

# REAL *Trends*

The Trusted Source

## COMMENTARY

### *The New Currency*

In our research into the secrets of top teams, top sales management and the work we just finished leading to the book *Game Plan* that will be released at this year's Gathering of Eagles, we heard from many sources that what brokerage firms will need to focus on is the

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generation of opportunities for their sales professionals. This may seem like old news for in years past the drive for relocation management assignments was at the core of the formation and growth of several of today's leading national networks. We think it is not old news, just historic practice that is being elevated by the current market.

During the boom years of the 1995-2005 period, the focus was not lead generation. Relocation management had become expensive and was not seen as a growth business. The growth segments were in core services, the explosive growth of the number of people becoming sales professionals, and the trend to add new commission fees. All of this was entirely rational thinking throughout that period of time. These factors plus the explosive growth of housing sales lessened the importance of the role of brokerage firms in generating leads for their sales professionals.

You could see the shift happening in the last couple of years when you looked carefully at all the major brands. The move of no less than four major firms, (The Masiello Group, Rand Realty, Metro Brokers and Mason-McDuffie Real Estate) was driven at least in part by the potential for business from Cartus. The affiliation of age old Latter and Blum according to company leaders was driven in part by the opportunity to gain business assignments from Cartus as well. Growth at other national firms such as Weichert is also driven at least in part by firms seeking business opportunities from Weichert Relocation and the Weichert Lead Network.

In our research, we found that which makes top sales teams work is their fanatical devotion to generating leads for members of the team. Regardless of how they do so, whether repeat and referral sources or brand new customers, the best teams are at their heart lead generating monsters. They dedicate enormous time and resource to finding customers.

At the recent RE/MAX annual convention, Chairman Dave Liniger highlighted the facts of their ability to generate both internet leads and distressed property leads. He also shared the company's plan to triple the number of internet leads that their website will generate to their sales professionals annually by the end of 2011. We observe also that Keller Williams's new launch of eEdge is not only a lead generating system but one that can integrate the entire process so as to provide the sales professional with the tools to capture more business.

So, when the dust has settled on 2011, we expect that a top line topic for many brokerage firms will be how to generate more opportunities for their sales professionals. While most still view the majority of internet leads as being very low quality, our talks with leading sales teams and top sales managers indicate that there are no bad inquiries,

there are just bad systems for interacting with people online. That is where real estate professionals first interact with consumers and it stands to reason that leadership must focus on ways to generate activity for their firms and also establish business rules and systems for turning leads into sales. ■

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## *Discounting Teamwork*

From the desk of Patrick Lencioni, author of *The Five Temptations of a CEO* and other corporate parables.

These days, virtually no one will tell you that teamwork isn't important when it comes to an organization achieving its goals. Even cynics understand that groups of people who are willing to put their individual interests aside for the good of the team will outperform groups of people who do not.

Having said that, there is something that often happens after a team succeeds that suggests many of us might be discounting the real power of teamwork. A great example of this happens in the world of professional sports. With the football season just behind us, perhaps a hypothetical example from the NFL would be a good case study. Imagine that a team wins the Super Bowl with less talent than many of the teams it defeated along the way. This is not all that uncommon in sports — the San Francisco Giants of this past baseball season and the New England Patriots of recent years come to mind. When this happens, television announcers, journalists, coaches and sports executives often rave about the amazing culture of teamwork that existed, and how it was what allowed the team to over-achieve and beat the odds.

Those people seem sincere when they make that claim, but then something strange happens during the off-season which doesn't really make sense. As soon as the free-agent market opens up and executives try to sign new players or make trades with other organizations, a premium is placed on athletes who played for the championship team.

General managers are suddenly willing to bid higher and pay more to pry a linebacker or wide-receiver away from the Super Bowl team, as though they are now more valuable. All too often, those same general managers find themselves disappointed the following season when the new recruit doesn't do for his new team what he apparently did for his old one.

Of course, the explanation for this is obvious: the culture of teamwork that the Super Bowl champ created made its players much more effective than they would have been on other teams. As a result, the collective achievement of the team exceeded what anyone would have been able to predict based on an individual analysis of talent.

Now, if we really believed in the power of that team culture, then we would know that taking someone off that team and putting them in a new organization is going to have a profound impact on their performance. And so the question is, do those executives really believe what they said about teamwork and somehow forget it in their desire to find new players, or do they just give lip-service to teamwork and deep down inside believe it all comes down to talent?

This same phenomenon also happens in business. Companies spend a lot of time and energy trying to acquire talent from successful organizations, believing that by doing so, they'll be able to improve the performance of their own organizations. In most situations, people from great companies aren't easy to lure away from healthy, successful organizations, and so they command higher salaries. Unfortunately, like in the NFL, the

return on investment is rarely what the acquiring company was striving for.

What's the practical lesson for companies trying to improve? They should start by spending more of their time and effort creating a culture of teamwork than looking for outside talent, because the rewards for doing so are enormous. For starters, they'll get more from the employees they already have, and even find stars who are already in their midst. Remember, great football teams birth superstars from the ranks of ordinary players who happen to have extraordinary attitudes. Beyond

that, companies that create true team environments become places where other team-oriented players want to work. Great football teams attract players who are tired of playing for selfish, dysfunctional teams, and, in many cases, they even play for less money to have that opportunity.

Perhaps the first thing that a company needs to do in order to improve is to ask itself if it truly believes that teamwork is a strategic advantage, and that it, more than sheer talent, brings about lasting success. ■

### *New Rankings for the 2011 REAL Trends 500*

We are proud to announce that this year's REAL Trends 500 publication will feature several unique rankings in order to recognize those firms that are doing remarkable things in terms of agent and office productivity. The following new reports (along with the top-ranked firm in each category) will be added to our annual report:

**Transactions per Sales Professional**

RE/MAX Leading Edge (Dearborn Heights, MI) – 86.4

**Transaction per Office**

RE/MAX of Reading (Wyomissing, PA) – 2,756

**Sales Volume per Sales Professional**

Washington Fine Properties, LLC (Washington, DC) – \$10,099,342

**Sales Volume per Office**

RE/MAX of Boulder (Boulder, CO) – \$558,594,199

**Most Improved Transactions (2010 vs. 2009)**

Coldwell Banker Honig Bell (Joliet, IL) – 4,422

**Highest Percentage Increase in Transactions (2010 vs. 2009)**

Keller Williams Classic/Homestead Realty (Orlando, FL) – 183%

**Most Improved Sales Volume (2010 vs. 2009)**

NRT LLC (Parsippany, NJ) – \$5,756,631,000

**Highest Percentage Increase in Sales Volume (2010 vs. 2009)**

Keller Williams Realty Integrity Northwest (Elk River, MN) – 251%

**Highest Average Sales Price**

Washington Fine Properties, LLC (Washington, DC) – \$1,214,537

Our congratulations to these eight firms and to every other brokerage in this year's REAL Trends 500 for their impressive performances in 2010.

To order your copy of the publication, please visit us at [www.realtrends.com](http://www.realtrends.com).

# BROKERAGE

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## *Strive to Deliver “Specialness” in Each and Every Relationship*

*Interview with Greta Noakes, partner,  
ERA Geyer-Noakes Real Estate,  
Findlay and Ottawa, Ohio  
2 Offices • 45 Sales Professionals*

“The key to operating in smaller towns like Findlay and Ottawa is to stay very close to your sales professionals and try to bring something special into your relationship with them. We also try to impart that culture with our sales professionals that they need to treat their customers and clients the same way – bring something special into their lives as we assist them with buying or selling a home,” says Greta Noakes a partner in the firm.



*Greta Noakes*

ERA Geyer-Noakes has been in real estate for over 30 years in the Findlay area. Along the way the firm found that merging with others of like mind in the market was an effective way to keep growing. In 1991 the firm merged with Rooney & Associates and increased their size and share significantly. Then in 2003 the firm merged with Bertie Schwartz Realty and added some very good sales talent. Their last combination was with Geyer which had been a Coldwell Banker affiliate.

“The way we have succeeded is to have a strong

leadership team that works together well and agrees on the direction and culture of the firm. It is also a great strength to have several people participating in leadership so that all of the pressure of managing the firm doesn’t fall on one person,” said Noakes.

“We live and breathe a feeling that says that we must embrace your customer in every way. If you can do this well you can win. If you don’t you will certainly lose.”

Noakes said that while some things have stayed the same over the years the biggest change they have noted is the way consumers communicate with sales professionals and the frequency of their contact. “We are not necessarily technology oriented personally but we place a huge emphasis on it in our training and in how we operate. I don’t see how someone can be in this business today and not have both the full range of technologies and know how to use them in their business. It doesn’t matter which generation one belongs to, they are all requiring us to be able to communicate in a variety of ways at virtually all times.”

When asked what the future holds, Noakes said, “Despite all the technology, our sales professionals and our customers will continue to require us to be up to date. Most importantly however, we must always remember that they are people and they expect us to treat them uniquely.” ■

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## *How to Create a New Competitor*

*by Jeremy Conaway, contributing editor*

Everyone knows the situation. After six years of unstable markets and massive transition the North American real estate brokerage community is weakened and struggling. Each passing day the emerging trends of economic redistribution, demographic migration, consumer centricity, mobile technologies, transparency and accountability are making the traditional brokerage business model

less and less relevant from both a service and ROI perspective. There are few young “up and coming” types entering brokerage management. Reports of creativity and innovation are increasingly more a product of the industry’s PR machine than reality.

The age of the average broker continues to extend well beyond the age and generation of the entry-level consumer with no replacements or capital in the pipeline. The average agent continues to dream

about a return of the good old days when agents were the center of the transaction. The concept of consumer centricity continues to be rejected by the industry at large.

In the midst of the confusion there seems to be a feeling that the marketplace and the transaction are sitting still waiting for the industry to “figure it out.” Suggestions of new competitors are greeted with “hoots” of bravado and suggestions to “bring it on.”

This is the time to look outside our industry and into the several organizations that have invested their efforts and resources in a manner that puts them in competitive positions of significant real estate consumer sensitivity and power.

Our research disclosed a fair number of entities that qualify for this status. Some are reengineered brokerages, others are internet based organizations and others come from different industries. Consider the following example from this last group:

Introducing the Lowe’s® organization. Probably a neighbor and even more likely one of the destinations of your own consumer energies, take a moment to take a closer look at this amazing organization. Consider the following:

- The company now has 1,643 stores, each positioned to ensure that they are within 20 miles of the majority of area consumers (this being the optimum range over which they can guarantee quality services).
- A number of years ago the company realized that the “do it yourself” trend was doomed. In response the company undertook to create an innovative “we can help” system that facilitates productive and satisfying relationships between consumers and over 20 specific areas of real estate/structural expertise (the key observation here is that this program facilitates tens of thousands of unique vendors, unique consumers, and unique properties, a remarkable feat).
- Shortly thereafter, the company responded to predictions regarding the dominance of the female consumer by adopting just the right color of blue as part of its brand, an interior store design/layout, and a customer service model that is specifically designed to meet the demands of the female consumer.
- In 2006, the company entered into a relationship (Lowe’s REALTOR® Benefit Program) with organized real estate that provided participating agents an opportunity to turn over their customer relationship management (CRM) program to Lowe’s. In return these agents receive the benefits of a world class CRM product. Today, as a direct result of this involvement Lowe’s has management relationships and experience with several thousand agents and marketing/communications relationships with over 150,000 consumers most of whom are recent homebuyers.
- The company developed a process through which participating independent contractors are rated and ranked by participating consumers. The results of this process directly influence which contractors are rewarded with new work.
- In order to drive and maintain the overall quality and standards of its consumer experience the company developed a staff position called the “installation manager.” In each store there are individuals charged with creating documented relationships with consumers, “in store resources” and independent consumers. Satisfaction numbers have steadily increased over the past two years to its current 88% level.
- To ensure program quality, Lowe’s has developed standards of practice for each area of expertise.
- In order to drive its value proposition, Lowe’s committed itself to being the “best value in the market.” Consumers can select from a wide variety of participation and funding options and interactions.

- The entire program is supported by appropriate technologies.

In order to confirm what I had learned about Lowe's during my research, I decided to test it out. Late last year my wife, a successful health care entrepreneur, and I purchased a lakefront property intended to be the centerpiece of a new sustainable lifestyle experience. It was determined that the property needed a bit of "Boomer" customization.

There was no quandary with respect to who would head up this project because that decision has already been made for millions of households. Women are now in charge of most major household expenditures and so it was in this case.

Despite having been a long-time advocate of the "manly" orange clad world of Home Depot, I allowed myself to be dragged into the blue and feminized environment of the Traverse City Lowe's store. What followed was from the beginning an amazing experience. It began with a discovery that as part of her research my wife had created solid "first name" expertise relationships with Lowe's staffers Christine, Tracy, Matt and that dynamite installation manager. Each had worked closely with her as she refined her vision and budget relative to making the property a point of pride and life style promise.

Out of these efforts emerged five separate purchase and installation contracts for specific aspects of the project. In each case, Lowe's:

- Worked to define the need
- Selected the perfect components and installation resources
- Negotiated to deliver the best value
- Facilitated the relationships, expectations, and best practices of a flawless installation process.

As we worked our way through these matters, every red light on my lawyer instrument panel was wildly flashing warning of what had to be an imminent disaster.

To my absolute amazement, each of the five contracts (kitchen, plumbing, electrical, external features, and counter surfaces) was performed in a manner that met or exceeded our expectations.

What are the lessons to be learned here?

- The nature of the real estate business has changed to a point where the required consumer related skill sets are not resident in the traditional real estate brokerage business model.
- Organizations outside the real estate industry have undertaken to develop the very skills sets that will be required to succeed in the new real estate market.
- These organizations, like Zillow and their "Zestimate," are creating their position by undertaking tasks that brokers and agents have deemed to be unimportant yet are cherished by consumers.
- Some of these organizations may never invest their new consumer experience and expertise into a real estate service program but others will become the new competition.

Have no doubt that these organizations are carefully watching the present marketplace and industry environment to determine whether or not to take advantage of the moment.

Real estate brokerage teams must immediately create and execute plans that will direct their focus to adjusting their competitive edge to the new industry parameters. We can do this. ■

# MARKET NEWS

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

*The combination of new and existing home sales in February 2011 decreased slightly from the pace in January 2011 and was essentially unchanged from the rate of sales in February 2010. The average price of new and existing homes sold was down 1.1 percent in February from the average price in January 2011.*

*The annualized rate for the combination of new and existing home sales was 5.085 million in February compared to the 5.165 million recorded in January 2011. The February 2011 rate of sales was slightly higher than the February 2010 sales rate of 5.067 million new and existing home sales.*

March 14, 2011 – The REAL Trends Housing Market Report for February 2011 showed that the annualized rate of the combination of new and existing housing sales decreased from 5.165 million units in January 2011 to 5.085 million in February 2011 but increased from the 5.067 million units pace in February 2010. February units closed nationally were up 0.4 percent from the sales unit rate in February 2010.

The average price for new and existing homes sold was down 1.1 percent from January 2011.

Housing unit sales for February 2011 were up in the South (+2.5 percent) and the West (+2.0 percent) but were down in both the Midwest (-2.6 percent) and the Northeast (-4.3 percent).

Average prices of homes sold in February 2011 decreased 1.1 percent nationally which was a better result than in January 2011 when average prices were down 6.2 percent on an annualized basis. The Northeast had the largest price decline with average prices in that region down 6.0 percent from February 2010. All other regions saw increases in the average price of homes sold with the Midwest showing the best increase in average price at 1.6 percent followed by the South with prices up 1.5

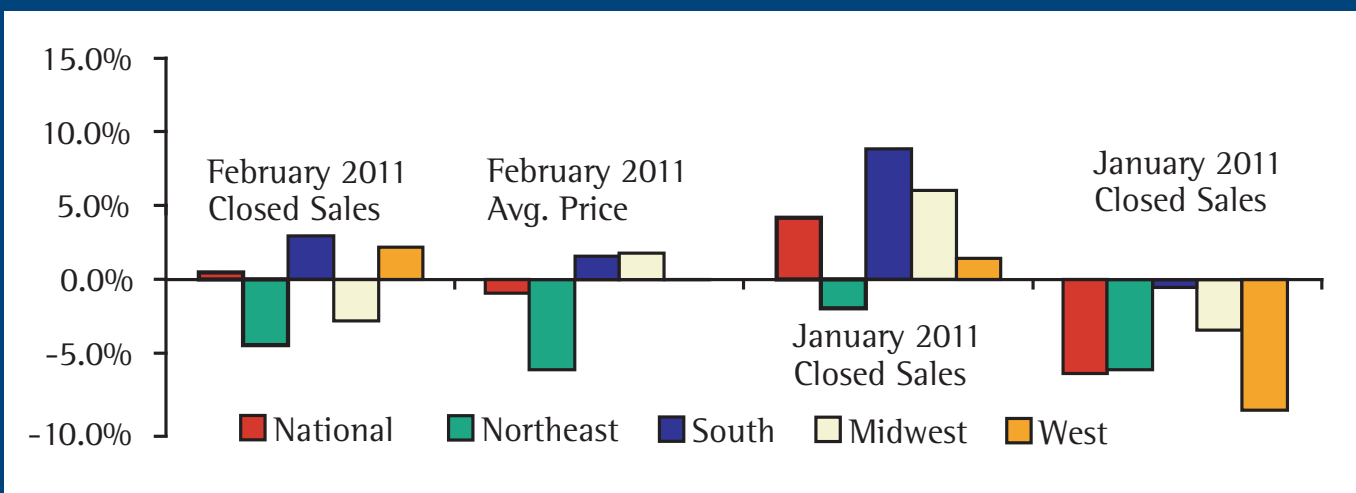
percent. The West saw prices essentially unchanged from the same month a year ago.

“The February 2011 REAL Trends Housing Report shows a housing market that is struggling to recover with units up only slightly over a year ago and prices still down,” said Steve Murray, editor of the report. “One could also view this news as good news due to the comparison with the year ago tax credit fueled boost in sales. However the real boost in sales from the 2010 tax credit was not really felt until the second quarter of last year. Sales appear to be holding up without any stimulus and price declines were much lower than in the last two to three months. There does not yet appear to be any signs that housing is staging a recovery in line with other economic indicators that are showing steady improvement.” ■

*See the REAL Trends  
February/January Housing Market  
Report Chart on the Following Page*

## REAL Trends February/January Housing Market Report (Versus same month a year ago)

	February 2011 Closed Sales	February 2011 Avg. Price	January 2011 Closed Sales	January 2011 Avg. Price
National	+0.4%	-1.1%	+4.3%	-6.2%
<b>Regional Report</b>				
Northeast	-4.3%	-6.0%	-2.0%	-6.0%
South	+2.5%	+1.5%	+8.8%	-0.4%
Midwest	-2.6%	+1.6%	+5.9%	-3.0%
West	+2.0%	0.0%	+1.7%	-8.2%



### Agent Productivity Averages Show Vast Regional Differences

A study of average agent productivity, based upon results from the upcoming REAL Trends 500 as well as financial information we collect through our consulting and research work, reveals some fairly significant differences from one region to another.

In 2010, the mean average transactions per agent stood at 8.0 nationally, with the Midwest region leading the pack at 9.5 and the Northeast coming in at only 6.2. Closed sales volume per agent, however,

was led by the West region at \$2.5 million while the South took the bottom (\$1.6 million); the national average was \$1.9 million.

Translating this to estimated Closed Gross Profit (or Company Dollar) averages closed the differences a bit – the national average was \$14.5 thousand, ranging from a low of \$12.3 thousand (South) to a high of \$17.3 thousand (Northeast).

	<u>Sides/SA</u>	<u>Volume/SA</u>	<u>% Ret.</u>	<u>CGP/SA</u>
National	8.0	\$1.9mm	28%	\$14.5K
Northeast	6.2	\$1.8mm	35%	\$17.3K
Midwest	9.5	\$1.8mm	30%	\$14.5K
South	7.3	\$1.6mm	28%	\$12.3K
West	8.9	\$2.5mm	22%	\$14.8K

# NETWORKS

## *United Country Real Estate Launches into Urban America*

*United Country's oldest real estate franchise system with roots in rural America entering major metropolitan areas: Interview with Dan Duffy, chairman and CEO, United Real Estate Peter Giese, president, United Real Estate*

After 86 years of operating a rural lifestyle marketing organization largely out of the view of the nation's largest real estate organizations, United Country Real Estate announced their entry into metropolitan areas throughout the United States. United Country CEO Dan Duffy told *REAL Trends* that they had already opened in the Dallas, Texas market and would be announcing several additional market openings throughout the rest of 2011.



*Dan Duffy*



*Peter Giese*

"We purchased United Country Real Estate five years ago from some of the finest operators in the business. They had rebuilt the franchise, which had been around since 1925, from difficult times in the 1980s. After having been in large technology endeavors for several years, our investor group had been looking at opportunities and found this great, quiet well run firm that has tremendous potential," said Duffy. "For the last five years we have retooled the entire organization, rebuilt the technology and related tools sets, strengthened our affiliate ranks, and added a national auction franchise and platform as well. All along, however we studied the

national market scene and planned for how we could enter the larger metropolitan areas."

Duffy said that they studied the market for real estate brokerage services, the existing firms at the local and national level, and believed there was an opportunity for a different kind of real estate organization. "Our prior business experience indicated that when you are building a national or global platform in the franchise sense, you had to be as concerned with the profitability of the franchisee as much as with the franchisor. We felt that we could offer a competitive program based on our results over the past five years but that we also had to develop a new way to build a major market program."

"Also we understand technology perhaps better than most due to the fact that most all of our senior team have backgrounds in building large platforms, global platforms for other industries. And we have built one for the existing United Country Real Estate that is all encompassing. This is a key advantage for our new launch. As any national leaders know, it takes millions upon millions of dollars to build a truly national integrated platform today. And most face the challenge of trying to get their affiliates to buy into new developments when the affiliates have already built their own. We won't have that challenge. Right from the start we have an entire platform ready to go. Our local business units won't have to invest anything in this area."

**REAL Trends:** How is United different from existing virtual brokerage models?

**Duffy:** Because we have spent the last five years building a complete technology platform for United Country Real Estate, and fully tested and deployed it, we are able to offer a 100% commission model and at the same time offer free of charge, all of the technology, training and support that today's sales

professionals are demanding. And we say that having operated a national network for the last five years. We think we have a good sense of what they are requiring of their broker.

Last year for our United Country affiliates we generated over 100,000 qualified leads. That adds up to over 25 qualified leads per sales professional for the year. We currently manage over 1,400 niche marketing websites that deliver over 2.9 million unique visitors per month in total. The use of technology to drive business to our sales professionals is not new to us. And because it is already built we can offer the platform and our resources to our new affiliates at a very low cost.

**REAL Trends:** So this is a low cost but high tech offering for sales professionals?

**Giese:** Yes. It is important to keep costs down for the sales professional and apply costs only where they add value to the sales professionals' ability to do business. So the full technology platform is a must. In terms of office space, our offices, which are carefully designed and modeled for wherever we operate, are a combination of Starbucks, American Airlines Admirals Club, Kinko's/FedEx, and Hilton Conference Center. It is not just low cost, but thoughtful application of what we have learned in the past five years of managing a life style real estate network called United Country Real Estate. And these will be standard templates wherever we operate.

**REAL Trends:** Are you franchising United offices or are they company owned operations?

**Duffy:** Both. We have identified 100 markets in the U.S. and numerous other global markets where we will own at least 50% of the office. These are the major global MSAs. We have commitments from investor partners and have green lighted nine offices in the U.S. and five international markets for 2011.

That number is growing by the day as investors reach out to us to partner in additional markets. We have also identified another 320 markets where the United model works where we will be offering franchises.

**REAL Trends:** What about franchise fees?

**Duffy:** The flat monthly fee is the only "franchise" fee that we charge.

**REAL Trends:** There are several very well run firms with the same plan already in markets across the country. How does your program contrast with them?

**Duffy:** As I have already said, first we already have the most advanced technology and operating systems platform in the residential industry, from start to finish. So as far as internet marketing, social media, websites for sales professionals, not only do we have them but they are fully integrated. Sales professionals won't have to invest a dime in all the basics as it is part of our basic package. And that is only one part of what we think makes us competitive.

**REAL Trends:** You have already launched in a few markets. What are you finding with the sales professionals who have expressed interest or joined you thus far?

**Giese:** It varies as you would expect. Each agent has different needs and goals. Having said that, we find that United agents are excited about being able to increase their take home earnings and not having to compromise at all on the broker provided support or a supportive family culture. They are also excited about our agent technology bundle, United Peak Performance. They are surprised at how comprehensive it is and the fact that we provide it without a technology fee. The ability to receive referrals is also a common point of excitement. ■

## Prudential Real Estate Offers Bullish Outlook

By Nicolai Kolding, associate editor, *REAL Trends*

March is the month of brand and network conventions in the residential real estate world, a kind of spring training for the business. Thousands of industry leaders and sales professionals escape the winter weather to gather at warm locations in order to recognize the past year and to look ahead. Much like managers on a sun-kissed baseball diamond, brand executives offer early-season predictions as well as new initiatives and bold promises.

So it was in San Diego recently as Prudential Real Estate and Relocation Services held its 2011 Sales Convention. Even for spring, the brand had a decidedly bullish air about both the industry's outlook and its own future in particular.



*Earl Lee*

As Earl Lee, the brand's president, looked upon about three thousand attendees at the opening session, he smiled and said confidently, "The game is about to turn."

He was referring both to his predictions of the marketplace, supported in part by a national survey of homebuyers and sellers the company just released, and to two new programs from the brand that he felt would have a significant impact on their success: a proprietary new networking site and an aggressive, national marketing initiative to be driven from its parent company, Prudential Financial, Inc.

*REAL Trends* spoke separately to Lee to get his insights into these initiatives and his perspective on housing.

What was clear from the start is that he clearly believes the market is set to turn and would do so

more quickly if everyone involved in the industry would help people see beyond the current uncertainty. Lee believes that a growing number of people are now ready to buy or sell, but they are paralyzed on the sidelines by a combination of a stalled economy, bad press, and an overwhelming amount of housing information that often contradicts and confuses them.

Recognizing that homebuyers are both more cautious and armed with more data than ever before, Lee believes his sales professionals can use the results from their survey to adjust their approach to today's consumers. He cites in particular the survey findings that state that while nearly two-thirds of Americans believe that the real estate market and property values will recover in the "next year or two," they are still trying to time the market which, Lee believes, sales professionals need to work through by discussing the numbers just enough to convey expertise while assuring them that housing is still, at its core, an emotional decision whose financial benefits need to be viewed in a long-term context.

"It's really about being a little bit more thoughtful and careful about the analytics, being able to then translate those analytics into a matter that the consumer can understand, and then helping them both from an emotional and intellectual level," Lee explained. "I think it is very apparent that you have to look at both the emotional and intellectual side of the transaction," he said. "People are selling on the numbers too much, and forgetting the emotional aspect. Sell on the emotional side first, then support with the intellectual side. Not in reverse."

That the survey was conducted by the parent company's analytics department seems to signal that there will be a more coordinated approach to all of the businesses under the Prudential umbrella coming soon. The idea of leveraging the Prudential name by promoting a single message that ties in the insurance, financial services, and real estate and relocation businesses was enthusiastically welcomed

by the brand's affiliates we spoke to in San Diego. At the convention's opening session, Jim Mallozzi, chairman & CEO of Prudential Real Estate and Relocation Services, gave a sneak peak at an advertising program that will be made public very soon.

"We are going to blanket the airwaves" with this new campaign, proclaimed Mallozzi. "I'm ready to make some noise in the marketplace this spring."

The brand has also invested significantly into its new networking platform, which it calls NeXtwork. At first glance, NeXtwork appears to be a combination of LinkedIn and a jazzed-up intranet system. The brand has offered this to all of its affiliates as a way to connect and share on any number of topics and issues, as well as to promote referrals and more formal business exchanges between agents and companies. The interface was polished and professional looking, and would appear to appeal especially to larger affiliates, a segment that the brand has always done particularly well with.

These initiatives were being actively discussed by Lee and his team in San Diego and were clearly leading off the sales pitch to prospective new affiliates. Here, too, Lee offered a bullish outlook that seemed to indicate they were focused on big ideas.

"The prospects we are talking to are people who, over the years, I couldn't get in to see six or seven years ago. We have been very, very fortunate to get the caliber and the type of affiliates we have. We have some of the biggest affiliates in the real estate business."

With that, Lee had to depart for another meeting. It was still early in spring but he had an air of confidence and anticipation for the season ahead. Later that night, in fact, he and other executives and top sales associates headed across the street from the convention center to PETCO Park, home of the San Diego Padres, where they took part in their own private batting practice. There was likely a lot of swinging for the fences. ■

## REAL *Trends* Website Consulting

Our website consulting is a service dedicated to the real estate industry. REAL *Trends* will take an unbiased look into the functioning, marketing, SEO, and other essential metrics of your websites. Whether you're in the decision process to get a new website, make changes to your current website, or hire SEO experts, the team

at REAL *Trends* can give you some very valuable direction and information at an affordable price. We will highlight strengths and weaknesses, make recommendations, and deliver a professional report for your ongoing web efforts. If you are interested in discussing your site and how we can help you, please email [realtrends@realtrends.com](mailto:realtrends@realtrends.com) or call 303-741-1000. ■

# TECHNOLOGY

## *REAL Trends Interview: Alex Levy, President and CEO, Hillside Software*

by Travis Saxton, marketing and technology manager, REAL Trends

As the founder and president of Hillside Software, Alex Levy is passionate about the use of technology in the real estate industry. He developed the first MLS distributed database software almost 20 years ago and persuaded a number of real estate professionals to buy laptop computers, a novel idea at the time. Many of these agents went on to become very successful using his software. He is now doing it all over again with the iPad and mobile technology. He has chalked up a number of industry “firsts”, including developing one of the first iPhone apps for real estate. The idea came to him while on a trip to Italy when he was walking around lost, in the pouring rain, using the map on his iPhone to try find his way back to the hotel. On his return he purchased a MacBook Pro and “crossed over to the dark side.” He grew up in South Africa and currently lives in Denver, Colorado with his wife of 27 years and two sons. His business goal is to help real estate professionals thrive, not just survive, by using state of the art technology in this challenging economy.

**REAL Trends:** Tell us about your services offered to the real estate industry.

**Levy:** Hillside Software provides a range of mobile (iPhone/iPad/Android) tools to real estate companies and MLS organizations. Hillside’s fully integrated Real Estate Mobile Marketing Toolkit is designed to take a total stranger who scans your property QR Code, or who downloads your iPhone/iPad/Android App, and turn them into a “Client for Life.”

We also recently released an iPad App that went viral with almost 1,000 downloads in just the first week!

Hillside Software has been developing real estate technology solutions for over 15 years and is based in Greenwood Village, Colorado.

**REAL Trends:** Define the scope of your customer base.

**Levy:** Our clients range from individual real estate professionals who are looking for a competitive advantage to successful real estate franchise operations such as RE/MAX Masters and Coldwell Banker Residential. Our clients also include major real estate companies such as Kentwood Real Estate in Denver, Cutler Real Estate in northeastern Ohio, and east coast powerhouse Long & Foster Real Estate. In our home town (Denver) over 3,000 real estate professionals use one or more of our products. We also recently started offering our Mobile Toolkit and QR Code manager to MLS boards and organizations under a revenue sharing agreement.

**REAL Trends:** How do you see technology affecting or transforming the real estate industry?

**Levy:** Mobile is changing the way many consumers find their next home, with QR Codes and mobile search playing a major role. Most analysts predict that 2011 will be the year that smart phones go mainstream in the U.S. Our Snap2View™ technology in our BestHome4Me™ iPhone App, for example, lets a consumer take a picture of a property using their smart phone and instantly display information about that property as well as similar listings nearby. For ease of use and convenience that simply can’t be beat.

**REAL Trends:** Five to ten years from now what one technological advancement do you foresee shaping our industry?

**Levy:** Remember when a calculator cost around \$200 and required a power outlet to work? Now

they are often given away free as promotional items and can be powered by sunlight. Similarly a full featured smart phone today costs under \$200. In 5-10 years time they will most likely be given away especially in developing countries. When you consider the fact that an Android device is really a computer that also happens to include a phone, the implications of having all this computing power in the hands of billions of people worldwide is simply staggering.

**REAL Trends:** With mobile browsing usage increasing greatly how does Hillside Software appeal to this audience?

**Levy:** Today, it is essential to have a presence in the App Store and Android Marketplace. Most brokers have invested heavily in SEO and Google adwords in the traditional web space. However when a consumer looks for them in the App Store they are nowhere to be found. It could be a huge strategic mistake allowing competitors to reserve all the important keywords in the App Store before you do. Secondly, the App Store is a tremendous source of qualified leads. Consumers don't usually

download an app unless they are serious. An added benefit is that every time a consumer turns on their smart phone your branding is right there. It is almost like having a huge billboard constantly following them around. You really cannot get better ad placement than this.

**REAL Trends:** Why is lead generation and proper handling so important to a realtor's business?

**Levy:** Real estate professionals continually receive leads from multiple sources – their websites, social networking, traditional advertising, text messaging systems, QR Codes and more. It is almost impossible to manage all this manually, especially when leads need to be responded to within 15 minutes or less. The good news is that all this can easily be handled by automated lead management software. For example our lead behavior and modeling software continually gauges and ranks leads based on each user's behavior on your website. Predetermined metrics and patterns allow you to quickly separate the real "prospects" from the "suspects." Sure you can still do this manually, but don't you have better things to do with your time? ■

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## *Taking Your Web Analytics One Step Further*

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

By now, most, if not all, of our readers are familiar with Google Analytics. In fact I wrote an article for our newsletter several weeks ago detailing how to get more out of your analytics and what to look for while interpreting your stats. We got some good feedback from that article so I thought I would take that one step further.

If you already have Google Analytics installed on your site then installing Google Webmaster Tools is easy. What I have seen is a vast majority of real estate websites take the initiative to install Google Analytics, although most rarely look at them or try to extract useful marketing information, its equally as rare for someone to install Google Webmaster Tools. First let's walk through a brief installation

then talk about the many benefits and features associated with webmaster tools:

**Installation:** The first steps are relatively simple. Just visit Google Webmaster Tools and sign in with your Google account associated with your website's analytics. From there you can "add a site" at the bottom of the page. The verification process is a bit trickier and I would recommend an experienced webmaster or consultant make these changes.

To verify that you own a site, you have a number of options. You can add a meta tag to your home page (proving that you have access to the source files). To use this method, you must be able to edit the HTML code of your site's pages. Upload an HTML file with the name you specify to your server. To use this method, you must be able to upload new files to your server.

Or you can add a DNS TXT record. To use this method, you must be able to sign in to your domain registrar or hosting provider and add a new DNS record. Add the Google Analytics code you use to track your site. To use this option, you must be an administrator on the Google Analytics account, and the tracking code must use the new asynchronous snippet.

Webmaster tools will check to see that the specified tag, file, record, or code is present. If it is, they consider you a site owner and will show you site details. After you have completed this step you are now a “Google Webmaster” (well, not quite yet but you can be with some simple need to know tools).

**Valuable data:** Inside Google Webmaster Tools you have a valuable resource in the dashboard itself. You will find which search queries people are using to find you, the trends associated with those, your average position on Google for that query, and the click through rate associated. By analyzing this data you can extract some useful search engine optimization advice (the same kind many companies pay good money to seek). Links are a vital ingredient in search engine formulas and inside Google Webmaster Tools you get a plethora of info on inbound and outbound links. This gives you an idea of where you need to focus your efforts. For example, *REAL Trends* has grown in popularity and we now have just shy of 2,000 inbound links to our website, built in large part through our Facebook networking, which adds powerful SEO value.

**Site Configuration:** Inside the site configuration tab is an assortment of tools. The first to discuss is that of your sitemap. Now, quite a few Realtors®

do not understand what this is so let me start by adding what a sitemap is:

“The **Sitemaps** protocol allows a webmaster to inform search engines about URLs on a website that are available for crawling. A Sitemap is an XML file that lists the URLs for a site. It allows webmasters to include additional information about each URL: when it was last updated, how often it changes, and how important it is in relation to other URLs in the site. This allows search engines to crawl the site more intelligently.”

Essentially it’s a roadmap for search engines to easily and quickly navigate your site. Creating a Google-friendly sitemap and uploading it in your Google Webmaster Tools is an essential step in enhancing your SEO. Sometimes having multiple sitemaps for different cities, neighborhoods, or MLS’s can also enhance SEO depending on the complexity of your site and market.

Inside site configuration you can also see how search engines display your listing or if there are any related errors that you should correct. Although this article is intended for someone with some web experience, what a Broker/Owner or even an agent who owns their own website can take from Google Webmaster Tools (not the same as Google Analytics) is easy to install and access, and it’s FREE. You don’t need to be a statistical expert to gain value from the data within your dashboard.

If you don’t have a sitemap or don’t know what one is seek consultation; creating one is quick and simple for many who know a bit about websites. These can certainly give you an added SEO boost (and, again, it is FREE). If you would like any further explanation, please do not hesitate to reach out to us. ■

## Technology Focus: SmartZip

By Nicolai Kolding, associate editor, *REAL Trends*

In the ever-competitive arms-race to determine who has the slickest technology in the real estate industry, enter SmartZip. Launched less than three years ago, it is one of the rare platforms with separate tools to fit three distinct clients: brokers, agents, and homebuyers and sellers (with the potential to soon satisfy a fourth constituency, financial institutions).

*REAL Trends* recently spoke to Tom Glassanos, President & CEO of SmartZip, to learn more about their history, their tools, and their vision for the future.

“SmartZip’s original product was a ratings system for residential properties,” said Glassanos. Its intent was to create reliable, investment-grade scores (on a 1 to 100 scale) for residential properties across the country that would be held in the same regard as Morningstar is to stock ratings. This product, which some view as an alternative to Zillow’s Zestimate, is still what often draws eyeballs to the website initially. Using proprietary algorithms, SmartZip analyzes several broad factors (including the local housing market, economy, weather and disaster patterns, and school scores, for example) and crosses them with an analysis of a specific property’s particulars to determine how weak or strong an investment it believes it to be. The company has now garnered nearly complete geographic coverage of the United States with this product, with eighty million property ratings that captures virtually every single-family residence and a large percentage of multi-family dwellings of up to four units. Although some of the information on a home is available for free, the most detailed reports require a subscription.

Glassanos and his team had a broader plan, and some Silicon Valley venture capital backing, but with a fairly simple premise to accomplish this: fill an industry’s extensive need for hard analytics by distilling massive amounts of information in easy-to-digest interfaces. “We are very good at taking complicated, detailed information and deriving a lot of really valuable insight,” Glassanos humbly submitted.

The company has now moved to leverage its database and number-crunching expertise (powered by no fewer than four on-staff Ph.D.’s) to offer residential brokers the opportunity to license their “analytics infrastructure.” Brokers can enhance their websites with market-analytic tools and data, going well beyond property ratings, fed from SmartZip in order to deepen the user experience and position the broker as a local-market expert. Glassanos claims that six “well-known” brokerages in various parts of the country will soon announce that they are using SmartZip’s data in this way.

Another ongoing development is SmartZip Pro, which is specifically geared towards sales professionals. Here the company’s goal is to provide agents with “predictive analytics” such as “smart targeting” of neighborhoods to determine, for example, which homes are more likely than others to be listed for sale soon. This is currently available nationally on a monthly-fee basis and Glassanos states that there are hundreds of agents using it now.

So what’s ahead? According to Glassanos, there are several initiatives the company is investigating including new products (such as creating “neighborhood” ratings similar in concept to its property ratings), licensing and customizing its products to brands and networks, creating a residential housing index (akin to S&P/Case-Shiller), and perhaps applying some insight to the mortgage industry, for example, to deepen their risk and pricing analysis.

In addition to contributions from venture capitalists, SmartZip recently received an investment from Intel Corporation through a special vehicle that is specifically looking to fund firms and products that, as Glassanos described it, “could have an impact in helping in our country’s economic recovery.” That’s a fairly impressive endorsement of the company’s products and future. We believe SmartZip offers a unique technology suite that professionals in the industry should be aware of. ■



Tim Kinzler, CRS



Council of Residential Specialists  
The Proven Path To Success

## Must-have Tech Tools for Mobile Agents

### Seeing is Believing and Selling!

When a fellow CRS in Chicago needed a Florida sales associate to help a 70-year old family member find a condo, she contacted Tim Kinzler, CRS, a sales associate with Coldwell Banker Real Estate in Delray Beach, to assist the buyer. “We looked at a ton of properties and finally late in the afternoon, she decided to make an offer. We found out that we were competing against another

offer and time was of the essence,” says Kinzler. So, Kinzler pulled out his Hewlett Packard TX2100 Tablet computer, drew up an offer (using Tru Forms), had the buyer sign it right there on the screen, then emailed the offer (in a PDF document) over to the listing agent. “We did this in 45 minutes and our offer was accepted, only because we acted so quickly.” Did we mention that Kinzler did this all from the buyer’s kitchen?

“I’m always on the road and the Tablet, iPhone and iPad give me the flexibility I need to get customer signatures and finalize transactions,” he says. Kinzler is known in Realtor® circles as the go-to-guy for all things tech. So, it’s no surprise that he has some tips for mobile agents. “It was a CRS tech class I attended in the 1980s that peaked my interest in technology. The class was about using a Palm Pilot and I immediately went out and bought one afterward.”

Here are his favorite tech tools:

**iPad/Tablet Computer.** “From a real estate perspective, there are two things the iPad has yet to perfect,” says Kinzler. One is integration with the MLS. “Most vendors require Internet Explorer and the iPad uses Safari.” The other is that the iPad doesn’t use Flash technology, which means it’s difficult (but not impossible) to use online forms software to

prepare contracts. For that reason, Kinzler still uses his Tablet, however he says, “I think I’ll be using only my iPhone and iPad in the next year.”

Kinzler has found a workaround for the document issues. He uses an app called SendNSign (\$1.99) that allows him to pull up any PDF document and sign it on the iPad screen. “I can now do contracts and listing documents on my iPad,” he says. He also uses Realtor.com extensively. “With my buyers, we identify six or seven communities to visit the first time out. Once they see a place they really love, they usually ask me what else is for sale in that community,” he says. “With the iPad, I can go to the Realtor.com app and it automatically identifies the homes for sale in the surrounding area.”

With the iPad’s large screen, Kinzler can set it up on the car dashboard and buyers can scroll through property pictures.

He loves the presentation aspect of the iPad. Recently Kinzler was working with a buyer who was looking at a \$1.2 million property. “We were sitting inside a restaurant at the resort and the community salesperson was talking about the pools and beach, which we couldn’t see. I pulled up Google Earth on my iPad and zoomed in on the area where they could see the beautiful pools and the beach, along with the resort layout. It really contributed to the WOW factor and put the area into perspective. They bought the property,” says Kinzler.

**iPhone and FLIP video.** Of course, the iPhone can do many of the same things as the iPad but it’s smaller. So, Kinzler uses his iPhone for different purposes, like video. He was recently working with an elderly couple that was buying a foreclosure sight unseen. Kinzler drove to the property, used his iPhone to video it, uploaded the video to YouTube, went back to the buyers, handed them his iPad and pulled up the video. “We also emailed the YouTube link to their attorney.” Also, says Kinzler, with SKYPE, you can now do live streaming video, where you can talk to your customer as you’re walking through the property—all in real time.

While Kinzler likes using the iPhone for videos because he doesn't have to plug in a camera and upload the video (a video can be emailed or texted right to the recipient), he does use the FLIP video camera as well. "It's cheap and the learning curve is minimal," he says. Kinzler uses the FLIP when he has more time or needs a better quality video. "An out-of-town doctor and his wife were buying a condo for their daughter. The doctor was back in Maryland and the mom and daughter were looking at properties with me," he says.

They found one they liked, so Kinzler whipped out the FLIP camera, videoed the entire property, went to a local Starbucks, uploaded the video to his iPad and emailed it to the doctor. "Within an hour, he viewed the video and told them to buy it," says Kinzler. "That was a \$3000 commission and the FLIP only cost me \$100, you do the math!"

**AGENCY Logic website for listings.** This service is a single property website with the URL being the address of the property for sale. While there are other services that offer this same thing, Kinzler likes [www.AgencyLogic.com](http://www.AgencyLogic.com) because it "focuses on listing and not me." Kinzler pays a \$25 per month volume price and quickly builds a website for each of the properties he has listed. "I can post 100 pictures, customize the site easily and track who's visiting the site," says Kinzler. "It's so easy anyone can set it up and do it."

**iPhone (yes, again!) GPS.** Using an app called Tom Tom (\$49), Kinzler sets his iPhone up in the ashtray and uses it like a GPS. "It allows me to get from property to property easily." Kinzler also uses the Notepad function and the Voice Recorder, which allows him to record to-do lists and reminders while he's driving. "It's my office in my pocket, that's the difference between that and iPad," he says. "The iPhone is more portable."

**Mi-fi Verizon air card/internet live.** Obviously, if you're a mobile agent, having continuous internet access is imperative. While the iPhone and iPad offer 3G services, where you can get on the internet from anywhere, Kinzler doesn't have this with his laptop.

"Mi-fi is like an air card but it stands alone," says Kinzler, who pays about \$60 a month for it. The best part? If he's in a conference room that doesn't have wireless internet access, he can use his Mi-fi card to access the internet and allow up to five other people to use it to access the internet as well. "I become the wireless connection for the event." This came in particularly handy at a recent Realtor Association meet and greet. "We were at outdoor tables with no wireless connection. Everyone had their laptops, so I turned on the Mi-fi card and everyone hooked into the internet through me so we could conduct business," says Kinzler.

"CRS has always embraced technology," says Kinzler, who continually shares new technologies with fellow CRS members. "I love the CRS email newsletter as it always has a feature called Technology Insights. Its peer-to-peer advice about what technology works and what doesn't. It's invaluable," he says. "CRS is also carrying over their services to social media, where we can make recommendations to others about products and services and that's really innovative. It's what YELP (an online rating system) is all about and it's the wave of the future," he says.

### Kinzler's 3 Tips in a Nutshell

1. **Explore.** Look at your routine and figure out what technology can automate your day. Most top producers embrace technology but are clueless how it works! CRS teaches us to do what we do best – list, sell and close!

Explore tech products at convention trade shows, at sites like [Cnet.com](http://Cnet.com), at your local Best Buy, Target or Walmart and read CRS online groups and magazines. Most of all—attend the CRS classes, one of the best ways to keep up with the most user-friendly and newest technology for the residential agent.

2. **Engage.** Just Do it. Technology seems intimidating but it's really not. Most products today can be learned in a couple hours.
3. **Embrace what works and get rid of what doesn't.** Test out a product and if it doesn't do what you want, don't spend your time and money. ■

# EDITOR'S NOTE

*We are reminded by the events in Japan that no matter how tough the housing market or economy in general may be here in the United States, they are but modest roadblocks in the enjoyment of our businesses, careers and lives.*

## REAL Trends in its 25th Year

This year's Gathering of Eagles marks the beginning of our 25th year in business. What a ride it has been, what an exciting time to be in residential real estate services business.

To kick off this 25th year we will be featuring several new endeavors at the Gathering:

- The introduction of our new book in partnership with Market Leader called *Game Plan – How Real Estate Professionals Can Thrive in the Future*. We will present our key findings and hand out free copies of the book and a free 30 minute DVD;

- We will be discussing a new program from REAL Trends Consulting on how to acquire a book of business from sales professionals and teams and do so in a way that benefits both the brokerage firm and sales professional;
- We'll introduce two new tools from REAL Trends, one called Commission Concepts that assists brokerage firms with the analysis of commission programs and plans and secondly, a future business planning tool that aids brokerage in seeing the real impact of changes in commission rates, productivity, price changes and other factors;
- For those who participated in the REAL Trends Compensation Study, a workshop and discussion of the key findings. Firms representing over 1,100 sales offices participated and eleven different job categories were examined.

We would enjoy the opportunity to have you as our guest at this special Gathering of Eagles. Never before have we had a program with more information about how to grow and profit again. To register for this event, please visit [www.realtrends.com/conferences](http://www.realtrends.com/conferences) or call us anytime at 303-741-1000. ■

