



REALTRENDS

THE TRUSTED SOURCE

ABOUT REAL Trends

REAL Trends has been The Trusted Source of news, analysis, and information on the residential brokerage industry since 1987. We are a privately-held publishing, consulting and communications company based in Castle Rock, Colorado. Residential real estate leaders look to us for timely and trusted information and analysis through our monthly newsletter, news updates, conferences and publications.

In addition to creating research studies, we are a leading provider of high-level business, technology and digital marketing consulting services to the residential real estate industry. We provide a wide range of advisory services to a clientele of local, regional, national and global real estate organizations. Our areas of expertise include operational analysis, valuations, mergers and acquisition advisory services, compensation analysis, consumer and business research, strategic planning and technology and digital marketing consulting services.

Opportunities for Real Estate Professionals



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A woman with blonde hair is seated at a wooden table, looking down at a smartphone. Two other people are partially visible around the table, one looking at a notebook and another looking towards the woman with the phone. The scene is brightly lit, suggesting an office or meeting environment.

Opportunities for Real Estate Professionals

First some facts about housing consumers

2001 REAL Trends/Harris Insights recent buyer and seller survey showed that 81% had used an agent

2014 REAL Trends/Harris Insights recent buyer and seller survey showed that 85% had used an agent

2018 REAL Trends/Harris Insights recent buyer and seller survey showed that 90% had used an agent



Opportunities for Real Estate Professionals

2018 REAL Trends/Harris Insights recent buyer and seller survey also showed:

92% of Millennials used an agent

94% of Generation X used an agent



Opportunities for Real Estate Professionals

How do consumers locate/find a real estate agent that they use?

Referrals from people I trust	92%
Looking at websites with ratings	85%
Agents who have similar listings	88%
Having a personal relationship	79%

A group of people, including a woman in a grey top and a man in a white shirt, are gathered around a wooden table. They are looking at a smartphone held by one of the individuals. There are papers and notebooks on the table, suggesting a professional meeting or collaborative work session.

Opportunities for Real Estate Professionals

The most important however were:

Referrals from people I trust and having a personal relationship

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Opportunities for Real Estate Professionals

The most fascinating thing about all of the information and trends about consumers and their relationship with our industry is not how much has changed but how little has changed



Opportunities for Real Estate Professionals

What were the most valued services agents provided to consumers?

Negotiation

Lists of homes to review

Market analysis of comparable sales

Education as to process of buying and selling

Information on schools, neighborhoods, etc.



Opportunities for Real Estate Professionals

And how did consumers rate their satisfaction with these most important services?

Extremely or very satisfied ratings

Providing lists of homes	81%	
Negotiation		80%
Education about process	78%	
Marketing plan for selling home	78%	

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Opportunities for Real Estate Professionals

Why do consumers use real estate professionals?

Transaction is infrequent

Transaction is complex – and getting more so

Fear of failure (making mistake)



Opportunities for Real Estate Professionals

There are 1.4–1.5 million new households created in the U. S. every year

There are approximately 1.1 million new single family and multi-family homes being built every year

The national shortfall at this time is between 3.0 to 4.5 million housing units to bring market to balance



Opportunities for Real Estate Professionals

The desire by Generation X, Millennials and Generation Z to own their own home, regardless of location or type, remains unchanged from prior generations at the same age level per studies by Pew, Fannie Mae and NAR

The challenge is we are not building enough homes for our nation's families to meet the demand – particularly acute in California (and Boulder, CO) and elsewhere



Challenges

Affordability and availability are at critical levels and homeownership rates have dropped in many markets

The homeownership rates for Gen X and Millennials are below where previous generations had been at same ages

Student loan debt is hindering many who otherwise could afford to enter the housing market “ladder”.

A woman with blonde hair is looking down at a smartphone held by another person at a meeting table. Other people are visible around the table, some looking at the phone. The scene is brightly lit, possibly from a window.

Challenges

Disruptive firms such as Zillow, Offer Pad, Knock and Open Door and others are offering new, highly convenient services to certain consumers

It is not that these firms will likely gain a significant market share so much as they reset the bar for what effective and convenient service in the purchase or sale of a home looks like



Challenges

Technology platforms, such as those offered by Keller Williams, RE/MAX, Redfin, Zillow and a few others will automate the “connection” between agent and consumer and which delivers much of the valued information listed above consistently and regularly.

Those without access to such systems may end up with a slight competitive disadvantage to those who lack such systems

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Challenges

Housing markets are starting to bi-furcate significantly

The high markets and high end segments of markets are seeing far slower sales rates and softening price appreciation.

Boulder County, although unit sales are up slightly thus far in 2019, is showing the same signs as these other high priced markets

Many believe that the impact of the 2017 Federal Tax Act is having the most impact on this as current and potential homeowners see the huge rise in the after tax cost of expensive homes



Challenges

Other issues affecting the housing market, especially in markets like Boulder, San Francisco, NYC and elsewhere is the rise of governmental involvement in the housing market through zoning, rent control and development restrictions.

One other growing issue in rebalancing the housing market is the concurrent rise in “NIMBY” issues (Not in my back yard) among consumers. A good local example is Lakewood, CO where voters slapped a limit on housing construction within the town limits

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Challenges

The commission rate has been sliding for nearly 30 years. Most is caused, not by online or discount brokerage, but by competition among agents

Legal and regulatory issues may change the nature of the playing field as in the civil lawsuit against NAR and large national brokerage firms

The formation of private, off-market, listing services may undermine the homogeneity and effectiveness of the current Realtor Marketplace



Conclusions

The business of real estate brokerage is a \$72 billion market

No one firm has more than 11% market share

The most productive agents and teams have about that same share

The market is highly fragmented

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Conclusions

While the complexity and cost of being a successful agent is higher today than ever before, that just creates more opportunity for those willing to dedicate themselves to the profession and those who are willing to:

To building a data base

To staying informed about the market

To staying in touch with friends, neighbors and family

To finding ways to communicate more effectively



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