REALTRENDS
THE TRUSTED SOURCE

COMPLIMENTS OF

DENVER METRO
ASSOCIATION OF REALTORS®

AUGUST 2018 NEWSLETTER

FIVE MONTHS IN A ROW

PENDING HOME SALES DOWN—AGAIN

What should brokers be focusing on with regards to a declining market?

By Steve Murray, president

The National Association of Realtors® reported that their Pending Homes Sales index reflected the fifth month in a row of declining home sales on an annualized basis. Five months of declining pending home sales indicate more than a seasonal flutter.

As with others, I look around and listen to brokerage firms in the Denver area, as well as in other areas. What I've heard is that even sky-high markets like Seattle and Denver are seeing increased inventory and a decrease in the aggressiveness of buyers in mid- to upper-price ranges regarding multi-offer situations. We've read about this same situation in other markets as well—declining home sale units and increased inventory. *The Real Deal* and

1-5 FIRST PERSON
- Pending Home Sales Down—Again
- M&A Activity Booms?
- Can Your Brokerage Analyze and Track Basic Data?
- Frenimies and Money Ball

6-9 BROKERAGE
- Retained Company Dollar Continues to Slide
- Lose the Word *Accountability*

10-12 MARKET
- Consumer Behavior Study
- June ShowingTime Showing Index

13-14 REGULATORY
- Trump Admin Tackles Disparate Impact Theory

15-16 GLOBAL
- The Growing Dominance of Real Estate Brands Operating Internationally

17-18 TECHNOLOGY
- Digital Marketing: How to Carve Out a Niche

19-20 PUBLISHER'S NOTE

REALTRENDS
THE TRUSTED SOURCE

7501 Village Square Drive, Ste. 200
Castle Rock, CO 80108
Phone: 303-741-1000
E-Mail: realtrends@realtrends.com
Web: realtrends.com

President:
Steve Murray - smurray@realtrends.com

Publisher:
Tracey Velt - tvelt@realtrends.com

REAL Trends Team:
Alicia Vivian - avivian@realtrends.com
Bo Frize - bfrize@realtrends.com
Brent Driggers - bdriggers@realtrends.com
Bryan Warrick - hi@hihellostudio.com
Cooper Murray - cmurray@realtrends.com
Doniece Welch - dwelch@realtrends.com
Nikki Lindholm - nlindholm@realtrends.com
Peter Gilmour - pgilmour@realtrends.com
Rebecca Chapla - rchapla@realtrends.com
Scott Wright - swright@realtrends.com

other publications, for instance, are reporting this about the New York City market.

Learning from the Past

Having lived through the build-up to the 1999-2001 stock market crash and the build-up to the 2006-2010 housing market crash, I can share this. Both times, the Federal Reserve Board waited far too long to raise rates to cool off the speculation that was rampant during those times. Further, they had very loose monetary positions, pumping substantial liquidity into the nation's financial system. Once they started to tighten, both markets reacted suddenly and overwhelmingly.

Possible Reasons for Slowdown

One of the reasons the housing market is showing signs of a slowdown is due to rising rates. It makes owning more expensive, especially impacting first-time homebuyers. But, more likely than not, it also affects move-up buyers in that they are faced with high rates on their new mortgage compared to the ones they got six to eight years ago. That change could be, for instance, from 2.75 percent on their old mortgage to 4.25 percent on their new mortgage. That's a huge jump for many.

Another reason, of course, is that home prices in most markets have appreciated at far higher rates than the growth in incomes across the country for the last nine years since the recession formally ended. Housing prices rose three times as much as household incomes did since 2009. This varies from market to market, but, overall, this is the case for the entire country. It was only a matter of time when the average-priced home is out of reach for growing numbers of Americans, whether they are first-time buyers or move-up.

ONE OF THE REASONS the housing market is showing signs of a slowdown is due to rising rates. It makes owning more expensive, especially impacting first-time homebuyers. But, more likely than not, it also affects move-up buyers in that they are faced with high rates on their new mortgage compared to the ones they got six to eight years ago.

What Should a Brokerage Focus on Now?
Having worked with brokerage leaders through four housing market downturns, REAL Trends has observed the following about what the most successful did. They:

- Reduced capital spending wherever possible.
- Reviewed every expense line and removed spending from areas that were not strictly addressing listings, sales and recruiting.
- Shortened up leases for space wherever possible and reduced space.
- Got credit lines in place.
- Preserved cash.

The Most Important Thing to Do
Most importantly than the above is to get closer to your organization. Spend more organized time with your top agents and key leadership team members. As we said in our white paper, *Against all Odds,* the stories of REAL Trends 500 companies that grew through the 2006-2010 downturn, they got closer to their people, thought and acted strategically and were intentional in all they did.

What Happens Next?
The Fed has said that they intend to raise rates twice more this year and perhaps three more times in 2019. It's certainly possible to see mortgage rates above 5 percent before the year is over should the Fed follow through with these plans. The economy seems to be bearing up well with the rate hikes already in place. Unemployment is at an all-time low for almost every demographic group in the country.

As we've written before, the percent of households buying a home each year averages about 4.5 percent over the last 40 years. That is where it is right now. While demand remains high due to higher household formations, the lack of inventory has limited the ability of households to buy.

This Isn't a Bad Thing
A slowdown at this moment is not a bad outcome. Inventory levels are rising, and prices softening are not an adverse outcome. A cooling off of the housing market is not a bad thing.

We've seen the alternative. When the Fed raised interest rates too late in an economic cycle, in 1980, 1989 and 2005-2006, the downturn in housing sales was more painful than it had to be. It appears that this time, they said they were going to raise them two years ago, raised them a little last year, several times more this year and have communicated they will continue to do so. While there may be some discomfort in the brokerage industry as we adjust, it may enable us to avoid steep declines in housing sales and economic activity later.

The percent of households buying a home each year averages about 4.5 percent over the last 40 years. That is where it is right now. While demand remains high due to higher household formations, the lack of inventory has limited the ability of households to buy.

STRONGER THAN EVER BEFORE

MERGER AND ACQUISITION ACTIVITY BOOMS

REAL Trends is doing more valuations than ever before. Why the increase?

By Steve Murray, president

Scott Wright, REAL Trends director of mergers and acquisitions, recently wrote about the boom in valuation activity and how the variety of valuations were well above any levels in prior years. This is true for all brands, business models and regions of the United States and Canada. Not all are about selling a brokerage firm. In fact, those getting a valuation for the potential sale of a firm are in the minority of the work we do.

Age of Ownership and More

It's also true that merger and acquisition activity is robust. Why? Indeed, some of it is due to the age of the ownership of many leading brokerage firms. Some of it is due to the lack of succession planning within the community of brokerage firms. Other segments of mergers and acquisitions are due to the purchase or sale of minority interests in brokerage firms.

Market Uncertainty

Some are also due to market uncertainty. The number of new models entering the business and the levels of their capital backing has affected the confidence of some realty firm's leaders in their future view of the profitability of a brokerage business. With an apparent *race to the bottom* by an increasing number of firms regarding agent splits and the price of the retention of high-producing agents, many brokerage firms are left wondering how to continue to grow their firms and profits when they're getting challenged at both ends of the spectrum. Further, some firms are offering new ways to lower the cost of a transaction to the consumer through direct purchases or lower commission rate offerings.

Each of these factors is playing into owner decisions about whether or not now is the time to consider the sale of all or a part of their brokerage firms. Further accelerating such choices are the number and variety of buyers that are seeking investments in the brokerage industry. In addition to such well-known firms as HomeServices and Howard Hanna, Realogy/NRT continues to consider small- to medium-sized brokerage firms where they can be combined with their existing operations.

Private Equity Enters the Picture

The private equity industry has also now expressed a keen interest in our business. We are aware of such companies that are taking a long, hard look at residential brokerage as vehicles for investment. Compass, which has purchased some small- to medium-sized brokerage firms as a means of entering new markets, has also acquired some larger firms as a means of either entering a market or rapidly growing their market share in areas where they already have a presence.

Prices and Terms

Market multiples have remained relatively steady over the past few years, and terms for the purchase of brokerage firms stay at relatively high levels. The private equity firms have yet to make their presence felt, but we believe they will remain active in the near term once a few transactions have been completed.

After seven years of recovery in housing sales, and as outlined in *Pending Home Sales Down—Again* (on page 1), we may see a softening in the prices and terms being offered by any number of acquirers of residential brokerage firms. While we have no firm evidence that this will be the case, our experience tells us that when the market either flattens out or drops, purchasers become more cautious about which firms they will seek to acquire and, generally, tend to soften the prices and terms of what they are willing to pay.

BROKERAGES BEHIND THE CURVE

The brokerage industry struggles to track data about the primary area of their business. Time to change.

By Steve Murray, president

In working with numerous brokerage firms and both state and local associations of Realtors®, we've discovered that most of the large national firms, many regional brokerages and the National Association of Realtors® (NAR) are behind the curve in tracking necessary information about their brokerage affiliates or members, agents, and sales production. As our industry moves into the age of big data, it would seem that being able to track data about these basic areas of their business would cause each organization to focus resources in these areas.

Inaccuracies

How do we know that? When we collect data from brokerage firms and national branded organizations for our national agent rankings, it's surprising that we have so many inaccuracies as to agent production, or which agents are individual or teams or the high number of duplicate entries we notice when proofing these studies. As far as NAR is concerned, it's difficult for them to know, for instance, how many brokerage firms there are in the country. There are holes like this all over the Realtor® membership database.

Time to Improve

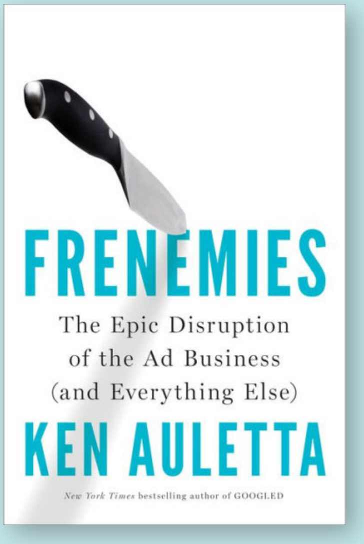
It would seem that national and regional brokerage firms would want to focus their resources on tracking listings and sales and customer satisfaction—utterly understandable as primary areas of focus. But it seems that data providing extensive details about agents would also be highly critical. For NAR and the state and local affiliates, possessing an accurate local, state, and national membership database would be highly valuable. The tools for accessing and studying changes in that membership would be highly critical to understanding variations over time in the makeup of that membership.

BOOK REVIEW

FRENEMIES

Keep your friends close and your enemies closer, right? This book delves into the issue of consumers being targeted through big data.

By Steve Murray, president



You'll want to pick up a copy of the highly entertaining book, "Frenemies," by Ken Auletta, who delves into the world of marketing, advertising and the people and businesses in that arena. It's a fascinating book. Among the significant issues discussed is the incredible growth in data-driven firms and how they're already using this data to target (in mostly positive ways) consumers and their buying habits. We highly recommend this to leaders in residential brokerage firms.

At the same time, we recall a book we recommended more than a dozen years ago, "Money Ball," by Michael Lewis. In it, he talked about the use of modern data analysis to build a better baseball team and how Billy Beane and Paul DePodesta built an incredible baseball team around those data tools. What one has to note is that today, virtually every professional sports team, as well as many collegiate teams, now use data in powerful ways to better predict the performance of athletes.

It's time for the residential brokerage industry to join the modern age and build data systems that are established on strong data sets and the tools to make use of these data sets.

BROKERAGE BENCHMARK UPDATE

RETAINED COMPANY DOLLAR CONTINUES TO SLIDE

If the lifeblood of any business is a return on revenue, then the critical vital is retained company dollar.

By Scott Wright, director of mergers and acquisitions

When we initially designed and rolled out our benchmark report, the intent was to add an extra dimension of analysis to our valuation product. This analysis offers our clients a snapshot of how they're doing on the financial front relative to their peers, both nationally and regionally. Not only has this benchmark grown to become an incredibly valuable tool for our clients; it's become a go-to industry metric.

Trends in Company Dollar

For over six years, we've been collecting and compiling financial data on hundreds of residential brokerage firms across the nation. By far, the most important metric we track is retained company dollar. If the lifeblood of any business is a return on revenue, then, in our industry, the key is retained company dollar—how much the brokerage keeps after agents are paid. In 2017, retained company dollar came in at a staggering *14.8 percent,* which means that, on average, brokerage firms are now keeping less than 15 cents on the dollar!

To offer some color to this number, consider that only a couple decades ago, the average retained company dollar was double what it is today. Broker/owners have seen a marked decline over the years. As you can see in our chart showing the annual numbers since 2012, the trend continues to push lower.

These numbers represent national averages for all brokerage model types. We do realize that average retained company dollar is materially different in Las Vegas than it is in New York City. We also recognize that it differs between graduated commission plans, cap plans, and 100 percent plans. While we do get granular and take these factors into account as we present this information to our clients, these national averages serve our purpose of expressing the industry's trend.

Brokers Feeling the Squeeze

With retained company dollar falling by 34% on average since 2012 broker/owners have no doubt been feeling the squeeze. Residential real estate brokerages have been assaulted from seemingly every direction, most notably from the new models employed by the infamous disruptors. As a result, it's been a constant fight to protect the bottom line.

Operating Expenses

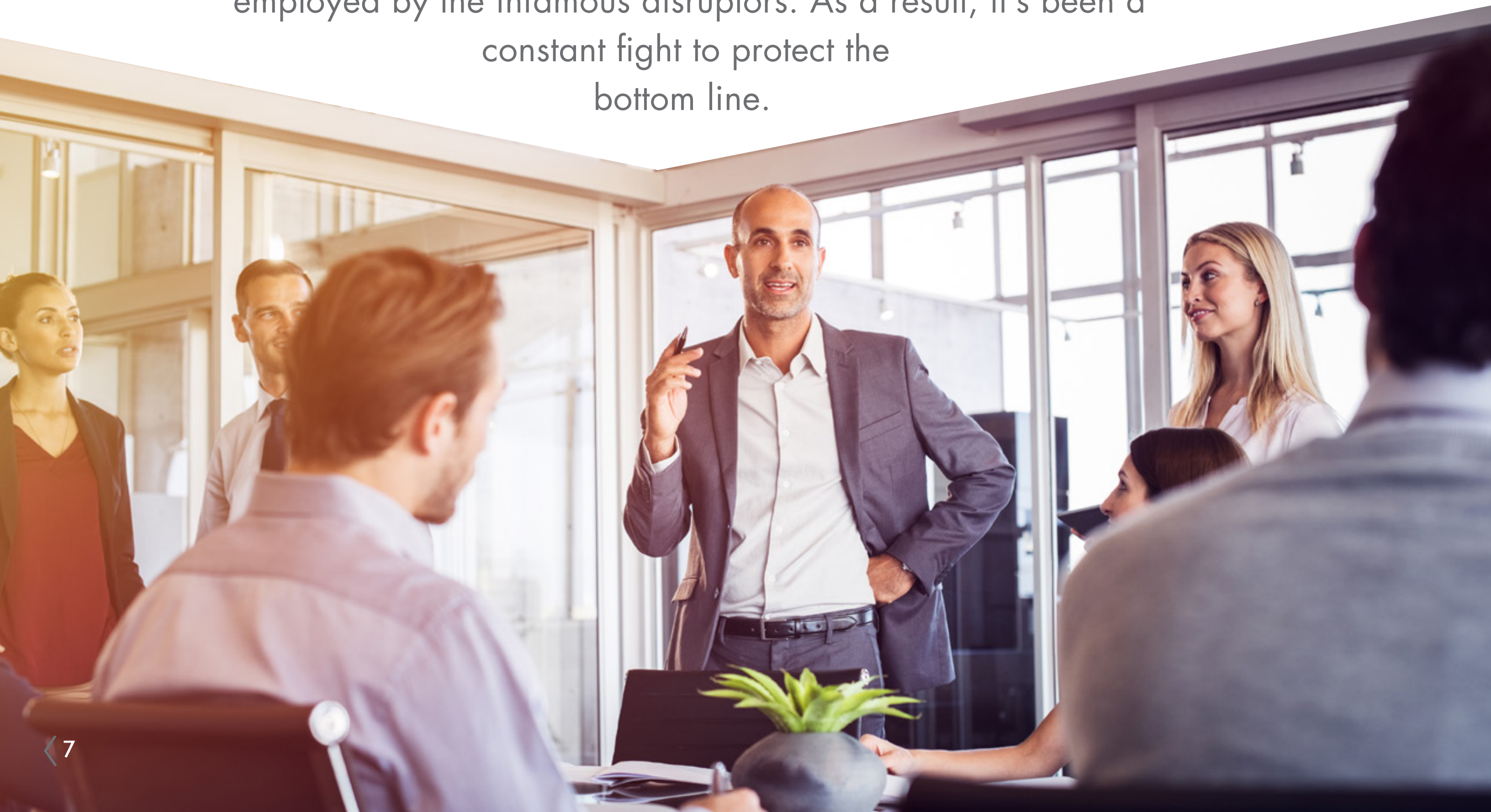
Protecting the bottom line is another aspect of our benchmark report, and the recent update shows some of the areas that brokerages are trimming to stay profitable as their margins decline.

Three of the major expense categories we track are Salaries/Payroll, Advertising/Marketing, and Occupancy. As would be expected, spending in each of these categories has declined from 2012 to 2017. As a percentage of company dollar Salaries/Payroll, Advertising/Marketing and Occupancy have declined by 22 percent, 47 percent, and 13 percent respectively.

As broker/owners lose control of margins above the line, it's only natural to cut costs to remain profitable. Reducing costs is a grind that's never easy, but it's a necessary evil for those brokerages experiencing margin compression.

Looking forward, it will be interesting to see when the downward trend for retained company dollar will flatten out. Unfortunately, early indicators from our benchmark report show that we're in store for another decline in 2018, which signals a continued grind for residential real estate brokerage firms.

RESIDENTIAL REAL ESTATE BROKERAGES HAVE BEEN ASSAULTED from seemingly every direction, most notably from the new models employed by the infamous disruptors. As a result, it's been a constant fight to protect the bottom line.



MANAGER AS COACH

Lose the Word ACCOUNTABILITY

Instead, be a coach and help sales associates by managing the activities that lead to production.

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

When I meet with real estate managers and executives, inevitably the topic of accountability pops up. *We need to focus on accountability! Our people need to be more accountable,* they say. But, I hardly ever hear the word *accountability* when I'm with sales associates. In fact, many sales associates resent the word, feeling their manager is like their mom scolding them for not making their bed. For sales associates, accountability can be a loaded word. What's a manager to do? How do we get results?

Let's start with the basic definition of accountability: "To be answerable for something within one's power or control." There are two potential problems with this definition.

First, many sales associates don't believe they have the power or control over their production. They think their production is a function of the marketplace, luck, and who is giving them leads. They are *on-accident* real estate professionals and have never been taught a sales system so that they can be *on purpose*. As a result, they resent being held accountable for the production they do not believe they have power or control over. A manager harping on accountability is an annoyance to them.

At the same time, many managers have been taught to manage production. By trying to manage production and demanding accountability for production, the manager potentially creates a negative feedback loop with their associates. Since the associate doesn't believe they have any control over production, both the manager and the associate become frustrated.

What to do? Here are three simple steps:

1. Help the associate identify their goals or their *why*.
2. Show them a formula or system for achieving their goals—a set of activities.
3. Help them manage their activities that lead to production.

It's Called Coaching

These three simple steps are often called *coaching*. And, sales associates love coaching! Have you noticed how many of them are hiring private coaches? Where are their managers? Unfortunately, their managers are trying to manage production through accountability. Stop managing production and start managing the activities that lead to production. Stop being your associates' accountability boss and start being their coach. Your associates will love you for it.

Stop managing production and **START MANAGING THE ACTIVITIES THAT LEAD TO PRODUCTION.** Stop being your associates' accountability boss and start being their coach. Your associates will love you for it.

As your associates become clear on the system, activities, and skills that cause production, they'll start to take responsibility for their actions. **TAKING PERSONAL RESPONSIBILITY IS MUCH MORE POTENT** than being held accountable by someone else.

As their coach, your purpose is to help your associates improve their performance through a system of productive activities and skill development. Coaches turn talent into performance.

Great Coaches Focus on the Process

One of the greatest coaches is Nick Saban, head football coach at the University of Alabama. Coach Saban tells his players, "Stop thinking about winning and losing. Instead, focus on those daily activities that cause success." He calls those daily activities his *process*. He focuses on the process (activities) and lets the winning (production) take care of itself.

Great coaches have a process, formula, or system they teach their players. Do you have a successful system for your sales associates? There are many great ones available—Buffini, Ferry, Bold, Ninja, etc. Find ONE system that fits your culture and start coaching to it. You will see results immediately.

Responsibility Starts to Happen

As your associates become clear on the system, activities, and skills that cause production, they'll start to take responsibility for their actions. Taking personal responsibility is much more potent than being held accountable by someone else. However, at times they may need a nudge or reminder to focus on their productive activities. Do this by asking them if they still have their goals. Ask how you can help them achieve their goals, rather than scold them for not achieving them.

As their coach, focus on activities versus production, responsibility versus accountability and coaching versus managing. Now, you'll get the production results for which you are looking. You'll also get a bonus. Most sales associates dream of having a coach. Since they perceive they now have an in-house coach, both retention and recruiting will improve as well. Reinvent yourself. Become manager as coach.

OUTCOME: MOVING IS A HASSLE!

SpareFoot survey reveals that two-thirds of Americans say they would likely move if it weren't such a hassle.

What keeps Americans from moving? Sure, there's that pesky lack of inventory factor, but there's more to it than that. SpareFoot, an online self-storage marketplace, surveyed Americans to gain deeper insights into how and why they are moving and found that while 46 percent of consumers have either recently moved or plan to move in the next year, even more say they would choose to move if it was easier and less stressful. In fact, two-thirds (67 percent) reported that they would definitely or probably move if it wasn't such a hassle.

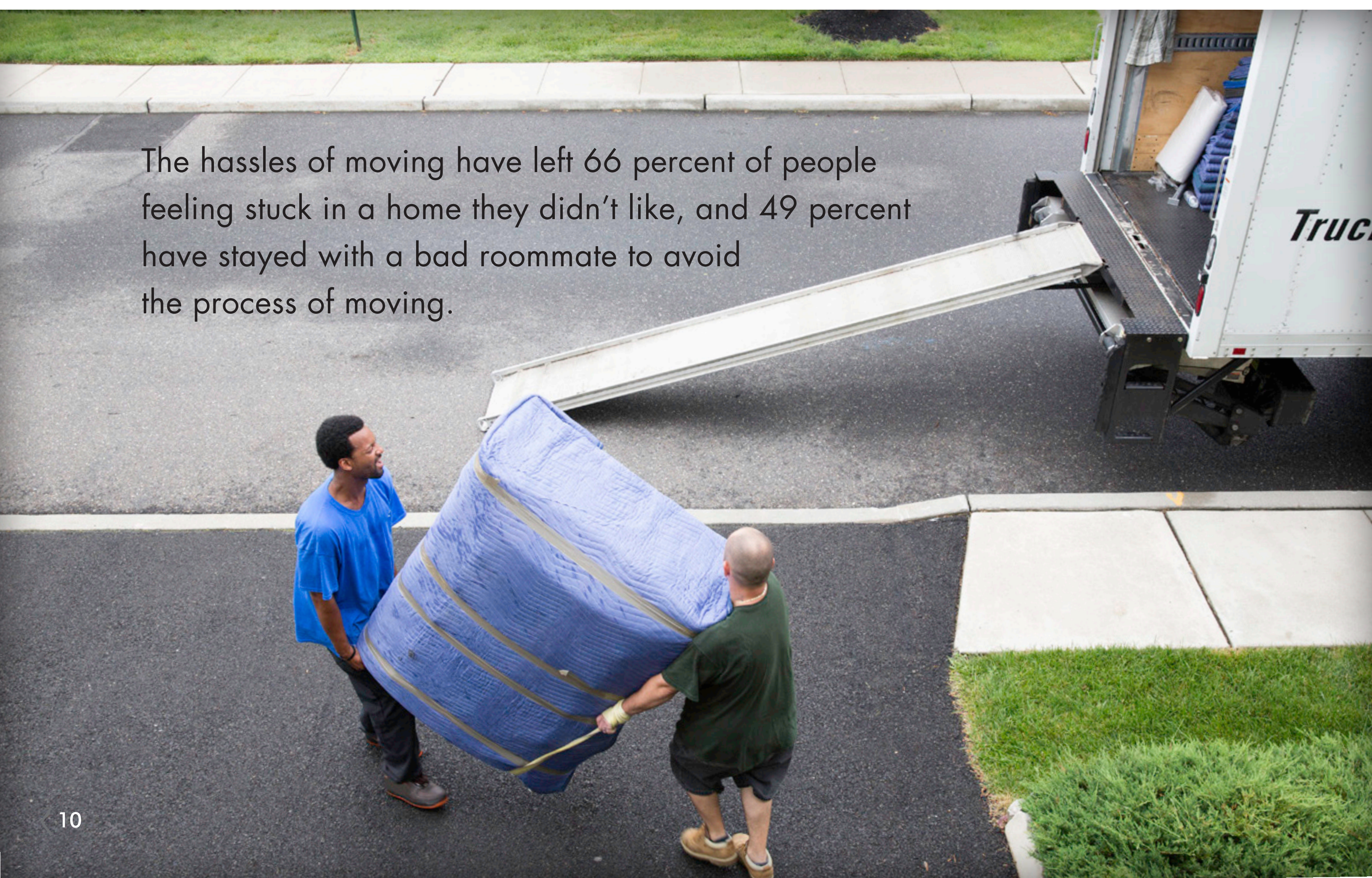
Feeling Stuck?

The survey of more than 1,000 American adults conducted by SpareFoot found that the hassles of moving have left 66 percent of people feeling stuck in a home they didn't like, and 49 percent have stayed with a bad roommate to avoid the process of moving. However, millennials and Gen Z are less likely to be deterred, with nearly a third (32 percent) reporting they have moved in the past year compared to just 15 percent of the general population.

Top Reasons for Moving

The top reasons why people say they have moved are varied, with 37 percent moving for more affordable housing, 28 percent for a job, 19 percent escaping an unpleasant neighbor, and 13 percent to find a better living situation for their pet. No matter the reason, a majority of people shared that the best part of moving is having a fresh, clean space.

According to the U.S. Census Bureau, an estimated 35.7 million Americans move every year. Planning and getting an early start is essential, yet over half of people (53 percent) begin packing the same month they move. When looking to make their move more manageable, about half use self-storage and half use a moving truck to assist with the process.



The hassles of moving have left 66 percent of people feeling stuck in a home they didn't like, and 49 percent have stayed with a bad roommate to avoid the process of moving.

SOUTH REGION HEATS UP AS BUYER DEMAND REMAINS STEADY IN MANY U.S. REAL ESTATE MARKETS

ShowingTime Showing Index® records year-over-year consecutive gains for key U.S. markets

Key Points:

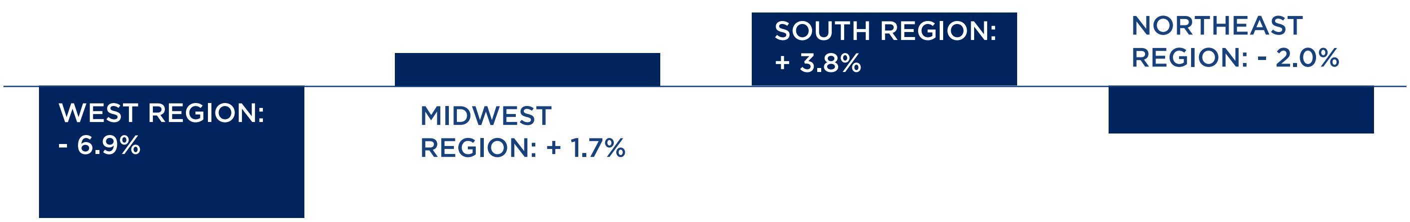
- South Region (3.8 percent) exhibits biggest increase in showings for the fourth consecutive month, while the Midwest (1.7 percent) also experiences an increase
- West Region (-6.9 percent) sees year-over-year decrease for fifth consecutive month; moderate inventory buildup occurring in some western markets
- ShowingTime combines showing data with findings from its MarketStats division to provide a set of benchmarks that track demand for active listings throughout the country

ShowingTime Chief Analytics Officer Daniil Cherkasskiy said that many U.S. real estate markets were just as busy in June as they were during an intense 2017, with buyers going on more showings in the South and Midwest regions of the country than they did at the same time last year.

Data compiled for the ShowingTime Showing Index® reveals that homebuyer interest overall remains strong, with the South experiencing the highest year-over-year increase in showing activity for the fourth consecutive month at 3.8 percent while the Midwest posted a year-over-year increase of 1.7 percent.

The West (-6.9 percent) and Northeast (-2 percent), however, experienced year-over-year decreases; nationally, the combined index indicated showing activity for all regions was up 0.2 percent.

"We've now seen five consecutive months of year-over-year decreases in the West Region and are also seeing a moderate buildup of inventory in some western markets," Cherkasskiy said. "These two factors point to a potential slowdown in demand in the West while real estate prices stay at historically elevated levels."



"We've now seen five consecutive months of year-over-year decreases in the West Region and are also seeing a moderate buildup of inventory in some western markets," Cherkasskiy said. "These two factors point to a potential slowdown in demand in the West while real estate prices stay at historically elevated levels."—

Daniil Cherkasskiy, ShowingTime Chief Analytics Officer

THE SHOWINGTIME SHOWING INDEX

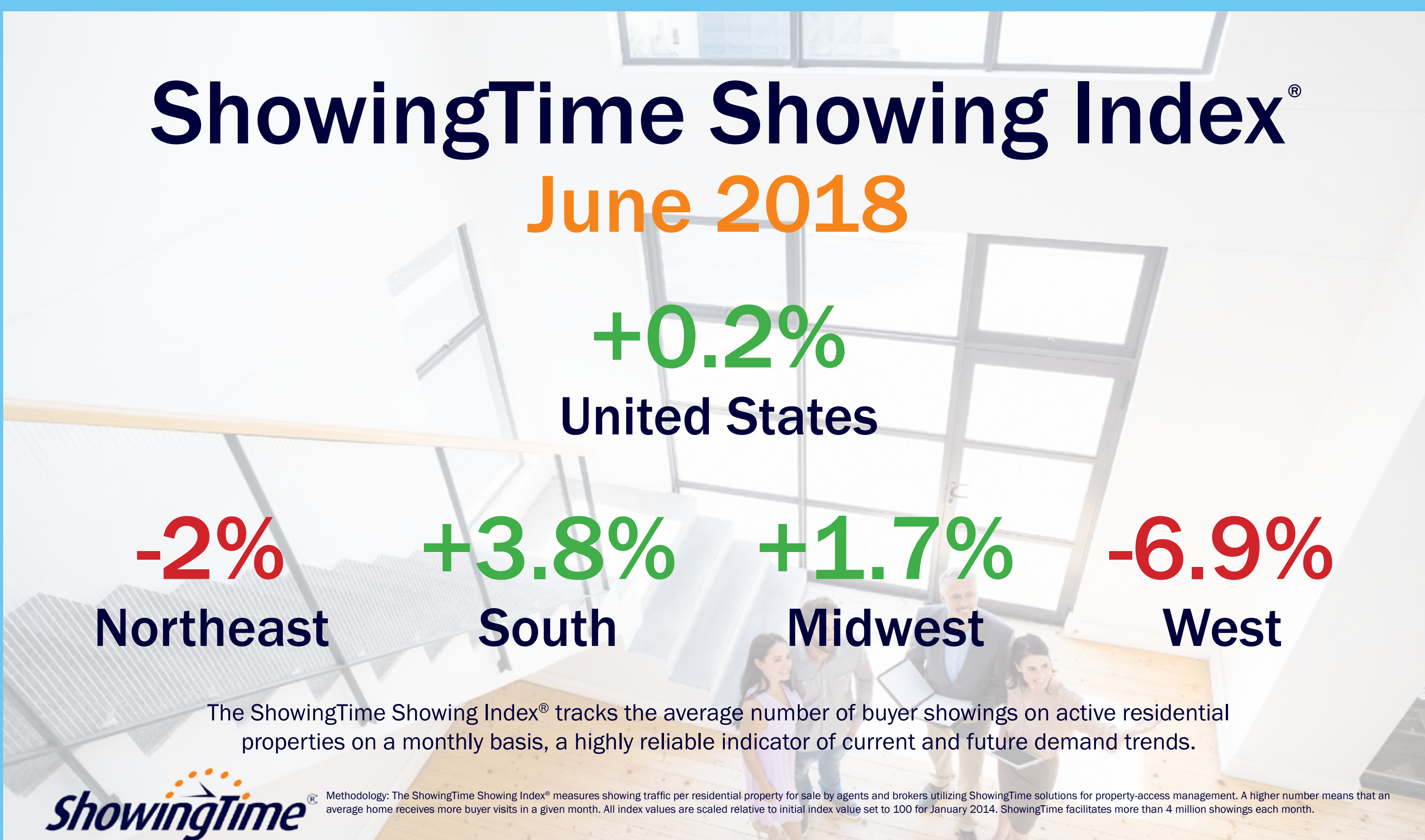
The ShowingTime Showing Index, the first of its kind in the residential real estate industry, is compiled using data from property showings scheduled across the country on listings using ShowingTime products and services, which facilitate more than 4 million showings each month.

Released the third week of 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.**

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 1 million real estate professionals across the U.S. and Canada.



THE TRUMP ADMINISTRATION TACKLES **THE DISPARATE IMPACT THEORY**

It appears the new administration is moving away from the Obama administration's disparate impact policies. How will that impact real estate?

By Sue Johnson, strategic alliance consultant

Two public announcements in May—one by the U.S. Department of Housing and Urban Development (HUD), and the other by the Consumer Financial Protection Bureau (CFPB)—signal that the Trump Administration may retreat from the Obama administration's disparate impact policies under the Fair Housing Act and Equal Credit Opportunity Act (ECOA).

The Disparate Impact Theory

The disparate impact theory allows a practice to be found discriminatory if it has a disproportionate effect on a protected class (race, color, religion, national origin, sex, disability, and familial status), even if the person or entity engaging in the practice does not intend to discriminate. It's different from the theory of *disparate treatment,* which occurs when a person or entity treats someone unequally because of a protected characteristic (e.g., race or gender). Under this theory, the person or entity must intend to discriminate against a protected class.

Disparate Impact Under the Fair Housing Act

The Fair Housing Act was intended to protect buyers or renters from the seller or landlord discrimination in housing-related real estate transactions. HUD has the authority to enforce the Act against lenders, housing developers, homeowner insurance companies, real estate professionals, and other participants.

HUD's current disparate impact regulation, adopted in 2013, formalized the Obama Administration's policy that a disparate impact claim is allowable under the Fair Housing Act. It established a three-part burden-shifting test for determining whether the practice has an unjustified discriminatory effect:

- The plaintiff must show evidence of statistical disparities involving a protected class.
- The defendant must then prove that the challenged practice is necessary to achieve a substantial, legitimate, and non-discriminatory interest.
- If the defendant successfully proves a legitimate interest, the plaintiff must show that another practice could serve the interest with a less discriminatory effect.

HUD'S CURRENT DISPARATE IMPACT REGULATION, adopted in 2013, formalized the Obama Administration's policy that a disparate impact claim is allowable under the Fair Housing Act.

ANY FUTURE RULEMAKING by HUD or the CFPB to bring their regulations into closer alignment with the Inclusive Communities decision could make it more challenging to bring Fair Housing Act or ECOA claims under the disparate impact theory.

After HUD issued the disparate impact rule, the U.S. Supreme Court held by a 5-4 decision in *Texas Department of Housing and Community Affairs vs. Inclusive Communities Project (2015)* that disparate impact claims might be brought under the Fair Housing Act. However, it also set rigorous standards to ensure that racial imbalance alone does not create a prima facie case, and stated that a disparate impact claim based upon a statistical disparity should fail if the plaintiff cannot show that the defendant's practice caused the disparity. The Court left it to HUD to determine whether changes to its rule were necessary.

On May 10, 2018, HUD announced that it would seek public comment on whether it should change its disparate impact rule in light of the *Inclusive Communities* decision—a sign that the Trump Administration is reevaluating the Obama-era approach. It asked six specific questions, such as whether the rule's three-step burden of proof standard appropriately assigns the burdens; whether the second and third steps are sufficient to ensure that only artificial, arbitrary and unnecessary practices are found to result in disparate impact; and whether the rule should provide defenses or safe harbors to claims of disparate impact liability. Comments are due on August 20.

Disparate Impact Under the ECOA

The ECOA makes it unlawful for any creditor to discriminate against any credit applicant. The law applies to any person who regularly participates in a credit decision, including banks, retailers, bankcard companies, finance companies, and credit unions. The Dodd-Frank Act transferred rulemaking and enforcement authority under the ECOA to the CFPB.

Under former CFPB Director Richard Cordray, the CFPB reaffirmed its commitment to using the disparate impact theory when exercising its supervisory and enforcement authority under the ECOA and brought numerous cases based on the doctrine. This approach was widely criticized by Cordray's critics, who argued that the statutory language of the ECOA only prohibits discriminatory treatment, not the disparate impact, of a practice. The Supreme Court has never ruled on whether a claim based on disparate impact is valid under the ECOA.

Acting CFPB Director Mick Mulvaney appears to be reassessing Cordray's approach. In a May statement, he said that the CFPB would reexamine ECOA requirements in light of "a recent Supreme Court decision distinguishing between antidiscrimination statutes that refer to the consequences of actions and those that refer only to the intent of the actor"—an apparent reference to the *Inclusive Communities* decision.

Summary

Any future rulemaking by HUD or the CFPB to bring their regulations into closer alignment with the *Inclusive Communities* decision could make it more challenging to bring Fair Housing Act or ECOA claims under the disparate impact theory. In any event, their May announcements indicate that this Administration may shift its enforcement focus to practices involving *intentional* discrimination as opposed to practices that create a discriminatory *effect*.

INTERNATIONAL FIRMS

THE GROWING DOMINANCE OF BRANDS OPERATING INTERNATIONALLY

How U.S. brands became household names on a global scale.

By Peter Gilmour, chief foreign correspondent

Over the last 30 years, we've become accustomed to our popular brands such as RE/MAX, C21, Coldwell Banker, ERA and Keller Williams to name a few, becoming known internationally. Some of these brands embarked on their international journey in the late '80s and early '90s and had grown to hold significant market shares in some of the countries in which they operate.

Due to many factors, the growth and development of these strong U.S. brands in foreign countries have not been easy, and it's taken a lot of hard work and careful planning to reach the maturity levels we see today.

Challenges

Some of the difficulties these brands had to overcome are:

- The considerable differences in sophistication of real estate markets, including the lack of licensing, lack of training required to obtain licenses to be sales associates or brokers, no multiple listing services, markets where banks or attorneys do the majority of sales, lack of franchising in any industry, obtaining of government approval to operate a real estate office and many more.
- The difficulty in identifying the entrepreneur who will best serve the brand and the culture of the brand. Most countries operate under master franchise agreements, and the churn factor internationally is high.
- Difficulty in resonating with the local culture and norms as well as trademark challenges and differing local laws and practices.

Notwithstanding the above, RE/MAX has established in over 100 countries and territories, C21 in more than 75 countries, Coldwell Banker in more than 45 countries, Keller Williams in more than 30 countries and ERA in more than 20 countries. LeadingRE has also successfully associated with high-quality brokerages in over 60 countries.

THE GROWTH AND DEVELOPMENT OF THESE STRONG U.S. BRANDS have not been easy, and it's taken a lot of hard work and careful planning to reach the maturity levels we see today.

Foreign Companies Coming to the U.S.
There are also many well-known brands not based in the United States that have made significant inroads into international markets:

Savills is a global real estate service provider listed on the London Stock Exchange with representation in over 40 countries in Europe, Asia Pacific, Africa, Australia and the Americas and Caribbean. The company was founded in 1855.

Knight Frank is a company of global real estate consultants and real estate research teams headquartered in London and represented in 59 countries with over 400 offices.

Sotheby's International Realty is represented in 69 countries with over 900 offices and more than 22,000 sales associates.

Christie's, a British auction house, has built a global real estate network operating mostly in luxury real estate markets and represented in over 45 countries with over 130 offices.

Harcourts founded in 1888 in New Zealand has over the last 25 years expanded to Australia, Fiji, China, Hong Kong, South Africa, Indonesia, UAE, Canada and the US and has over 800 offices.

Engel and Völkers International, based in Germany, has expanded to over 30 countries with over 800 offices and more than 10,000 employees.

Hamptons International, part of the United Kingdom's largest real estate group Countrywide, operates in more than ten countries and also has many locations in the Caribbean.

Purplebricks, the fixed-fee provider based in the U.K. has, in recent times, established in Australia and the United States.

I'm sure that over the next five years, we will see even more well-known real estate brands moving into the international arena.

I'm sure that over the next five years, **WE WILL SEE EVEN MORE WELL-KNOWN REAL ESTATE BRANDS** moving into the international arena.

HOW TO CARVE OUT A REAL ESTATE NICHE

Dominate your local communities and neighborhoods with a strategic digital marketing plan.

By Nikki Lindholm, content and social outreach manager

Whether you're a brokerage targeting one real estate niche, multiple neighborhoods or an agent trying to stay on top of one or two neighborhoods, we've got strategic advice on how to separate yourself or firm online. Not all neighborhoods are in the MLS.

So, if you want to dominate, find those pockets not officially recognized. Second, you absolutely must have dedicated pages on your website if you're going to reach people interested in those real estate niche neighborhoods. After these two items are checked off your to-do list, the strategy becomes more complicated.

Real Estate Niche On-Page Components:

1. **A neighborhood video tour** or montage. Name it appropriately and embed it correctly and you have a great SEO Start.
2. **The name, title, and URL of your page** should also be named in a fashion that resonates with consumers and uses natural language that mirrors how consumers are searching.
3. **The introductory paragraph** is rich with landmarks, developments, trails, lifestyle type info. Tell a story of what it is like to live in this community.
4. **Properties:** Naturally you need properties that match the boundary of these neighborhoods.
5. **Map:** This is a must for showing your consumers where this neighborhood is and ideally the available properties in it.
6. **Average commute times** to significant areas, job centers, metros, hospitals, military bases, etc.
7. **Housing market activity video** or shown via graphs and charts. Ideally, interpret the activity in easy-to-understand terms—consumers want insights, not data.

IF YOU WANT TO DOMINATE, find those pockets not officially recognized. Second, you absolutely must have dedicated pages on your website if you're going to reach people interested in those real estate niche neighborhoods.

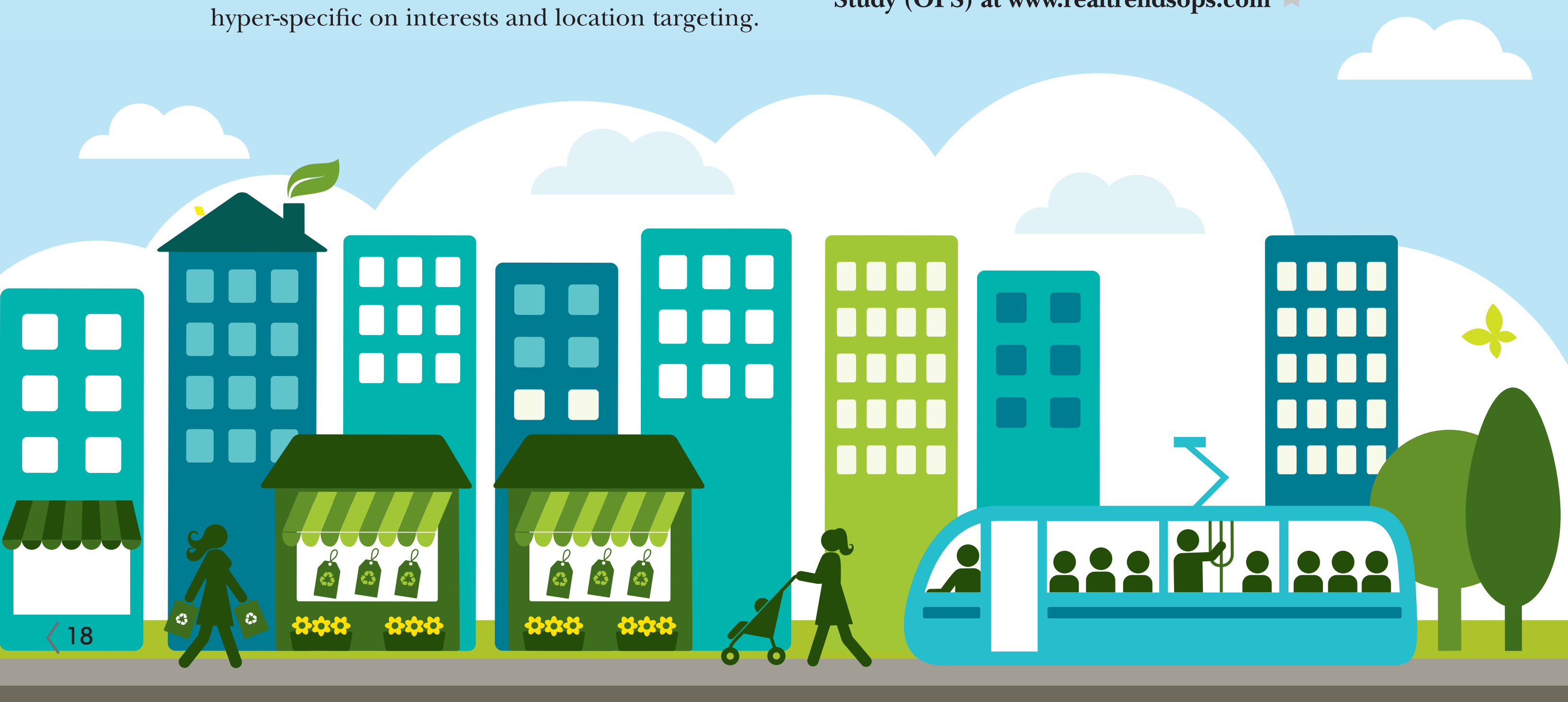
8. **Area Photos:** Selling the lifestyle again within your real estate niche.
9. **Consider teaming up** with nearby businesses to generate opportunities and offers for existing homeowners in that neighborhood. It's an easy conversion opportunity and email touch point.
10. **Listing alerts** are a must for conversion. Plus, have a clear, aggressive call to action to collect contact information.
11. **Sharing options** to use other networks for free advertising. Think outside the box and don't just put icons hidden on the page.
12. **Area events, calendar,** and other pertinent stuff that can create dynamic content for your pages.

Real Estate Niche Digital and Social Marketing:

1. If you are familiar with **Google Adwords,** consider running a small search engine marketing (SEM) campaign for each community page, or at least the communities you want to promote yourself as the expert.
2. **Start a remarketing campaign** to touch those who have already visited the page. Be strategic with the ad copy, and make it relevant to that actual neighborhood.
3. **Use email marketing.** Send an email to contacts that you have in a particular area or are interested in moving to one specific area. Stay top-of-mind!
4. Once a year, **market to the homes in that neighborhood** with your compelling value proposition and drive them to your web page. This will get them in the remarketing net.
5. **Target your audience online.** If you have a list of emails, try sphere targeting or if a zip code is broad enough, use zip code marketing solutions. If you aren't sure where to start with online targeting, we suggest Adwerx and Facebook. Both allow you to get hyper-specific on interests and location targeting.
6. Consider promoting all **open houses on your social media accounts.** The options here are plentiful. Create instastories or IGTV episodes showing while at the open house. Create campaigns on Facebook and Instagram advertising your opens. The more your followers see you in a specific area, the more they will associate you with being the local expert in that neighborhood.
7. If this neighborhood means a lot to you, **get involved!** Go to the local events and even create your own! Consider throwing timely parties/gatherings and volunteer in community events.
8. **Join your neighborhood Nextdoor page.** As you have probably heard, Nextdoor is moving into the real estate space. Claim your business page and promote your listings and expertise on the platform—even if you don't want to advertise on the Nextdoor platform, use and participate in the app yourself.
9. **Create a Facebook group** and invite all the neighbors. An idea similar to Nextdoor, however, but not every neighborhood is on Nextdoor. If that is the case with your community, create a similar feel on Facebook with a private, invite-only group.

To be the local 'go-to' agent in your community, we strongly suggest blending your professional expertise with your relationships. Don't expect business to pour in if your only strategy is to pepper your neighborhood or desired community with door knocking, ads and online targeting. Get involved, know all there is to know about your area and you just may be surprised how fast you become the housing expert in your real estate niche market!

Want to learn more about how to dominate your real estate niche with digital marketing? Download your FREE copy of the 2018 REAL Trends Online Performance Study (OPS) at www.realtrendsops.com



With inventory levels at record lows and competition for listings fiercer than ever, top brokerage firms are finding innovative new ways to reach prospective sellers and win their business. The secret? It starts with harnessing an asset brokerage firms already have: their data.

That means using a system that can take the data your brokerage already has and turn it into meaningful information that your brokerage can use to understand buyer demand, create inventory, win listing presentations and capture seller leads. Artificial intelligence and predictive analytics work hand-in-hand to give a broker the ability to match properties to buyers and reach buyers and sellers when they are ready to buy and sell. Quite simply, the right program can transform a brokerage's data into actionable insights and intelligent marketing tools that win new business.

REAL Trends and Buyside partnered to find out how three brokerage firms are winning more listings than ever before. Find out their secrets.

Download the free whitepaper: CLICK HERE

There's been a sharp upturn in both teams and offices that are growing by leapfrogging into other counties or states. This isn't about mobile agents who can work from home. Teams and brokerages are now expanding to where the opportunities are—and it may not be the contiguous towns adjacent to the physical office.

Online leads play a part in this as this new breed of team leader who goes where the convertible leads are. The infrastructure is now built around systems, not conference rooms and coffee stations. Find out how Kevin Markarian with Marker Real Estate in San Francisco is using Realtor.com to expand.

Listen online or via iTunes or Google Play. CLICK HERE

SUBSCRIBE TODAY—FREE!

ALL NEW! REAL TRENDS TRUSTED SOURCE BLOG

TRENDS. NEWS. BUSINESS STRATEGIES. MARKETING.

Ignite your business! REAL Trends enhanced its content site to give you the information you want – when you want it.

New features:

- Easy-to-find podcasts
- Videos to share with your customers
- Cutting-edge brokerage trends
- Free customized e-mails to give you only the info on the topics you want; when you want it!
- Library of how-to strategies for agents, teams and brokers
- Merger, acquisition, valuation & other industry trend info
- Interviews with top real estate professionals who rank in the RT The Thousand, RT 500 Top Brokerages and RT Website Rankings.

SUBSCRIBE TODAY! CLICK HERE

ARE YOU AMERICA'S BEST?

THE RANKINGS ARE OUT!

America's Best Real Estate Professionals receive additional marketing resources from Adwerx

REAL Trends, Inc., the Trusted Source in residential brokerage, released the 2018 REAL Trends America's Best Real Estate Professionals list. The list, now in its sixth year, ranks the most productive agents by state and metropolitan area based on closed transaction sides and closed volume. Agents and brokers selected for the 2018 REAL Trends America's Best Real Estate Agents list will receive custom marketing collateral and discounts on ad campaigns from Adwerx to help them grow their business.

Interested in marketing your success? We are offering a $199 marketing package that allows you to design a personalized agent/team profile, and download social and digital ad creative, fill-in-the-blanks press releases, logos, badges and more!

To view the rankings and learn about the marketing package: CLICK HERE