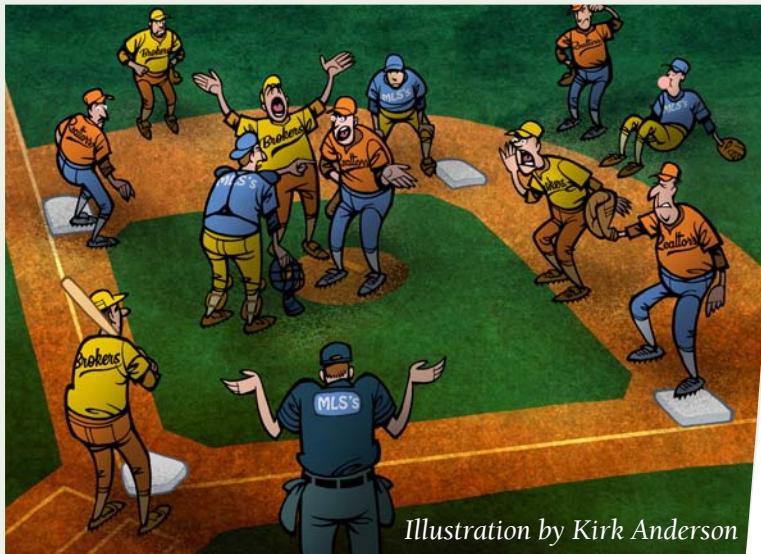


Illustration by Kirk Anderson

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Your Brokerage

5 'Ps' for Your Social Media Marketing Success

Get a big bang for your buck by following these social media strategies.

Written by Jeremy Juhasz, social media strategist at EMSI Public Relations

Want a more effective social media campaign? Follow the five 'P's of social:

1. **Plan.** Identify what you hope to accomplish and create a strategy to take you there.
2. **Patience.** Nothing happens overnight. It takes time to develop relationships and establish credibility with your brand and your target
3. **Persistence.** Be stubbornly committed to your goals and your strategy. Keep plugging away and give your plan a fair amount of time and analysis before you pull the plug.
4. **Pay (what you can).** These days, especially on Facebook, it's a pay-for-play landscape. Pay where you can, if you can. The results can provide the spark you need to drive a specific campaign or to increase your overall visibility to your target market. It can also be a very affordable alternative to other digital advertising options.
5. **Prioritize.** If your marketing staff consists of only one or two people, it's essential that you stay on top of your social media strategy by prioritizing your quarterly, monthly, weekly and daily objectives and goals. ■

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Industry Performance

It got us thinking about the overall performance of our industry—not brokers or agents, MLSs or associations, but the industry as a whole. That leads us to think about it in terms of DePodesta's approach—if we weren't doing things the way we are today, how would we be doing it? Over 10 years ago, DePodesta joined an organization that was failing in its goal to win baseball games and make a profit. Rather than try to improve the situation at the margins, he and the leadership installed an entirely new system of measuring talent, performance and costs. The result has been a baseball team that, since then, has been among the winningest teams in the major leagues.

Fear of the Future

How does that apply to our industry? First, there are many things that are working fine. The number of members is increasing again, earnings of most brokerage firms and agents are well up from the downturn. More than 80 percent of consumers still think that using an agent to buy or sell is a prudent decision. Consumers still think that owning a home is preferable to renting. The MLS is still the best single source of information about the housing market. In general, things are fine.

Fear of the future remains a major issue. Whether it is the potential disruption from new government regulations or the listing portals or the recent softness in housing sales, many industry participants have a relatively high level of angst about what comes next.

Fight Over Relevance

The fight over relevancy is another issue. While brokerage firms see agents as their primary customer so, too, do MLSs, local, state and national Realtor® associations. This doesn't address firms that are marketing their own services and products directly to sales agents. It is this fight over relevancy that, in great part, has caused friction between brokers, associations and MLSs. Each party is trying to provide services that enhance their value and relationship with agents.

This friction extends to associations at all three levels: local, state and national. Each wants to provide value to the members, whether brokers or agents. There are no well-defined boundaries between these three parties. In some cases, all three are competing to provide similar products and services.

Fragmented Responses

This friction leads to fragmented responses to new challenges. The most recent is the entry and growth of the listing portals. In the past, a significant issue was the development of listing portals by MLS operators. Brokers, agents, MLSs and associations often have their own differing views and responses. It leads, among other things, to large brokers and national networks investigating the development of their own data system.

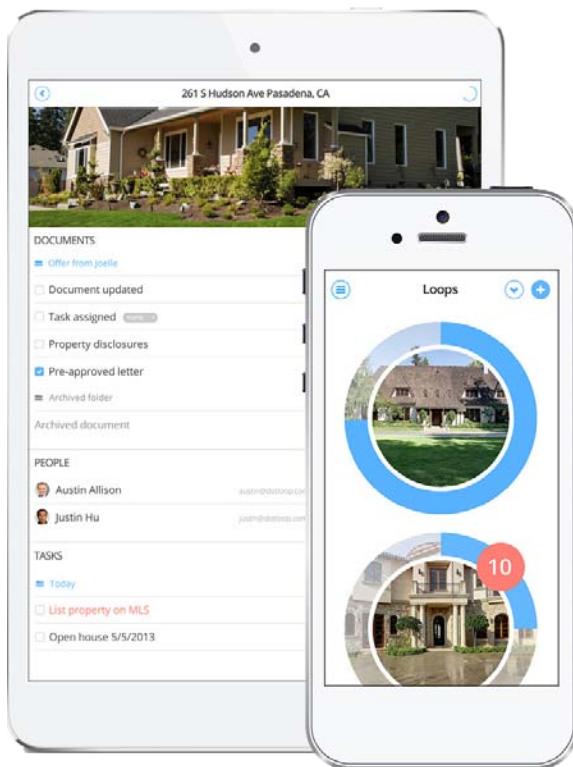
Is this friction destructive? Over the long term, yes. And, it has already been going on for some time. If we want to fix the issue of this friction how would we go about doing it?

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Fixing the Friction

Let us propose some broad thoughts about the goals of each party:

- At the national level, the association's main goal would seem to be legislative and regulatory matters. Secondary to this would be the oversight of the use of their brand by state and local associations.
- At the state level, regulatory and advocacy would seem to be most critical. Secondarily may be legal issues and education (as educational requirements are mostly a statewide issue).
- At the local level, the enforcement of the rules and practices of market-place participants would appear to be paramount. Secondary objectives may be educational programs and community awareness and advocacy.
- The MLSs main goal would seem to be providing both data and certain tools that participants use to perform duties in their daily businesses. Secondary to this would be the governance of the rules of the marketplace.
- A brokerage firm's main goal is to recruit and develop real estate agents and to provide all the tools desirable for the improved productivity of the agents. Secondary to this would be the marketing of related, or core, services to the homebuyers and sellers their agents serve.

Member numbers and dues revenue matter most to the associations and MLSs. Agent numbers and commission revenues matter most to brokerage firms. Any changes that affect these core objectives would likely impact all parties in the industry.

How Could We Be Doing Things?

If we weren't doing things the way we are now, how would we be doing it differently? How would a new way be designed?

First, boundaries have to be set. Among the three levels of the association, each would be assigned specific duties and responsibilities that don't overlap with the others. This goes for associations and MLSs, as well. Clear boundaries would help in reducing friction between these parties.

Then, boundaries need to be set between the associations, MLSs and brokerages. Associations should be focused on advocacy, legal, legislative, regulatory, education and other areas closely related to their core goal.

MLSs should be there to provide data and the technology to access the data and to enforce the rules of the market (where they provide this guidance). The MLSs could separate the data from the access tools and charge separately for both. The whole concept of the MLS or association providing direct services to housing consumers should be re-examined.

Brokerage firms should refocus on the business of recruiting

and developing the skills of their agents and provide the kinds of supervision that they are called to do. The responsibility for maintaining a high level of professionalism is not the job of the association or MLS. Arbitration and mediation should always be accomplished first at the brokerage level.

Here are some heretical ideas to further consider:

- Is it time that only brokerage firms should become the only member of the association? Agents should be associate members. The broker collects the dues and would be responsible for paying for their agents.
- Should the use of the "Realtor" brand be restricted to those who actually do business? Could minimum levels of performance and education be set and enforced?
- Should dual agency be abolished? Should all consumers have effective independent representation in a transaction and should it then become a requirement of being a Realtor? As professionals in critical roles at important times in the life of a customer, single representation may need to become the standard.
- New contracts should be established that outline the required services and duties of agents on both sides of the contract that are tied to their compensation. Should either agent not perform as required; then their share of any commission may be adjusted accordingly.
- Should MLS rules be tightened such that all Realtor® members and associate members must place all listings in the MLS or the participant may not use the MLS at all?
- Should there be one national data depository that all Realtors and associate members access? Rules and rulemaking concerning marketplace issues would remain totally a local/state issue. The costs to access the data would come down substantially. Front-end systems could be chosen by each brokerage rather than be compelled to use the one offered as a package by the MLS.

There are likely many reasons why none of these ideas may be adopted, and certainly there are many other better ideas.

This much is certain: Should the issues that we have outlined not be addressed in a deeper manner, then the frictions will remain and the ties that bind Realtors will weaken over time. The greatest loss will be to the housing consumer, who now has access to one of the most efficient systems in the world and to the agents who will find doing business to be far more complicated than in the past.

We are inviting anyone with any ideas, whether openly or confidentially, to share them with us. Where we have permission, we will publish them as part of a continuing dialog on these issues. Email me at smurray@realtrends.com ■

In Search of Meaningful Are You Suffering From Buzzfeed?

Is your marketing meaningful or are you chasing the shiny penny?

Written by Seth Godin, author and blogger with sethgodin.com

From the individual who needs to get her idea in front of the right people, to the *New York Times*, which faces a ticking clock to figure out the digital landscape, all of us are in the media business. There's a gold rush for attention going on, and, given how much the media likes to cover the media, we hear about winners and losers, those doing it right and wrong, and most of all, the template for what we ought to be doing if we want to succeed.

I fear that right now, many are laboring under Buzzfeed Envy.

Since 1989, when I first started doing online media, people have been transfixed by scale, by numbers, by rankings. "How many eyeballs, how big is the audience, what's the pass-along, how many likes, friends, followers, how many hits?"

You cannot win this game, and I want to persuade you (and Dean Baquet at the *Times*) to stop trying.

1. Are you generic? Over the last few years, the *Times* has lost Lisa Belkin, Nate Silver, David Pogue and other big name writers, not to mention the opportunity to do more with Michael Lewis and the *Freakonomics* guys. Here's the thing: When you read what these singular voices create, you know where it came from, and you have an opinion about it.

Buzzfeed is well on its way to becoming a dominant media company. But the *Times* isn't Buzzfeed, and neither are you.)

Buzzfeed doesn't focus on who is speaking, they focus on writing something clickable and shareable and urgent in the moment. Those that want to own a valuable 'brand' like the fact that it belongs to them, unlike the demanding star writer, who might leave at any time. The value all goes to the system, not to the individual contributor.



The problem with generic is that it's easy go as well as easy come. *The Onion* just launched their own sharable silliness and to those that spread it, it doesn't matter if the person writing it works for one brand in the genre or the other one. Staying ahead and gaining scale gets more difficult, not less for those in this segment.

Kasey Casem is remembered precisely because he refused to become generic. When he left his show and started a new one, so many people followed him that he was able to buy back the original show and run both of them at the same time. We were connected to him, not the idea of a radio show.

2. Is it for the reader or the search engine? Here's an excerpt from how editors are deciding things at the *Times* now: "There was praise for headlines that had contained the right words ... to maximize online search results."

The most important thing any individual or corporate media entity needs to learn is this: One subscriber is worth 1,000 surfers. Newspapers learned this a century ago. *The Philadelphia Inquirer* created one of the richest families in America on the basis of a focus on subscriptions. *Time* magazine has turned into a nearly valueless relic because they forgot to focus on subscribers and pandered to the newsstand and to the listicle (short-form lists) instead.

A subscriber, by my definition, doesn't have to pay with money. Sometimes, it's sufficient to pay with attention.

3. Would I miss it if it were gone? Here's the key question, the one that gets to the heart of meaningful. When we deliver meaningful content, it means we show

up, invited, with words and images that matter. It means that we are trusted enough to be permitted to speak the first few words, and talented enough to keep the attention we've worked so hard to earn. Most of all, meaningful can't possibly work for everyone with a smart phone, for everyone in every potential audience because there are so many ways to be seen as meaningful, so many different tribes of people thirsting for different kinds of connection.

It's Not Important to be Important to Everyone

Here's the key flaw in the bigger-is-better reasoning: It's entirely possible to become an important voice merely because everyone is listening. (Walter Cronkite, or the front page of Yahoo in 1999). When everyone is listening, anyone who wants to be part of everyone also has to listen.

That's certainly why the most viral videos get so many views--the second half of their views are people who don't watch viral videos, but need to get clued in.

There are still some advertisers who want the biggest mass they can find, who will pay extra to reach more people who care less, but those advertisers are going to find someone bigger than you to advertise with.

It's no longer possible to become important to everyone, not in a reliable, scalable way, not in a way that connects us to people who will read ads or take action, not to people who aren't already clicking away to the next thing by the time they get to the second or third sentence.

However, it is possible to become important to a very small everyone, to a connected tribe that cares about this voice or that story or this particular point of view. It's still possible to become meaningful, meaningful if you don't get short-term greedy about any particular moment of mass, betting on the long run instead. We need institutions that can reach many of these tribes that can bind together focused audiences and useful content creators.

Newspapers used to work because they were local, delivered and urgent, with few competitors. Today, all four components have changed dramatically. Craigslist and others have stolen a lot of the revenue that came from local, anyone with email can be delivered, and the news cycle has bypassed the daily rhythm of the newspaper. Few competitors have become infinity competitors.

The future of newspapers (and for anyone making content) is to act more like a magazine, like *Fast Company* and *Wired* and *The New Yorker* of 15 years ago. The center, the urgent center, of a smaller everyone.

What's Good For the Goose

My advice to the *Times* starts with this: Every reporter (and probably every editor) ought to have a blog (or be part of a focused group blog), and post every single day. That's perhaps 600 blogs, every single day, each charged with finding a group of people who care enough about that voice and that topic to hear about it daily. If a reporter can't write cogently and passionately enough about his topic to gain a following, he probably needs to work somewhere else. And if the paper can organize to hire and train and reward people who can do work like this, if they can figure out how to get out of the 48-page paper mindset, if it can create stars and pockets of true connection, it's inconceivable to me that they won't be able to turn a profit.

Of course, one straightforward act isn't going to change the future of the *Times*, but it represents a symptom, a visible sign that the focus is changing from making an above-average (or even excellent) newspaper for the masses into creating circles of expertise, organizing tribes, building subscriptions based on attention and publishing outside of the finite world of paper. (And I firmly believe that this applies even more to individuals and smaller organizations than it does to legacy newspapers).

The future of media can't possibly only lie in random mass viral entertainments, generated with the aid of computers and aimed at the lowest-clicking denominator. For most organizations, that can't lead to useful ads, and it doesn't lead to subscriptions, and most of all, it doesn't lead to impact. Entertaining the people who click on 50 things a day will get you numbers, but it won't make a difference.

If it's not worth subscribing to a particular voice or feature or idea, if it's not worth looking forward to and not worth trusting, I'm not sure it's worth writing, not if your goal is to become meaningful.

The three questions to ask, then, at every editorial meeting:

Who is this for?

Will we be able to reach them?

Is it meaningful?

Here's a rhetorical question I'd ask the publisher of every media company, from the sole practitioner to the *Times*: If you had the loyal attention of the powerful, connected, concerned and intelligent people in any given (valuable) tribe or sector, and you regularly showed up with anticipated, personal and relevant content for those people, could you make it into a business? ■

This article originally appeared on Seth Godin's blog and is reprinted with permission.

Creating Great Sales Meetings

Get (and Keep!) Agents' Attention

Sales meetings form the culture of your organization, so get creative today.

Written by Larry Kendall, Author of *Ninja Selling*

One of the questions brokerage owners and managers often ask me is, "How do I create great sales meetings?" Great sales meetings not only motivate, educate and increase productivity, but they also form the culture of the organization. At their best, they become the glue that holds everyone together. Because great sales meetings are so unusual today, if you have them, you are differentiated, and your meetings can become a recruiting tool as well.



The Formula

Over the years, I've done thousands of sales meetings and trainings. Creating great sales meetings follows a predictable formula. Here it is:

1. Connection. The meeting needs to be relevant and speak to the salespeople. Before you can answer their prayers, you need to know for what they are praying. What are they going through in the trenches? Too often, owners and managers are looking at their business (and their sales associates) from 30,000 feet and don't have this connection. Most of the ideas for our great sales meetings came from observing and being connected to our troops on the ground. If they feel that the meeting is relevant and answering their prayers, they'll be back for the next meeting.

2. Outcome. What do you want your people to be feeling when they walk out of the room after the meeting? Our goal is that they are in the high positive energy quadrant and feel they have received value for their time spent. Our definition of value is that the meeting solved a problem for them, shared excellence and new ideas with them, and/or made them feel good. If we do these three things, their productivity will go up, which is the ultimate outcome we are after.

3. Message and Messenger. Figure out the message (the prayer) for the meeting as well as who is going to deliver it. It matters who says it. Often your sales associates can deliver the message better than you can. You don't always have to carry the meeting. Draw on your people. We have found great success in using a technique called "Conversations With," where we simply interview our sales associates at the front of the room about how they run their business and how they got successful. The other associates get the message that, "Wow! If they can do it, I can do it!" We tend to spend more time pulling ideas for success from our people than we do pushing ideas on them. We have them share the best deal in the market or the transaction of the week. As a result, they are more engaged.

4. Four Personalities. The meeting needs to appeal to the four personality types. They each come to the meeting with different expectations and needs:

- **Power People** want take-a-ways. There better be something they can implement right away.
- **Party People** will want to have fun and be able to talk. Have music, food, and discussion.
- **Peace People** want to know everything is OK and that the company is stable. They don't like change.
- **Perfection People** require you to start on time, and they usually want to see some numbers.

5. Music and Videos. We like to use music to liven up a meeting and selected videos that either demonstrate mastery or are inspirational. We have a lot of millennials in our company, and they love sight and sound. A good way to start a meeting is with a two- to five-minute video. It allows you to start the meeting on time (perfection people love it), yet the party people don't feel embarrassed by slipping in five minutes late while the video is still playing. In fact, when everybody knows the video starts at a set time, they want to get there to see it.

6. Church Service Format. Our meetings are about an hour and follow a church service format. We start with music (and/or video); then announcements; property pitches; and finish with the sermon or message. At the end of the meeting, everyone walks out of the room to music—smiling, focused and on a mission to make the next week count.

Follow this simple formula, and you will have great sales meetings. ■

Digital Disruption

Is Your Marketing Program Responding to Disruption?

What changes must be made to a real estate brokerage's marketing program following disruption?

Written by Jeremy J. Conaway, contributing editor

One of the most prolific subjects in today's business literature is that of digital disruption. It is impacting almost every profession, business and entrepreneurial pursuit in the North American economy. It is so prevalent that business journals across the entire political and economic spectrum are suggesting that business planning and marketing execution must assume its impact.

Watch the Videos

Given this situation, the logical starting point for this piece is to ensure that every reader has a clear sense of what digital disruption is and how it functions. Sometimes information of this importance is best provided by outside multi-media sources and so it will be with this month's contribution. In order to ensure that each *REAL Trends* reader has a handle on the concept of digital disruption, it is highly recommended that you view the following videos on YouTube.com.

Digital Disruption—Unleashing the Next Wave of Innovation:  **CLICK HERE**

A Total Disruption:  **CLICK HERE**

Next, access the video found here:  **CLICK HERE**

This video features banking expert Brett King and reflects both his amazing knowledge about digital disruption and the strong parallels between the consumer aspects of the real estate and banking industries.

With the expertise provided by these three videos, readers will be ready to proceed to the specific subject of this article which is what changes must be made in a real estate brokerage's marketing program following disruption and what adjustments must be made in a brokerage marketing program following digital disruption.

Digital Disruption: Building Walls

For the real estate industry, digital disruption can be found in the consumer and market response to the third-party listing portal. Readers who have watched the above videos will understand that this type of disruption

is a natural part of any industry's existence and history. It is not something that someone does to another person. It is not personal, nor is it malicious, rather it occurs in the ordinary course of industry events. During its history since WWII, the current real estate industry has both experienced and caused disruption.

Accordingly, problem one with disruption occurs when those within an industry being impacted by disruption treat it as a personal assault on their right to maintain the status quo of that industry.

Accordingly, problem one with disruption occurs when those within an industry being impacted by disruption treat it as a personal assault on their right to maintain the status quo of that industry. Instead of recognizing the inevitability of change, this industry response starts to build a wall around that status quo with companion efforts designed to accuse the disrupting entities as somehow being disloyal and/or tainted. In many sectors of the current North American real estate industry, that is exactly what is happening today.

But that is not the subject of this discussion. This article assumes that the disruption is currently impacting the real estate industry and attempts to provide information on how brokers should respond to this disruption through their marketing programs.

Your Marketing Program

Some of the best expertise on this subject is currently being developed and distributed by Bain and Company, an American global management-consulting firm headquartered in Boston. Aditya Joshi and Eduardo Gimenez from Bain are featured in a number of business journals and corporate presentations.

The essence of digital disruption is the speed with which it disrupts its target industry or marketplace. One of the most important characteristics of all disruptive forces is that they are driven by clear and compelling consumer expectations and demands. Much of the impact caused by digital disruption is not caused by the fact that disruption changes many traditional operating and management traditions of targeted industry; but rather because these changes occur so quickly. Disruption doesn't have to take the time and resources to change how consumers think, because it is already a response to how they think. The portal movement currently impacting the real estate industry didn't have to convince consumers that they represent an improvement in the experience. They simply had to point out to the consumer that they were the change for which the consumer was waiting.



It is this speed then that causes the confusion. It is the natural response of many impacted entities to attempt to stop or blockade the change rather than join it or, better yet, develop another even more powerful consumer responsive or unique change. These holding actions take up precious time and appear silly and non-productive in the minds of today's empowered consumer.

First Responder Actions

Assuming that an entity that is impacted by digital disruption wants to lead with intellect rather than emotions, the first responders must immediately address both the operations and marketing sides of the brokerage's operations. The operational side must validate the disruptor's findings in relation to consumer demands and then set about designing, developing and

implementing changes that respond to those demands. At the same time, the marketing side must move quickly to give notice to the marketplace and consumer that these changes are taking place. In the face of disruption, there is simply no time for delays and the cumbersome coordination required to effect a traditional evolution-based course correction.

For the marketing side of the brokerage, such maneuvers will require immediate collaboration with the operations side even as the response implementation process is taking place. The luxury of launching a grand marketing plan and concept will be lost in this process in favor of a more metered and collaborative approach.

This approach will require senior management to be much more active in their efforts to break down the traditional barriers that exist between the operations and marketing players. Senior management efforts must be focused on quick response planning, strategic and tactical alignment and cultural adaptation.

The real estate industry has, over the past 18 months, discovered another basic reality regarding digital disruption. Disruption is not a single act such as slicing bread or enclosing an automobile. Disrupters know that their tactical advantage is best exploited through launching a constant stream of innovations, each one designed to cause the targeted entity additional distress and discomfort. They recognize that while some traditional entities may recover from a single act of disruption, few can withstand the constant assault of multiple and/or phased disruption. The evidence of this phenomenon is clearly being reflected in the disproportionate energy that is currently being given to non-responsive and non-productive efforts rather than in responding to clear and compelling consumer demands and expectations.

The benefits of realigning the relationship between marketing and operations are both immediate and long lasting. Not only will the brokerage's management, operations and marketing processes be realigned to deal with the immediate disruption; but also the brokerage's culture will be re-engineered to exist in a permanent state of change management, creativity and innovation. We can do this! ■

Focus On: Ken Crowley

Broker-owner, RE/MAX Realty Group, Gaithersburg, M.D.

Written by Tracey C. Velt, editor

With two offices and 135 sales associates, Ken Crowley learned a few lessons on running a successful brokerage. REAL Trends interviewed Crowley. Here's what he had to say:

REAL Trends: Tell us about your path into real estate.

Crowley: I had a degree in journalism and worked in various public relations jobs for associations and for my local Chamber of Commerce before starting in real estate. I realized that I really like working for other people but not under other people. So, in 1983, with a new house and a new baby, I turned in my notice and went into real estate.

I worked at a couple brokerages and didn't intend to become a broker. But, I had heard about the RE/MAX system and liked what I heard. At the time, an acquaintance of mine, Greg Smith, tried to recruit me to another company. I told him that if he decided to go with a RE/MAX franchise, then I would come. He wasn't interested because he thought the fees were too high, but I convinced him to meet with the RE/MAX people.

A week after that meeting, in 1986, we signed the papers. I put up the money if he would be the broker. At the time, you had to have three years as an agent before you could be a broker, and I wasn't qualified. Greg retired about a year and a half ago. I am now the sole owner of the RE/MAX Realty Group.

When we first started the franchise, we became very successful quickly. In fact, we grew to be the third largest RE/MAX office in the world. That was when RE/MAX was relatively small.

Through the years, I've continued to sell real estate and manage the office. But, in 2007, when the market dropped, I decided to stop selling in order to more keenly focus on my agents. I had 175 agents at the time, and they all had the bottom drop out of their businesses. We are growing again with 135 agents in two offices.

We attribute our growth to the fact that we are focused on working to benefit the agents. We're a very agent-centric

company. I'm still an agent at heart, so that's the easy part for me.

REAL Trends: Tell me one lesson learned when building your brokerage.

Crowley: There are a couple of things that I learned. First, for the agents, it's not all about the money. It doesn't help to be the cheapest guy or hurt to be most expensive. It's good to be in the middle. Agents don't move just because someone else will pay them more. Twenty-seven years ago, I was shocked there wasn't a line of agents

outside my door who wanted to take advantage of 100 percent commission that RE/MAX was offering. It's also not all about the money for the broker either. People have to come first. During the downturn, I was able to keep my doors open, because, at my own expense, I worked with agents to make them successful.

REAL Trends: What was the biggest challenge you faced professionally when building your brokerage?

Crowley: A huge challenge for me was teaching agents about RE/MAX. The business model was a relatively new concept when I started building my brokerage. I spent a lot of time talking one-on-one with agents and building a great reputation based on providing a high level of service to agents.

REAL Trends: Based on your experience, what is the one thing you did with your brokerage that changed the trajectory of your business? What was the turning point from success to major success?

Crowley: My level of success skyrocketed when I discovered the value of ancillary services, such as title and mortgage. That set me apart from the competition. Having said that, I stumbled along the way and went into many partnerships, so I learned to be cautious when entering into those partnerships. When I recognized the value of these partnerships—value to both me, our agents and clients—that was a big turning point for us. ■



State of the Market

The End of Bond Buying

Written by Steve Murray, REAL Trends publisher

The Federal Reserve Board announced that, after a few months of tapering their bond purchases downward, they are planning to end the purchase of further bonds this fall. How does that impact housing?

Since the Feds stated purpose in adopting the bond-buying program several years ago was to maintain high levels of liquidity and low interest rates, one must assume that they no longer feel that such stimulus is warranted. With the average state employment rate now nearing 6 percent, and with housing prices recovering in most markets (and skyrocketing in some) the Fed is obviously starting to believe that the economy is in good enough condition to end this round of stimulus.

The Impact

How does that play out in housing? It likely means higher interest rates over the next year. It may also mean that the

bond market will become more attractive vis-à-vis the equities markets, which may have a negative effect on prices in that sector. It also signals that the Fed is now beginning to fear inflation caused by their dumping of trillions of dollars of liquidity into the economy. The various rounds of stimulus may have headed off worse economic repercussions, but these efforts have had little effect on declining household incomes, a true unemployment rate in the low double digits and the most sluggish recovery from recession in modern history. As I've said, the bond purchases may have headed off worse outcomes following the recession, but the recovery has bypassed many families thus far.

For housing, expect higher interest rates in the future that may dampen an already faltering housing market. While June resales were up, it is only the second time in the last eight months where unit sales were above the year-ago level. While prices were up again in June, the increase was among the lowest of the last 18 months. ■

How does that play out in housing? It likely means higher interest rates over the next year.





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HOUSING MARKET REPORT

June Sales Up

The fact that home sales were up in June came as a welcome surprise.

Written by Steve Murray, REAL Trends publisher

Housing unit sales for June 2014 increased 8.4 percent in the South, the best performance in all regions. The Midwest saw sales units increase 7.3 percent and the Northeast had a 4.3 percent increase. The Western region had a small decrease of 1.7 percent.

“June 2014 sales of new and existing homes were a great and welcome surprise after nearly 8 months of flat to declining year over year home sales. An improving job market and the continuation of historically low mortgage rates likely had the greatest impact. The strength of foreign purchases as reported by NAR also helped home sales in certain regions,” said Steve Murray, editor of the REAL Trends Housing Market Report.

The average price of homes sold in June 2014 in the Western region saw an increase in sales price of 7.4 percent which was the best performing region in the country in this measurement. The Midwest region saw average prices rise 5.5 percent followed by the Southern region where prices were up 4.3 percent. The Northeast region saw average prices for homes sold slide 1.4 percent.

“An improving job market, low mortgage rates and, in some areas, the strength of foreign purchases helped bring up June sales.” — Steve Murray

“It will be interesting to see whether this surprising result carries over into July and August home sales that are usually the strongest months of the year for the closing of home sales,” said Murray. ■

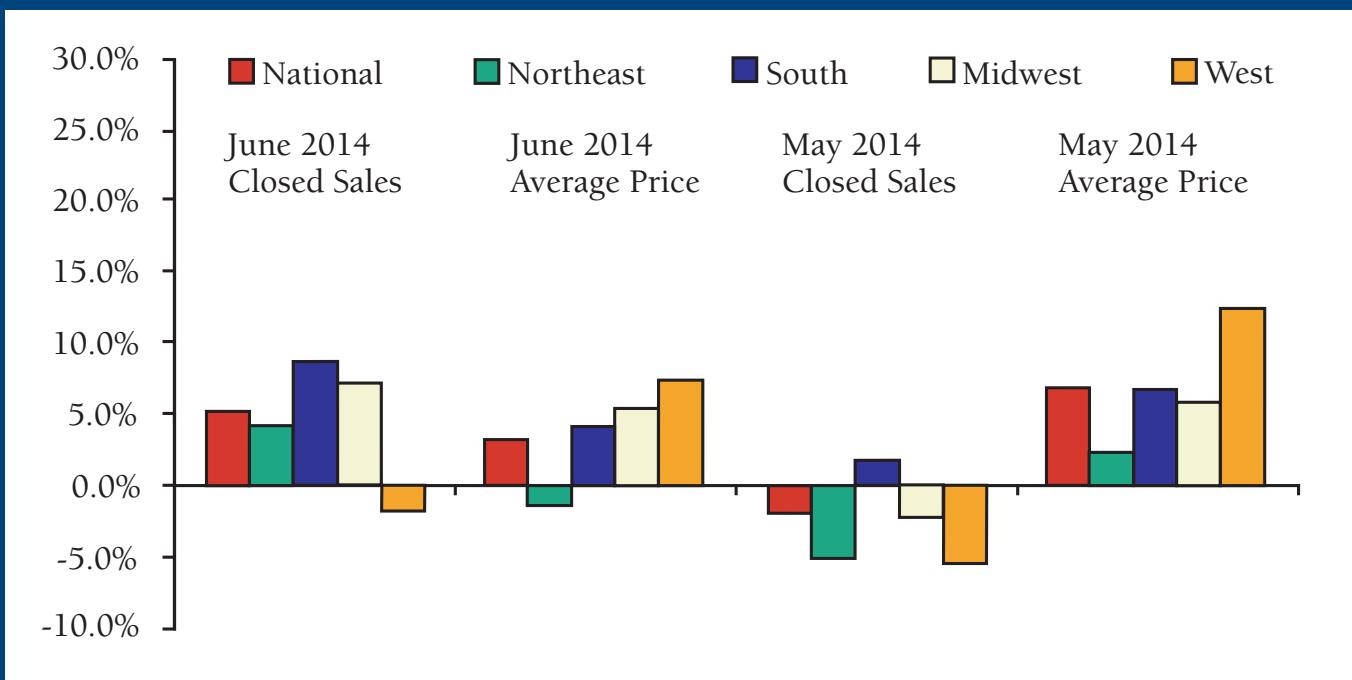
The REAL Trends Housing Market Report for June 2014 shows that housing sales increased 5.1 percent from the same month a year ago, a substantial improvement over the five prior months of 2014. The annual rate of new and existing home sales for June 2014 was 5.880 million units up from a rate of 5.596 million in June 2013.

Housing prices rose an average of 3.2 percent from June 2013 which is the slowest rate of home price appreciation in the past six months. The downward trend in average home price appreciation is good news on the affordability front.



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

	June 2014 Closed Sales	June 2014 Average Price	May 2014 Closed Sales	May 2014 Average Price
National	+5.1%	+3.2%	-1.8%	+7.0%
Regional Report				
Northeast	+4.3%	-1.4%	-5.0%	+2.5%
South	+8.4%	+4.3%	+1.9%	+6.9%
Midwest	+7.3%	+5.5%	-2.1%	+6.0%
West	-1.7%	+7.4%	-5.4%	+12.6%



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FHA Lenders Tighten Standards

A new report says strict underwriting is keeping borrowers out of housing.

Written by Steve Cook, Real Estate Economy Watch

Lenders have been applying strict underwriting conditions to keep borrowers who can't afford a large down payment out of the federally guaranteed program that is designed to make it possible for first-time and mid- to lower-income applicants to become homeowners, according to a new report from two Federal Reserve economists.

The report sets down in black and white what has been rumored for months: that the steep decline in FHA loans in recent months is due in part by a concerted effort by FHA lenders to reduce their exposure and improve profitability by rejecting applications by applying tough underwriting standards.

Federal Reserve economists Jordan Rappaport and Paul Willen found that from early 2007 to mid-2010 the median FICO score on a conforming mortgage increased by almost 50 points as lenders raised standards for conventional loans. Lower income borrowers who could not meet those standards turned to the FHA program. The median FICO score for the combination of conforming and FHA-guaranteed mortgages increased only 10 points.

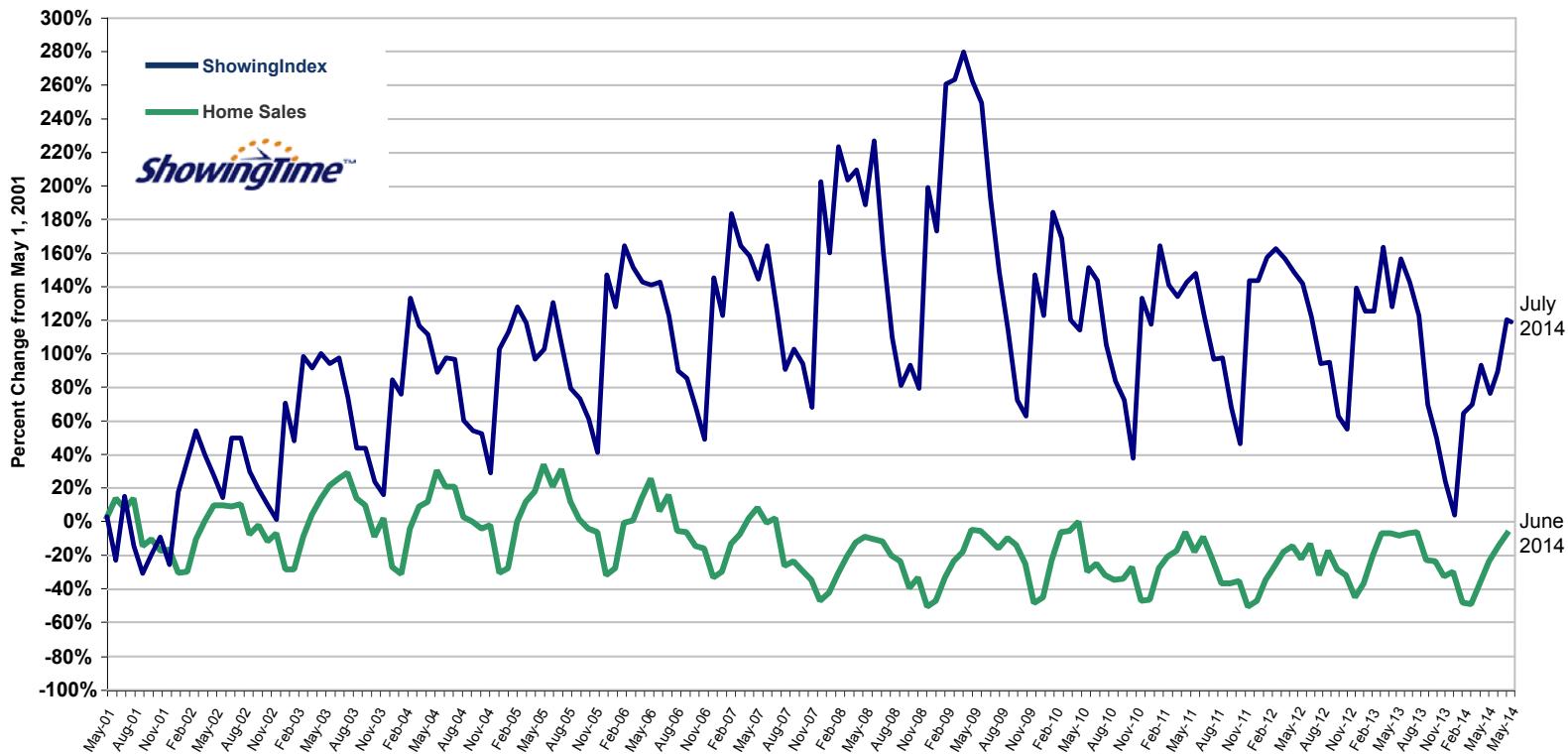
Rather than cutting off access to mortgage credit for a subset of households, lenders tightened credit for all households through strict underwriting procedures.

"Lenders required conservative appraisals, meticulous documentation and the curing of even the slightest questions of title to the extent that these standards constitute sound lending practices, adhering to them is a positive development," according to the authors of the study. They go on to say, "But the level of vigilance suggests that regulatory uncertainty may also be playing a role. Lenders fear that departures from the evolving standards will result in considerable costs, including the forced buyback of loans sold to Fannie and Freddie and the rescinding of FHA mortgage guarantees. The associated uncertainty has caused lenders to act as if strict interpretations of possible restrictive future standards will apply."

Weak income growth, increases in student debt and rising home prices are each putting downward pressure on purchase demand. Clarifying what constitutes approved lending may help to overcome these challenges, they concluded.

This article as reprinted with permission of Real Estate Economy Watch. ■

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

Realogy FWD Innovation Summit

Innovative New Technology Companies

Unique tech ideas abound. Here is our analysis of the 15 technologies featured at the Realogy FWD Innovation Summit.



Written by Travis Saxton, REAL Trends manager of technology and marketing

The technology ideas keep coming. However, how do you decide which have potential and which don't? When we traveled to the Realogy Summit, many of the companies featured were those we already knew from our connections. There were a few surprises in the group. We put together this review of the companies.

1. Matterport (Grand Prize Winner)

This app uses Vimeo and creates 3D models of real places. Just use a 3D camera, along with the iPad app. It even allows you to restage a house virtually by adding furniture from major manufacturers.

We find this to be a fascinating technology. The camera is pricey at \$4,500. Then, there's a monthly fee of \$19. Works on mobile devices.

2. Send Hub (Second Place)

This app connects agents with consumers anywhere, anytime. The app features intelligent features for routing calls, text message marketing, doc attachments and SMS marketing.

Cost is \$25 for a basic account.

3. Zumper (3rd Place Finalist)

Zumper is an apartment rental platform in San Francisco. Create, photograph and manage rental listings on the go. Zumper syncs between iPhone and Web, plus it syndicates to all the top rental sites. Offers a push notification to renters and all notifications go to the agent and real-time posting.

We think it's a great technology and easy to use. However, you can't scrape listings and put them into the app. It can be integrated with broker CRMs, but the sole focus is rentals.

4. Slide Bureau

You submit your content. They design slides. Alternatively, you may choose from high-quality templates. MLS Data, Walk Scores, Yelp, untraditional integrations are available. There is also an offline component available.

Very cool and easy to use.

5. remotely.com

Remotely offers home automation built for the real estate and rental industries. Users can control lights, air, doors, detect moisture and motion—all through their phones. It can make the showing process a lot easier. Cost is \$9.95 per property per month. \$500 for lights, thermostats, motion detectors.

It can be cost prohibitive and time consuming to install, although certified professionals are available for doing the installing.

6. Closing Time

Simplify the process of buying a house. Agents and brokers deliver an enhanced customer experience for consumers through Closing Time's customized dashboard.

It has a nice interface and is a smart product. But, it requires feedback from the broker or agent, so it doesn't update workflows automatically. Plus, there is only a buyer checklist, not an agent checklist.

7. Curb Call

Think of this as the Uber for real estate. This app connects curbside buyers looking for showings with nearby real estate agents. The agents get a notification. This company works with brokerages, so only agents who are in that brokerage may use it.

This is an interesting concept, but I think the real estate transaction is too complex for it. Plus, referrals and reviews are important to consumers. The property may not be available for showing at that moment. The app is being promoted to buyers. The brokerage partner gets marketing materials.

8. Lasso

Lasso is a collaborative real estate search across the web. It is like Pinterest for real estate. You may save listings, and the app organizes your saved listings from any site in the online workspace. It features several views for side-by-side comparisons. Agents may invite clients to the workspace, and both parties can add or view listings. Lasso also offers an agent-specific URL branded to the agent. Lasso is mobile enabled.

We question whether or not websites will need to be optimized for Lasso. Most usage will be by agents, not consumers. Free ad supported, and paid agent branded.

9. beamly by BrightDoor

This app uses proximity technology to send messages to consumers. It launches automatically when consumer has the app. For example, an open house tour can pop up snippets of info when the consumer is in proximity to the open house.

This is cool technology, but the consumer has to have the app installed and Bluetooth turned on. The new iOS version can download a proximity app from the lock screen, which will help the adoption of this type of technology. Cost is \$295 a month with some deployment fees. This isn't exactly groundbreaking technology as proximity technology. iBeacon and others have been around for a while. However, no company is doing this successfully yet.

10. Smart Expose

From the founder of Immobilien Scout 24, this is a mobile-friendly highly visual search app from a German-based company. It integrates flip technology into the app in order to view magazines.

This is a nice consumer app but purely a cosmetic play with decent technology. It doesn't set itself apart from existing technologies.

11. KISI

This company brought the wow factor. I do see this being an integral part of the future of real estate. The problem is that it is just not cost effective at this stage. It's got a cool lock access with remote smartphone access with accountability built in. This type of technology is seen in large condos and apartments but not residential yet. It also has a management cockpit for larger applications. Data analysis is included which could help energy efficiency and other things.

Unfortunately, you have to have the hardware piece installed. It has features such as time limits on shared access and local restrictions to use when in proximity. This app has a big-city focus with multifamily and development emphasis. Ties into existing solutions lock solutions like Quikset. One door costs \$349. There is a per-user fee model, which makes it cost prohibitive right now.

12. CO Everywhere

This was one of the neatest technologies we saw with little to no relevant impact on our industry yet. Like Social NSA, input an address and get publicly available geotagged social content and information overlaid in a neighborhood search. Time to make it practical as the company acknowledges.

This needs a lot more work before breaking into our industry.

13. House Happy

This is a visual home search site with agent connectivity built in. It is the next generation global real estate search portal. The question is, what's stopping a brokerage or brand from doing this? They have a mobile app that is coming out soon. It is free for buyers and agents, and the company is broker friendly. There is a clear ownership of

listings, agent branding and connectivity with consumers. They are building out a robust attraction search feature and lifestyle search. Real estate services are being integrated with the site, and we believe this is how they are going to monetize it.

Neat, but not cutting-edge technology. Sourced by Listhub data. The company is currently raising money to market. There are too many uncertainties for a broker to jump on board and potentially power another portal, even though they appear to be broker friendly.

14. Go Connect

Based on the technology currently powering Go Realty in North Carolina, this mobile CRM is designed specifically for real estate agents. While it is neat and simple, it may lack key features to be impactful in the real estate space. It features customizable action plans. Agents may manage contacts, contracts and listings. Cost is \$9.95 a month. Also, Go Connect Broker for brokers is available. It offers communication to agents and compliance on transactions.

Slick, but it is still missing some key components like other new players in this space. The app doesn't have existing integration plans so you would be just adding on one more technology system to an already complicated equation.

15. Deductr

The goal of this app is to help agents reduce their taxes. Features include expense mileage and time for an independent contractor, and it tracks mileage in showings. You can import expenses and mileage into the calendar for tracking time. Brokers and franchises can brand deductr.

Cool technology and a neat concept. Cost is \$19.95 per month resale. Broker model can be mere dollars per month with volume. There is a learning curve for real estate agents, but the company offers support, training, webinars and live support. ■

NOW YOU KNOW



New neighborhood app. Homefacts[®] (www.homefacts.com), a company that provides neighborhood data and statistics, recently launched a new mobile app for iPhone. The new Homefacts app enables homebuyers, homeowners and renters to view detailed property and neighborhood information and statistics on more than 100 million homes in the United States. Homefacts is a wholly-owned subsidiary of RealtyTrac.

Homefacts provides data on more than 30 key local and neighborhood dynamics for residential properties nationwide including detailed local school information, location and details of environmental hazards such as underground storage tanks, spills, EPA polluters, brownfields, and superfunds, along with former drug labs, sex offenders, natural hazard risk and building permit activity in a neighborhood.

Business Accelerator Program Includes Nine Tech Companies

Written by Travis Saxton, *REAL Trends* manager of technology and marketing

Through collaboration with nine leading-edge companies, *REAL Trends* Technology Consulting will be working side by side with company entrepreneurs to successfully enter the real estate landscape.

Each company has gone through a selective vetting process to ensure certain requisites were met to make it into the Business Accelerator Program. Once these requisites were verified, the team at *REAL Trends* ultimately extended the invitation to join the program.

These new companies represent a variety of exciting, new technology offerings to real estate, many of which have never been seen before.

Companies within the *REAL Trends* Business Accelerator include:

Balcony | www.balcony.com

Balcony allows agents to network and connect with other qualified agents. You may make and accept referrals, right through the platform. Balcony will handle all the paperwork and even get sign-off from the agent's broker. In addition, the company pays a commission to the broker via ACH within 48 hours of the close of the referral transaction. We think Balcony will change your life—for the better.

Boston Logic | www.bostonlogic.com

Boston Logic is an online marketing and technology firm focused on the real estate industry. They provide software, online marketing and design services to real estate companies, helping them market their listings and services, hire new agents and operate their businesses. Boston Logic works with real estate developers, brokers and agents to help them grow and succeed by leveraging technology and the web.

Clearview Elite | www.clearviewelite.com

Clearview Elite is born from front-line experience in the upscale second-home sales and marketing world. From years of experience in lead generation, sales



training and global marketing management, it became evident that an upgrade in lead response practices was needed. Real estate developers and marketing firms often represented themselves in a very professional and prestigious manner in outbound marketing initiatives; however that same high-quality standard was not carried over in lead response practices. Now it is.

HomeKeepr | agents.homekeepr.com

At HomeKeepr, they believe that homeowners and real estate agents have a lot more to share than a one-time transaction.



Their goal is to reinvent this relationship to create lasting bonds throughout the lifecycle of a typical home. They accomplish this by keeping agents connected to homeowners as a valued resource for local information and home maintenance.

Home N Do | www.homendo.com

Home N Do is the one place for anyone involved in buying or selling a home, including brokers, agents, lenders, home



service providers and consumers. Through its dynamic and accurate property search function and social network management tools, consumers may search for new properties; agents may connect with clients; lenders can transmit leads to brokers and home service providers can build their portfolio of new customers.

ReadyChat | www.readychat.com

Bring your real estate website to life and convert more of your online visitors into warm leads with ReadyChat's pay-for-performance live chat service for agents, teams and offices.



Real Analogics | Public Presence Coming Soon!

RealAnalogics™ is a company that builds real estate software by agents, for agents. The iDeal Home Analyzer™

application suite leverages real estate data in an interactive, plain-spoken platform that entertains

and educates the public, while empowering them, and real estate agents and MLS's, all at the same time.



Virtual Agent | www.virtualagentconnect.com

With Virtual Agent you can deliver captivating, real-time property information to potential homebuyers to their

mobile phones while you, the real estate professional, build a mobile lead base that will



serve as the foundation for a new way of prospecting.

VScreen | www.vscreen.com

VScreen's turnkey approach covers you from start to finish.



VScreen will craft a compelling website video to tell your story like never before, and then expand your Internet audience dramatically with strategically chosen social

media. You get a single source for quality video production coupled with laser sharp targeting of your key audience. Find it all under one roof at VScreen—the Internet video strategists.

REAL Trends Technology Consulting is a consulting and publishing company that specializes in offering consulting services to brokerages and technology companies in the residential real estate space. For more information on the REAL Trends Business Accelerator, contact us at 303.741.1000 or visit www.realtrends.com. ■

REAL Trends' Penza Approved as NAR Facilitator

Terry Penza, director of Network Membership for REAL Trends, has recently been approved as a facilitator for association planning and mergers. Due to NAR's new core standards for state and local associations, facilitators are mandatory for associations under 500 members who receive a NAR grant. NAR will approve some grants to local associations to help them develop a strategic or business plan or plan for a merger.

Penza is a respected association CEO with more than 38 years of experience. She has served on more than 100 committees combined for National Association of REALTORS® and state associations. She was the driving force behind the first regional MLS in the Chicagoland area, which led to the eventual merging of all Chicago association MLSs into one regional MLS.

As an association manager, Penza was responsible for merging two non-contiguous associations. She also played a part in an unsuccessful merger, where she learned what does and does not work in an association merger situation. Her unique perspective comes from real-life merger experience, not just as a facilitator; but also as an active participant.



In 2012, she was awarded the William R Magel Award of Excellence by NAR. Penza is currently supported by the staff of REAL Trends, who have provided strategic planning and merger/acquisition advice to more than 40 state and local associations of Realtors® and MLSs. REAL Trends has provided consulting services to over 2,250 residential brokerage firms at all levels in the United States and Canada.

The Thousand and America's Best Real Estate Agents

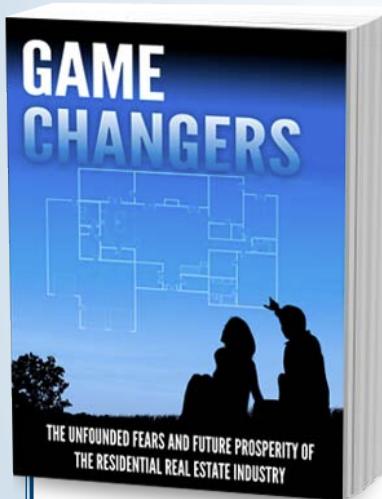
Outstanding Agents

We just finished publishing *REAL Trends The Thousand*, as advertised in *The Wall Street Journal* and *REAL Trends America's Best Real Estate Agents*. The Thousand is derived from America's Best Real Estate Agents who are at the very top of the rankings. Both are incredible groups of outstanding sales agents and teams. Wow, they are growing their businesses.

This year, for the first time on both The Thousand and America's Best Real Estate Agents, you can search by city, state, last name, first name and brokerage name. This allows users to search for friends (and competitors) to see how they compare.

These top teams and agents run different businesses than most agents. Most have developed specialty niches and strong systems for managing their growth. They come from all regions, all types of brokerage firms and have varied backgrounds. What they have in common is a passion for helping people buy and sell homes.

The rankings have grown over the past eight years from the initial group of the top 400 agents and teams in the country. Two years ago it was only 2,700. This year, we received over 9,500 applications!



Get it today! Game Changers Book Available

The book, "Game Changers—The Unfounded Fears and Future Prosperity of the Residential Real Estate Industry" was published in May and sales of the books have been brisk.

Want to know what the eight greatest fears are and what the truth about the fears may be? Get your own copy or get them for your leadership team, as it is an excellent primer for talking with them about the future. Go to Realtrends.com or call us at 303-741-1000 to order.

2015 Gathering of Eagles • April 29–May 1, 2015 • Building Great Organizations

Next year we return to Denver for our first-ever conference at the new Four Seasons Hotel in downtown. We are excited to announce that Patrick Lencioni, a world-renowned organizational consultant and editor of more than eight books on the topic, will be leading a two-and-a-half hour workshop on building healthy organizations.

Any football fans out there? Even if you aren't a fan, you won't want to miss Peyton Manning, quarterback of the Denver Broncos and four-time NFL MVP, who will address guests on leading great organizations. Manning will also be joining special guests for a reception after the program.

The program will have six sessions; all focused on how to build and develop great organizations. We have limited room, and only 300 will be allowed to attend. Register now at Realtrends.com or call us at 303-741-1000.



Patrick Lencioni



Peyton Manning