

# REAL *Trends*

The Trusted Source

CELEBRATING OUR 25TH YEAR

## COMMENTARY

### Some Basics from *Game Plan*

We have had numerous kind comments about the book *Game Plan* that was issued back in May of this year. For these we are very thankful and trust there is some value for those who take the time to get a copy and read it.

*(Commentary continued on page 2)*

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We have been asked about some of the core beliefs we discovered in the research that led up to the book. These are some of the most important:

- In an era of slow growth in housing sales it is vital that a firm strengthen the cultural ties that bind a company. Whether through more regular communications, building intra-company ties through events, or working together on community outreach, building strong relationships with your people is paramount and will be so for the ensuing years;
- Growth will not come to those that hope for it but to those who have a plan and execute that plan. There are no excuses any longer for those who cannot recruit, develop and retain sales professionals. There is only a limited future. For another reference, read how Billy Beane built a hugely successful baseball franchise through rigid adherence to a plan to field a successful team and be profitable (*Moneyball*, by Michael Lewis);
- Whereas the brokerage firm had left the field of play in developing business opportunities, the new field of competition will include a large component of how well a firm can create opportunities for the sales professionals of their firm. Whether such opportunities have a high capture rate or low, that will not matter nearly as much as the fact of the opportunity;
- The importance of effective leadership has never been so tested as it is now and for the foreseeable future. ■

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## *Mergers and Acquisitions Making a Comeback*

Based on our work with numerous brokerage firms across the country of varying sizes, locations, and models, the market for real estate brokerage firms is returning as a means of growth. For firms that have no succession plans, little remaining capital and low prospects for recovering in the short term, this is a good time to consider a combination with others that may offer some cash (yes there is cash out there) and reasonable terms over several years for additional payment.

It is clearly time for those who lack the financial or human resources to stay in the industry to find a profitable and dignified exit. With sales improving only a little, and with the height of the sales cycle just about over, should a firm not have access to 4-6 months worth of operating capital in hand it is time to consider alternatives.

Multiples are in the 2.5 to 3.5 range for medium to small firms and somewhat higher for larger firms. Much of the value depends on whether those wishing to exit have liabilities that have to be covered in any substantial way. This can hinder a combination or lower overall value. Shed those that can be disposed of as soon as possible. Terms also

matter greatly. Remember that “your price, my terms, my price, your terms” is how deals get made.

There is capital looking for opportunities both from within the industry and from outside the brokerage business. We expect that this may continue for some time over the next few years. ■

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## *The Sum of No Standards is Zero*

*By Jeremy Conaway, contributing editor*

It was a wonderful summer afternoon with the midday heat allowing the daily “power read” to occur on the deck overlooking Rennie Lake, a classic northern Michigan setting. As I worked my way through my “must read” list *Inman News* came up and I began the often-arduous process of working through the most recent postings. Out on the lake the resident loons were sounding their periodic trumpets the purpose of which is never obvious but the effect of which is always thrilling.

The editor had placed a tempting phrase in the search box, obviously attempting to capture the reader’s attention to what might otherwise have been a missed article. In this case, the terminology was “A peek ‘Behind the Curtain’ at real estate practices.” My attention focused I went on to read a six part article by Matt Carter, one of my favorite *Inman* reporters. It immediately became obvious that this was not just another survey and without question was not just another story. This is the beginning of what many in the industry have been waiting for.

The article was reporting on a reader survey that *Inman* had recently completed. The survey questions revolved around a series of focused reports on some 38 real estate practices identified in a reader survey as divisive and/or controversial. Each segment detailed the results of the survey’s findings.

The choice of the terminology describing these practices (divisive and/or controversial) immediately caught my attention. Nowhere were the terms illegal, unethical or outright damaging used despite the fact that many of the identified practices were either outright or close call violations of statutes,

rules or regulations adopted by the various state licensure statutes, professional standards, ethical codes or MLS operations who claim responsibility for maintaining the rule of law or fairness in that particular area of industry practice.

Similarly the statistical terms used to report on the survey results were also sometimes curious. The survey of agents and brokers asked real estate professionals about both the frequency of more than three dozen questionable customs and practices, and whether the respondents thought such behavior was acceptable or not. When describing the severity of something that was either unacceptable or infrequent the story glossed over responses that often reached 20%. *Inman* reported that more than 500 respondents participated in rating the acceptability of those practices, and some 367 participated in reporting on the frequency of those practices in their markets.

I want to say from the onset that I think Matt and *Inman News* deserve praise and recognition for this work. The report is marvelously non-judgmental especially considering the fact that our industry has, over the past many years, steadfastly refused to adopt any meaningful standards of practice and that has vigorously and sometimes ruthlessly opposed in attempts by groups from inside the industry to do so.

By way of example, one need only revisit the efforts of the Real Estate Standards Institute (RESI) in 2005. RESI, organized and funded by dozens of local REALTOR® associations used over 1,500 volunteers and the creative energies of *Real Trends* Editor Steve Murray to create a comprehensive set of real estate standards of practice only to have them summarily dismissed by the greater powers.

The events of the past six years have proven beyond a reasonable doubt the necessity for such standards. Today the economy on which all of our lives depend as well as the lives of millions of American families continue to be grievously impacted by the mistakes that were made during the final moments of the great real estate boom.

At some point, history will determine how these millions of families arrived at the impression that the bubble would never burst and that they were well advised to proceed with transactions that on their face made no sense. Only history will provide a clear verdict relative to what role a lack of standards played in that disaster. We can only hope that when the final story is written that our industry will be able to be proud of the role that it played.

But in the meantime the story continues to unfold. The past five years have seen the rise of the most powerful consumer the American culture has ever produced. Even now it is clear that for a significant number of reasons this new consumer is not saying, “yes” to an American dream that includes home ownership.

The fact that the effective homeownership level is now moving towards fifty percent should not be interpreted as the natural result of a troubled economy or a strained mortgage environment. Don't be deceived by the fact that the market may well deliver over 5.3 million transactions this year. Consider how many of those are investor purchases and the true picture emerges. The fact is that millions of Americans, especially those within the “Y” generation are just saying no to home ownership.

There is a common perception within the industry that the current dilemma will turn around when the economy comes back to some mystical level. Those who are monitoring the conversations and literature of the 21 – 31 year old consumer group know that this isn't the case. This massive demographic is questioning not just the investment quality and economic sense of home ownership but, and more importantly, the safety of the real estate transaction itself.

The *Inman* survey will not promote either the stability or the apparent safety of the real estate transaction. Taken as a whole the results of the survey portray an industry driven by a laissez-faire attitude with little or no concern for a nation's or consumer's need to feel safe within a real estate transaction.

Is this who we really are? Is this who we really want to be? Is this the image that will drive a whole generation of potential homeowners back to the marketplace? What is our statement to the American consumer regarding the joys, benefits, advantages and, yes, risks, of home ownership? What should our statement be about standards of practice and the safety of the transaction?

Without some sense of safety, security and stability the American consumer will not return to the real estate market. The essence of safety in virtually every field from food quality to automobile design is the presence of transparency and standards. Our industry desperately needs to conduct a dialogue on the subject of standards.

This is going to require the work of leaders who are willing to address and solve the difficult issues. This in turn will require taking a few moments to set aside the petty politics and empire building of the current industry environment in order to focus on this critical and ultimate issue.

In the final analysis it will not matter who wins the current jurisdictional and informational battles if the winner's first act will be to face an American consumer who is openly questioning the validity, voracity and stability of the basic act of home ownership and the safety of the transaction. At the very least we are allowing the standards gap to create yet another competitive advantage for third parties to exploit.

Let's take a moment to resolve the standards issue. We can do this. ■

# BROKERAGE

## *Collegiality in the Capitol*

by Nicolai Kolding, associate editor

How could this be? In an age where virtual connections have made getting physically together an almost quaint idea, at a time when costs are being cut from corporations at every conceivable corner, and in an industry populated by independent contractors who are infamous for their disinterest in meetings, there is a brokerage where the entire agent base willingly congregates once a week, every week to listen to presentations and talk business.

“The number one tool the firm offers all of its agents, including myself, is the networking sessions and the weekly meetings,” says Bill Moody, who is

*“The number one tool the firm offers ... is the networking sessions and weekly meetings.”*

both one of the area’s top-producing agents and one of four owners of the company.

The results from this seemingly simple yet fervently consistent approach are nothing short of stunning. While Washington Fine Properties and Armfield, Miller & Ripley Fine Properties enjoy quietly solid reputations as mid-sized, “carriage trade” brokerages in Washington, D.C., Maryland, and Virginia, the production generated from their approximately 125 sales professionals is arguably second to none. In fact, in our annual ranking earlier this year of the 500 largest residential brokers in the United States, Washington Fine Properties took the top spot in terms of closed



*Left to right: Tom Anderson, Dana Landry, Bill Moody and Marc Schappell*

only firm in the report whose average agent closed over \$10 million annually).

The sales meetings, which are run with an efficiency and eye for detail that would make a Swiss watchmaker proud, begin promptly at 11:30am each Thursday and last exactly 90 minutes. The first half-hour is solely for networking. At noon, over lunch, the agents then hear from the managing partners (Tom Anderson, Dana Landry, and Marc Schappell) who give a brief update of the market before quickly covering any number of newsworthy topics that they believe will give their agents a competitive edge and spur a passionate conversation amongst those in attendance that reinforces their goal of creating a collaborative atmosphere.

“We will select a subject that might be something that they’re dealing with,” says Dana Landry. “Whether it be negotiations, appraisals, pricing, inspections, or financing; we bring up a subject that is something that opens up a discussion both from us and with them among themselves.”

These meetings are just a tangible confirmation of the intended structure and philosophy of the company. When speaking with the partners, who will occasionally finish each other's sentences as if they were close siblings, one is struck by how often the words consistency and collegiality are used. This is the way it's been since Washington Fine Properties was launched in 1999, when the owners put into place a very clear strategy as to how they wanted the brokerage to operate along with a vow to remain true to it.

"We've had a game plan for the last twelve years and we've very much stuck to the game plan," explains Marc Schappell. The goal from the start, he says, was to establish "a professional services firm whose vertical just happened to be real estate sales." The partners even went so far as to establish very specific limitations around how big they wanted to become (or, rather, how big they would allow themselves to get).

"We put in place a number of parameters as to how we were going to grow the firm that have served us really, really well," continues Schappell. "We said twelve years ago we would like not to ever have more than 125 agents in the firm because beyond that we thought we'd lose a certain level of intimacy and ability to communicate between each other." They also determined that they would grow to no larger than seven locations and, most surprisingly, would forego relationships with related service lines.

"We choose to know what we stand for," says Tom Anderson. "We sell real estate. We don't want to have a title company, a mortgage company, or an insurance company. Those are businesses we feel would distract us from our core business, which is selling real estate."

Key to this is a very deliberate approach to carefully hire only the talent that they feel would fit their culture. New associates are very often recommended from the company's agents; they are then only considered after several interviews with all of the

partners have taken place. According to Schappell, who was formerly an executive at a top recruiting firm, "our very selective strategy creates a self-fulfilling prophecy – our very fine agents help us attract the finest agents in our markets."

"Some firms in our market recruit one hundred agents every month," says Schappell, before proudly adding. "We've taken twelve years to recruit 100 agents."

"An organization is only as good as its people," puts in Landry. Building the firm they envisioned could only be accomplished if they brought together "the very best agents who share the same values and professional approach to the business" that the partners did.

*"We have one commission structure. Every agent lives by the identical production schedule. There are no exceptions to it."*

It should come as little surprise that the company's consistent philosophy extends to their compensation program. "We have one commission structure," emphasizes Anderson. "Every agent lives by the identical production schedule. There are no exceptions to it; it's known to the industry. Each and every one of them can trust in and feel good about the fact that every one of their colleagues is on the same schedule."

Adds Schappell: "If your hallmark is trust, you can't cut special deals."

As complicated as some firms choose to make it, Washington Fine Properties stands as an example of a brokerage achieving exceptional results by applying a simple, yet consistent and unwavering, operating approach. Their philosophy is not only surviving our disconnected, cost-cutting, solitary

times, but bucking all these trends and thriving because of it.

How could this be? It almost seems too easy, doesn't it? ■

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### *The Value of the “Small Deal”*

It's easy to get caught dreaming of the one big transaction that will solve everything and propel you to new heights. No doubt there are many of us in the industry who are perhaps more hopeful than realistic in this regard. But we are reminded time and time again of the value in the smaller transactions.

Those in the mergers and acquisitions world absolutely know this. Although the big transactions garner the lion's share of attention and excitement (and the occasional headline), it is in the “roll-ins” where the real returns are made. The risks are always far lower as are the resources required (both financially and personally). Even in these challenging times, many continue to make the mistake of dismissing these deals as being too small to take seriously. The cumulative effect of just a few small roll-ins can often have a far bigger impact on the bottom line than an equally-sized single transaction.

A significant portion of our work has always been in mergers and acquisitions consultation, both on the buy-side and the sell-side. As much as ever before, we are advising our clients to investigate and pursue single-office transactions that can immediately and measurably bolster their profits. One smaller transaction will often trigger interest from others as a signal is sent to the marketplace

that the broker has eyes on deals of all sizes, as long as they make financial sense.

This point recently came home to our company in a very real way. A client came to us for advice in identifying and negotiating with targeted roll-ins. Apparently they had worked unsuccessfully with another advisor (for shame!) and admitted to us that they had initially presumed we did not have the time or interest to work with such “small” companies as theirs or the brokerages they were interested in. We reminded them, and ourselves,

*“...although we love  
the home run...  
concentrating on  
singles and doubles will  
pay off in the long run”*

that although we all love the occasional home run, keeping your eye on the ball and concentrating on singles and doubles will pay off in the long run. ■

# MARKET NEWS

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## *REAL Trends Housing Market Report – July 2011*

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*July housing sales improve from year ago but decline from June rate.  
Average price of homes sold continue to decline.*

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*The annualized rate of home sales decreased from 5.369 million in June 2011 to 4.478 million in July 2011 but increased from July 2010 rate of 4.109 million. Average prices of homes sold in July 2011 decreased 3.5 percent from July of 2010.*

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*August 22, 2011 – The REAL Trends Housing Market Report showed that the combination of new and existing home sales in July 2011 on an annualized basis decreased from 5.369 million in June 2011 to 4.478 million in July. However the July 2011 rate improved 8.9 percent over the annualized rate from July 2010 in the first month's results after the impact of the 2009-2010 Federal tax credit program.*

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*The average price of homes sold declined again dropping 3.5 percent from July 2010. This is the second consecutive decline after several months of strengthening prices.*

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Housing unit sales for July 2011 were up 17.9 percent in the Midwest on a year over year basis followed by an increase of 8.7 percent increase in the South. The Northeast was the worst performing region with unit sales up only 4.1 percent compared to a year ago.

Average prices of homes sold in July 2011 decreased 3.5 percent across the country. The Midwest had the best performance with average prices up 0.3 percent from a year ago while the West region showed a decline of 5.9 percent.

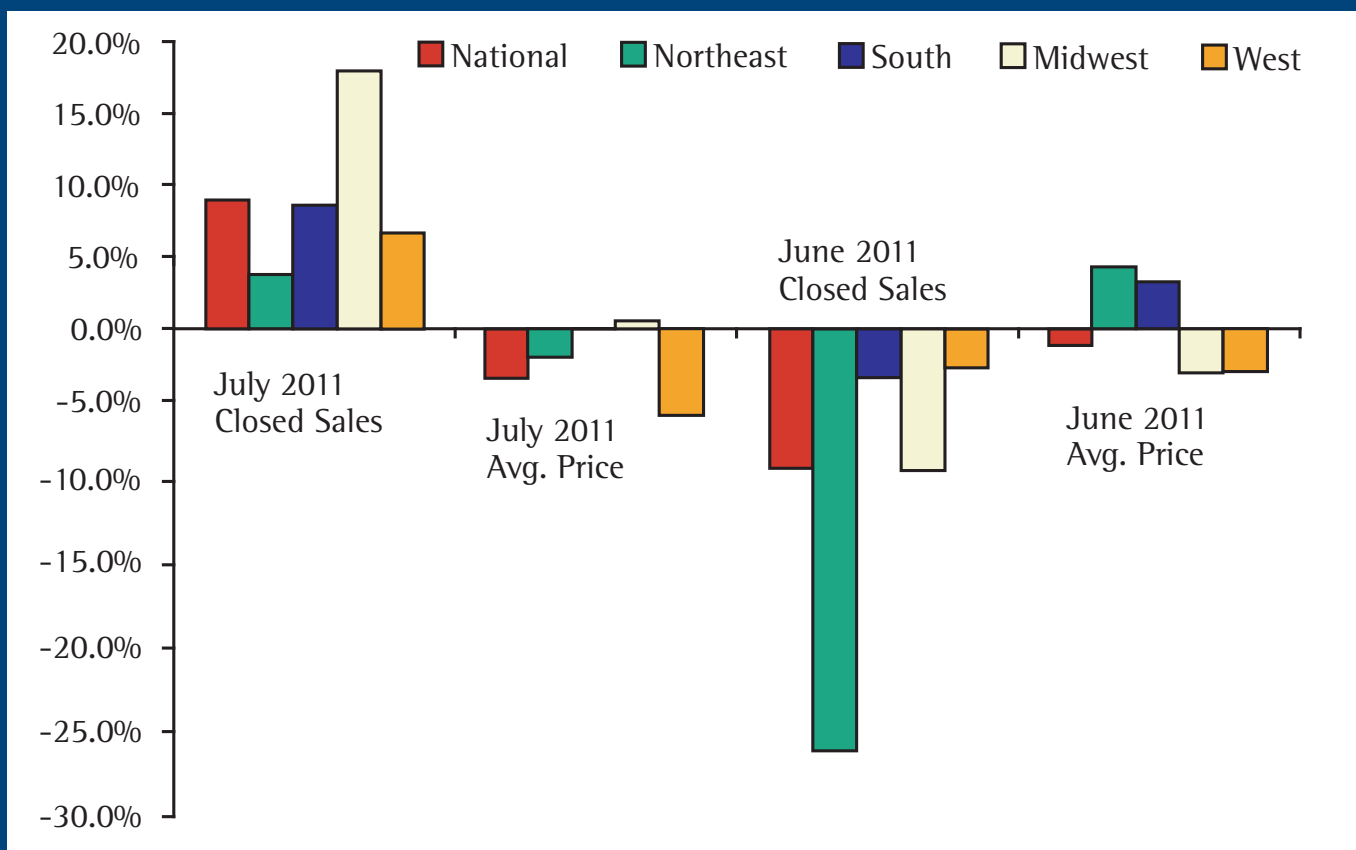
“The good news is that housing sales are up from the same period a year ago the first time that has happened absent the impact of the Federal Tax

credit program. The negative news is that on an annualized basis sales fell significantly from the June and May 2011 rates of home sales. Housing sales are clearly tracking the general economic trends which are not positive at this time in terms of employment and family incomes”, said Steve Murray, editor of the REAL Trends Housing Report. ■

*See the REAL Trends  
July/June Housing Market  
Report Chart on the Following Page*

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

	July 2011 Closed Sales	July 2011 Avg. Price	June 2011 Closed Sales	June 2011 Avg. Price
National	+9.0%	-3.5%	-9.1%	-1.0%
<b>Regional Report</b>				
Northeast	+4.1%	-2.0%	-26.3%	+4.3%
South	+8.7%	0.0%	-3.4%	+3.6%
Midwest	+17.9%	+0.3%	-9.3%	-3.1%
West	+6.4%	-5.9%	-2.7%	-3.0%



### REAL Trends Website Consulting

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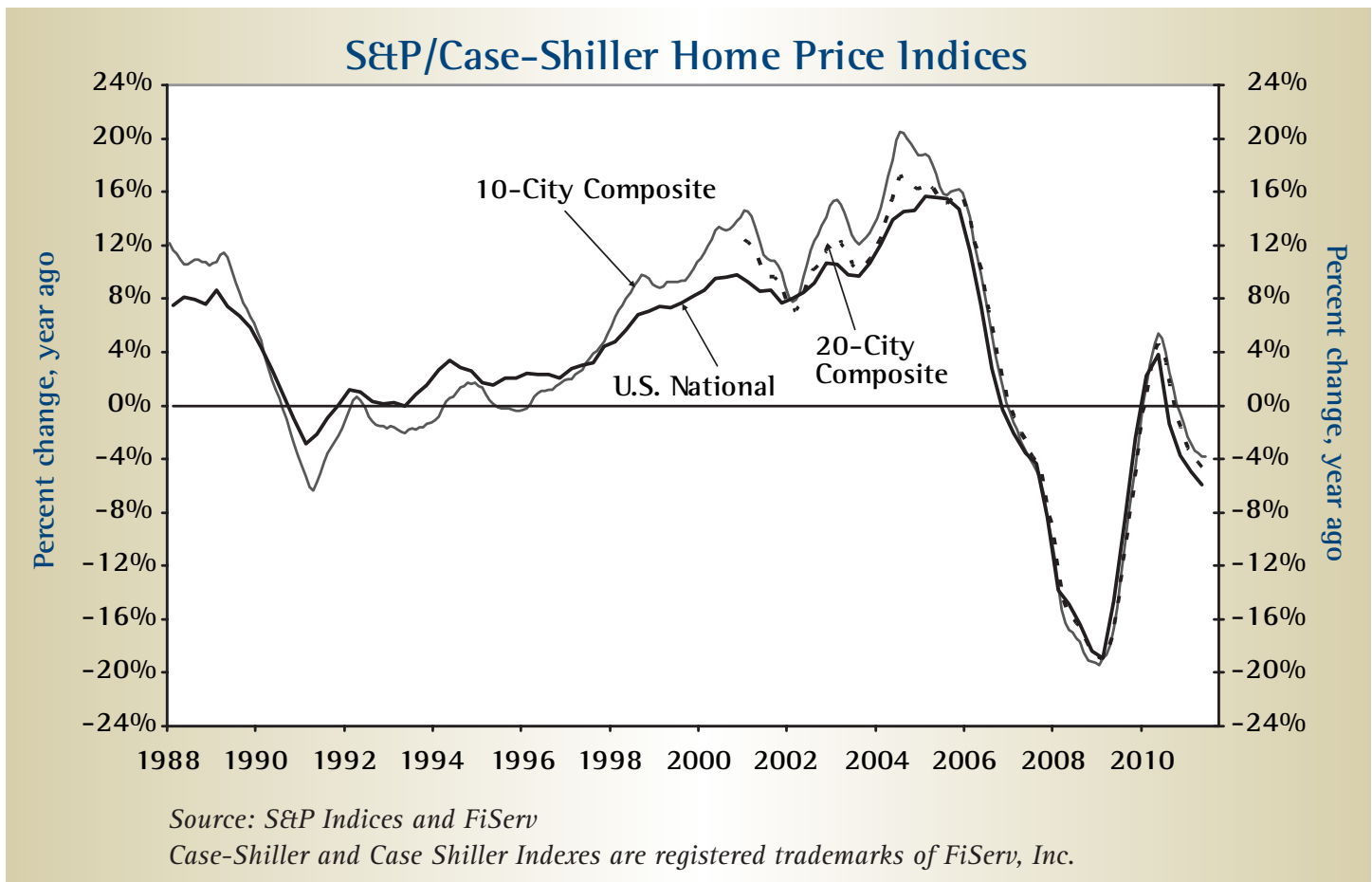
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## Nationally, Home Prices Went Up in the Second Quarter of 2011 According to the S&P/Case-Shiller Home Price Indices

New York, August 30, 2011 –

Data through June 2011, released by S&P Indices for its S&P/Case-Shiller Home Price Indices, show that the U.S. National Home Price Index increased by 3.6% in the second quarter of 2011, after having fallen 4.1% in the first quarter of 2011. With the second quarter's data, the National Index recovered from its first quarter low, but still posted an annual decline of 5.9% versus the second quarter of 2010. Nationally, home prices are back to their early 2003 levels.

As of June 2011, 19 of the 20 MSAs covered by S&P/Case-Shiller Home Price Indices and both monthly composites were up versus May – Portland was flat. However, they were all down compared to June 2010. Twelve of the 20 MSAs and both Composites have now increased for three consecutive months, a sign of the seasonal strength in the housing market. None of the markets posted new lows with June's report. Minneapolis posted a double-digit 10.8% annual decline; Portland is not far behind at -9.6%. Thirteen of the cities and both composites saw improvements in their annual rates; however, they all are in negative territory and have been so for three consecutive months.



The chart on the previous page depicts the annual returns of the U.S. National, the 10-City Composite and the 20-City Composite Home Price Indices. The S&P/Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 5.9% decline in the second quarter of 2011 over the second quarter of 2010. In June, the 10- and 20-City Composites posted annual rates of decline of 3.8% and 4.5%, respectively. Thirteen of the 20 MSAs and both monthly Composites saw their annual growth rates improve, although remaining in negative territory in June.

“This month’s report showed mixed signals for recovery in home prices. No cities made new lows in June 2011, and the majority of cities are seeing improved annual rates. The National Index was up 3.6% from the 2011 first quarter, but down 5.9% compared to a year-ago,” says David M. Blitzer, Chairman of the Index Committee at S&P Indices.

*“(Price) shifts suggest we are back to regional housing markets, rather than a national housing market where everything rose and fell together.”*

“Looking across the cities, eight bottomed in 2009 and have remained above their lows. These include all the California cities plus Dallas, Denver and

Washington DC, all relatively strong markets. At the other extreme, those which set new lows in 2011 include the four Sunbelt cities – Las Vegas, Miami, Phoenix and Tampa – as well as the weakest of all, Detroit. These shifts suggest that we are back to regional housing markets, rather than a national housing market where everything rose and fell together.

“As with May’s report, June showed unusually large revisions across the same MSAs – Detroit, New York, Tampa and Washington DC. Our sales pairs data indicate that, once again, these markets reported a lot more sales closing in prior months, which caused the revisions. Since deed recording is usually county based, if the price trends across counties are very different, then delays from a subset of counties can lead to larger revisions. And data lag lengths tend to vary across the counties within a metro area. If counties with relatively stronger/weaker markets report sales with longer/shorter lags, this will result in larger revisions as we receive the lagged data. Revisions are also likely to be larger when sales volumes are low or the proportions of distressed/non-distressed sales are changing rapidly. Any and all of these factors are likely contributing to the revisions we have seen over the past few reports.

“Nineteen of the 20 MSAs and both Composites were up in June over May. Portland was flat. Cleveland has improved enough that average home prices in this market are back above its January 2000 levels. Only Detroit and Las Vegas remain below those levels.” ■

# NETWORKS

## *An Interview with Canada's Phil Soper*

by Nicolai Kolding, associate editor

While the U.S. housing market continues to struggle in most regions, the numbers coming from Canada, and much of the rest of the real estate world, paint a different story. We recently caught up with Phil Soper, who serves as president and chief executive officer of Brookfield Real Estate Services, which manages the company's three Canadian brands – Royal LePage, Via Capitale (formerly La Capitale), and Johnston & Daniel – as well as Real Living, which has offices in the United States and, recently, Portugal.

Soper, who has been with Brookfield (and its predecessor firms) since 2000 after an executive career in the technology sector spent mostly with IBM, has seen in his time both tremendous changes in the way the business is transacted and a noted consistency of approach from the companies he has been a part of. He attributes much of their success to an ability to change with the times while sticking to a clear mission.

“In order to have longevity in a business you need a combination of flexibility and core values to build around,” says Soper.

This corporate tenet started long ago. He notes for example, perhaps with a touch of quaint amusement and even nostalgia, that there was a time when their oldest and largest brand, Royal LePage, was the only real estate company in Canada to have agents show properties in automobiles rather than going from place to place by bicycle. Many decades later, it also struck a claim as the first to have a national, consumer-facing website. There were many other firsts, according to Soper, throughout the years but all along the company has chosen to focus more on trying to provide relevant business tools and services and less on advertising and branding.

“We believe [sales professionals] are with us because we provide them with the support necessary to be successful and affiliating with us makes them a better professional and makes their business practice more successful and more profitable,” explains Soper.

Although advances in technology have fundamentally changed many aspects of the business in North America and throughout the globe, and are likely to continue to do so, in Soper's opinion no amount of high-tech gadgetry can match a personal approach. From a sales agent's or broker-owner's perspective, he believes that having a wide array of tools is important but that “none of them come close to the business impact of, say, a coaching program.”

*“...none of (the tools) come close to the business impact of, say, a coaching program”*

This philosophy is likely to guide the various businesses as Brookfield continues to look to expand its global footprint. As we wrote about in our February newsletter when we spoke to Graham Badun, managing partner, the company has grown its international business significantly, most notably on the relocation front, since purchasing GMAC Home Services three years ago. Since that time Brookfield's business overseas has been robust, even if that fact has flown somewhat under the radar in the States. The company continues to believe that its strength in the relocation channels will be the foundation from which to build its

other business lines. As international marketplaces broaden and become more complex in structure and needs, Brookfield's aim is to be in a position to share in this growth. In some ways, Soper believes it is simply human nature to want to own a home; for a number of reasons, it has historically been very difficult or prohibitively costly for most to act on that in many countries, but that is rapidly changing and there are relatively few larger, sophisticated firms in a position to profit from this shift.

“As a species, at least part of our natural tendency is to move to new opportunities, to travel, and part of that means buying a new house,” says Soper. “I think a lot of the world, as it gets wealthier, will increasingly do that and they're going to want to do it in a way that preserves their capital and is fair. That presents opportunities for us.”

Brookfield is most likely to use the Real Living brand to drive its franchising operations globally, however, its Canadian experiences and mindset, if you will, could very well lend themselves favorably in other lands. Although they are viewed by most as a “traditional” group of companies in Canada, they have, from time to time, “experimented with alternative service offerings” explains Soper. These experiences, and the spirit of trying new ideas, could turn out to be critical as it is impossible to force a single business paradigm from one country to another.

It may even prove itself to come in handy at home, given the changing landscape even in established markets like the U.S. and Canada, with new models and new regulations seemingly popping up every day. Although a major change in how the Brookfield businesses are run in North America seems extremely unlikely, a flexible attitude and structure will be essential to staying relevant here and abroad. This may apply especially so in the States, where Brookfield has considerably less market share than it does in Canada but where, in Soper's view, the last several years of performance trends makes the upside greater than in Canada, where a softening may be imminent.

As Soper sees it: “I'd say – looking out over the next 5 years – there's much more opportunity in the U.S. for expansion off the current base than Canada. Home prices are stretching the limits of rational affordability, especially in the greater Vancouver area. So I would not see a rapidly expanding Canadian market for the next five years.”

Although maintaining and growing the company's businesses will always be high on his mind, Soper will also find time to concentrate on Royal LePage's upcoming 100th anniversary celebrations (for 2013) while saving plenty of energy for his personal passion, the Royal LePage Shelter Foundation, which, as the company's charitable organization, is the largest supporter of women's and children's shelters and violence prevention programs. ■

## *ZipRealty Expanding Reach*

ZipRealty, among the 5 largest brokerage firms in the nation, announced that they would be expanding the number of markets where they do business through strategic partnerships with existing real estate brokerage firms in addition to maintaining and perhaps growing their owned and operated firms as well.

Lanny Baker, CEO of ZipRealty, told *REAL Trends* “we realize that there are some new ways we can grow our business. One of those is to partner with existing brokerage firms in key markets, offering them the benefits of our skills and experience with housing consumers online, and develop ways for both organizations to profit from the arrangement. We tested this concept with two leading brokerage firms, in the southeast and southwest, and found that the relationship worked well for both parties.”

Baker said that they were interested in expanding the number of existing brokerage firms that they do business with both in some areas where Zip has had owned and operated units and many where they have not had any presence. “We have developed certain skills in attracting and retaining housing consumers through our Web offering and servicing them through our custom in-house relationship management software and systems,” said Baker. “We have determined in our tests that some of our partners even chose to use our system for customer management as opposed to using their own.

What we have found is that it is very workable to blend our skills with the talents and assets of traditional regional brokerage firms to create a solid customer experience and higher levels of business for both of us. What we do know for instance, is that it is not enough to look at your current traffic levels to determine how well you are performing online. It matters greatly that you have a system for staying in touch with potential clients and customers over a longer period of time. For instance, in one recent month over 25% of our closed business came from customers or clients

who first made contact with us over 18 months ago. That is a hugely important issue for us and should be for any brokerage firm seeking to grow in this environment.”

Baker said that the firm was open to inquiries from any solid firms in most markets around the country who may have an interest in partnering with ZipRealty.

### *REAL Trends comment:*

While some may view the shift from company owned and operated brokerage units as a retreat *REAL Trends* see this as simply a shift in the mix. ZipRealty’s core business has always appeared to us to be generating housing customers using an online approach and not necessarily the management of sales professionals on the ground so to speak. It appears to us that they are simply looking to expand that reach through affiliations rather than totally rely on owned and operated brokerage firms and sales professionals.

It is obvious that this is an approach that is well tested and accepted. Realogy, HomeServices of America, Inc., RE/MAX, Windermere, Weichert Realtors and John L. Scott Real Estate are all well know firms that have a mix of owned and operated brokerage firms together with franchised/licensed offices as a means of expansion and serving a variety of markets (HomeServices has franchised offices under several of its owned and operated companies).

Further, with the generation and management of customer leads/business opportunities growing in importance for all firms, partnering with a firm like ZipRealty can be an important new partner in learning how to be more effective at both, faster perhaps than some brokerage firms can do on their own. All in all it makes sense to us for both parties. ■

# TECHNOLOGY

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## *VHT Moving to Become Power House in Lead Management*

Don't let the name VHT (known to many brokerage firms originally as Video Home Tours) confuse you. The leaders of the firm have always thought of themselves more as a marketing assistance firm for residential brokerage firms. With new investments they are enlarging their footprint to offer a broader range of services and tools that enable brokerage firms to use their marketing to drive real business to their firms.

In an interview with *REAL Trends*, CEO Alex Zoghlin and VP Brian Balduf said that the firm had found through the years that brokerage firms don't want to deal with a multitude of providers of marketing services and they don't want to have to learn to implement multiple new technologies or tools, they just want someone to provide services that work.

"One of the main things we have found is that we have to be able to provide solutions to the challenges faced by a brokerage in creating market that works," said Zoghlin. "Brokers have signaled to us that they want tools that work, that are proven and they want a company that will take care of all the details - period. They tell us they want our systems and then rely upon us to install and implement the tool - they don't want tools that require huge amounts of implementation or training, they just want it to work and produce results."

"They don't buy tools - they buy solutions," said Zoghlin.

Among the areas the company is focused on are the Imageworks program set that takes photography that VHT is well known for and creates them in such a way as to enhance SEO (Search Engine Optimization) for the firm - driving more traffic and more business opportunities. Zoghlin referred to this as "fruit on the ground, not

low hanging" and that it has already demonstrated its effectiveness for clients of VHT. Zoghlin and Balduf both firmly believe that the quality of a listing presentation together with related information is where brokerage firms can first start to "influence" the choices that consumers will make as to whom to use for their purchase or sale. Therefore quality photos or home tours are a great area to enhance the consumer experience and create more business opportunities. Our clients have seen an average traffic gain of approximately 37 percent since implementation.

A new solution the company is now offering is Dwellicious, a tool that provides consumers with the ability to track and retain property searches from multiple web sites in one location. Brokerage firms that offer Dwellicious would exhibit a "button" on their web site (likely in a prominent position) and alert consumers that they can store all of their property searches in one location using this tool.

The real treat is for brokerage firms that offer Dwellicious the stored properties would all be with the host brokerage. Thus, anytime the customer wanted to review their stored searches it would take them back to the brokerage firm's site. This new tool obviously provides both great customer value and greater 'stickiness' for the host.

Both Imageworks and Dwellicious are examples of VHT's move away from quality photography into broader business solutions. "We firmly believe that in these days and times, with limited budgets and tough market conditions, brokerage firms are seeking turn key solutions to driving more business opportunities to their sales professionals. That is where we think we are competitive with any firm out there," said Zoghlin. ■

## *Blogging to the Real Estate Consumer*

*by Travis Saxton, marketing and technology manager*

Whether you are deciding to blog for the first time, contemplating blogging, or are a regular blogger this post is for you. We are going to dive into how to be a successful real estate blogger, but in order to proceed there are some fundamentals that need to be covered. The following key points are why it is important to run an effective blog:

- It can create useful content for your consumer.
- Search Engine Optimization benefits are plentiful.
- Consumers ask many questions and you can relieve some of those time consuming answers by blogging.
- Collect relevant comments and find out consumer interests from your blog.
- Branding/Marketing this is a good way to reach out to past clients and future clients by sending out follow-up/relationship marketing campaigns with relevant blog articles.

I am sure there are many more benefits with blogging but these would be my main five points. Now we will enter into how to effectively blog.

Blogging is an art and if you have decided to blog for just one of the benefits listed above, like SEO for example, you are probably not going to be very successful. Blogging is a vehicle to disseminate information and good content is the most basic fundamental that must never be overlooked. In order to create good content you have to put yourself in your consumer's shoes. Blogging is also a commitment and in order to be successful you will need to get a routine down. Halfway committing will only turn the consumer off from your blog. These are the first two areas to cover.

**Make the Commitment:** Consistent content is highly valuable when blogging and to make this happen it

is imperative to commit to a blogging schedule. Some type of editorial calendar is very important you could set it up in your email program or use a service like Google Calendars to make this happen. You will need to do a little soul searching but pick a frequency and amount that you can safely handle. Whether that is weekly, biweekly, or otherwise.

*“Blogging is a commitment, and in order to be successful, you will need to get a routine down.”*

If you are doing email campaigns with your blog posts beware of overload as the consumer is inundated with email these days. There is no right or wrong amount and it is up to you how much to blog. But the key is being consistent.

**Useful Content is Key:** Real estate professionals have an excellent opportunity to create useful content. The real estate transaction is a complex process with many moving and confusing parts to the average consumer. This is a great area to start with. Focus on basic topics like:

- What is a mortgage?
- How does title work?
- Do I need an inspection?
- What is MLS?
- Why do I need a real estate agent?

And add in oddities or local issues like:

- What is radon gas?
- What is a sump pump?

You also have great opportunities to assist with current homeowners like:

- How do I finish my basement?
- How to winterize your home?
- What are home security basics?

This list goes on and on and I bet after another ten minutes I could probably have 52 basic but useful topics for the real estate consumer. That is one for every week of the year. If you input this into your editorial calendar you have set up, when it comes to writing the blog posts it will be so much easier. Plus, since these are basic topics you should be able to put together several paragraphs in no time making committing to this process even easier.

If you notice in my topics to write about every one is in the form of a question. Blogs are powerful SEO tools that can land you leads if performed properly. The main fundamental of this idea is to think like the consumer. You have probably seen numerous questions the consumer has asked you as an authority figure in the real estate industry. You probably have many more questions simply in your inbox that consumers ask you. Not only are these great topics, but they are great titles for your blog article. The premise here is most people use their

natural language when it comes to Google so if I am trying to find out what a sump pump is most consumers would type “What is a sump pump?” or “Why do I need a sump pump?” So use these questions as your blog article for better SEO benefits.

**Linking and Sharing:** Make sure to add many inbound and outbound links to and from your blog articles. Doing so will raise the SEO value of your site. I recommend using a sharing service such as addthis and using that on each blog article you write. If you have a wordpress blog there is an addthis plugin, in addition I strongly recommend you check out the Title Tag Plugin and Scribe plugin which help fairly significantly for SEO. You also need to share your content yourself on your social networks and any other channels you have access to. This is the easiest way to build inbound links to your site.

Lastly, I would say after you have begun building an audience and have numerous stories archived you should be active on how you expose your blog. Here is a list of resources or online directories where you can submit your blog to gain additional exposure: <http://www.aripaparo.com/archive/000632.html>

Happy Blogging! ■

# EDITOR'S NOTE

The REAL Trends Institute will be held September 28-30, 2011 here in Denver at the Westin Denver Downtown hotel. The focus of the Institute is on succession planning and effective management of sales and operational management. We have planned the program to be small with fewer than 100 spaces available and rather than a "power point driven" agenda it is almost entirely interactive discussion among the participants. This new format was derived from some strong recommendations from those attending the 2011 Gathering of Eagles here in Denver.



## Brokerage Performance Report

Keeping with our pledge to be your trusted source we will be issuing the 2011 copy of the

REAL Trends Brokerage Performance Report at the conference and will make it generally available to all readers after the Institute.

We have recently released *The Thousand*, the rankings of the top sales professionals and teams in the U.S. based on calendar 2010 results. They are available online at [www.realtrends.com](http://www.realtrends.com). If you're interested in participating in this prestigious ranking in 2012, please email us at [realtrends@realtrends.com](mailto:realtrends@realtrends.com). ■

