



**REALTRENDS**  
THE TRUSTED SOURCE

JANUARY 2019 NEWSLETTER

# CONTENTS

## 1-3 FIRST PERSON

- The Competition is Fierce
- Hot Topics for 2019

## 4-7 BROKERAGE

- The Brokerage Should Be the Branding Machine
- Don't Let Distraction Take Over

## 9-11 MARKET

- November ShowingTime Showing Index

## 12-13 REGULATORY

- Who is Kathy Kraninger?

## 14 GLOBAL

- Spanish Real Estate Market Strengthens

## 15-16 TECHNOLOGY

- Predictions of a Changing Tide

## 17-18 PUBLISHER'S NOTE

**CLICK HERE**  
to register for the



**REALTRENDS**  
**GATHERING**  
**OF EAGLES**

May 15-17, 2019

REALTRENDS.COM

COMPLIMENTS OF



RECRUITING AND RETENTION

# THE COMPETITION IS FIERCE

*By Steve Murray,  
president*



*More options mean more competition for brokers.  
How should brokerage leaders view these challenges?*

**T**he competition for top agents has never been as fierce as it is now, and it will continue through 2019 and likely beyond. There are more, lower-cost options available to top-producing agents than ever before. Large individual producers and teams have become more numerous and produce more sales volume than in years past. As we've noted previously, in calendar 2017, the top-producing agents and teams closed nearly 22 percent of all the sales volume in the country, yet they account for less than 2 percent of all real estate agents.

### HOW SHOULD BROKERAGE LEADERS VIEW THESE CHALLENGES?

In 2006, REAL Trends did research into why top-producing agents affiliated with certain brokerage firms and why they stayed with them when there were lower-cost options available. For the study, we selected 16 top brokerage firms that led their competitors in growth in agents, productivity growth and other metrics. We interviewed 169 of them to ascertain why they affiliated with one of these firms. That work was outlined in a booklet called *People Still Matter*.



## REAL TRENDS

THE TRUSTED SOURCE

7501 Village Square Drive, Ste. 200  
 Castle Rock, CO 80108  
 Phone: 303-741-1000  
 Email: [realtrends@realtrends.com](mailto:realtrends@realtrends.com)  
 Web: [realtrends.com](http://realtrends.com)

**President:**

Steve Murray - [smurray@realtrends.com](mailto:smurray@realtrends.com)

**Publisher:**

Tracey Velt - [tvelt@realtrends.com](mailto:tvelt@realtrends.com)

**REAL Trends Team:**

Alicia Vivian - [avivian@realtrends.com](mailto:avivian@realtrends.com)  
 Bo Frize - [bfrize@realtrends.com](mailto:bfrize@realtrends.com)  
 Brent Driggers - [bdriggers@realtrends.com](mailto:bdriggers@realtrends.com)  
 Cooper Murray - [cmurray@realtrends.com](mailto:cmurray@realtrends.com)  
 Doniece Welch - [dwelch@realtrends.com](mailto:dwelch@realtrends.com)  
 Nikki Lindholm - [nlindholm@realtrends.com](mailto:nlindholm@realtrends.com)  
 Peter Gilmour - [pgilmour@realtrends.com](mailto:pgilmour@realtrends.com)  
 Rebecca Chapla - [rchapla@realtrends.com](mailto:rchapla@realtrends.com)  
 Scott Wright - [swright@realtrends.com](mailto:swright@realtrends.com)  
 Toni Lapp - [tlapp@realtrends.com](mailto:tlapp@realtrends.com)  
 Trish Glodava - [tglodava@realtrends.com](mailto:tglodava@realtrends.com)

Copyright 2019 by REAL Trends. All rights reserved. Material in this publication may not be electronically stored or reproduced in any form without written permission. Violators will be punished by a fine of up to \$100,000 per offense.

In the booklet, we reported that these agents named qualities such as vision, communication, trust and a sense of community as the most important reasons they associated with their brokerage. Little did they mention marketing, technology or facilities. They stated that they believed that such features of a brokerage were widely available and not defining reasons why they stayed where they were.

### HAVE AGENTS CHANGED?

In our opinion, agents (and teams) have not changed that much in the last 12 years. Certainly, some have. They are older, and their financial needs might direct them to lower their costs by joining a low-cost brokerage or be tempted by upfront cash to join another firm. Secondly, as we said above, there are more significant numbers of very, high-performing agents whose need for the services provided by most brokerage firms are not as high as they were years ago.

But we also note in our rankings of nearly 14,000 top agents and teams that most of them are affiliated with nationally branded brokerage firms or well-known, local, independent firms. Additionally, in our 2017 study of teams, they named affiliation with a well-known brokerage as highly relevant. It seems apparent to us that the sky is not falling.



**WHILE SOME AGENTS  
 ARE LURED AWAY BY  
 LOW COSTS OR  
 UPFRONT INCENTIVES,  
 MOST ARE NOT.**

### RELATIONSHIPS AND LEADERSHIP STILL MATTER

While some agents are lured away by low costs or upfront incentives, most are not. The most aggressive brokerages, including eXp, Compass, HomeSmart and Realty One Group, together have less than 50,000 agents out of a total population of 1.4 million. Some of these firms have lower per-person productivity than the national average, so it's not that they are capturing only top producers. Each of these firms, and others like them, tout their technology as a critical reason for joining them, but there is not yet proof that their technology is improving the productivity of those who join them. Are they new and exciting? Very much so. Are they telling a compelling story? Again, in many cases, yes.

Yet, most of the top-producing agents and teams remain with well-known, established brokerage firms. While most of these established firms have lost some people to these aggressive new competitors; they have survived the initial onslaught.

We think it has to do with relationships and leadership. Principal owners and leaders find a way to build relationships with their people that supersedes the monetary reasons for most agents. In the areas where firms like eXp and Compass are most aggressive, large, traditional brokerage firms not only appear to be surviving but prospering. In the cases we've scrutinized, the

leadership is intimately involved with the business lives (sometimes personal as well) of their agents and teams. There are numerous ways this is expressed, but one indicator among the firms we've examined is, when agents have the owner-leaders personal cell numbers and firmly believe they can call or text them at any time—even though they don't use this access routinely.

#### THE QUESTION TO ASK

Leaders of all brokerage firms need to ask a simple question. How much of your time is spent in having meaningful dialogue with your top agents? What systematic approaches do

you use to get close and stay close to your top people, or all of your people, for that matter? In our work doing onsite assessments of leading brokerage firms both privately and in our CEO groups, agents will without hesitation say that they wish they could interact more with their owner-leader.

Yes, you are likely to lose some of your people to these new competitors. But you can limit those losses by paying attention to how you lead your company and how strong your relationships are with your agents, managers, and staff. ▲

# HOT TOPICS FOR



*A roundup of the hot topics impacting our industry in the coming year.*

*By Steve Murray,  
president*

**W**onder who's going to be in the news in the coming year? Here are my predictions.

- 1. Zillow enters the brokerage business.** There is some good news and some bad news here. They've been in the brokerage business since they launched Zillow.com. The real story is that they're broadening their reach into the business. Their seller-lead initiative and the fact that they are establishing their own lobbying efforts at the national and state level are strong indications of their intentions to widen their involvement.
- 2. The growth of Compass and eXp.** This is assured, and their growth rates are far higher than almost every other national firm. We think these high growth rates will continue for the foreseeable future. While they're coming at the market from different perspectives, they're both playing hot hands.
- 3. Redfin will turn a profit.** With their excellent understanding of the market and their need to temper

their growth in favor of increased profitability, they have the reach and platform to pull this off. Whether it's on a full-year basis or just a few quarters, they are close to turning the corner.

- 4. The big four—Realty, Keller Williams, RE/MAX and Berkshire Hathaway—will announce significant changes to how they operate.** Whether it's Realty's new brands, RE/MAX's launch of an integrated Booj, Keller Williams continued pursuit of the ultimate technology platform or Berkshire's approach to acquisitions, significant changes are afoot in 2019.

#### The Big Questions for 2019

- *Will Upstream reach critical mass?*
- *Will the Broker Public Portal gain enough acceptance to replace the alternatives?*
- *Will housing sales look like a soft slide or a collision with affordability and continued inventory issues? ▲*

## BROKERAGE MARKETING

# WHO SHOULD BE THE BRANDING MACHINE?

*It's time your agents were a powerful marketing force.*

By David Sirotz



Your agents have left the barn! It is hard to find them, get them to sales meetings and keep them tethered to the mothership. It's time to round them up and let them become a powerful marketing force.

## WHAT HAPPENED?

The rise of the unconnected, modern real estate agent was exacerbated by legal mechanizations and independent contractor rules. At seemingly that

same time, a wide array of products, tools, services and lead generators arose that hinted that the modern agent could succeed with just their personal brand. Along the way, brokers got comfortable with agents doing their own thing—as long as said agents produced results.

Hold on—don't these agents represent your company? Don't they represent your life's work building your company or

nurturing a family business through the roller coaster years? And, if harnessed correctly, shouldn't these agents empower the brokerage and themselves?

It's time to reclaim your position as the brand!

## BROKERAGE BRANDING

The term branding came about from ranchers identifying their cattle. Then, in the late 1880s, producers began

**HOLD ON—DON'T THESE AGENTS REPRESENT YOUR COMPANY?** Don't they represent your life's work building your company or nurturing a family business through the roller coaster years? And, if harnessed correctly, shouldn't these agents empower the brokerage and themselves?

putting their marks on everyday products, like flour and sugar, to identify who made the product.

Today, most look at branding as how consumers view a company or product, both emotionally and factually. You've taken the time, effort and money to build your brand. You've created the inherent feeling consumers, agents and recruits have about your firm. Yet, brokers often forget to nurture their brand.

Your agents should be piggybacking off of your brand and showcasing their personal skills and style to earn a positive reputation.

**BACK TO BASICS**

To reclaim your status as a brand, start with your look and feel. If feasible, we would all hire in-house videographers, photographers, copywriters, and designers. We would have professionals creating our listing collateral and agent farming materials. Of course, that's not always financially possible, but you should at least maintain a long list of recommended local professionals. Also, you should meet with them to

make sure these vendors know what your company stands for. Being aware of the offerings at the national level is critical. Being a trusted resource allows you to maintain brand standards.

Your look and feel are not the only critical parts of becoming an exceptional brand steward. Here are a few items that stand out:

- **View the brokerage as the Air Force:** The agents are in the market fighting for listings, dealing with challenging customers and getting deals done. Most do not have the skills or financial resources to become a brand. That should be the job of the brokerage. You should be advertising and letting your agents know about how your efforts support them. An advertising campaign doesn't have to be costly to be effective. You can do lead gen but make sure you have some branding elements included.
- **Agents are influencers:** If you can provide your agents with a wide variety of video, graphics and blog content, they will share it. This increases their level of professionalism and continues

to get your brand out there.

- **Know the market.** If you want to get really nervous about how your agents represent your brand, ask them to describe current market conditions. "I'm really busy" or "it's a great time to sell" is not a great response. In a time where there's so much available information, your agents can't be caught not knowing. You want them to be perceived as the most knowledgeable in town. Brokers should provide granular market information and help the agents understand, explain and share it.

Focus on these three things, and you can reclaim your brand.

---

*David Siroty has spent 30-plus years in marketing and communications, the last 15 in real estate. He launched Imagine Productions, a marketing and communications consultancy focused on assisting real estate brokerages, in December 2016 after 13 years leading global communications for Coldwell Banker. He can be reached at [david@imagineprstrategy.com](mailto:david@imagineprstrategy.com) 🐦*

You've taken the time, effort and money to build your brand. You've created the inherent feeling consumers, agents and recruits have about your firm. Yet, **BROKERS OFTEN FORGET TO NURTURE THEIR BRAND.**



YOUR MOST IMPORTANT 15 MINUTES

# DON'T LET DISTRACTION TAKE OVER



Stop living a life of distraction by following this simple formula.

*By Larry Kendall, author of Ninja Selling and chairman emeritus of The Group, Inc.*

“Most Americans are living in a continuous state of partial attention,” according to behavioral psychologists. International business coach, Robin Sharma, observes, “The enemy of mastery is not mediocrity. It is distractions. The addiction to distraction is ruining many potentially awesome lives.”

Why are we so distracted and what can we do about it? A common trait of the most successful people is their ability to focus on the most important tasks and not get distracted. How do they stay on track?

First, recognize that we live in three circles. These were defined by Dr. Stephen R. Covey in his famous book, *The 7 Habits of Highly Effective People*.

Today, the media (and social media) bombard us with a continuous stream of information that causes us concern. We have no control over most of this information. Unsuccessful people tend to live their lives in this circle of concern, living a life of continuous distraction and anxiety. They worry about things over which they have no control. Their distraction keeps them from achieving their goals, and they are often frustrated because they are not making progress.

In contrast, the most successful people are aware of their concerns but tend to

focus their energy on the circles of control and influence. They control their daily activities, and they influence their children, co-workers, and clients. They are making a difference and achieving their goals.

How can you stay focused on your goals and your circles of control and influence? Starting your day with the right habits is the key. The following morning routine only takes 15 minutes and is your most important 15 minutes of the day.

#### Your Morning Routine (Your first 15 minutes of the day)

- 1. Start with Gratitude.** Bring into your mind the things for which you are grateful. This will put you in a positive energy state. If you're writing affirmations, this is the time to do them as well.
- 2. Time block your agenda for the day/week.** Time blocking has been proven to improve your effectiveness. Do not open your email! The minute you do, you are on everyone else's agenda. The email can wait 15 minutes. Either you run your day, or your day runs you.
- 3. Write two personal notes.** These are the most powerful items that you can send to another human being. Plus, it

puts you in a good mood when you write them.

- 4. Focus on your Hot List.** If you are in sales, this is your list of people who want to buy or sell in the next 90 days. If you are a manager, it's your list of tasks to be completed today. Make sure you've time blocked when to finish them.
- 5. Focus on your Warm List.** If you're in sales, this is your list of people who may want to buy or sell in the next year. If you're a manager, it's your list of tasks to be completed by the end of the week. Again, make sure you time block your warm list.



I recently moderated a panel of top-producing sales associates. Their annual production ranged from \$20 million to \$40 million. When I asked them, “What is the one thing that most drives your success?” They were unanimous in saying, “My morning routine. When I get started with the right habits, my day goes great. It's my most important 15 minutes of the day!” 📌

**A COMMON TRAIT OF THE MOST SUCCESSFUL PEOPLE IS THEIR ABILITY TO FOCUS ON THE MOST IMPORTANT TASKS AND NOT GET DISTRACTED. HOW DO THEY STAY ON TRACK?**

DealMAKERS  
· PRE-CONFERENCE ·



REALTRENDS  
GATHERING OF EAGLES

IT'S **MORE** THAN  
JUST A CONFERENCE!

**REGISTER  
TODAY**

See why  
Gathering of Eagles  
is the **#1** event for  
residential real estate  
leaders

[www.RTGoe.com](http://www.RTGoe.com)

**GOE 2019**

Annual Conference  
May 15-17

Introducing DealMAKERS Pre-Conference  
May 14-15

GRAND HYATT | DENVER, CO



**REALTRENDS**  
THE TRUSTED SOURCE

# SHOWING ACTIVITY DROPS BROADLY WITH CONSECUTIVE MONTHLY DECLINES

*South Region records second month of decreasing activity vs. 2017, while the West, Midwest and Northeast continue to report reduced showing activity compared to 2017's record numbers*

## KEY POINTS:

- November showing traffic was down 5.4 percent year over year in the U.S.; the West Region recorded the biggest drop, a 12.4 percent year-over-year decline, its third consecutive month of double-digit decreases in activity
- 2018 is ending with buyer demand trending downward year over year across the U.S., particularly in the West and Midwest regions

Buyer traffic across the U.S. declined 5.4 percent year over year in November, continuing its decline over the prior year and marking the second month in a row showing activity was down in each region and in the U.S. as a whole, according to the ShowingTime Showing Index®.

The West Region had the biggest year-over-year decline, with November

showing traffic off 12.4 percent vs. November 2017. The Midwest was next with an 8.4 percent year-over-year decline, its fourth consecutive month of decreasing demand. The South Region dropped 5.0 percent, while the Northeast declined 2.0 percent.

“We are ending the year with demand going down year over year across the U.S., particularly in the West and the

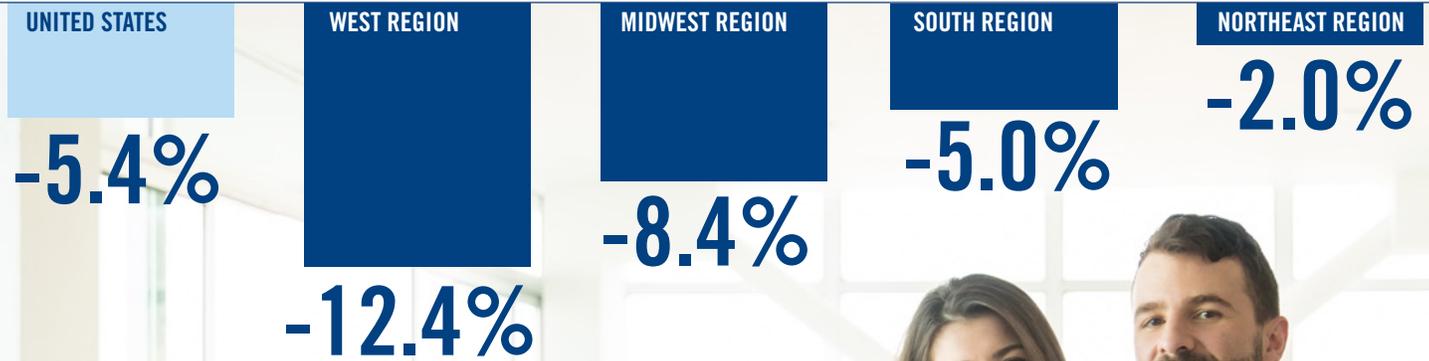
Midwest,” said ShowingTime Chief Analytics Officer Daniil Cherkasskiy. “It’s important to be careful when looking at showing traffic in the slow season, but the trends we observed in 2018 point to a further slowdown in demand in 2019’s busy season. That should relieve upward pressure on home prices and possibly lead to a buildup of inventory.”

“It’s important to be careful when looking at showing traffic in the slow season, but the trends we observed in 2018 point to a further slowdown in demand in 2019’s busy season. That should relieve upward pressure on home prices and possibly lead to a buildup of inventory.”

— **Daniil Cherkasskiy,**  
**ShowingTime**  
**Chief Analytics Officer**



# ShowingTime® Showing Index November 2018



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

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



The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, providing a benchmark to track buyer demand. ShowingTime facilitates more than 4 million showings each month.

Released on or around the 20th each month, the Showing Index tracks the average number of appointments received on an active listing during the month. Local MLS indices are also available for select markets and are distributed to MLS and association leadership.

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

## ABOUT SHOWINGTIME

ShowingTime is the leading showing management and market stats technology provider to the residential real estate industry, with more than 1.2 million active listings subscribed to its services. Its MarketStats division provides interactive tools and market reports for MLSs, associations, brokers, agents and other real estate companies, along with recruiting software that enables brokers to identify top agents. Its showing products take the inefficiencies out of the appointment scheduling process for real estate agents, buyers and sellers. ShowingTime products are used in more than 250 MLSs representing over 950,000 real estate professionals across the U.S. and Canada. 🏡

# COMING SOON: REAL TRENDS 2019 GAME CHANGERS

**One Franchise CEO** who understands brand niche marketing.  
**One REAL Trends 500 Team Leader** who is bettering the lives of battered women in her community.  
**One Independent Broker** who's a master at branding.

What do these three industry leaders have in common? They're all on our all-new, exclusive **2019 REAL Trends Game Changers List!**



Check back Jan. 25 for the launch of the 2019 REAL Trends Game Changers!



REAL TRENDS  
THE TRUSTED SOURCE

## 2018 CONSUMER STUDY

What do home buyers and sellers really think about using a real estate professional when buying and selling a home?

REAL Trends, in conjunction with The CE Shop and the California Association of Realtors® conducted a Harris Interactive & Analytics study of consumers from around the country.

[DOWNLOAD IT FOR FREE HERE](#)

Housing consumer research produced by Harris Insights & Analytics and underwritten by the California Association of Realtors®, the CE Shop and REAL Trends



REAL TRENDS  
THE TRUSTED SOURCE



## CFPB NEW HIRE

# WHO IS KATHY KRANINGER?

*A surprise nomination of Kraninger to lead the CFPB has folks wondering about her position on critical issues.*

*By Sue Johnson, strategic alliance consultant*

Last month, the United States Senate confirmed Kathy Kraninger as the next Consumer Financial Protection Bureau (CFPB) Director by a 50-49 vote along party lines.

Kraninger will replace Mick Mulvaney, who became CFPB's Acting Director after former Director Richard Cordray stepped down in November 2017. Cordray often had been criticized by Republicans and the industry for his aggressive enforcement of federal consumer financial laws such as Real Estate Settlement Procedures Act (RESPA), often in the absence of clear regulatory guidance. Mulvaney was condemned by Democrats and consumer advocates for scaling back Cordray's regulatory and enforcement initiatives and reducing the Bureau's budget and staff.

Kraninger's nomination in June 2018 was a surprise since few people in the financial services field had ever heard of her. So, who is Kathy Kraninger, and will she continue on the same path as Mulvaney at the CFPB?

## A MULVANEY PROTEGE

When nominated by President Trump, Kraninger served as Associate Director for the Office of Management and Budget under Mulvaney, overseeing a \$250 billion budget across seven Cabinet departments. Previously, she had worked for the Senate Appropriations Committee and the Department of Homeland Security.

As a former Mulvaney employee, she was assumed to have a similar approach to regulation and enforcement; a belief that she confirmed during her confirmation process. "Based on the information that is available to me at this time, I cannot identify any actions that Acting Director Mulvaney has taken with which I disagree," she said in responses to the Senators' written questions.

## A WOMAN OF MYSTERY

Kraninger's lack of financial regulatory experience, coupled with a lack of specificity in her responses to questions during her confirmation process, makes it hard to know if she will rubber stamp Mulvaney's initiatives during his one-year tenure at the CFPB or attempt to define her own agenda. In her July confirmation testimony, she said she would establish four initial priorities for the CFPB:

- It should be fair and transparent; specifically, it should make robust use of cost-benefit analysis to facilitate competition and clear rules.
- It should work closely with the other financial regulators and the States on supervision and enforcement.
- It should protect sensitive information in its possession by limiting data collection and ensuring that data is protected.
- It should be accountable to the American people for its actions, including its expenditure of resources.



**“It is critical to have clear rules so that lenders and consumers are aware of the rules. Effective use of notice and comment rulemaking is essential for ensuring the proper balancing of all interests.”**

**— Kathy Kraninger**

## A CRITIC OF REGULATION BY ENFORCEMENT

Mulvaney made clear at the outset of his tenure that he would end the regulation-by-enforcement mentality at the CFPB under Cordray’s tenure.

Kraninger assured Republicans at her confirmation hearing that she also will not allow the Bureau to regulate issues through enforcement actions. “It is critical to have clear rules so that lenders and consumers are aware of the rules,” she said. “Effective use of notice and comment rulemaking is essential for ensuring the proper balancing of all interests.”

## AN OPEN MIND ON FAIR LENDING

Mulvaney provoked criticism from consumer advocates when he stripped the CFPB’s Office of Fair Lending and Equal Opportunity of its enforcement powers and moved it to the Director’s office to handle “advocacy, coordination, and education.” Under Cordray, the Office had assertively enforced fair lending laws against mortgage lenders.

The CFPB under Cordray also reaffirmed its commitment to using the disparate impact theory (under which a regulator considers practices that adversely affect a protected group over others even though the practice is formally neutral) when enforcing the Equal Credit Opportunity Act (ECOA) and brought numerous cases based on the doctrine. The Bureau, under Mulvaney, announced in May that the CFPB would re-examine ECOA requirements in light of a recent Supreme Court ruling that set standards to ensure that racial imbalance alone does not create a prima facie case under the Fair Housing Act.

Kraninger assured Senators at her confirmation hearing that she is committed to enforcing fair lending laws as CFPB Director and that she will review Mulvaney’s decision to reorganize the CFPB’s Office of Fair Lending with “an open mind.” She said that she plans to have detailed conversations with staff to better understand the CFPB’s position on disparate impact before deciding on its usage in fair lending enforcement cases.

## SUMMARY

The CFPB Director’s single-director structure term means that Kraninger will have vast unilateral power over federal consumer protection laws over her five-year term. She will approve all enforcement actions, and she will be at the helm of the CFPB during its statutorily-mandated review of all significant rules under Dodd-Frank (including as the Qualified Mortgage and Truth in Lending-RESPA Disclosure (TRID) regulations) that will set the stage for future rulemakings. While we know little about her, early signs point to a more transparent regulatory process and more targeted enforcement initiatives based on clearer rules.



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

# SPANISH REAL ESTATE MARKET STRENGTHENS

*After getting hit with a recession 10 years ago, the Spanish real estate market is making a comeback.*

*By Peter Gilmour, chief foreign correspondent*



The Spanish real estate market was severely hit during the recession 10 years ago, but the market is recovering, and prices are growing, the volume of residential sales are up, and developers are coming back into the market.

While prices have still not returned to the highs achieved before the recession, overseas buyers and investors are back in the market. Buyers from Britain still make up the most significant market share of international buyers at about 15 percent, but there has been a rapid growth in buyers from European countries such as Holland, Germany, Russia, Norway, and Sweden. Prices have recovered—most in the capital of Madrid—but steady growth in prices is happening in Barcelona and one of Europe's premier holiday destinations, Marbella.

## MARBELLA

With over 300 days of sunshine, Marbella, with its beauty and lovely beaches, attracts tourists and

holidaymakers year-round. Marbella boasts world-class restaurants, excellent shopping and a picturesque Old Town with great character, history, and charm. For families, Marbella offers a fantastic quality of life, excellent schooling (including some top international schools), outdoor activities and excellent healthcare. Marbella's international airport enjoys direct flights from over 50 countries, and Spain's highspeed train system connects the city to major European centers.

Residential property development has been encouraged by the pending investment of major hotel groups in the area. It's reported that the quality of building has improved dramatically in the area and developers are conserving the low-density environment, incorporating extensive community facilities and have become serious about environmental requirements.

One of the largest new residential developments is being built by a British company near Marbella at Ojen. It will eventually have over 600 luxury apartments spread over 10 phases. One of the unique features of the development will cater to the business professionals who conduct business from many locations

worldwide—a high-end, shared workspace for the use of residents. Homes will be two, three and four bedrooms, with garages and storage, and will start at \$552,900. The development will be gated with 24-hour security, and most units have breath-taking sea views.

## SPANISH GOLDEN VISA PROGRAM

For non-EU nationals, an additional benefit of buying in Spain comes in the form of The Spanish Golden Visa program. This was introduced in 2013 to encourage foreign investors to purchase real estate in exchange for residency in Spain. You must invest at least \$570,000 in real estate to qualify for the program. This does not include buying costs and fees which are typically between 10 and 12 percent of the purchase price. Certain other conditions apply to all such applications.

Similar to other European countries, Spain would seem to be back as one of the significant destinations for international buyers and investors. ▶

*The Cathedral of Madrid*



**While prices have still not returned to the highs achieved before the recession, overseas buyers and investors are back in the market.**

THE OTHER SIDE  
OF REAL ESTATE

# PREDICTIONS OF A CHANGING TIDE

*Recently, agents started talking about something new—their marketing and advertising spend.*

By Warren Dow

The new year is a time for reflection of the year past and setting goals for the year ahead. 2018 was a big transition as I moved from the software side of real estate into operations. I've watched the ebb and flow of our brokerage and agents throughout our distinct markets, and just as I thought I had a handle on things, things begin to change.

It started with a call from a referral in California talking about how their market is getting more and more competitive. Then, we started seeing some local brokerages move to franchise models. We've seen new agents coming into the market and seasoned agents looking to make a change. In every recruiting interview, agents started talking about something new—marketing and advertising spend. Across the board, new or seasoned, they were concerned about the costs associated with buying their leads, branding themselves, paying transaction fees and administrative support. The word that comes to mind is risk.

As we begin to see the initial signs of a cooling real estate market, agents will also start to think about how these conditions will affect their business and

how to minimize risk and maximize their income. I've pulled out my crystal ball to share three predictions for 2019 and the years ahead:

**Prediction 1:** Agents, as well as small brokerages and teams, will shift back to full-service brokerages where they can focus on what they're great at—helping people buy and sell real estate. These agents and teams will let the brokerage spend the money on generating leads, branding, marketing, and administrative and transactional support. There will always be room for the agents and brokers who want to have full control of their branding and marketing, but I predict we'll see a reconsolidation of

these individuals within full-service brokerage models as the real estate market gets more and more competitive. Additionally, more agents will leave the industry or join larger agent teams within their brand.

**Prediction 2:** I also see a change in the way both brokerages and agents are buying leads. When big players like Zillow start adjusting their Premier Agent program, it's easy to see industry-wide changes following close behind. At the National Association of Realtors® Annual Conference in Boston, more call center companies were pitching their lead qualification tools. OpCity is a great example, and it's owned by Move Inc., the owner, and operator of Realtor.com. OpCity takes on the risk of lead generation for your brokerage with no upfront fees. They call, filter, and continually follow up with inquiries until the lead is ready to speak to your agents. Instead of paying upfront for the lead, the brokerage pays a referral fee if, and when, a transaction closes. This is a similar modal that we've seen with Rocket Mortgage and InHouseRealty. I predict that lead generation models are going to shift more to referral fees than upfront costs

As we begin to see the initial signs of a cooling real estate market, agents will also start to think about how these conditions will affect their business and how to minimize risk and maximize their income.

per lead. It's all about the conversion rates. If you're nine times more likely to convert a lead if you respond within five minutes and a call center has an average response time of fewer than 10 seconds, the conversion rates will quickly show that referral fees can be a more efficient solution for lead generation.

**Prediction 3:** This is less a prediction than the belief that history repeats itself. As real estate markets begin to slow, both agents and brokerages start watching their marketing spend closely. They look at what's working and what's not in a more granular way. While technology can be used to enhance the day-to-day for an agent, it's also an additional expense many agents can't justify when times are tough (all part of Prediction 1 and the move back to full-service brokerages).

What successful agents do in response to trimming technology is impressive—they focus on the basics. They focus on the quality of their relationships more so than the quantity of their new leads. They make more phone calls. They send handwritten notes. They write and send newsletters. We like Service for Life which has been helping agents for over 15 years. We're going to see more back-to-basics classes at every conference. We're going to see more on understanding and articulating your value proposition. We're going to see more negotiation classes. However, most importantly, we're going to see traditional sales skills, focused around the relationship, shine through. Real estate is a relationship business, and I think we're all ready to create some intentional, well-meaning connections in all facets of our lives.

I see 2019 as being filled with agents who need to make hard decisions about the tools and support they need and want to pay for. I see full-service brokerages providing more value than ever before, just by absorbing the risk on behalf of their agents. However, most importantly, I see a year filled with agents focusing on the quality of their relationships and the real value they bring to their transactions. All good things!

---

*Warren Dow is the VP of Business Development at Peabody & Smith Realty based in New Hampshire. Warren has over a decade of leadership experience in real estate software and services. With a degree in behavioral neuroscience and a background in technology, consumer engagement, and marketing strategy, Warren offers a unique perspective in brokerage efficiencies with a client-first mentality. 🐾*

T H E  
**REAL TRENDS**  
F I V E H U N D R E D

**Brokerage Rankings  
Now Open!**

Did your brokerage close  
**500+**  
residential transactions  
in 2018?

**SUBMIT!**

# REAL TRENDS AND TOM FERRY INTERNATIONAL ANNOUNCE STRATEGIC PARTNERSHIP FOR TOP AGENT AND TEAM RANKINGS

REAL Trends, Inc., the Trusted Source in residential brokerage, announces a new, strategic partnership with Tom Ferry International on the 2019 Agent Rankings— The Thousand as advertised in *The Wall Street Journal* and REAL Trends America's Best Real Estate Professionals. Ferry is internationally regarded as the industry's No. 1 real estate educator. The rankings will be rebranded as the REAL Trends & Tom Ferry The Thousand, as advertised in *The Wall Street Journal* and the REAL Trends & Tom Ferry America's Best Real Estate Professionals.

The Thousand, as advertised in *The Wall Street Journal* ([realtrends.com/rankings/rt1000](http://realtrends.com/rankings/rt1000)), is an annual, national awards ranking sponsored by REAL Trends—the Trusted Source—and advertised in *The Wall Street Journal*. Designees are recognized as the top one-half of one percent of more than 1.3 million licensed real estate professionals nationwide.

REAL Trends America's Best Real Estate Professional's list ([www.AmericasBestRE.com](http://www.AmericasBestRE.com)), now in its seventh year, ranks the most productive agents by state and metropolitan area based on closed transaction sides and closed volume. With REAL Trends' new strategic partnership with Tom Ferry, sales professionals and teams that are on the list will get even more recognition for their fine work.

"Tom Ferry has one of the pre-eminent education and coaching companies in the country," says Steve Murray, president of REAL Trends. "We're thrilled that he and his team will be joining the REAL Trends team in elevating our goal of recognizing the top performing agents and teams in the United States. Working together, we'll uncover emerging talented agents as well as bring more value to all of the 14,000+ teams and agents that we now rank." ▲

"The REAL Trends team set the precedent on what success looks like in our industry with The Thousand list," says Tom Ferry, founder of Tom Ferry International, a renown real estate coaching firm. "We're honored to partner in recognizing these talents and will continue to help agents realize their potential."

**"The REAL Trends team set the precedent on what success looks like in our industry with The Thousand list. We're honored to partner in recognizing these talents and will continue to help agents realize their potential."**

— Tom Ferry




**THE THOUSAND**

AS ADVERTISED IN THE WALL STREET JOURNAL.



— REALTRENDS | TomFerry —

**AMERICA'S BEST**

REAL ESTATE PROFESSIONALS

Agent & Team Rankings  
Open Jan. 9!

Agents,  
did you close  
**50+**  
transactions or  
20M in volume?

---

Teams,  
did you close  
**75+**  
tranactions or  
30M in volume?

**SUBMIT FOR THE  
2019 RANKINGS!**

TWO of the industry's most informative events for real estate leaders - **BACK to BACK** in ONE great city!

DealMAKERS  
\*PRE-CONFERENCE\*



THE GRAND HYATT DENVER, CO

**MAY 14-15, 2019** **\$595**

**MAY 15-17, 2019** **\$1500**

Learn trends in valuations, mergers and acquisitions along with strategies for building value in this super charged, 24-hour conference.



**KEYNOTE SPEAKER**

**Ken Auletta**

Author, Frenemies

Joined by: Larry Kendall, NINJA Selling  
Robert Reffkin, CEO of Compass  
Mike Staver, Industry Mastermind

Reserve your spot NOW at [www.rtgoe.com](http://www.rtgoe.com)

# REAL TRENDING PODCASTS

What you need to know to stay on top of the latest trends and happenings in real estate.



Each week, REAL Trends President Steve Murray offers insight into the top trending news items of the week. These 10- to 15-minute podcasts offer topics such as analyzing Compass' strategy and advice for competing with the new iBuyer model, plus a whole lot more!

It's a quick hit of information that you can listen to on the way to work or during your workout.

To subscribe to our REAL Trends channel:

**CLICK HERE**