

A photograph of a modern office interior. In the foreground, there are several modern chairs with white plastic seats and backs and light-colored wooden legs. One chair is a vibrant green. They are positioned around a wooden table. In the background, a large window looks out onto a bright, sunny outdoor area with greenery. The scene is brightly lit, suggesting a professional and open environment.

National Association of REALTORS® Research Group

2019 Profile of Real Estate Firms

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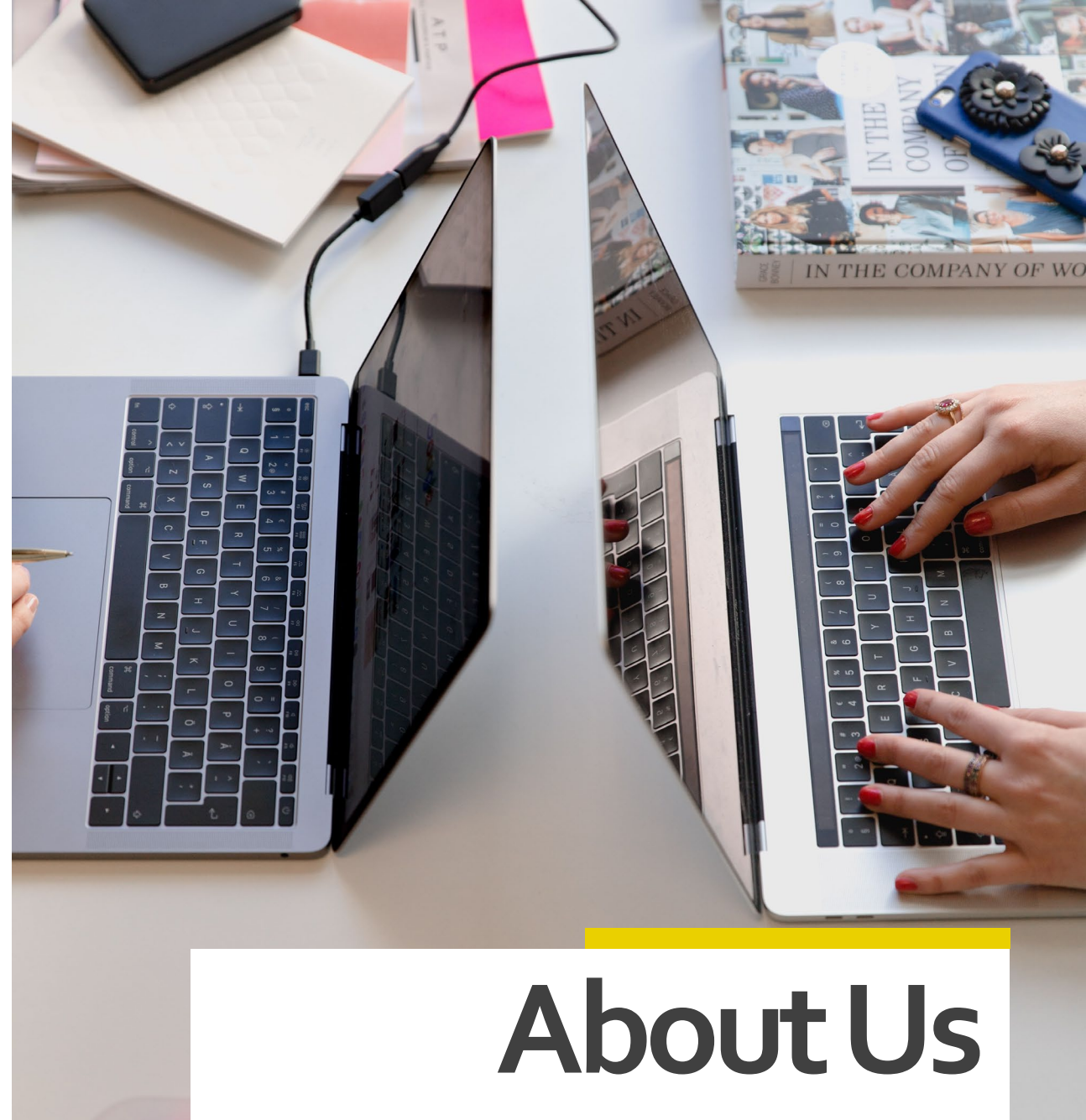
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Chief Executive Officer



About Us

NAR RESEARCH STAFF

Lawrence Yun, Ph.D.
Chief Economist and Senior Vice President

Jessica Lautz
Vice President, Demographics and Behavioral Insights

Brandi Snowden
Director, Member and Consumer Survey Research

Amanda Riggs
Research Survey Analyst





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Executive Summary

2019 Profile of Real Estate Firms

A survey of NAR Brokers of Record



Brokers of Record in Real Estate

- *Definition:*
 - A licensed real estate broker responsible for one or more licensed real estate agents involved in representing a buyer or seller in real estate transactions.
- The 2019 NAR Profile of Real Estate Firms surveyed its Brokers of Record membership to understand the demographics, composition, and characteristics of real estate firms from the perspective of executives and managers.



NAR Broker Membership

- As of February 2019, NAR had 1.32 million members.
- NAR had 158,324 self-designated Brokers of Record.
- NAR's Brokers of Record accounted for 11.9 percent of its total membership.

Thirty-two percent of firm respondents were the CEOs, presidents, or owners, and 64 percent were regional managers or regional vice presidents. Seventy-eight identified as broker owners and 12 percent as broker managers. **Seventy-eight percent of real estate firms had a single office**, typically with **two full-time real estate licensees**, down from three licensees in the 2017 report.

Eighty-one percent specialized in residential brokerage. Thirty-eight percent of firms were LLCs, 26 percent sole proprietorship, 26 percent S-Corps, and eight percent were C-Corps. Fifty-seven percent of firms covered a geographic market area in a metropolitan region, 31 percent in a rural area or small town, seven percent in a resort area or recreation area, and four percent in a multi-state area. Only one percent were nationwide firms.

Eighty-six percent of firms were independent, non-franchised companies, and 11 percent were independent franchised companies. **The typical residential firm had been operating for 14 years**, while the typical commercial firm had been operating for 23 years. This year, independent, non-franchised companies were more likely to be firms with four or more offices at 49 percent. Franchised firms were also more common among residential real estate firms (13 percent), compared to only three percent of commercial real estate firms.

Twenty percent of firms reported that the number of mergers and acquisitions for the firm had remained the same from 2009 to 2013 and 2014 to 2018. However, six percent of firms indicated that mergers and acquisitions had increased in that time period.

While the typical firm had two full-time real estate licensees, larger firms

reported having a median of 64 full-time real estate licensees, 60 full-time licensees who are independent contractors, four full-time staff (non-licensees), and four part-time licenses who worked less than 30 hours a week. The typical firm did not have a new licensee or a licensee who left the firm, but those who had four or more offices typically had nine new licensees join their firm in 2018 and four licensees who left their firm in the same year. Firms with four or more offices also saw a gain in staff who were not licensees—typically one staff member.

A median of 99 percent of firms' revenue was derived from real estate business activity. Thirty-five percent of other real estate business activity was derived from commercial brokerage. **The typical residential real estate firm's brokerage sales volume was \$5.3 million in 2018, while the typical commercial real estate firm's brokerage sales volume was \$4.8 million in 2018.** There was a wide range for the median brokerage sales volume by the number of offices at a firm. Those with only one office had a median brokerage sales volume of \$4.2 million in 2018, while those with four or more offices had a median brokerage sales volume of \$100 million in 2018. **Similarly, those with one office had a total of 18 real estate transaction sides in 2018, while those with four or more offices typically had 478 real estate transaction sides in 2018.**

Many firms had the capability to offer in-house ancillary services to real estate clients. The most common in-house service was business brokerage, followed by relocation services and home improvement. Among firms with four or more offices, 47 percent offered relocation services, 38 percent business brokerage, 19 percent title or escrow services in house, and 17 percent offered mortgage lending.

The typical firm made less than one percent of their net revenue from ancillary services. However, those with four or more offices typically made five to 10 percent of their net revenue from these services.

Firms typically had 30 percent of their customer inquiries from past client referrals, 25 percent from repeat business from past clients, 10 percent from their website, 10 percent through social media, and two percent from a third-party referral company. Firms typically had 30 percent of their sales volume from past client referrals, 25 percent from repeat business from past clients, 10 percent from their website, and 10 percent through social media. **Firms reported their current competition was most likely to come from traditional brick and mortar large franchise firms, followed by single-office brick and mortar firms.**

The most common benefit that firms offered to independent contractors, licensees, and agents was errors and omissions/liability insurance at 40 percent. However, many shared the cost of the insurance with their employees. Only two percent of firms offered their independent contractors, licensees, and agents health insurance, and in most cases the employee paid for the benefit. Among salaried licensees and agents, administrative staff, and senior management, there were a larger share of firms who paid for errors and omissions/liability insurance, vacation/sick days, and health insurance.

Firms provided or encouraged the use of specific software. The most common software that was provided or encouraged for use by agents/brokers was comparative market analyses, multiple listing services, e-signatures, and electronic contracts/forms.

The most common feature on firm's websites were property listings, agent/staff profiles, customer reviews/testimonials, information about the home buying and selling process, mortgage/financial calculators, community information/demographics, and links to social media accounts.

Twenty percent of firms had social media guidelines for professional social media accounts and 32 percent had guidelines for professional and personal social media accounts. Twenty-four percent of firms used a closed communication group, such as a Facebook group, Basecamp, or Google group. Twenty-one percent of firms offered a virtual office and six percent offered a virtual assistant to agents and staff. Sixty-one percent of all firms offered physical office space. Ten percent of firms had experience with wire fraud at closing. That jumped to 39 percent for firms with four or more offices. Twenty-five percent of firms offered encrypted emails to staff to prevent fraud. Four percent of all firms operated a non-profit foundation, and 19 percent for firms with four or more offices.

Seventy-nine percent of firms encouraged their agents to volunteer in the local community, 40 percent at the local association of REALTORS®, 23 percent at their state association of REALTORS®, and 16 percent encouraged volunteering at the National Association of REALTORS®.

Seventy-two percent of firms encouraged staff to pursue educational opportunities for certification and designations, 21 percent for a higher education degree, and 67 percent to take additional training classes.

Forty-two percent of firms reported they were actively recruiting sales agents in 2018. This was more common among residential firms (47 percent) than commercial firms (28 percent) and more common among firms with four offices or more (84 percent) than firms with one office (36 percent). **Eighty-six percent of firms reported the reason for recruitment was growth in their primary business,** followed by the desire to expand into new market areas at 31 percent.

Fifty-seven percent of firms expected profitability (net income) from all real estate activities to increase in the next year, and that number jumped to 63 percent of firms with four or more offices. Seventy-five percent of firms expected competition during the same time period to stay the same from traditional brick and mortar single office firms, while only 12 percent expected competition to increase from traditional brick and mortar firms in 2019. Forty-four percent of firms expected competition to increase in the next year from virtual firms and 43 percent from non-traditional market participants.

Keeping up with technology, competition from nontraditional market participants, and housing affordability were among the biggest challenges cited for firms in the next two years. Commercial firms were more likely than residential firms to cite local or regional economic conditions, while **residential firms were more likely to cite competition from non-traditional market participants and virtual firms.**

When firms were asked to predict the effect of generations on the industry for the next two years, **58 percent of firms were concerned with Millennials' ability to buy a home, 46 percent with Millennials' view of homeownership,** and 26 percent of firms were concerned about Baby Boomers retiring as real estate professionals.

Forty percent of all firms said they had an exit plan for when they decide to retire or exit the real estate industry. Twenty percent said they did not plan on retiring and 25 percent did not have an exit plan. Forty-seven percent of commercial firms had an exit plan compared to only 38 percent of residential firms. Larger firms were more likely to have an exit plan in place.

Thirteen percent of all firms had real estate teams with a median of three people per team. The most common family relationships at firms were among spouses/partners followed by grandparent/grandchild relationships.



Characteristics of Real Estate Firms

Chapter 1

Chapter 1 Highlights

Characteristics of Real Estate Firms

- Thirty-two percent of Brokers of Record were CEOs, presidents, or owners, and 64 percent were regional managers or regional vice presidents.
- Seventy-eight percent identified as broker owners and 12 percent as broker managers.
- Eighty-one percent of real estate firms had a single office, typically with two full-time real estate licensees, down from three licensees in the 2017 report.
- Eighty-six percent of firms were independent non-franchised firms, and 11 percent were independent franchised firms.

- Eighty-two percent of firms specialized in residential brokerage.
- Thirty-eight percent of firms were LLCs, 26 percent sole proprietorship, 26 percent S-Corps, and eight percent were C-Corps.
- The typical residential firm had been operating for 14 years, while the typical commercial firm had been operating for 23 years.
- Fifty-seven percent of firms covered a market area in a metropolitan region and 31 percent in a rural area or small town.

CHAPTER 1 – LIST OF EXHIBITS

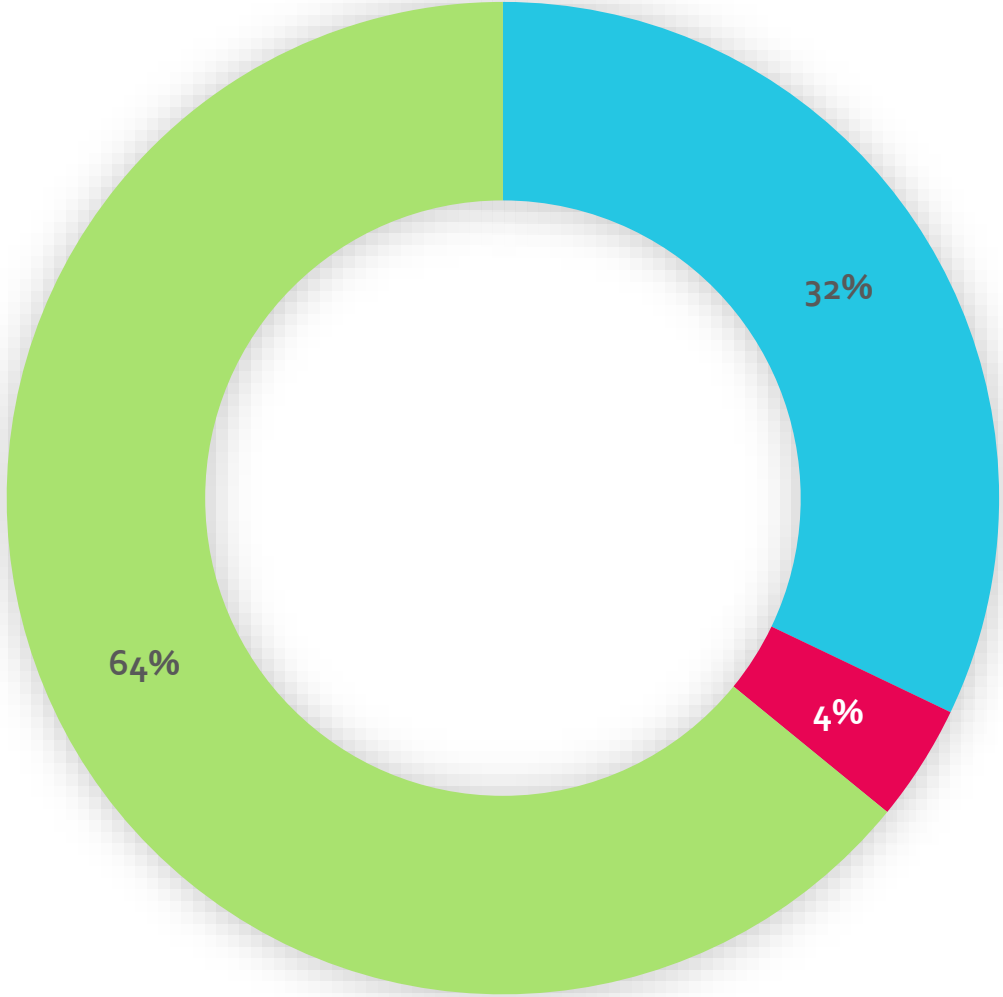
Exhibit 1-1	NAR BROKERS OF RECORD
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Exhibit 1-4	OFFICE OPENINGS AND CLOSINGS, BY RESIDENTIAL AND COMMERCIAL FIRMS
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NAR BROKERS OF RECORD

(Percentage Distribution)

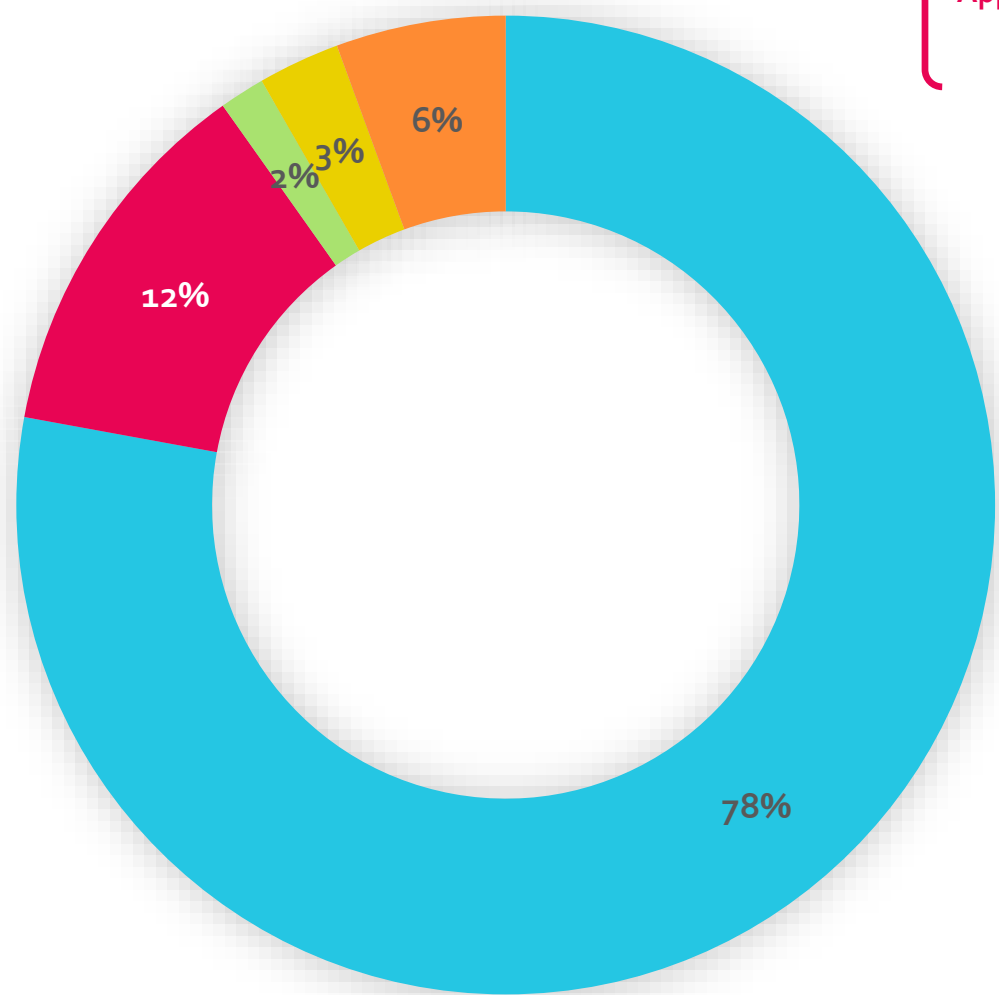
All Firms

- CEO, COO, President, owner, or senior management of an entire multi-office firm
- Regional manager, regional vice president, or senior manager of the regional operations of a multi-office firm
- Regional manager, regional vice president, or senior manager of the regional operations of a multi-office firm



NAR BROKER MEMBERSHIP

(Percentage Distribution)



Respondents gave the following as “other” brokerage type:
Appraiser/appraiser owner, managing director, sales, office manager,
vice president, co-owner, partner, and branch manager.

All Firms

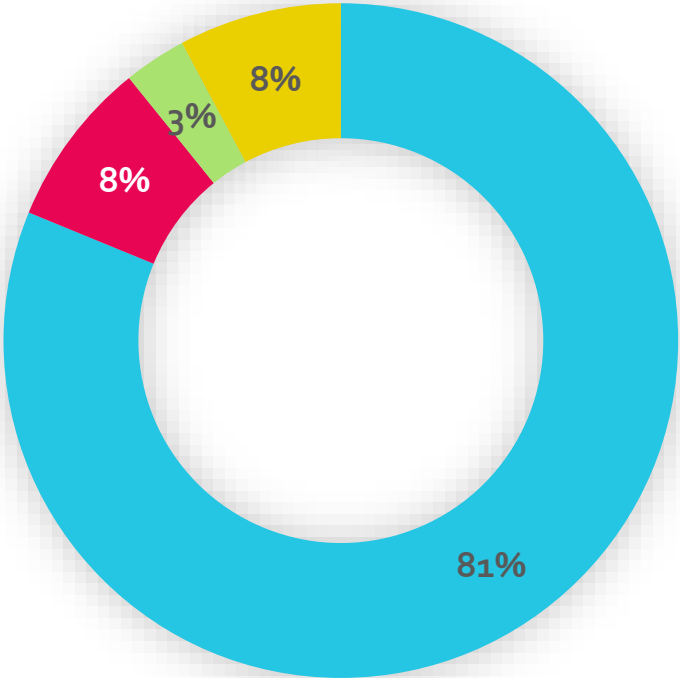
- Broker owner
- Broker manager
- Broker associate
- Broker officer
- Other

NUMBER OF OFFICES, BY RESIDENTIAL AND COMMERCIAL FIRMS

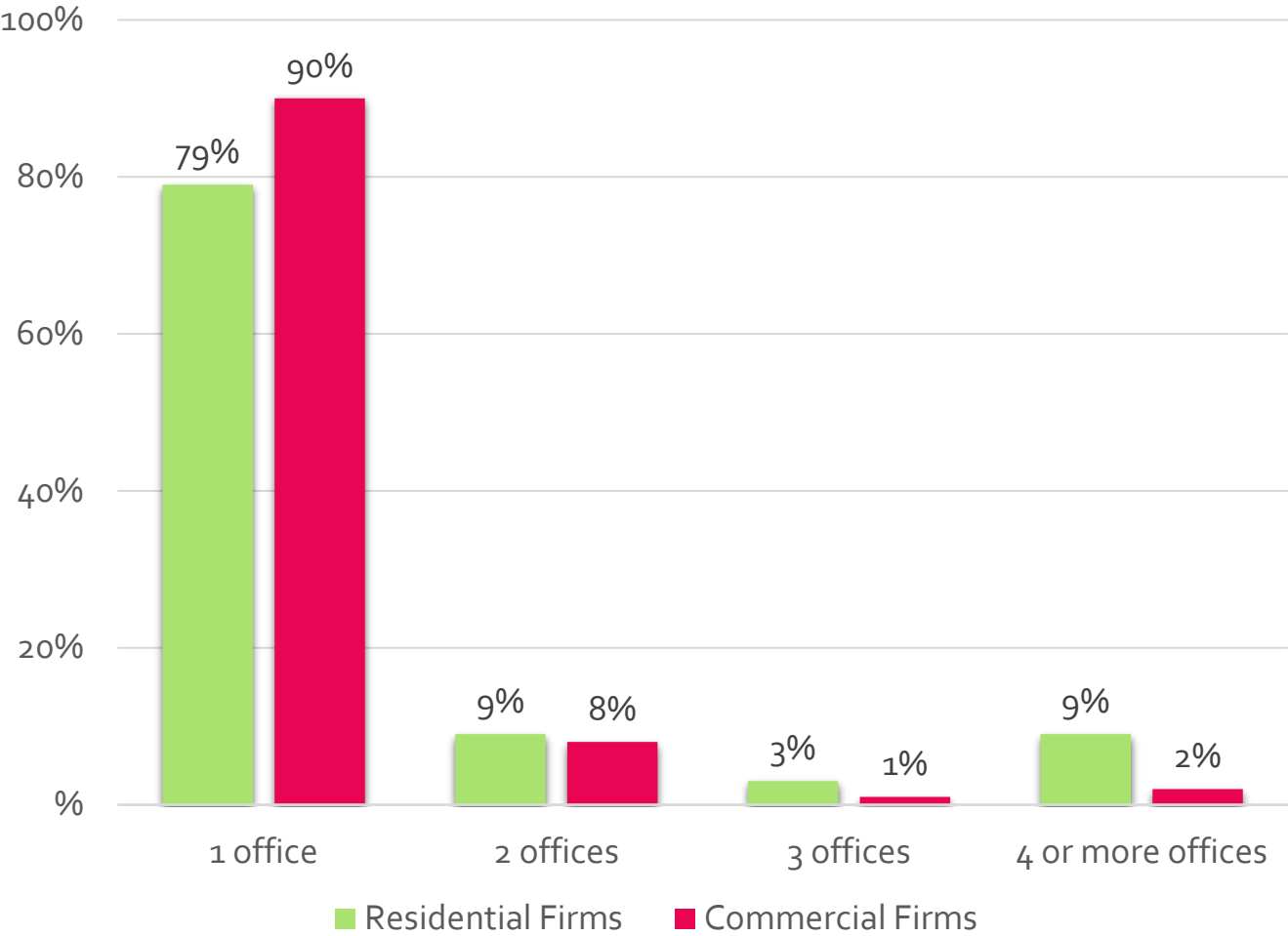
(Percentage Distribution)

All Firms

Medians:
All Firms: 1 office
Residential Firms: 1 office
Commercial Firms: 1 office



1 office 2 offices 3 offices 4 or more offices



OFFICE OPENINGS AND CLOSINGS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Medians)



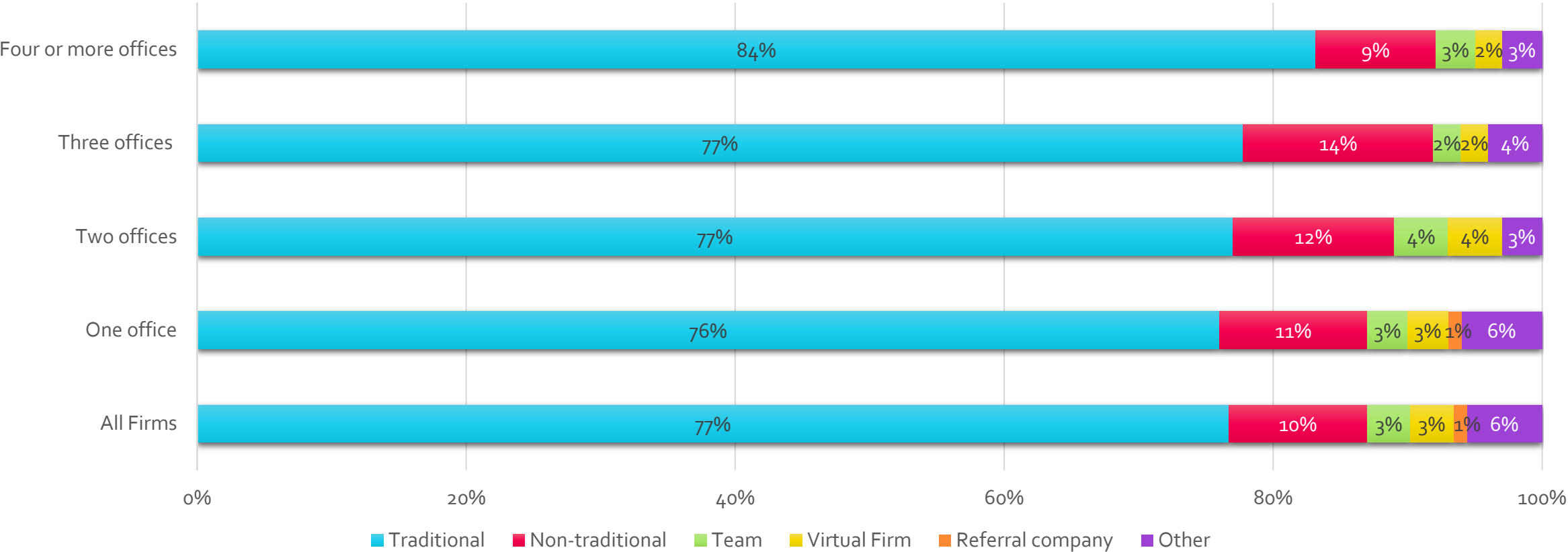
The following had a median of zero offices by number of firms:

- Number of new offices opened in 2018
- Number of offices acquired through purchase or merger with another firm in 2018
- Number of offices acquired through purchase or merger with another firm from 2018-2010
- Number of offices closed in 2018

BROKERAGE TYPE, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)

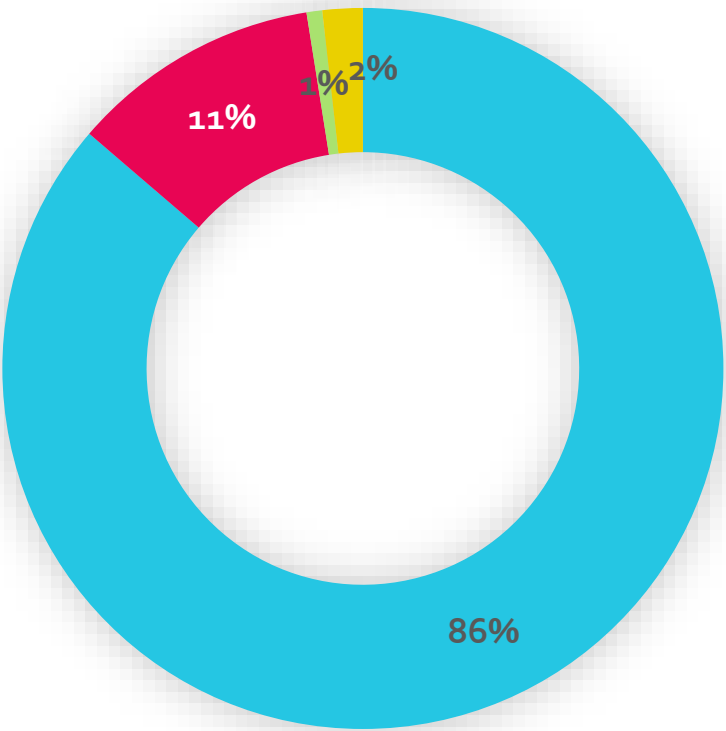
Respondents gave the following as “other” brokerage type:
Appraisal, boutique, combination of traditional and non-traditional,
exclusive buyer brokerage, investment, and property management.



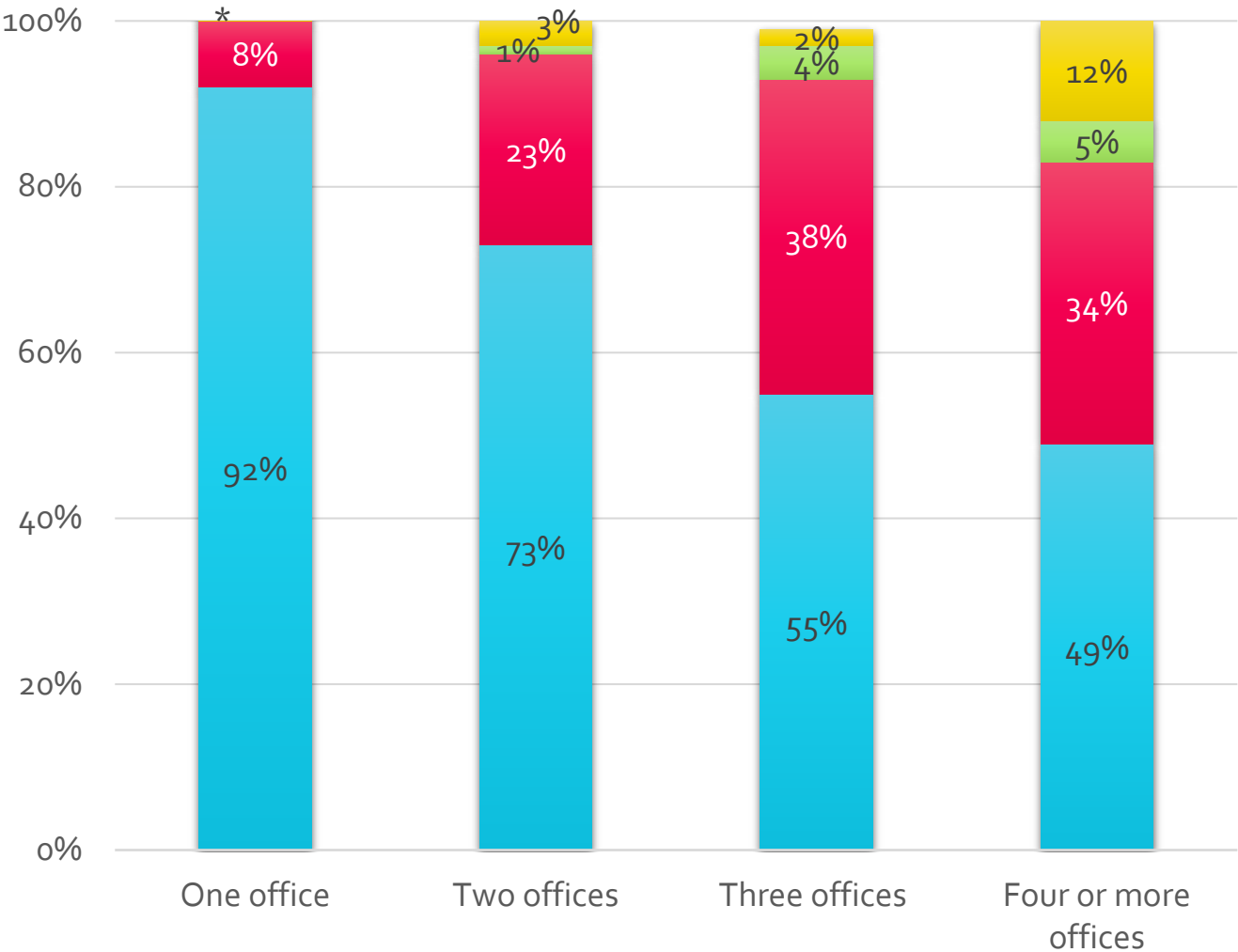
FIRM TYPE, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)

All Firms



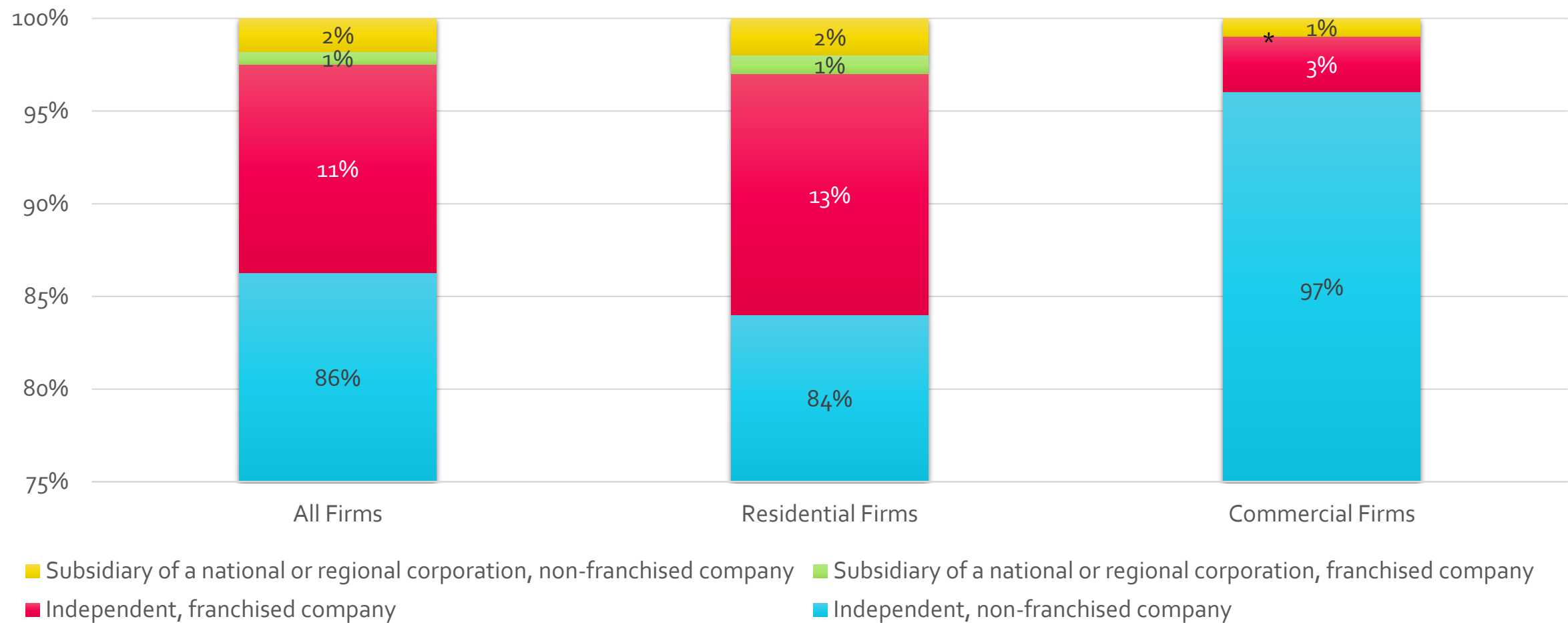
- Independent, non-franchised company
- Independent, franchised company
- Subsidiary of a national or regional corporation, franchised company
- Subsidiary of a national or regional corporation, non-franchised company



*Less than 1 percent

FIRM TYPE, BY RESIDENTIAL AND COMMERCIAL FIRMS

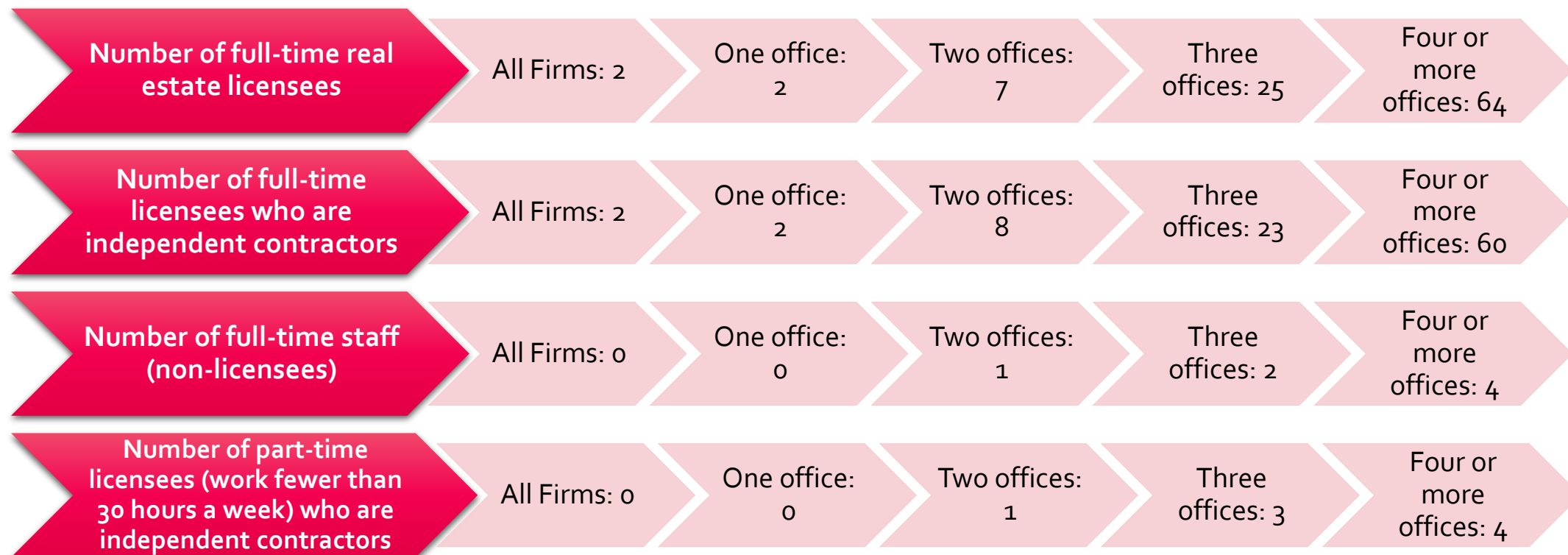
(Percentage Distribution)



*Less than 1 percent

STAFF AT FIRMS, BY NUMBER OF OFFICES AT FIRM

(Medians)

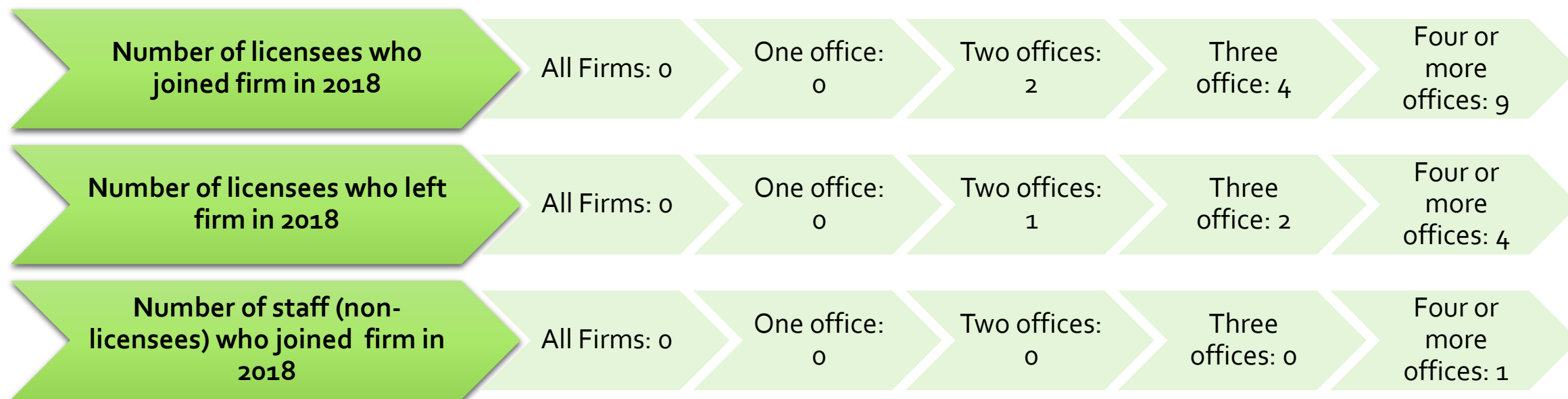


The following had a median of zero staff by number of firms:

- Number of part-time real estate licensees (work fewer than 30 hours a week) who are salaried
- Number of part-time staff (non-licensees) who work fewer than 30 hours a week
- Number of full-time licensees for referral only
- Number of part-time licensees for referral only who work fewer than 30 hours a week

CHANGE IN STAFF AT FIRMS, BY NUMBER OF OFFICES AT FIRM

(Medians)

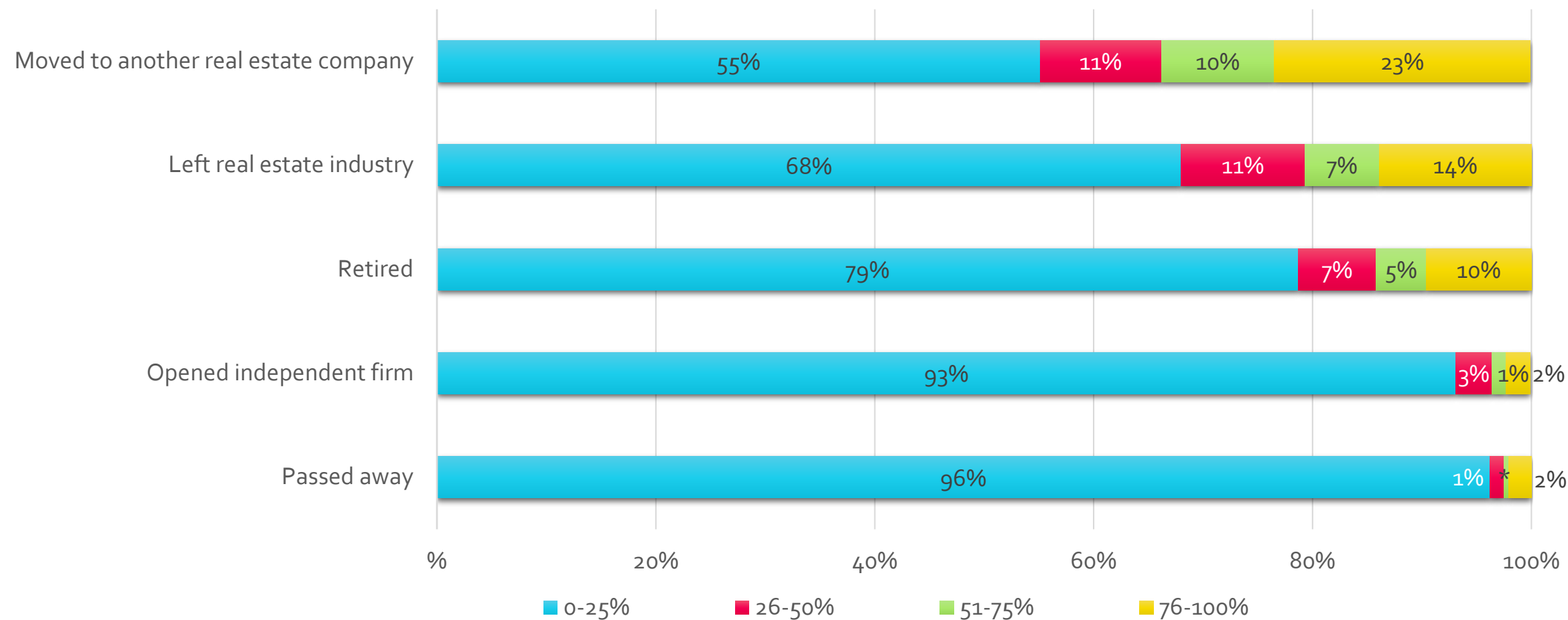


The following had a median of zero staff by number of firms:

- Number of staff (non-licensees) who left firm in 2018
- Number of licensees for referral only who joined firm in 2018
- Number of licensees for referral only who left firm in 2018

STAFF CAREER DIRECTION AFTER LEAVING FIRM

(Percentage Distribution)



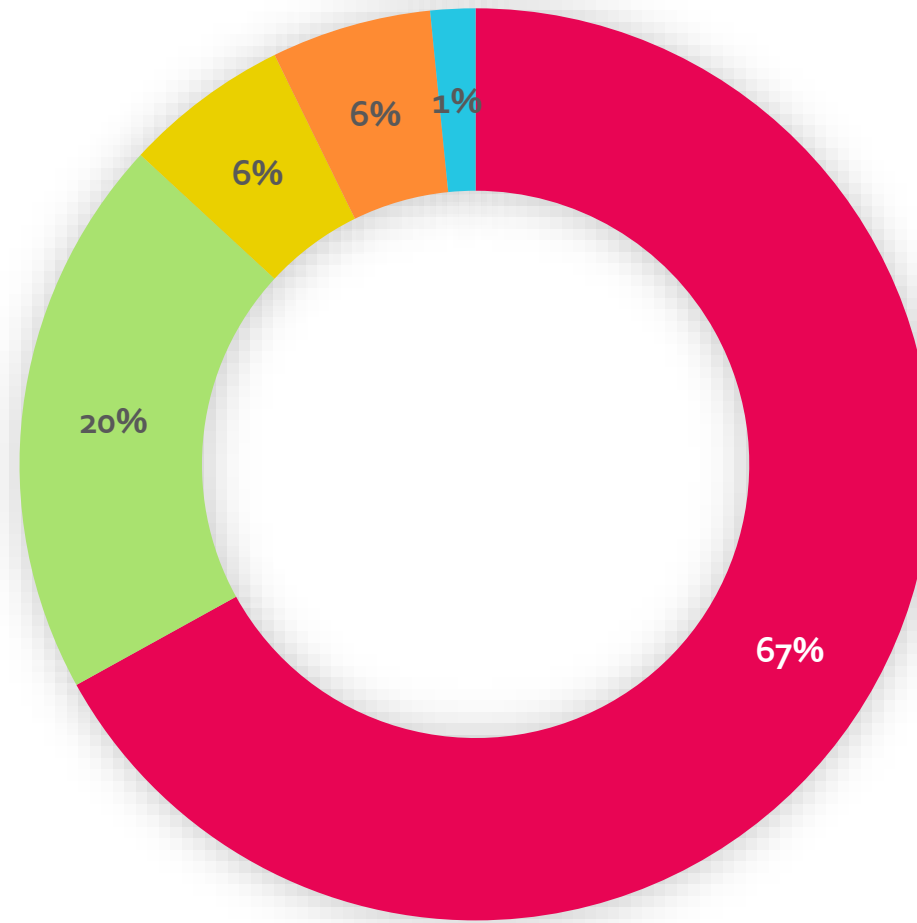
*Less than 1 percent

CHANGE IN MERGERS/ACQUISITIONS FOR FIRM FROM 2009-2013 TO 2014-2018

(Percentage Distribution)

All Firms

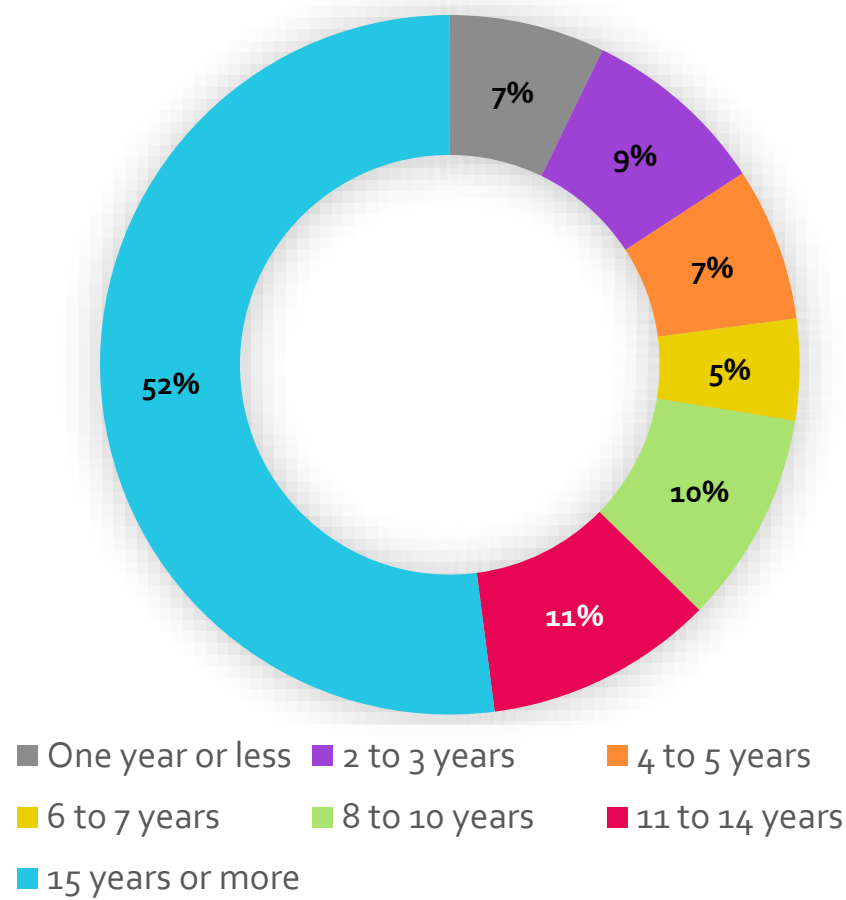
- Not applicable
- Stayed the same
- Firm is newer than 5 years
- Increased
- Decreased



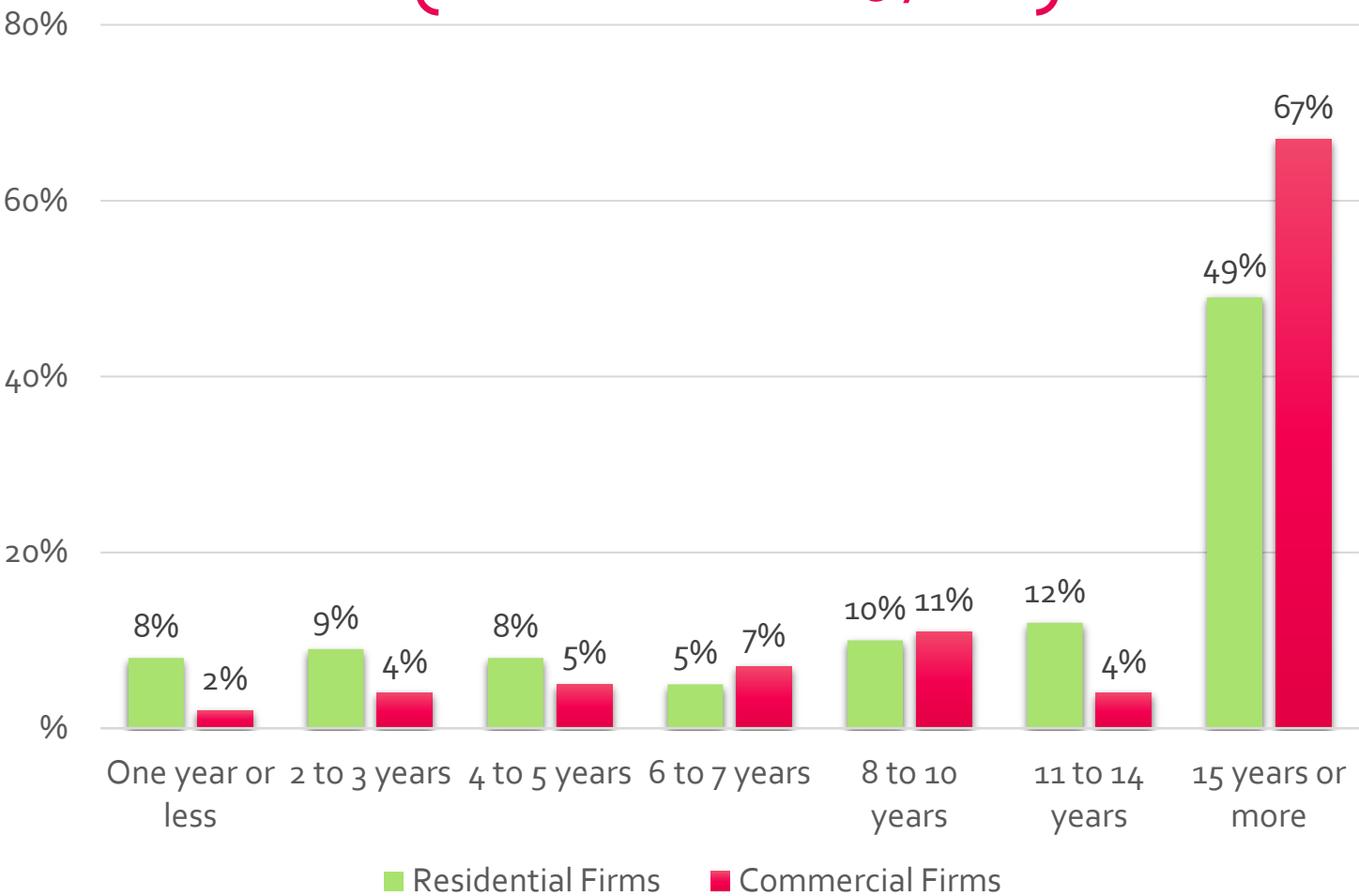
YEARS IN REAL ESTATE BUSINESS

(Percentage Distribution)

All Firms

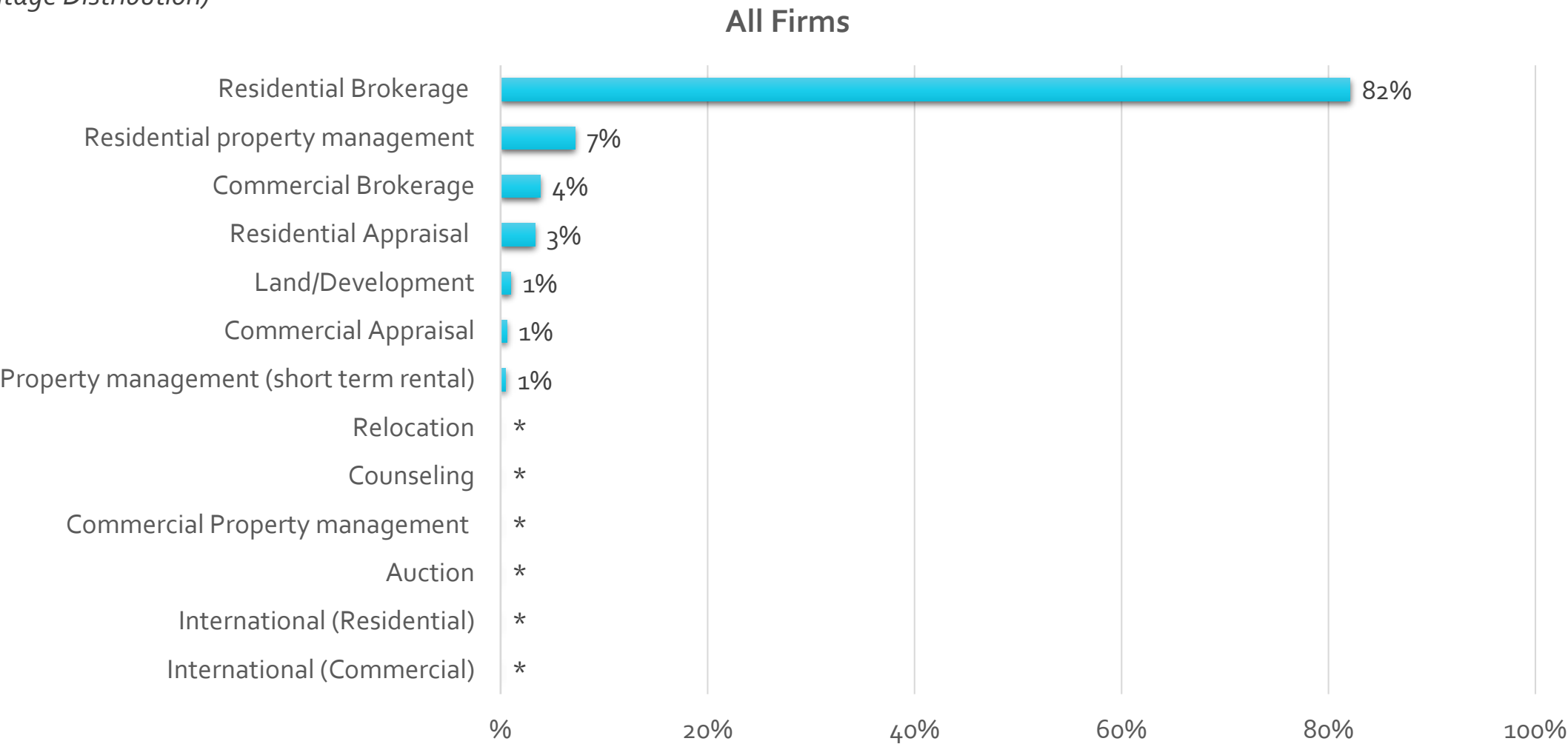


Medians:
All Firms: 15 years
Residential Firms: 14 years
Commercial Firms: 23 years



FIRM'S PRIMARY SPECIALTY AREA

(Percentage Distribution)

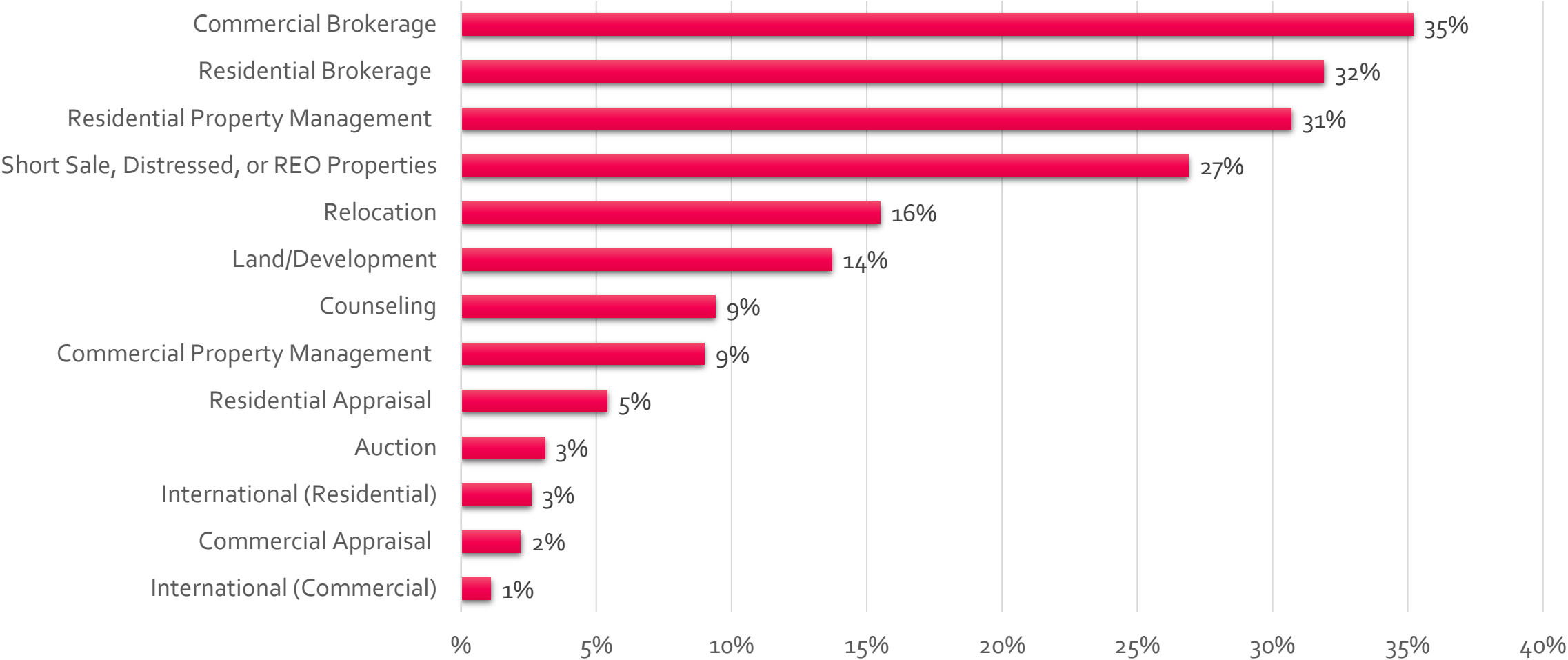


*Less than 1 percent

OTHER REAL ESTATE BUSINESS ACTIVITIES AMONG FIRM

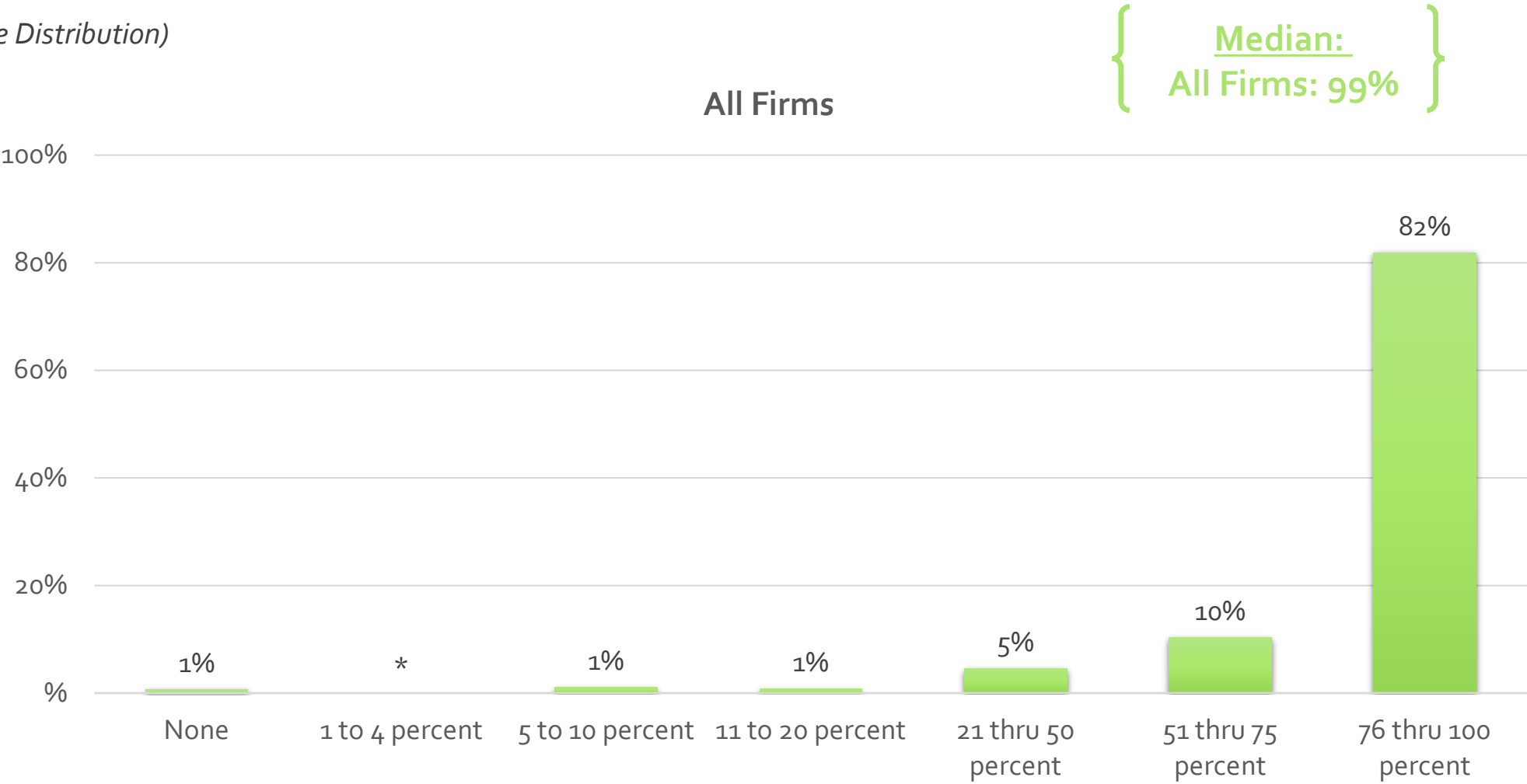
(Percent of Respondents)

All Firms



PERCENT OF FIRM'S REVENUE FROM PRIMARY REAL ESTATE BUSINESS ACTIVITY

(Percentage Distribution)



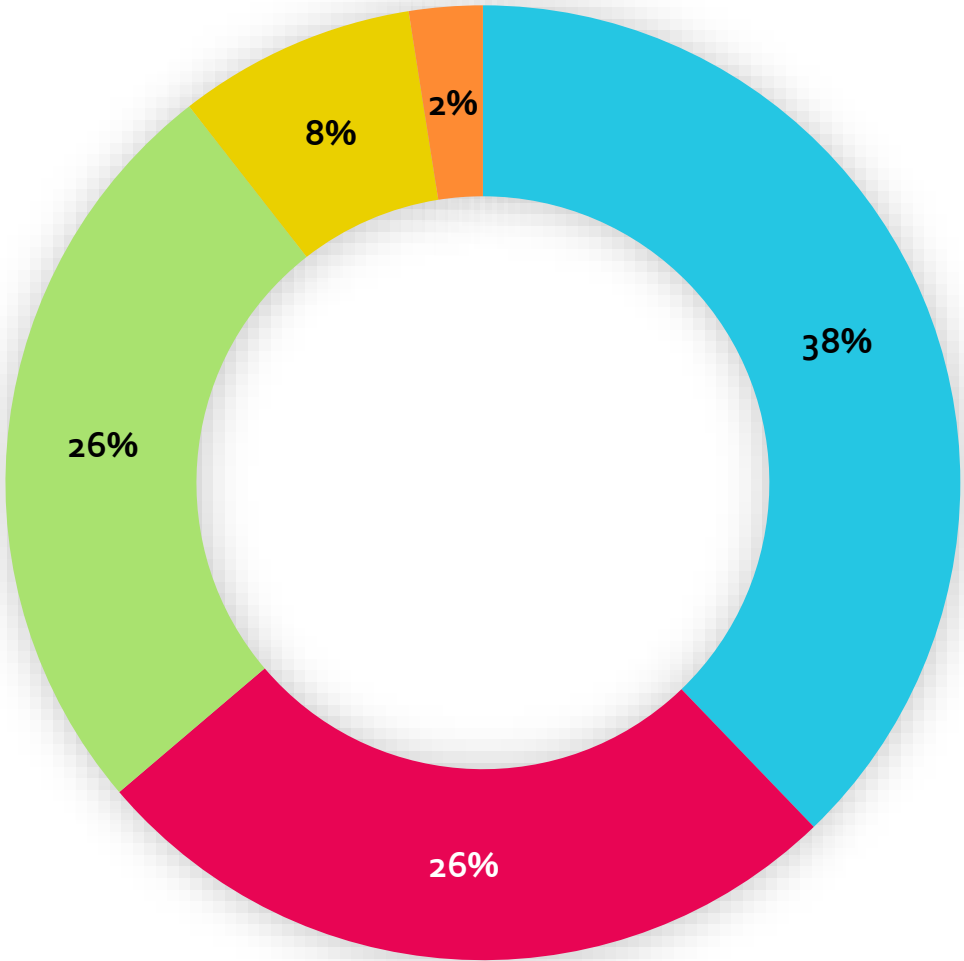
*Less than 1 percent

LEGAL ORGANIZATION OF REAL ESTATE FIRMS

(Percentage Distribution)

All Firms

- LLC
- S-Corp
- Sole proprietorship
- C-Corp
- Partnership

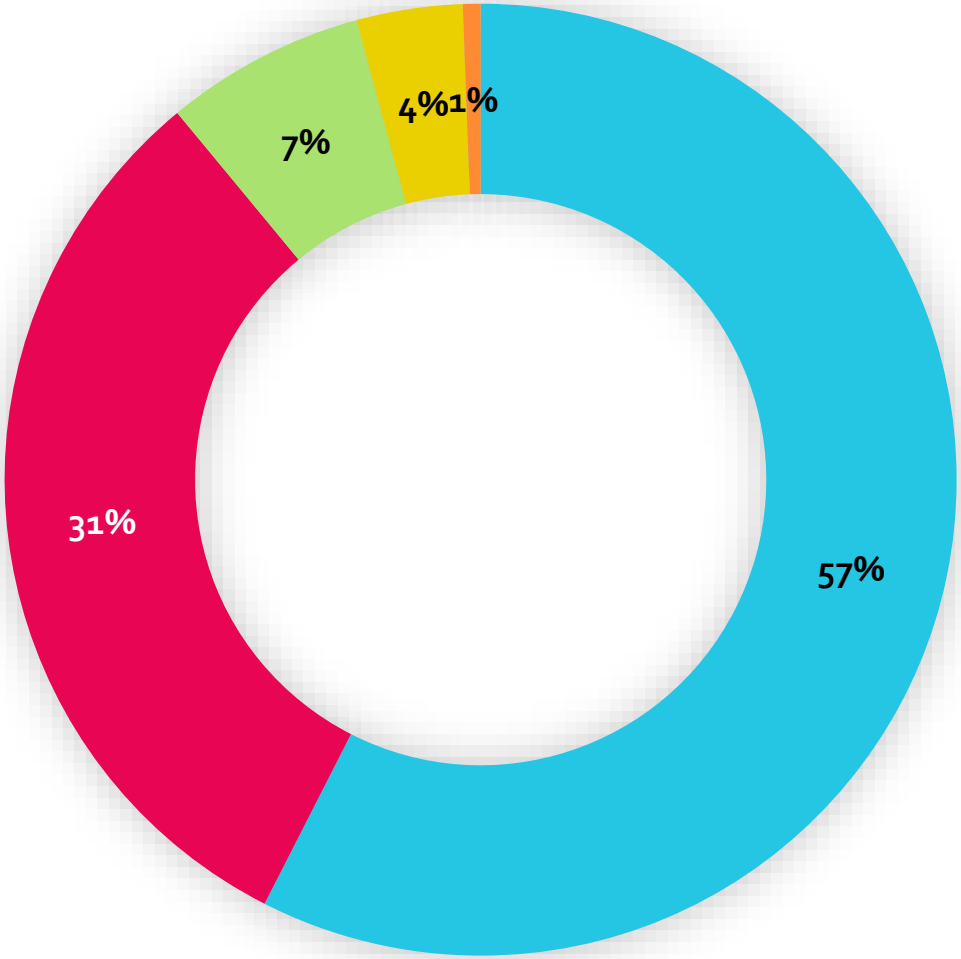


GEOGRAPHIC MARKET AREA OF FIRM

(Percentage Distribution)

All Firms

- Metropolitan area or region
- Rural area/Small town
- Resort/Recreation area
- Multi-state area
- Nationwide



Business Activity of Firms

Chapter 2

Chapter 2 Highlights

Business Activity of Firms

- Firms with only one office had a median brokerage sales volume of \$4.2 million in 2018, while firms with four or more offices had a median brokerage sales volume of \$100 million in 2018.
- Firms with one office had a total of 18 real estate transaction sides in 2018, while firms with four or more offices typically had 478 transaction sides.
- Firms typically had 30 percent of their customer inquiries from past client referrals, 25 percent from repeat business from past clients, 10 percent from their website, 10 percent through social media, and two percent from a third-party referral company.

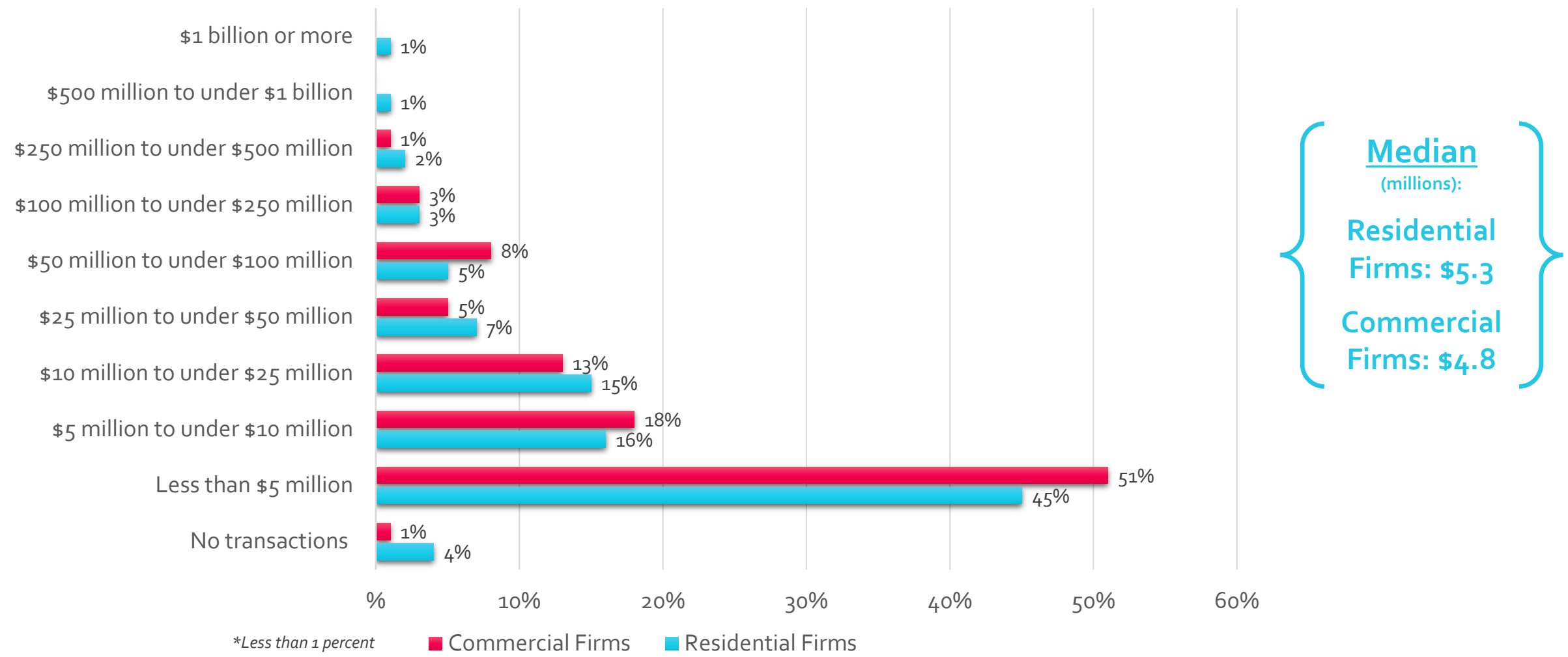
- Firms typically had 30 percent of their sales volume from past client referrals, 30 percent from repeat business from past clients, 10 percent from their website, 10 percent through social media, and two percent from a third-party referral company.
- Many firms had the capability to offer in-house ancillary services to real estate clients. The most common in-house service was business brokerage.
- Fifty percent of current competition came from traditional brick and mortar large franchise firms.

CHAPTER 2 – LIST OF EXHIBITS

Exhibit 2-1	FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2018
Exhibit 2-2	FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY NUMBER OF OFFICES AT FIRM, 2018
Time Series 1	FIRM'S REAL ESTATE BROKERAGE SALES VOLUME BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2018
Exhibit 2-3	FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2018
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Exhibit 2-6	ANCILLARY SERVICES OFFERED AT FIRMS TO TYPES OF CLIENTS
Exhibit 2-7	PERCENT OF NET REVENUE OF FIRM MADE ON ANCILLARY SERVICES, BY NUMBER OF OFFICES AT FIRM
Exhibit 2-8	PERCENT OF CUSTOMER INQUIRIES GENERATED FROM SOURCES
Exhibit 2-9	PERCENT OF FIRM'S SALES VOLUME WAS GENERATED BY SOURCE
Exhibit 2-10	WHERE DOES CURRENT COMPETITION COME FROM

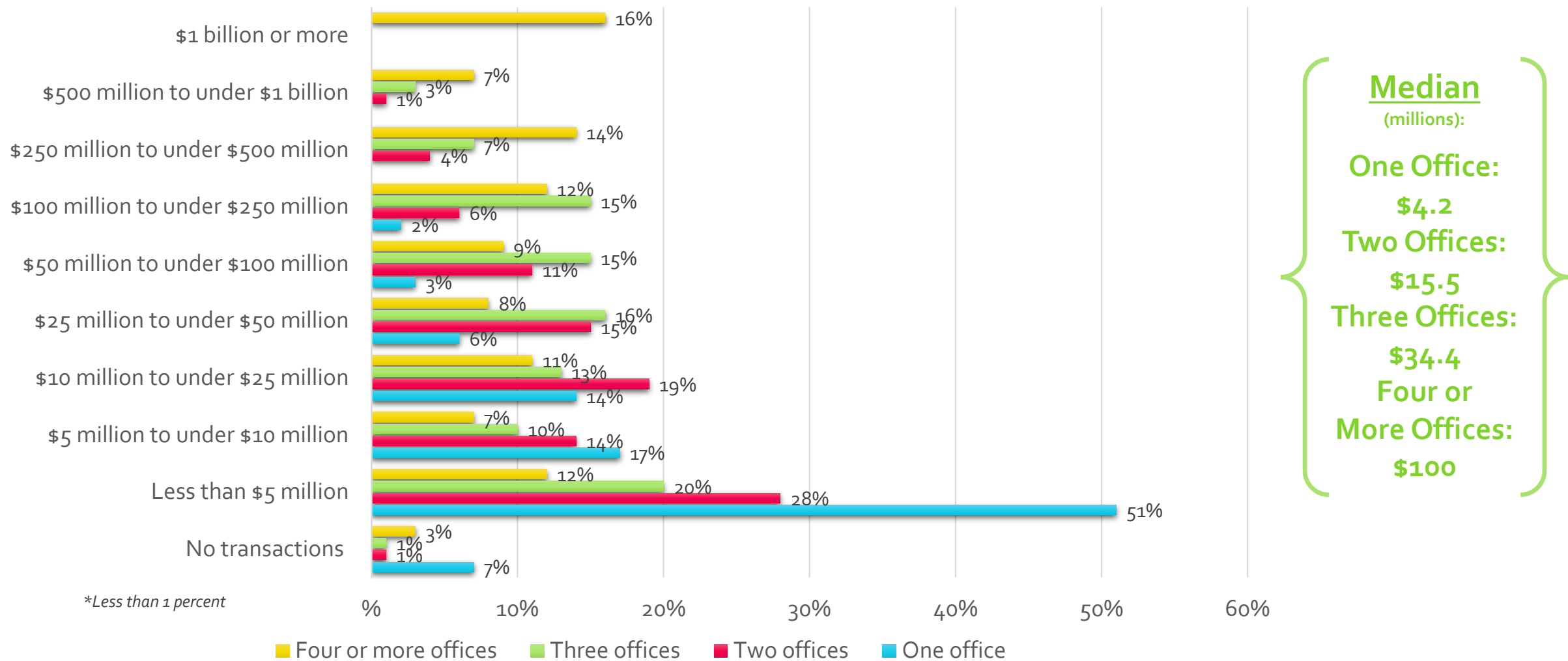
FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2018

(Percentage Distribution)



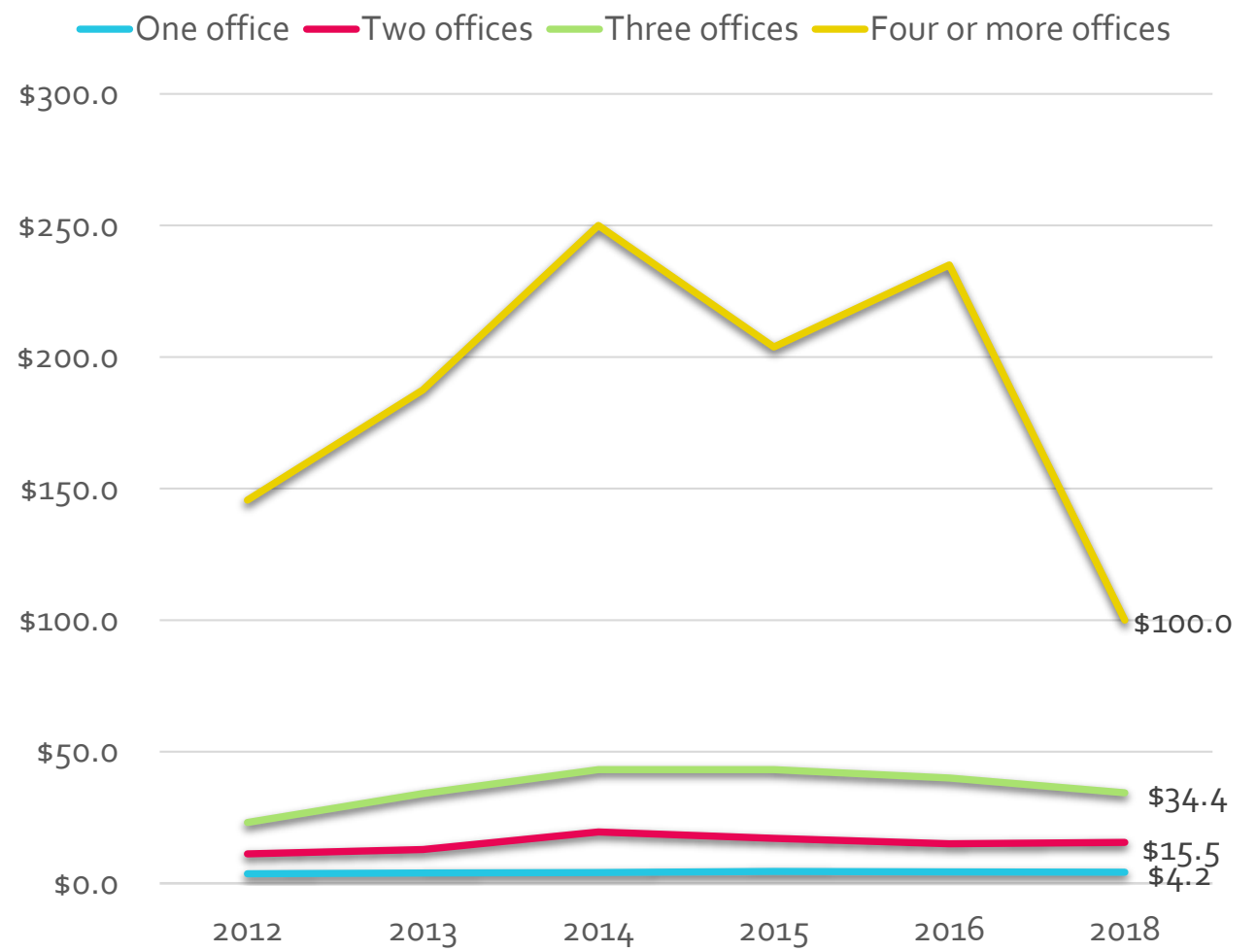
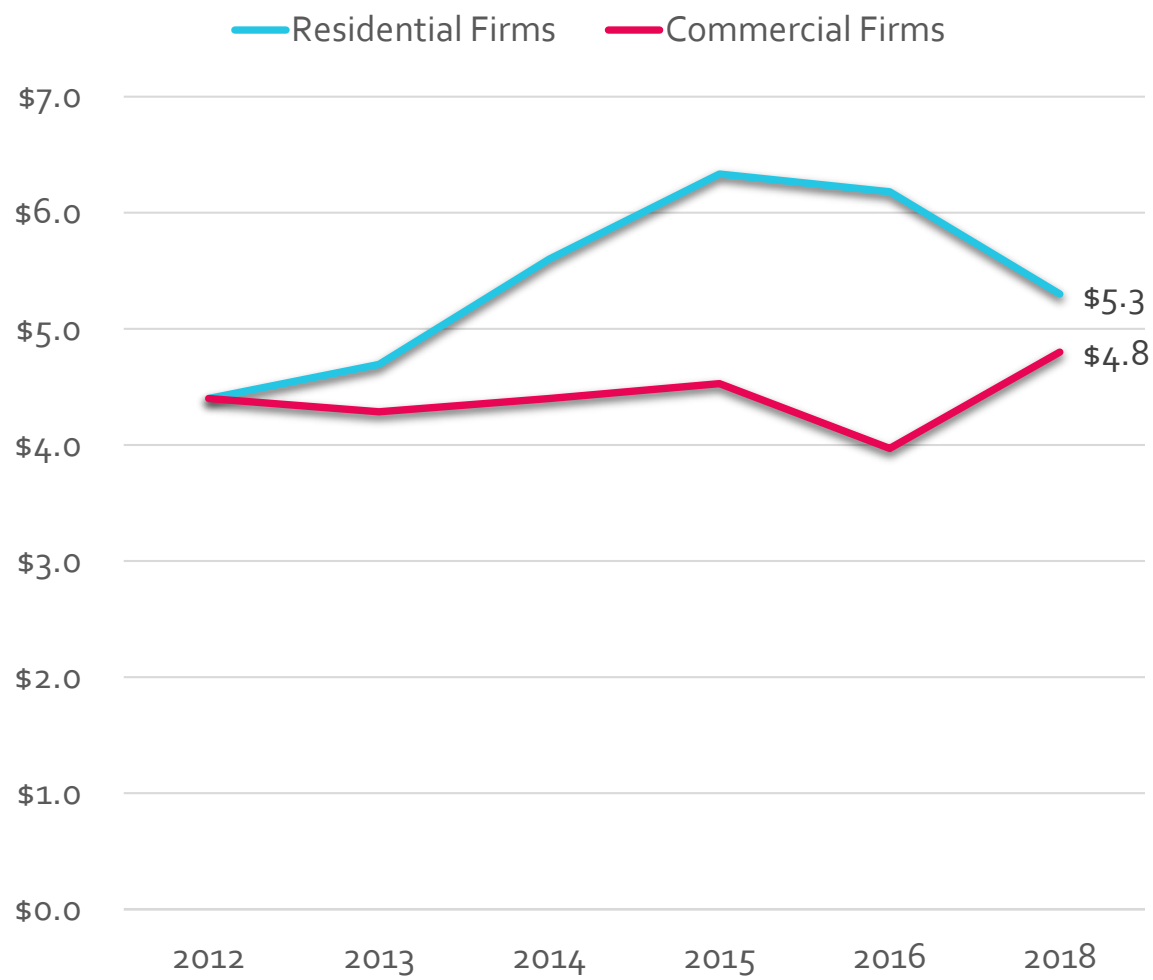
FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY NUMBER OF OFFICES AT FIRM, 2018

(Percentage Distribution)



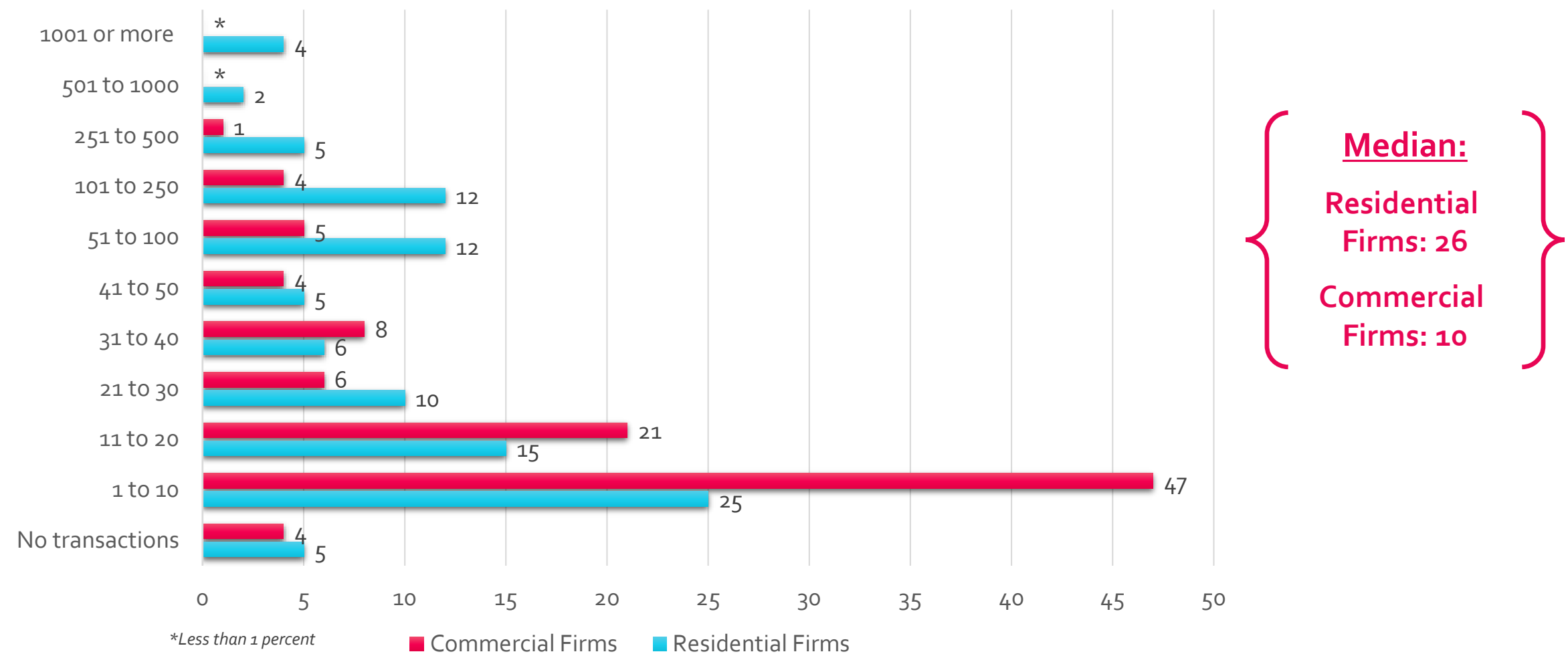
FIRM'S REAL ESTATE BROKERAGE SALES VOLUME BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2018*

(Medians)



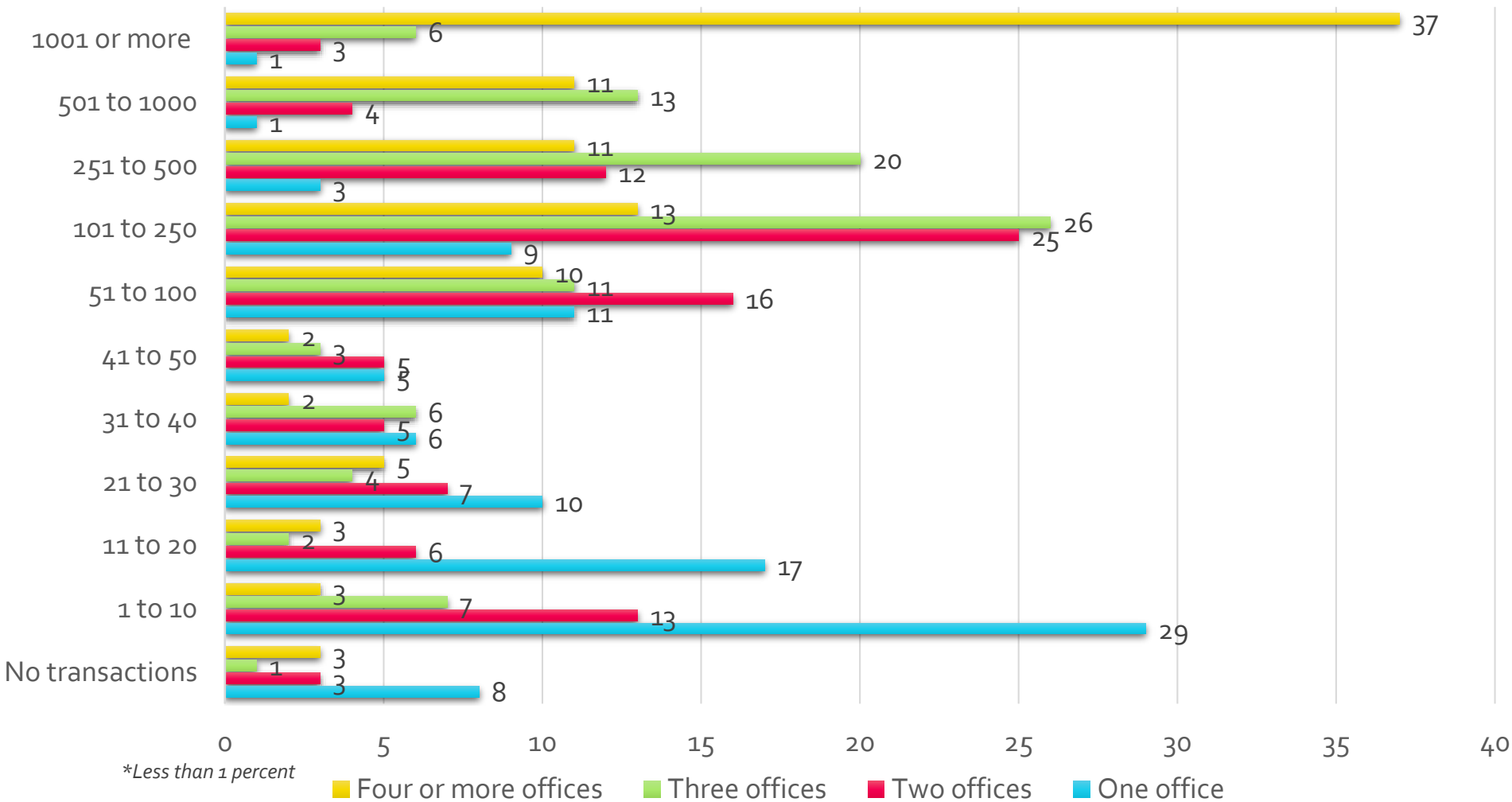
FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2018

(Percentage Distribution)



FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY NUMBER OF OFFICES AT FIRM, 2018

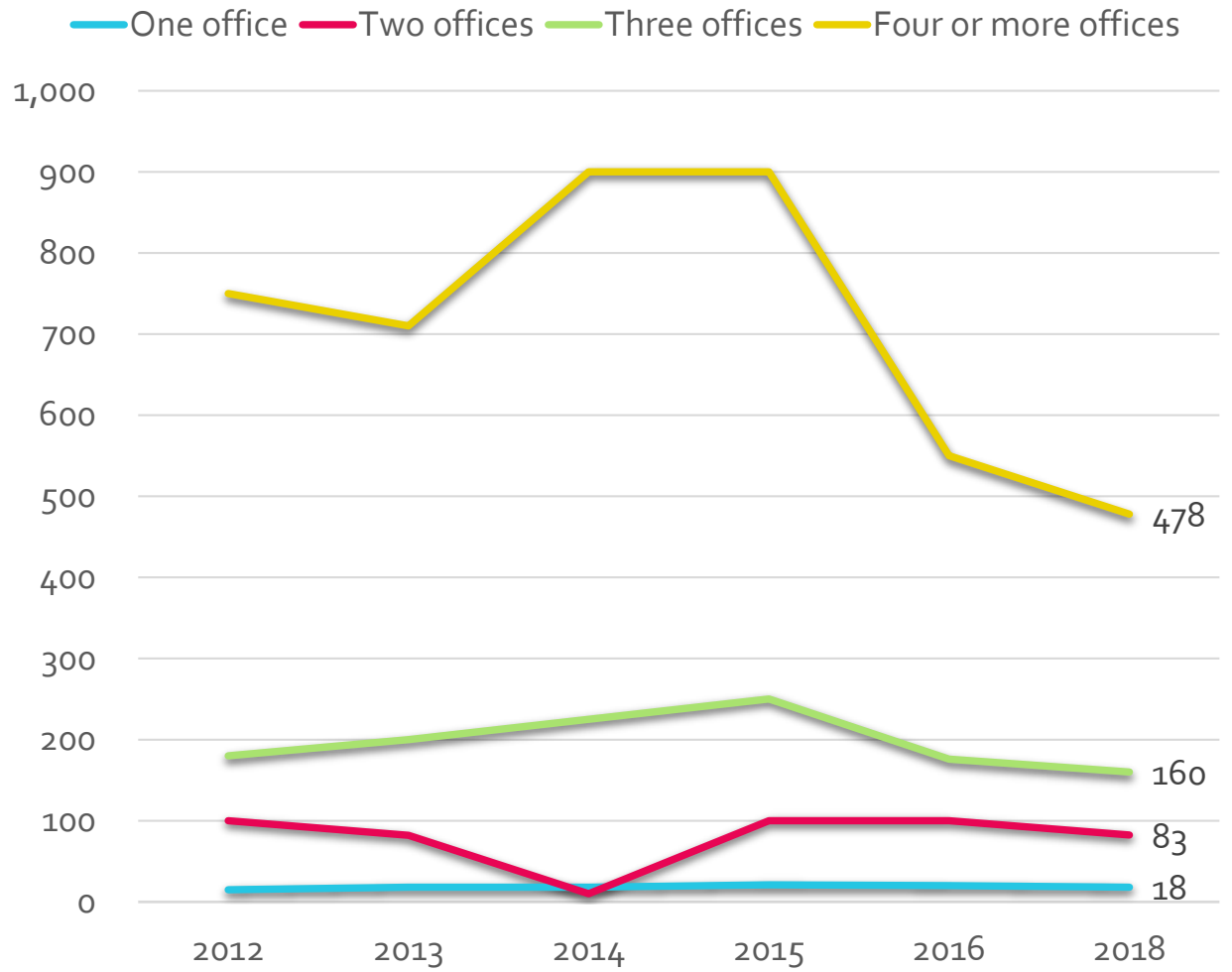
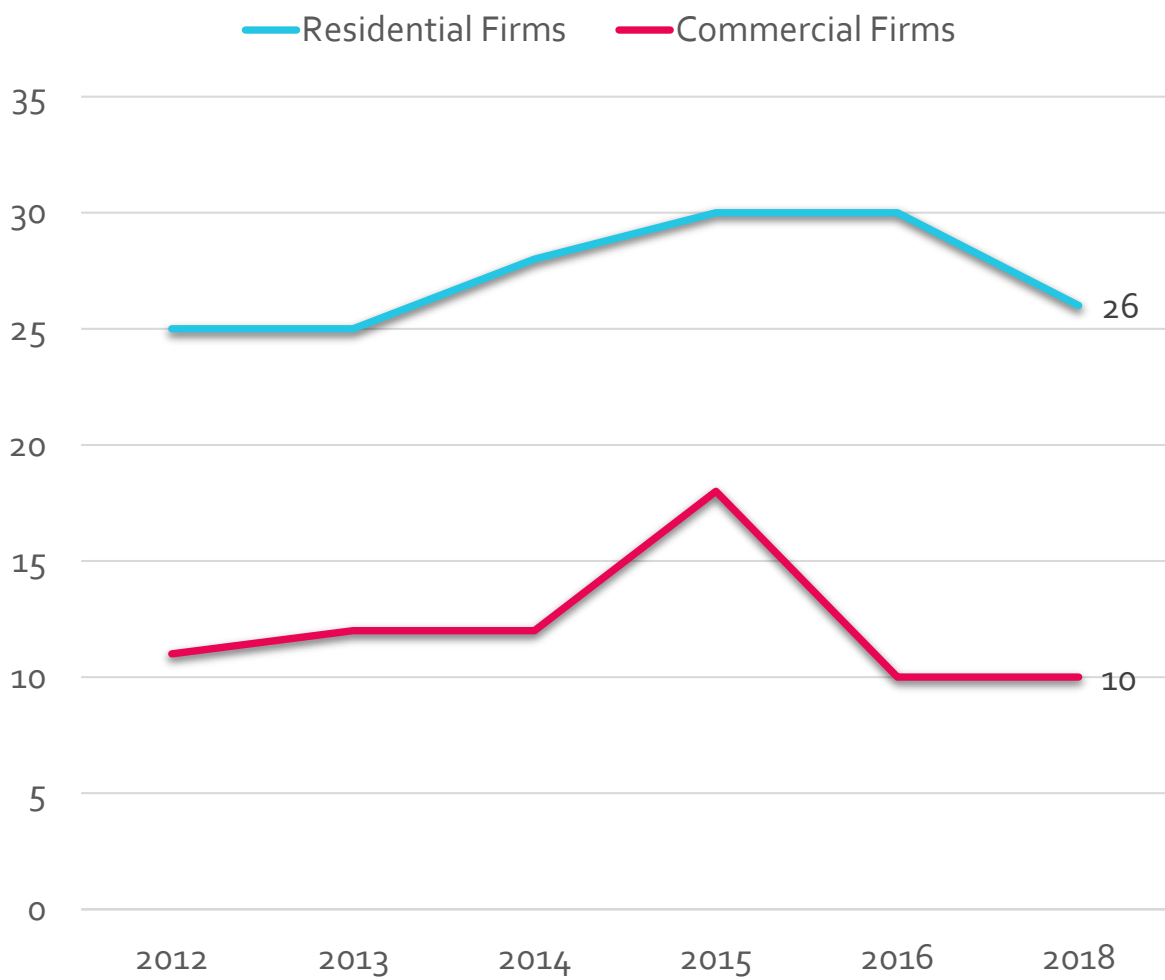
(Percentage Distribution)



Median:
One Office: 18
Two Offices: 83
Three Offices: 160
Four or
More Offices: 478

FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2018*

(Medians)



ANCILLARY SERVICES OFFERED AT FIRMS, BY NUMBER OF OFFICES AT FIRM

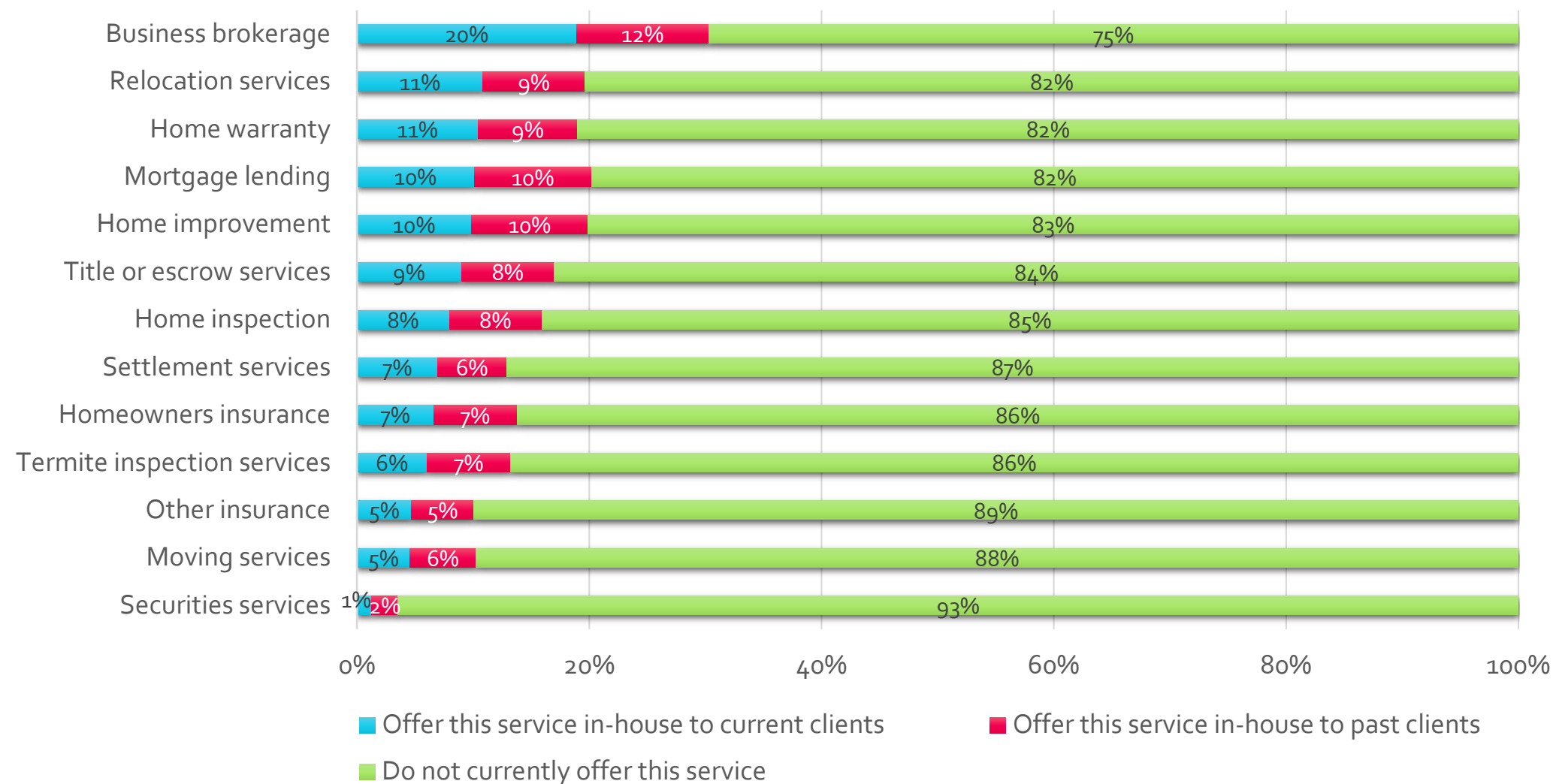
(Percentage Distribution)

	Offer this service in-house					Offer this service outsourced or with a business relationship					Do not currently offer this service					Do not currently offer this service, but plan to in the future				
	All Firms	One office	Two offices	Three offices	Four or more offices	All Firms	One office	Two offices	Three offices	Four or more offices	All Firms	One office	Two offices	Three offices	Four or more offices	All Firms	One office	Two offices	Three offices	Four or more offices
Business brokerage	26%	24%	37%	32%	38%	7%	7%	8%	8%	12%	60%	63%	50%	55%	45%	60%	6%	5%	5%	5%
Relocation services	13	13	21	30	47	15	15	22	16	17	64	64	50	53	31	8	8	7	1	4
Home improvement	7	7	5	8	4	23	23	30	24	22	64	64	57	65	66	7	7	7	4	7
1031 Tax Deferred Exchange Services	6	6	9	9	8	27	27	34	31	32	61	61	50	54	53	6	6	6	6	6
Home warranty	5	5	5	6	8	40	40	48	46	58	51	51	42	45	29	5	5	5	4	5
Mortgage lending	4	4	5	10	17	37	37	43	38	50	53	53	44	49	28	5	5	7	2	5
Title or escrow services	3	3	3	5	19	34	34	42	35	42	57	57	46	54	32	6	6	8	6	6
Settlement services	2	2	4	3	10	25	25	35	29	34	66	66	54	65	49	6	6	7	4	7
Home inspection	2	2	3	2	1	35	35	42	35	36	58	58	49	60	57	5	5	6	2	6
Homeowners insurance	2	2	2	7	10	29	29	36	27	39	64	64	55	63	46	5	5	7	2	5
Other insurance	2	2	1	4	8	19	19	24	18	32	73	73	67	76	55	6	6	8	3	5
Moving services	1	1	2	3	1	21	21	26	26	31	72	72	64	69	61	7	7	8	3	7
Securities services	*	*	1	1	*	8	8	12	9	10	85	85	78	85	82	7	7	8	5	8

*Less than 1 percent

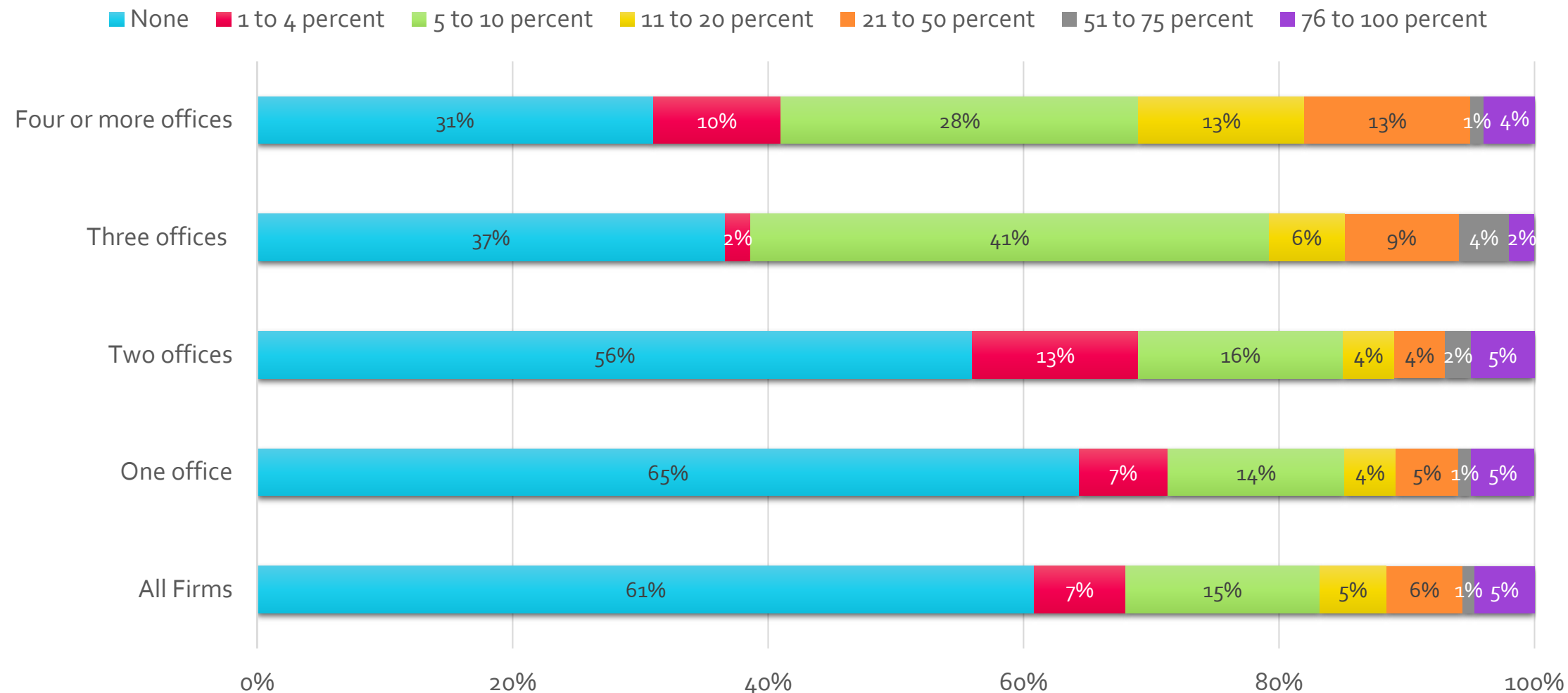
ANCILLARY SERVICES OFFERED AT FIRMS TO TYPES OF CLIENTS

(Percentage Distribution)



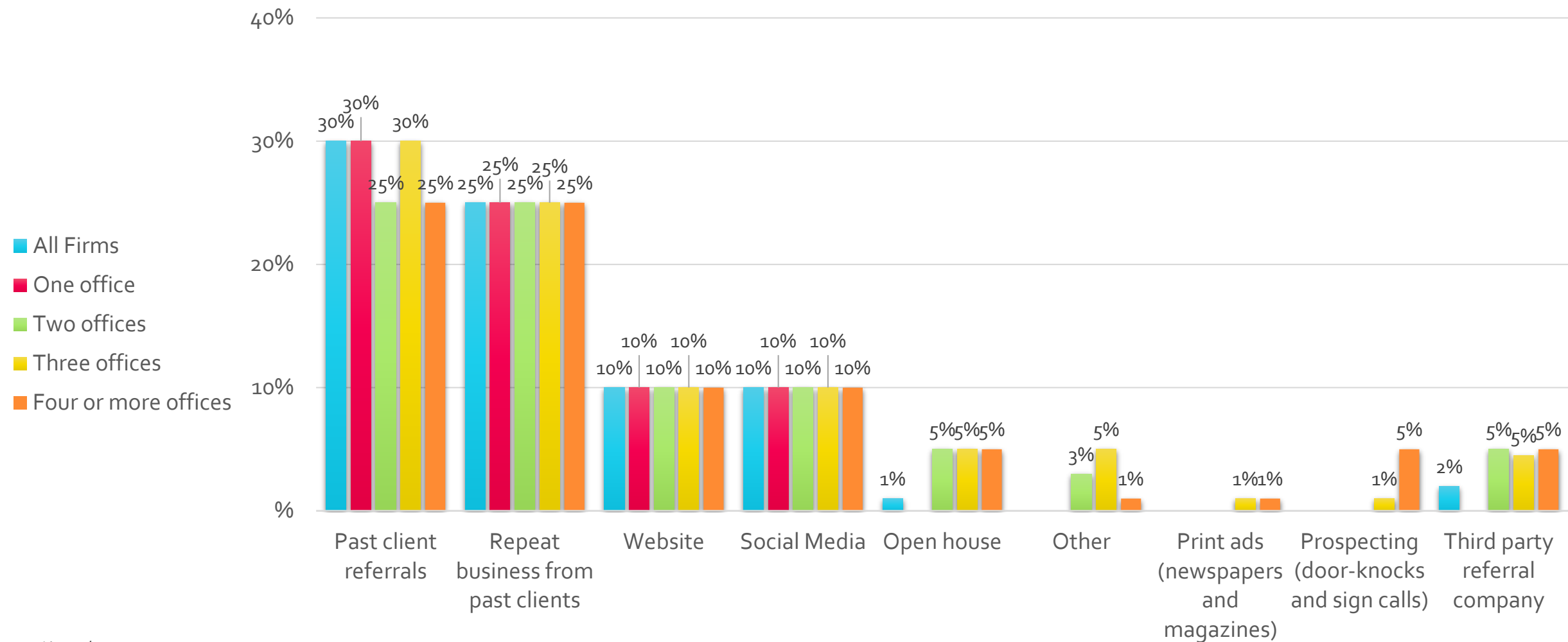
PERCENT OF NET REVENUE OF FIRM MADE ON ANCILLARY SERVICES, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



PERCENT OF CUSTOMER INQUIRIES GENERATED FROM SOURCES

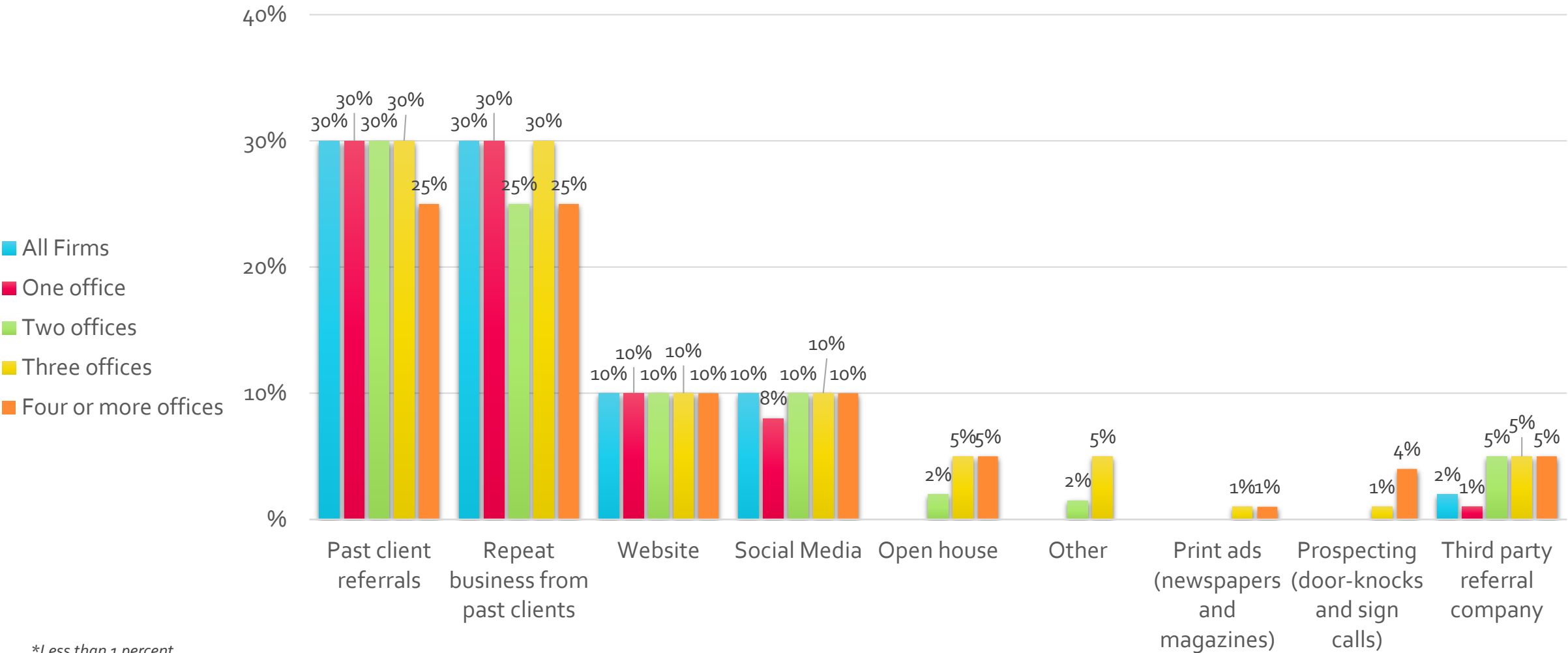
(Percentage Distribution)



*Less than 1 percent

PERCENT OF FIRM'S SALES VOLUME WAS GENERATED BY SOURCE

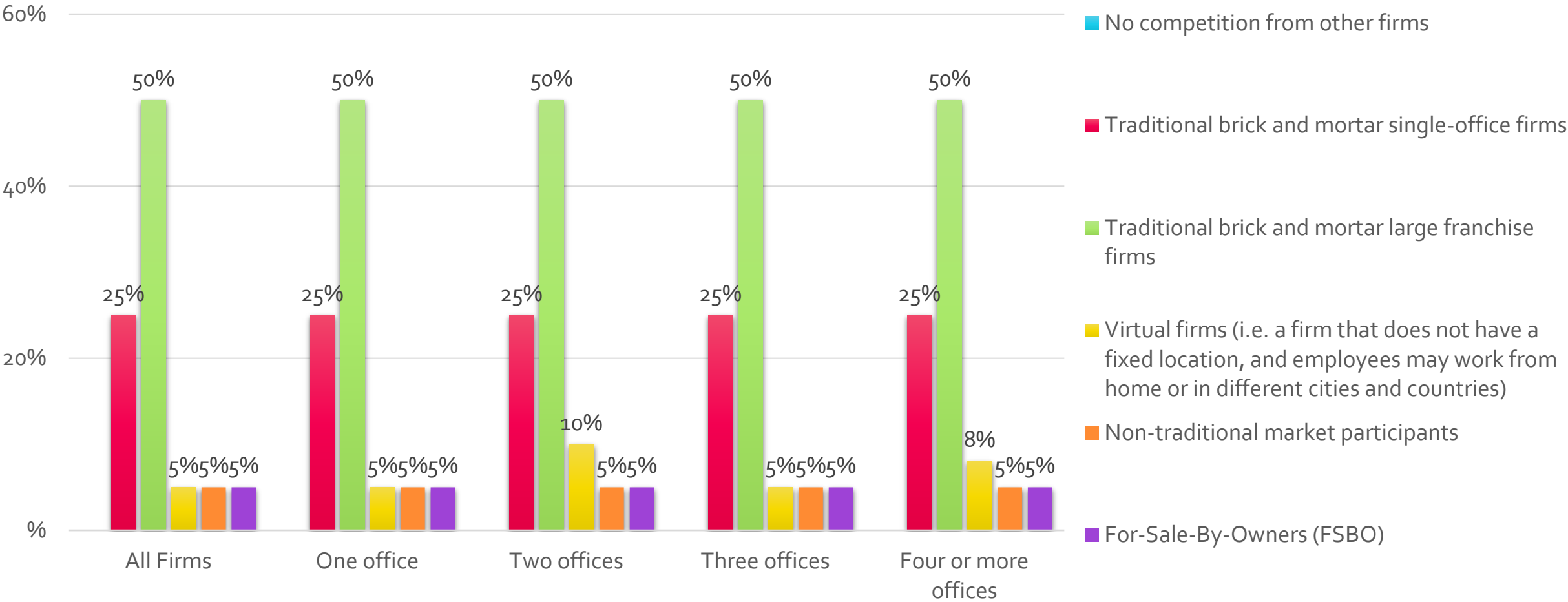
(Percentage Distribution)



*Less than 1 percent

WHERE DOES CURRENT COMPETITION COME FROM

(Percentage Distribution)



*Less than 1 percent

The background of the slide is a photograph of a glass wall or partition. Numerous colorful sticky notes in shades of yellow, orange, pink, blue, and green are attached to the glass, some overlapping each other. The lighting is bright, creating a clean, modern office atmosphere.

What Firm Provides to Agents & Staff

Chapter 3

Chapter 3 Highlights

What Firm Provides to Agents & Staff

- The most common benefit that firms offered to independent contractors, licensees, and agents was errors and omissions/liability insurance at 40 percent.
- While this was also the most common benefit for salaried licensees and agents, only 24 percent received this benefit.
- Among administrative staff, 28 percent received vacation/sick days, 29 percent errors and omissions/liability insurance, and seven percent received health insurance.
- Thirty-five percent of senior management received errors and omissions/liability insurance, 15 percent vacation/sick days, and 10 percent received health insurance.

- Twenty-one percent of all firms offered a virtual office for agents and staff, and six percent offered a virtual assistant.
- Ten percent of all firms had experience with wire fraud at closing. For firms with four or more offices, 39 percent had experience with wire fraud at closing.
- Twenty-five percent of firms provided encrypted emails to prevent fraud.

CHAPTER 3 – LIST OF EXHIBITS

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Exhibit 3-2	BENEFITS RECEIVED BY SALARIED LICENSEES/AGENTS
Exhibit 3-3	BENEFITS RECEIVED BY ADMINISTRATIVE STAFF
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Exhibit 3-15	EXPERIENCE WITH WIRE FRAUD AT CLOSING, BY RESIDENTIAL AND COMMERCIAL FIRMS
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Exhibit 3-26	FIRM ENCOURAGEMENT TO PURSUE EDUCATIONAL OPPORTUNITIES, BY NUMBER OF OFFICES AT FIRM

BENEFITS RECEIVED BY INDEPENDENT CONTRACTORS/LICENSEES/AGENTS

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Errors and Omissions (E&O) Insurance/Liability Insurance	22%	40%	16%	22%
Health insurance	14	2	1	84
Dental care	9	1	1	90
Vision care	8	1	*	91
Long-term care insurance	7	1	*	92
Life insurance	7	1	1	92
Disability insurance	7	2	1	91
Vacation/sick days	7	2	*	91
Pension plan/401(k)/SEP	7	*	1	92

*Less than 1 percent

BENEFITS RECEIVED BY SALARIED LICENSEES/AGENTS

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Errors and Omissions (E&O) Insurance/Liability Insurance	9%	24%	5%	63%
Health insurance	6	4	3	88
Dental care	5	2	1	92
Vision care	5	2	1	93
Life insurance	4	1	1	94
Disability insurance	4	3	1	92
Long-term care insurance	4	1	1	94
Pension plan/401(k)/SEP	4	2	3	92
Vacation/sick days	3	10	1	86

BENEFITS RECEIVED BY ADMINISTRATIVE STAFF

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Health insurance	6%	7%	6%	80%
Dental care	6	3	3	89
Vision care	5	3	2	90
Life insurance	5	2	2	92
Long-term care insurance	5	2	2	91
Disability insurance	4	5	2	88
Errors and Omissions (E&O) Insurance/Liability Insurance	4	29	3	64
Pension plan/401(k)/SEP	4	3	5	88
Vacation/sick days	3	28	1	68

BENEFITS RECEIVED BY SENIOR MANAGEMENT

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Health insurance	6%	10%	5%	79%
Errors and Omissions (E&O) Insurance/Liability Insurance	6	35	5	54
Dental care	6	4	3	88
Vision care	6	4	2	89
Life insurance	5	4	2	89
Disability insurance	5	4	2	89
Long-term care insurance	5	3	2	91
Pension plan/401(k)/SEP	4	3	5	87
Vacation/sick days	3	15	1	81

FIRM PROVIDES OR ENCOURAGES AGENT/BROKER USE OF SPECIFIC SOFTWARE, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Comparative market analysis	81%	84%	72%
Multiple listing	81	83	70
E-signature	80	84	60
Electronic contracts/form	79	82	71
Document preparation/Management	54	55	54
Contact management	53	57	46
Market statistics	41	43	34
Social media management tools	38	41	24
Transaction management	36	39	29
Customer relationship management	32	35	31
Graphics/Presentation	30	32	39
Video	30	32	21
Home visualization (e.g. virtual tours or virtual staging)	27	30	12
Property management	25	19	34
Loan analysis	15	15	25
Marketing automation	14	16	12
Agent rating	13	15	4
QR Code	11	12	6

FIRM PROVIDES OR ENCOURAGES AGENT/BROKER USE OF SPECIFIC SOFTWARE, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)

Comparative market analysis
Multiple listing
E-signature
Electronic contracts/form
Document preparation/Management
Contact management
Market statistics
Social media management tools
Transaction management
Customer relationship management
Graphics/Presentation
Video
Home visualization (e.g. virtual tours or virtual staging)
Property management
Loan analysis
Marketing automation
Agent rating
QR Code

All Firms	Number of Offices at Firm			
	One office	Two offices	Three offices	Four or more offices
81%	80%	86%	79%	88%
81	80	86	89	90
80	79	86	90	89
79	78	86	85	90
54	53	62	58	75
53	50	70	71	81
41	38	51	53	69
38	35	45	54	67
36	33	48	53	67
32	29	46	50	60
30	27	40	39	63
30	26	44	57	61
27	24	36	44	56
25	23	29	31	33
15	13	19	15	27
14	12	23	21	36
13	11	16	21	33
11	9	17	18	21

FEATURES ON FIRM'S WEBSITE, BY RESIDENTIAL AND COMMERCIAL FIRMS

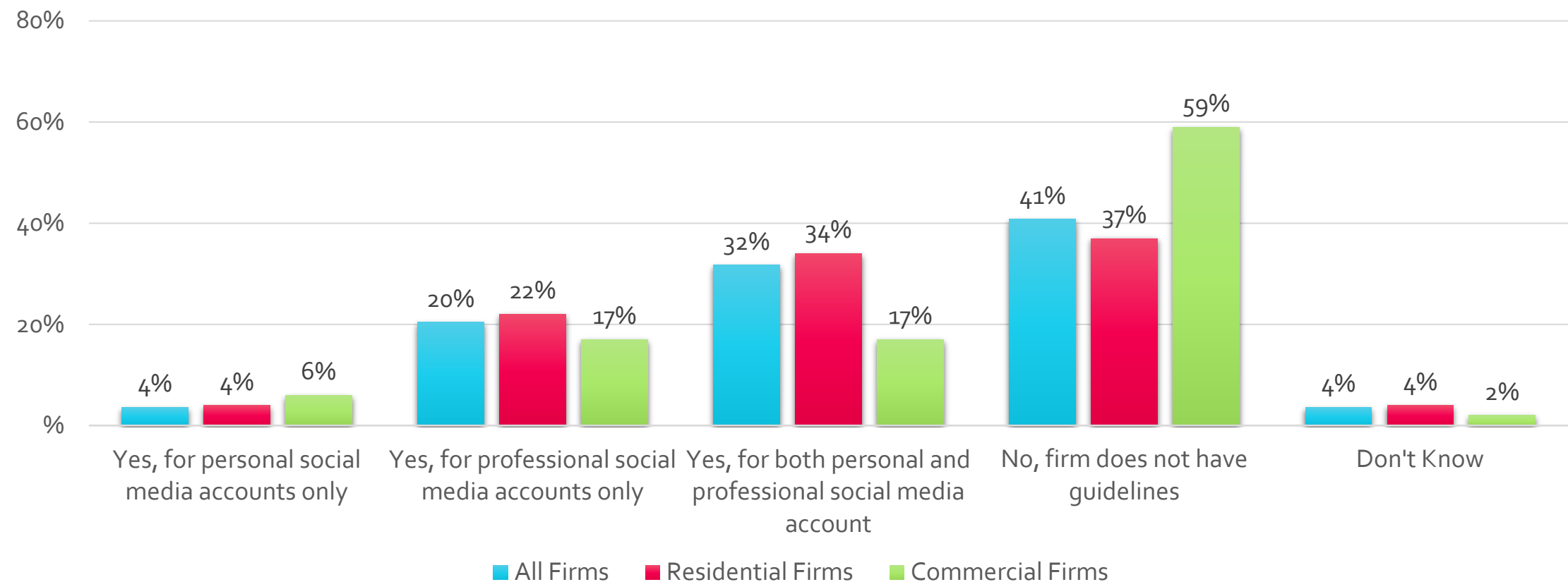
(Percent of Respondents)

Property listings
Agent/staff profiles
Customer reviews/testimonials
Information about the home buying and selling process
Mortgage/financial calculators
Community information/demographics
Links to social media accounts
Virtual tours
School reports
Home valuation/comparative market analysis tools
Videos
Links to state/local government websites
Links to mortgage lenders' websites
Links to real estate service providers
Current mortgage rates
Appointment scheduler
Live agent chat
Language Translation
Link to commercial information exchange (CIE)

All Firms	Commercial Firms	Residential Firms
92%	90%	94%
76	83	78
57	44	59
50	19	54
50	30	54
48	31	50
42	34	44
37	21	40
36	13	39
26	10	29
24	21	25
24	27	24
22	10	24
14	11	15
14	6	15
14	12	14
7	5	7
7	5	7
4	22	3

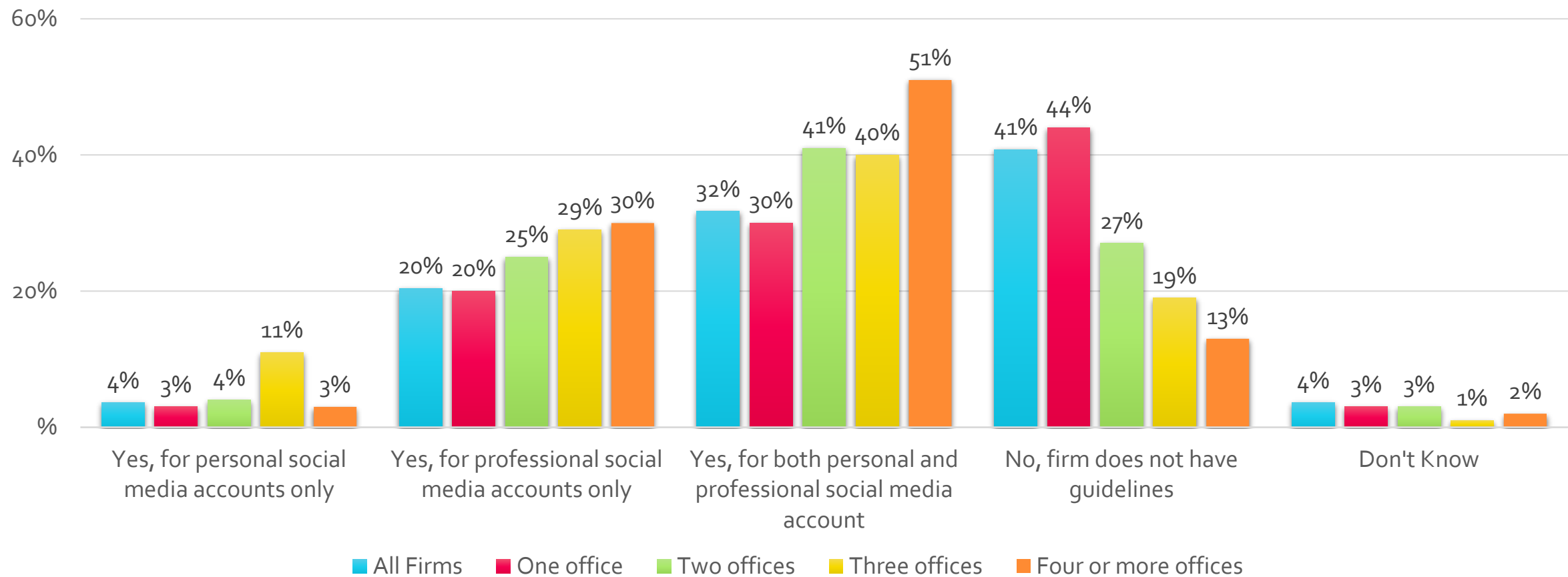
FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



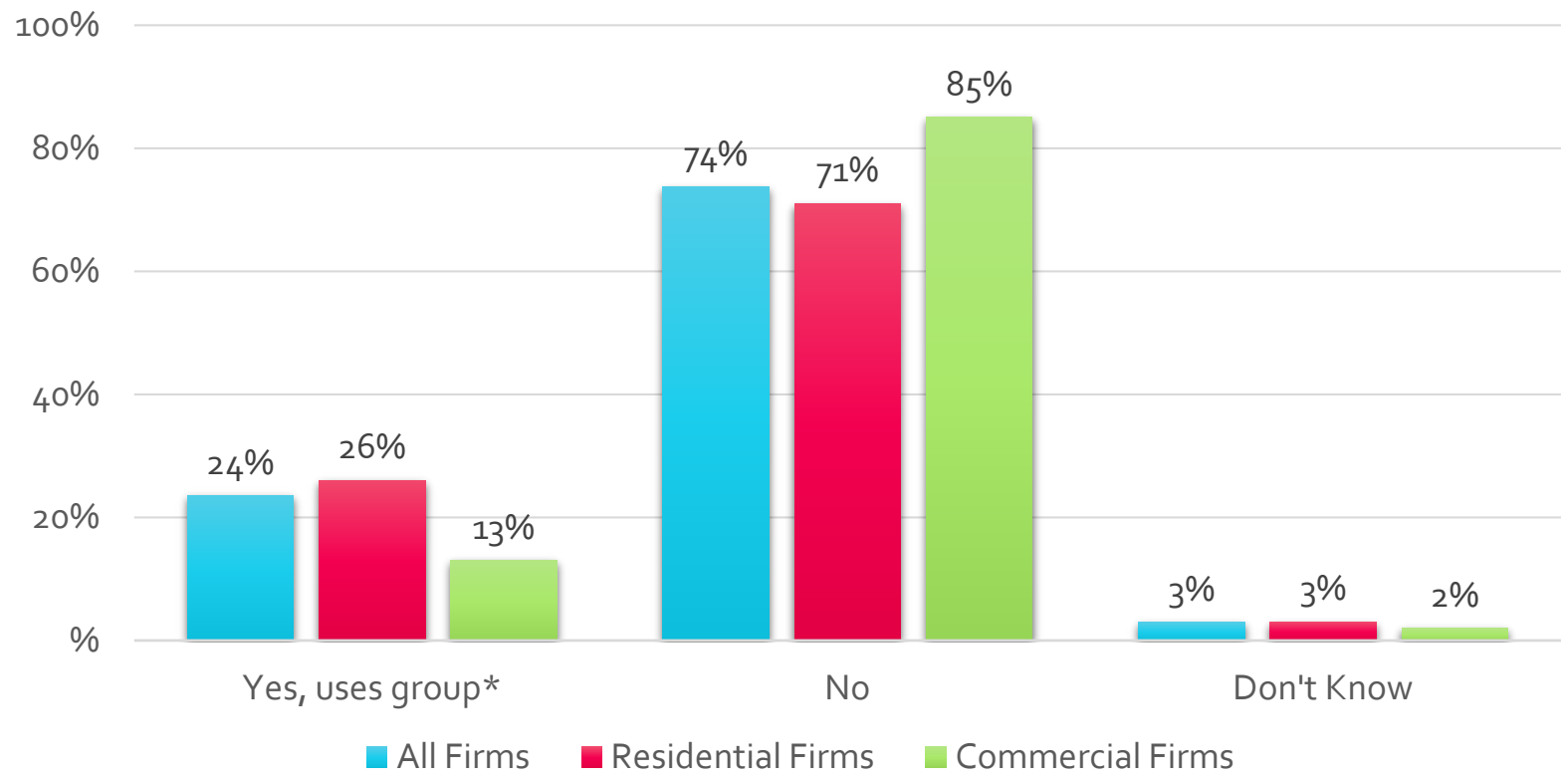
FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



FIRM USE OF CLOSED COMMUNICATION GROUP, BY RESIDENTIAL AND COMMERCIAL FIRMS

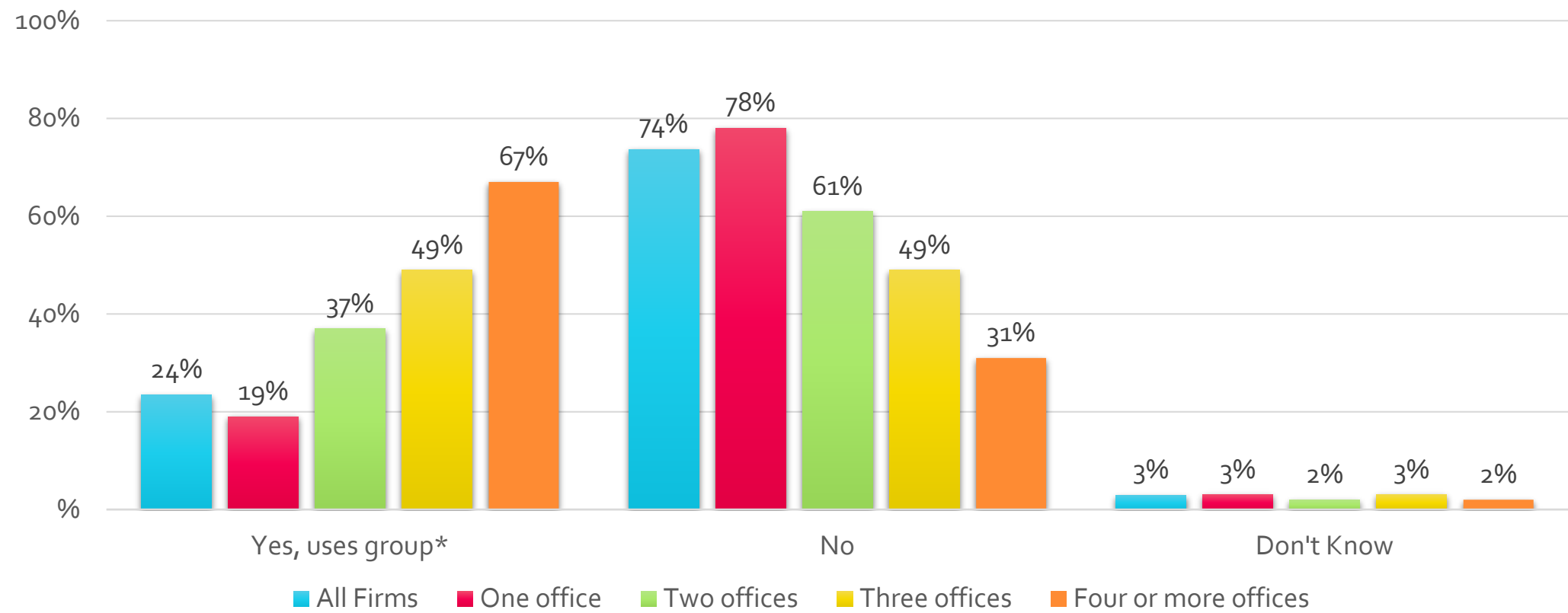
(Percentage Distribution)



* Such as: Closed Facebook group, Basecamp, Google Group

FIRM USE OF CLOSED COMMUNICATION GROUP, BY NUMBER OF OFFICES AT FIRM

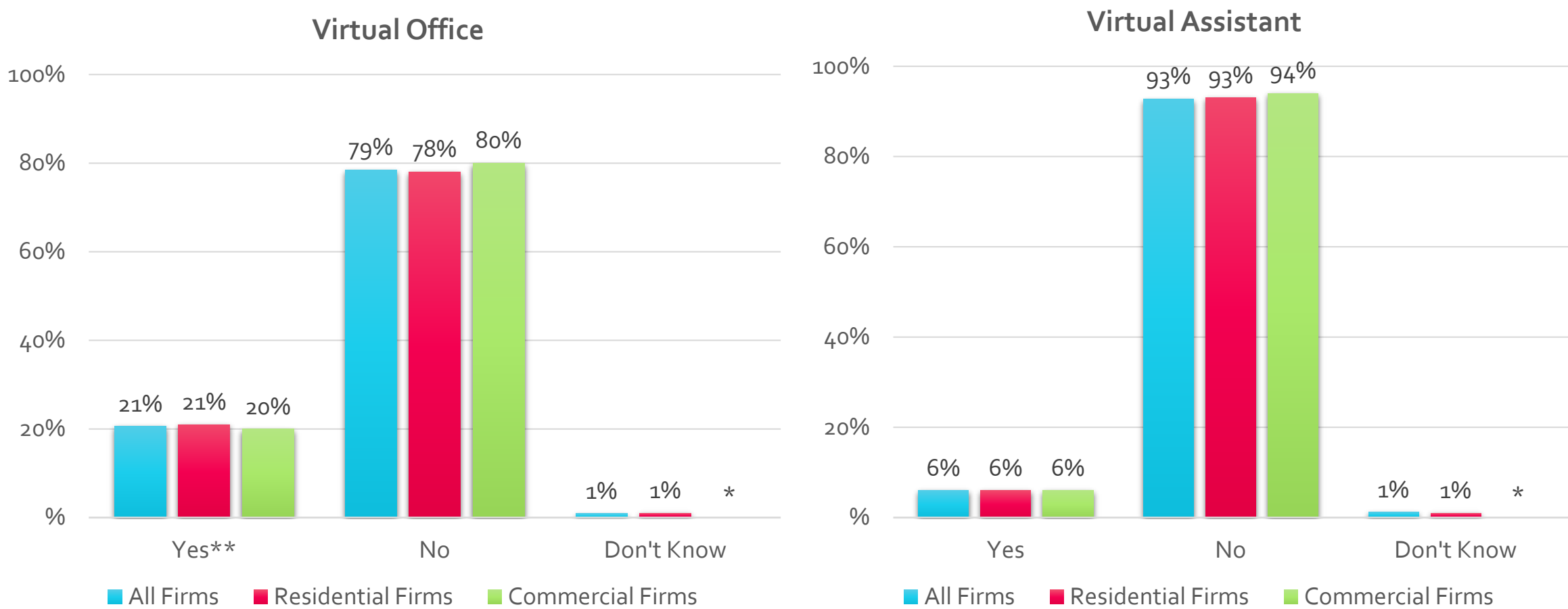
(Percentage Distribution)



* Such as: Closed Facebook group, Basecamp, Google Group

FIRM HAS VIRTUAL OFFICE AND/OR ASSISTANT, BY RESIDENTIAL AND COMMERCIAL FIRMS

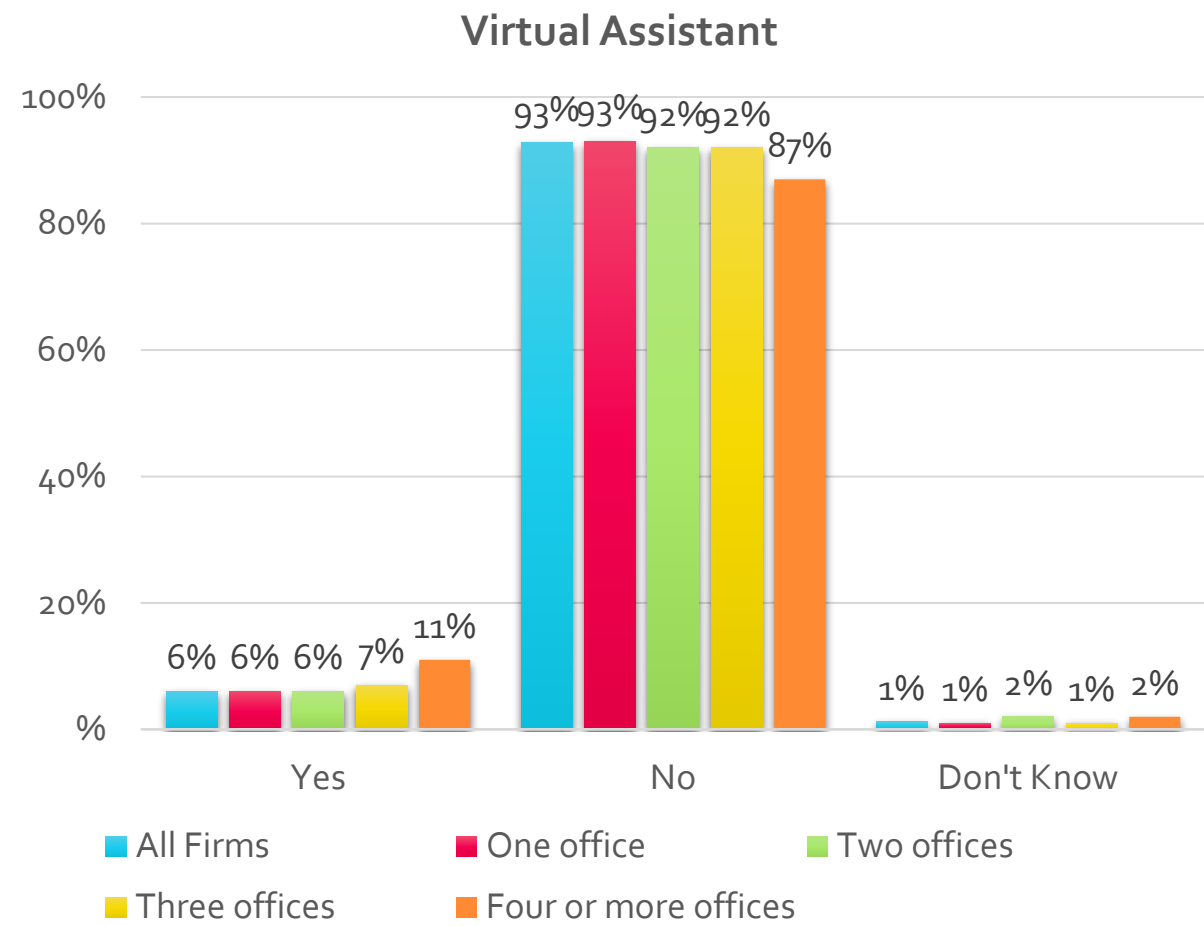
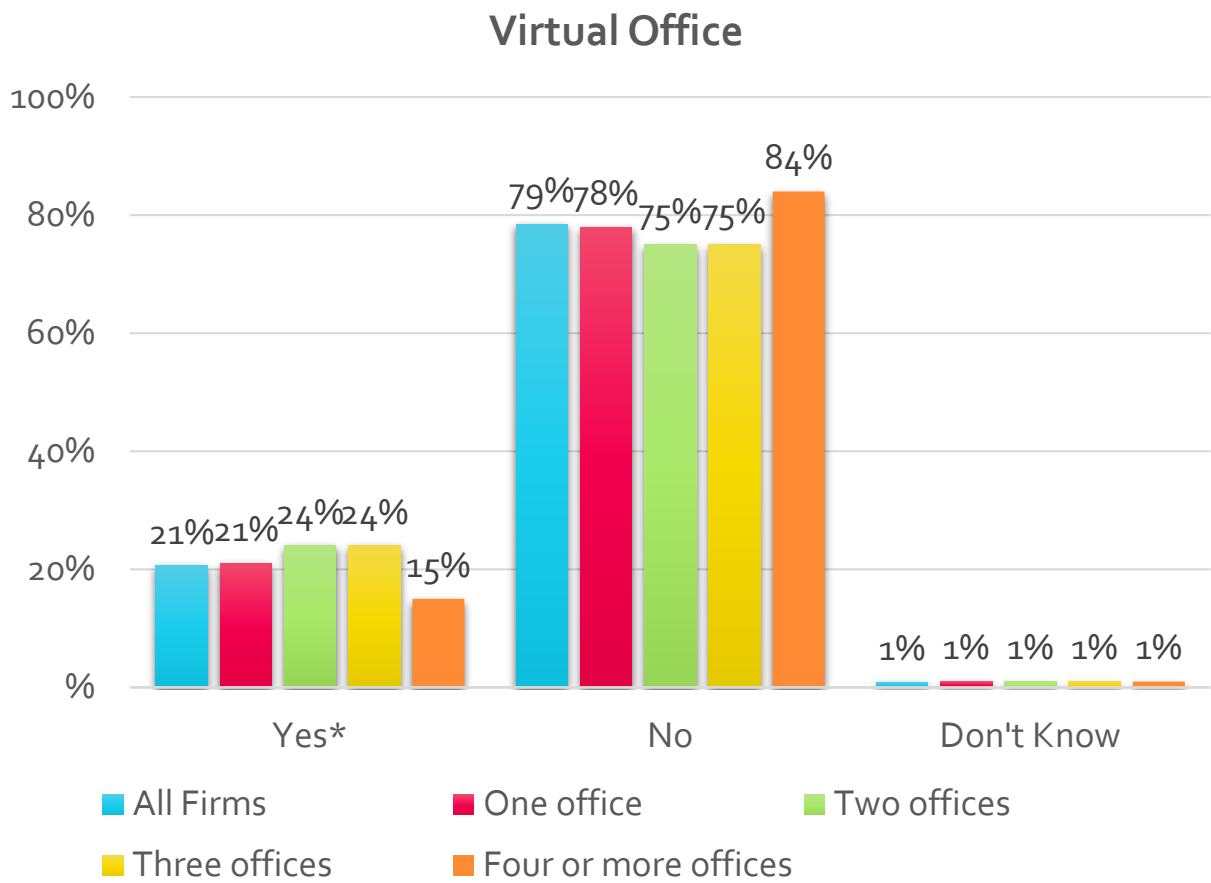
(Percentage Distribution)



**A firm that does not have a fixed location, and employees may work from home or in different cities and countries. *Less than 1 percent

FIRM HAS VIRTUAL OFFICE AND/OR ASSISTANT, BY NUMBER OF OFFICES AT FIRM

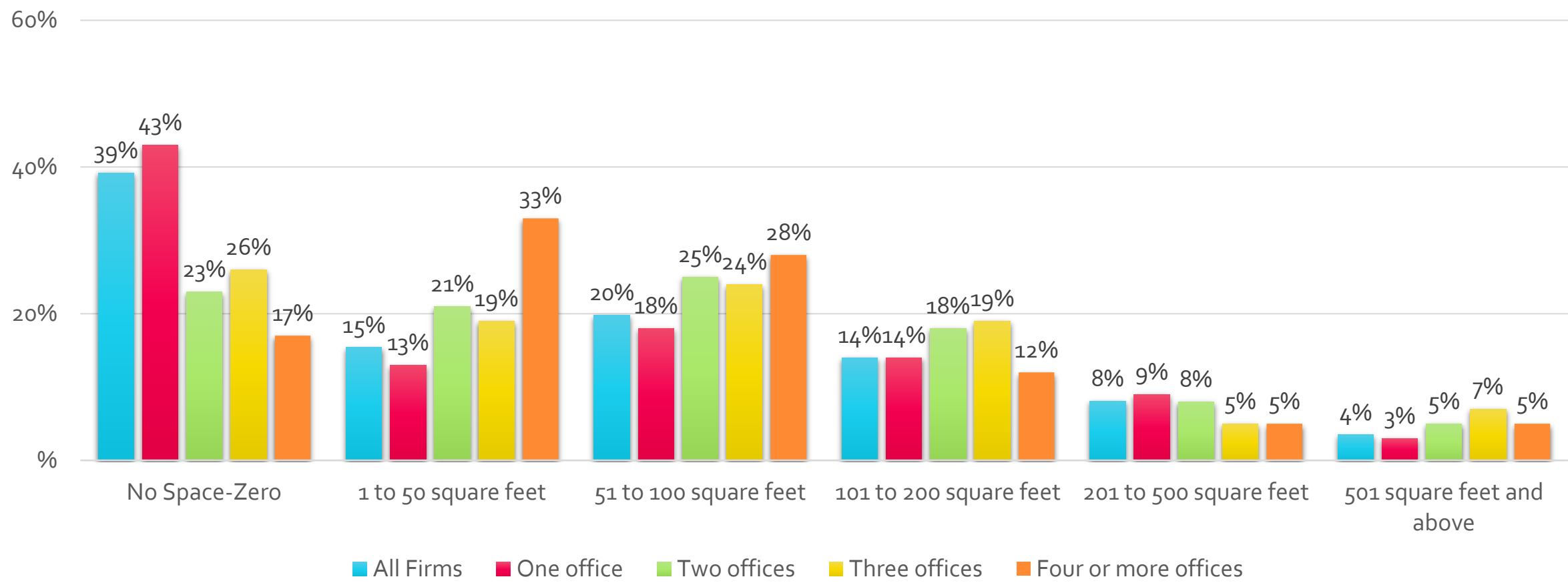
(Percentage Distribution)



*A firm that does not have a fixed location, and employees may work from home or in different cities and countries.

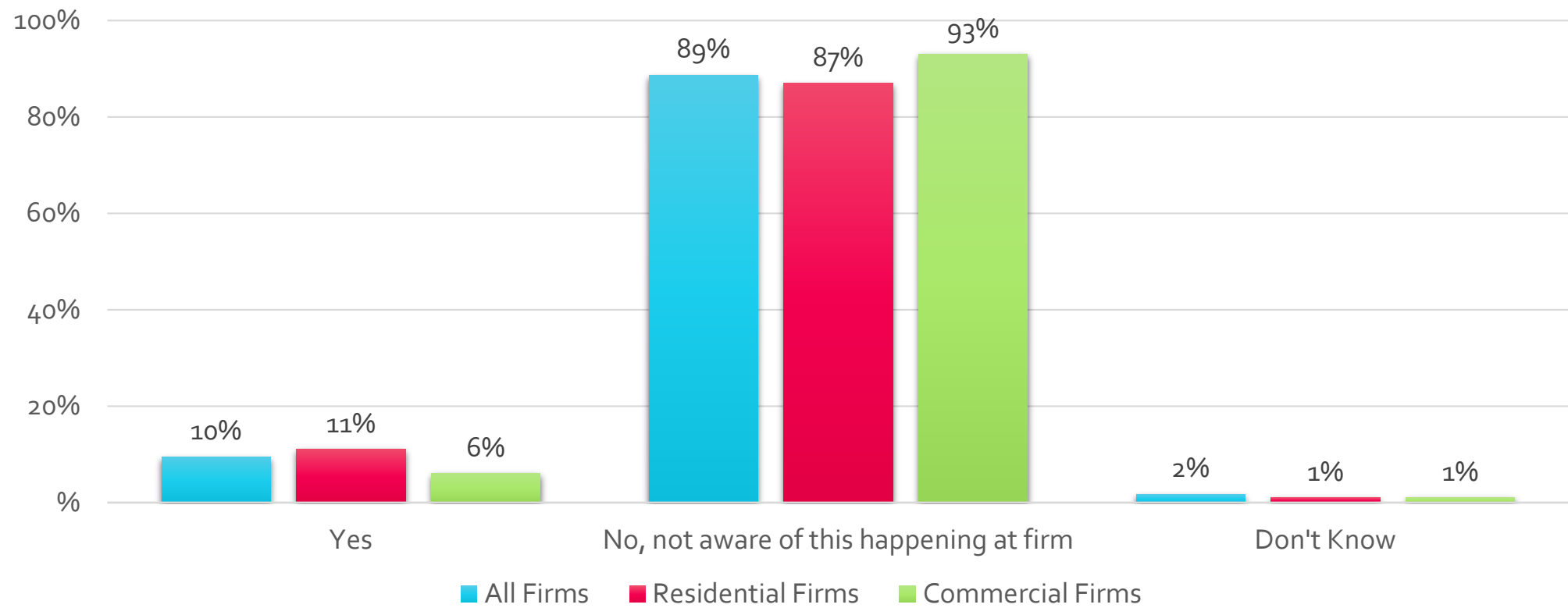
OFFICE SPACE PROVIDED PER AGENT, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



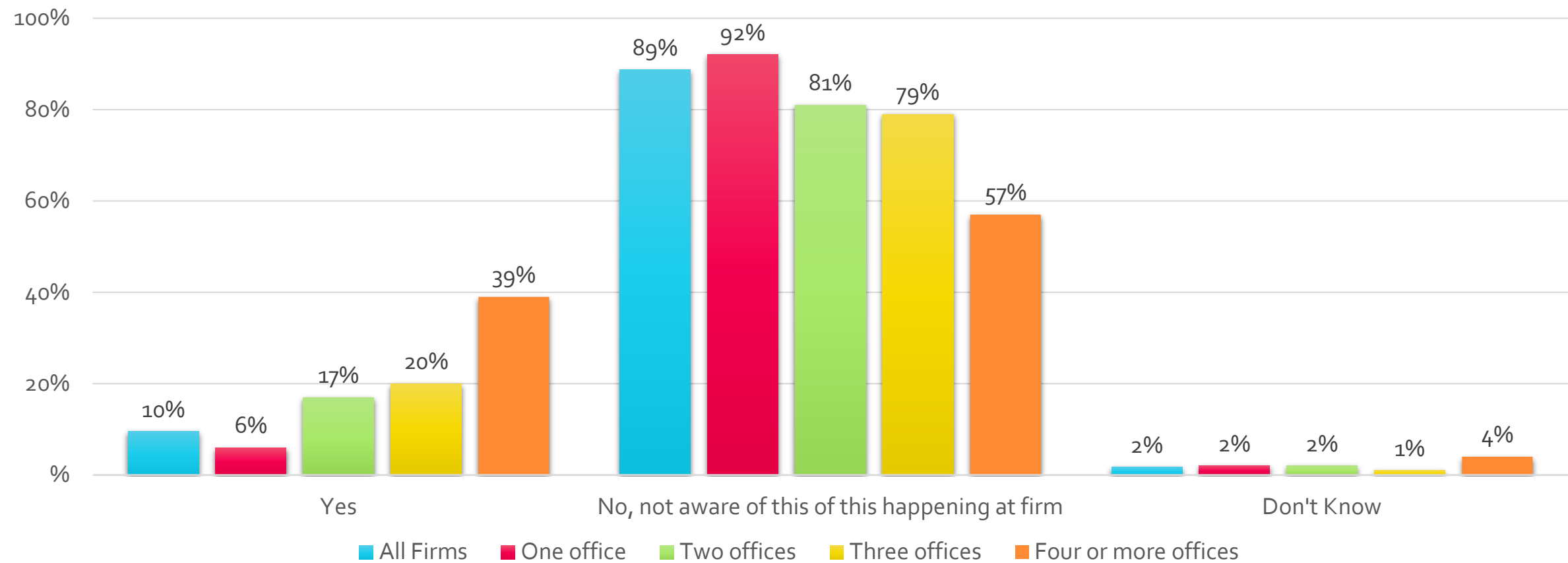
EXPERIENCE WITH WIRE FRAUD AT CLOSING, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



EXPERIENCE WITH WIRE FRAUD, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



WIRE FRAUD EDUCATION TO CLIENTS AND SALES PROFESSIONALS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



WIRE FRAUD EDUCATION TO CLIENTS AND SALES PROFESSIONALS, BY NUMBER OF OFFICES AT FIRM

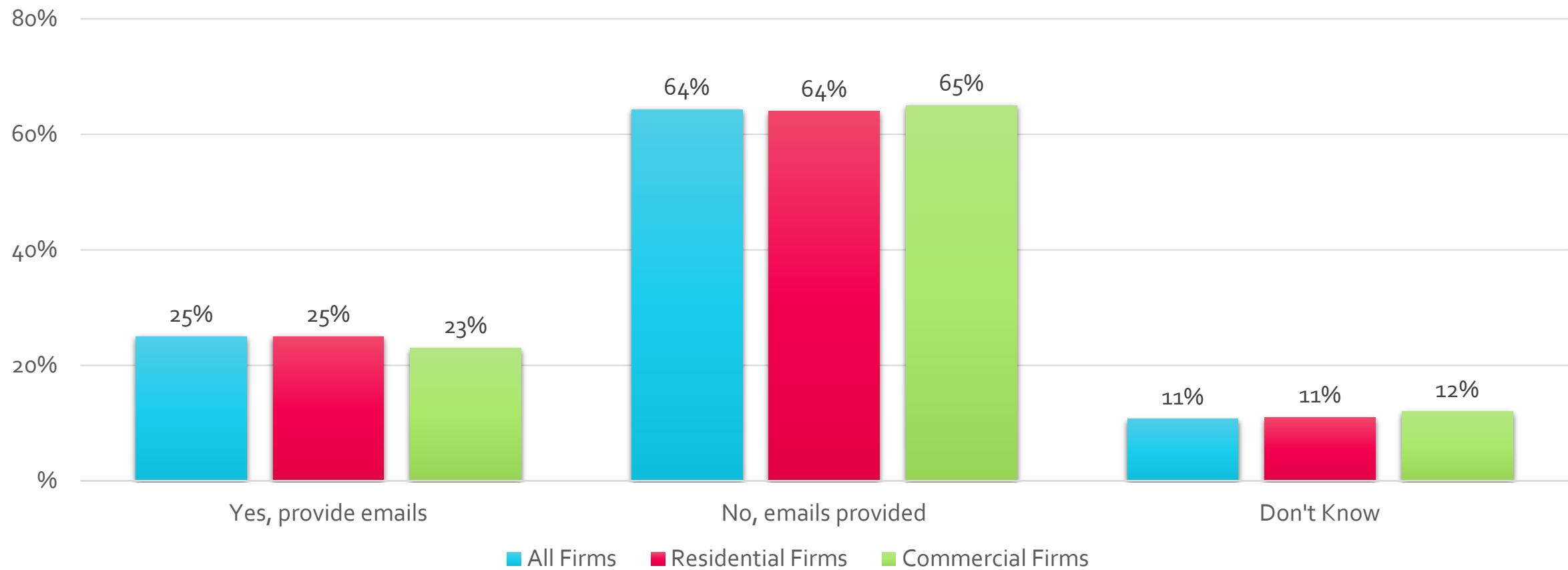
(Percentage Distribution)

Yes, provide education



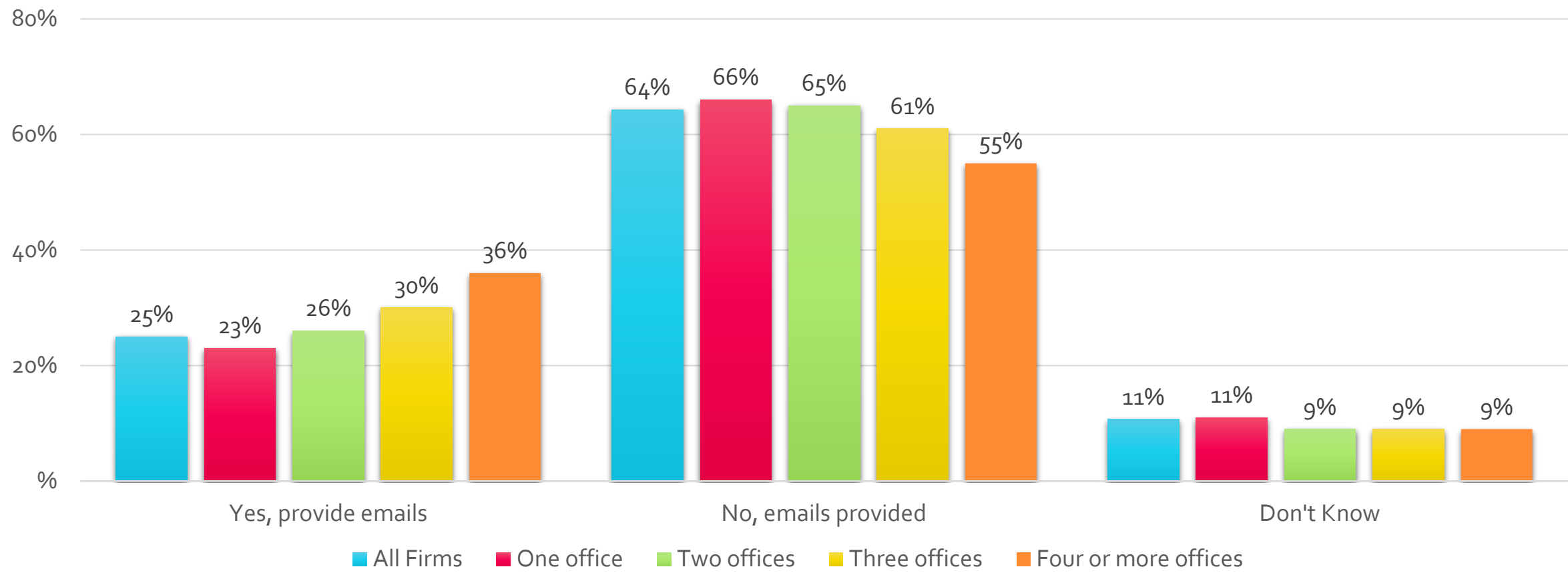
FIRM PROVIDES ENCRYPTED EMAILS TO PREVENT FRAUD, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



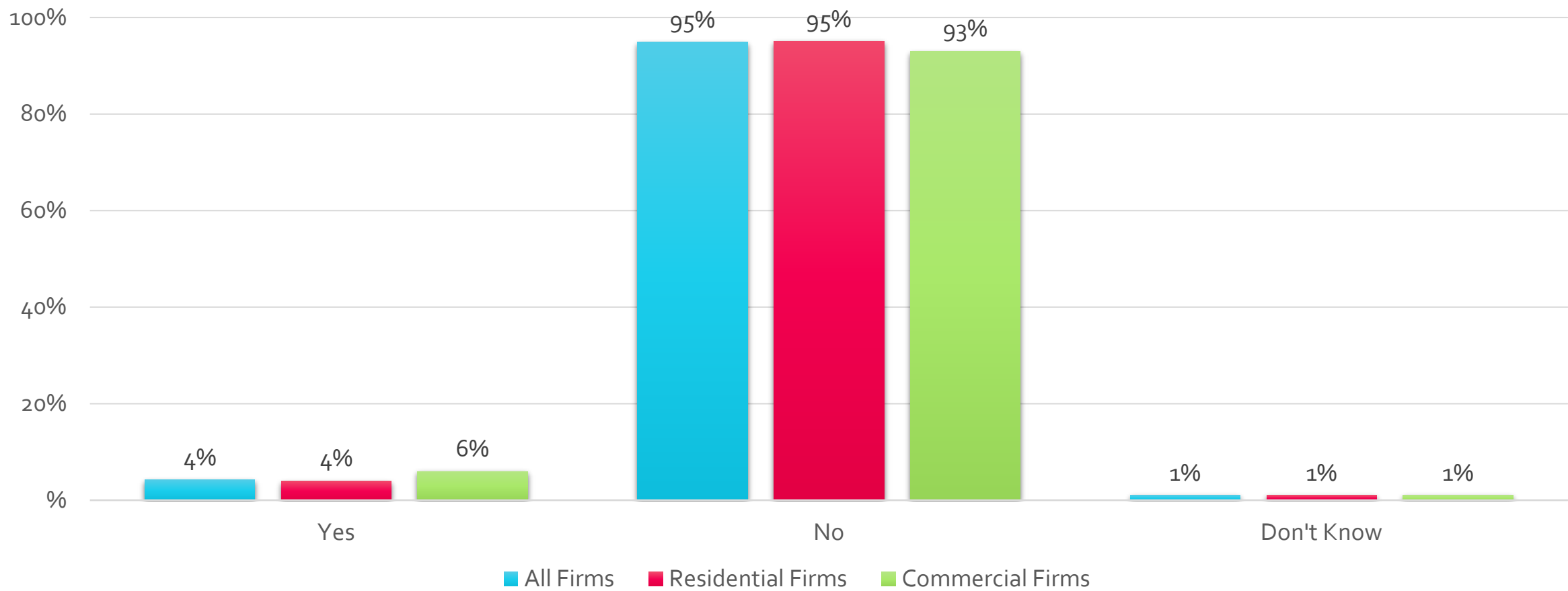
FIRM PROVIDES ENCRYPTED EMAILS TO PREVENT FRAUD, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



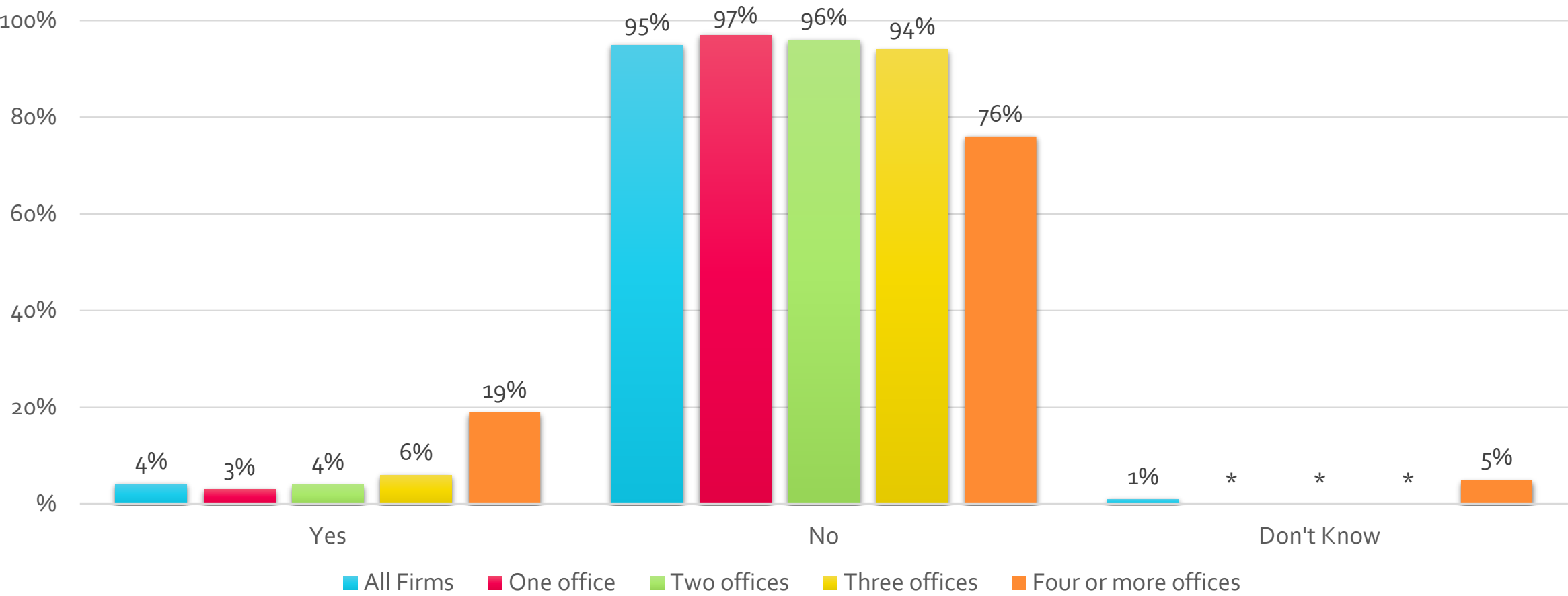
FIRM OPERATES NON-PROFIT FOUNDATION, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



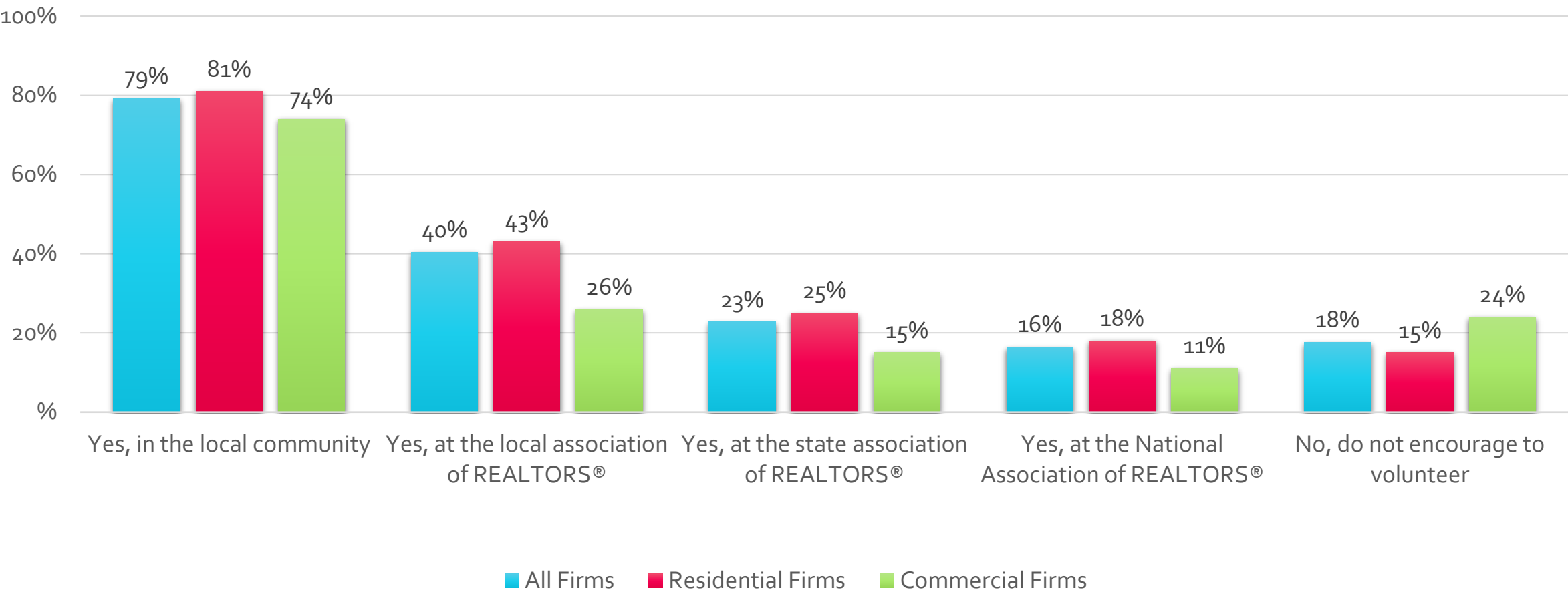
FIRM OPERATES NON-PROFIT FOUNDATION, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



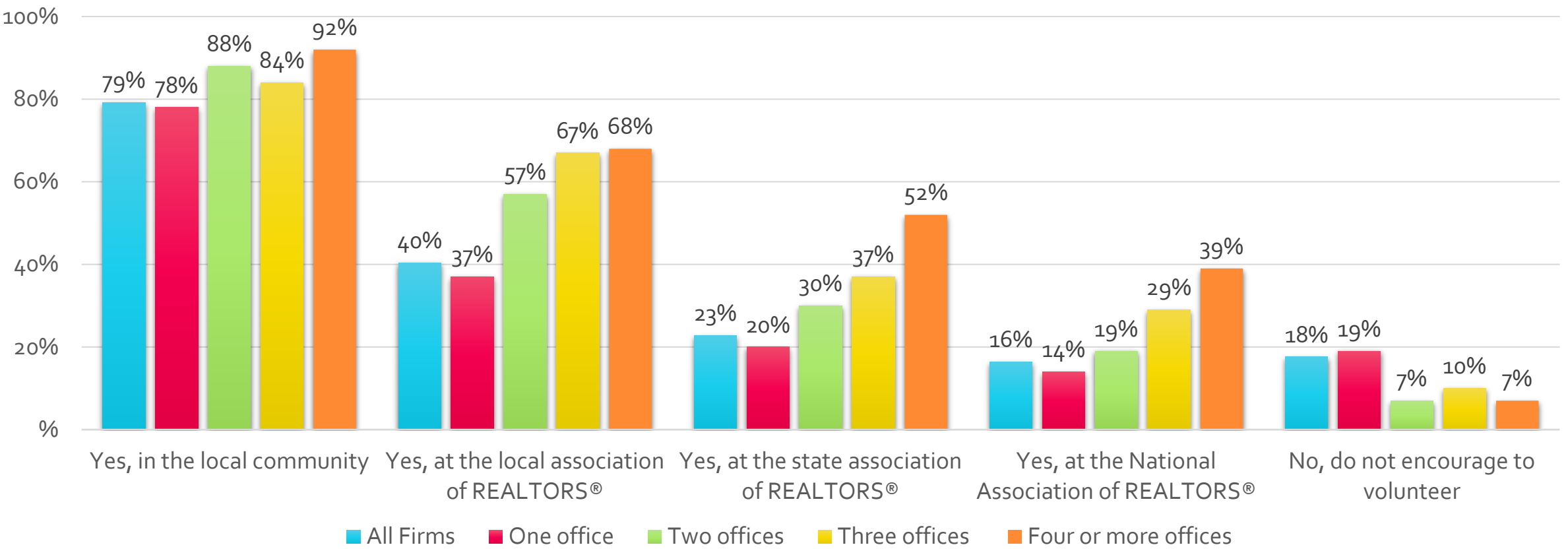
FIRM ENCOURAGEMENT TO VOLUNTEER, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)



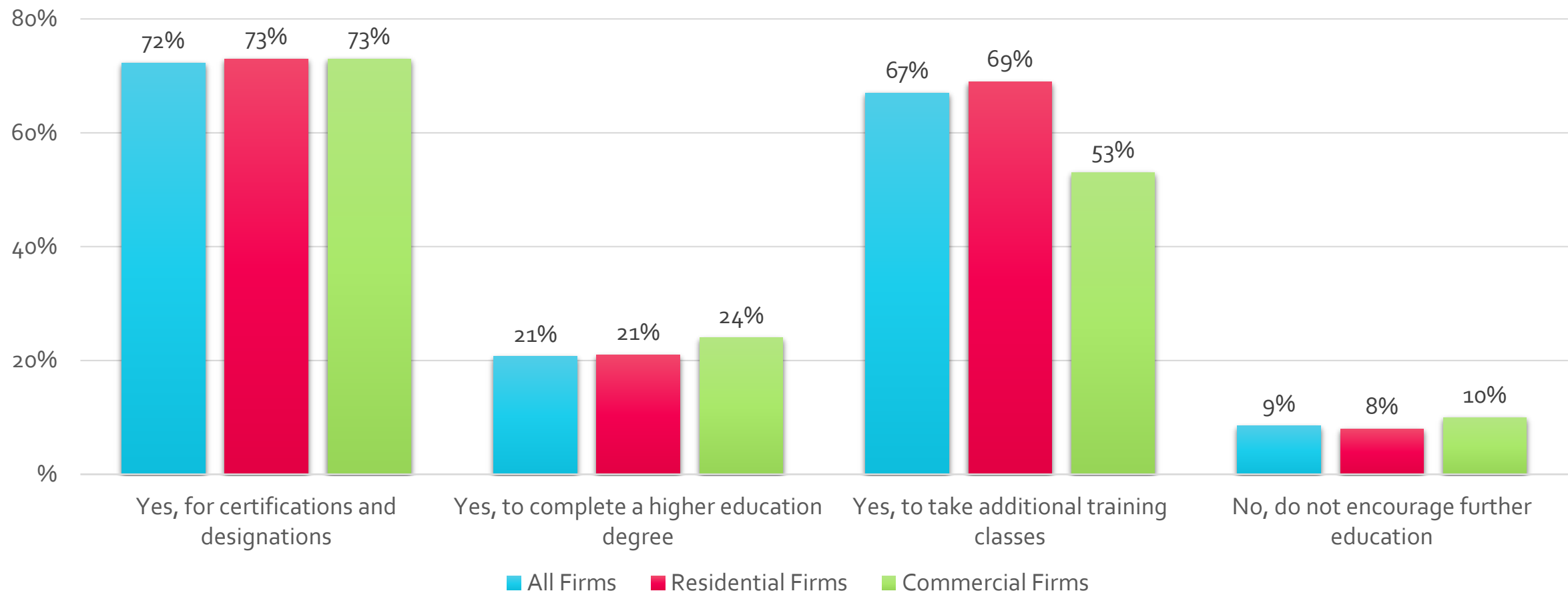
FIRM ENCOURAGEMENT TO VOLUNTEER, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)



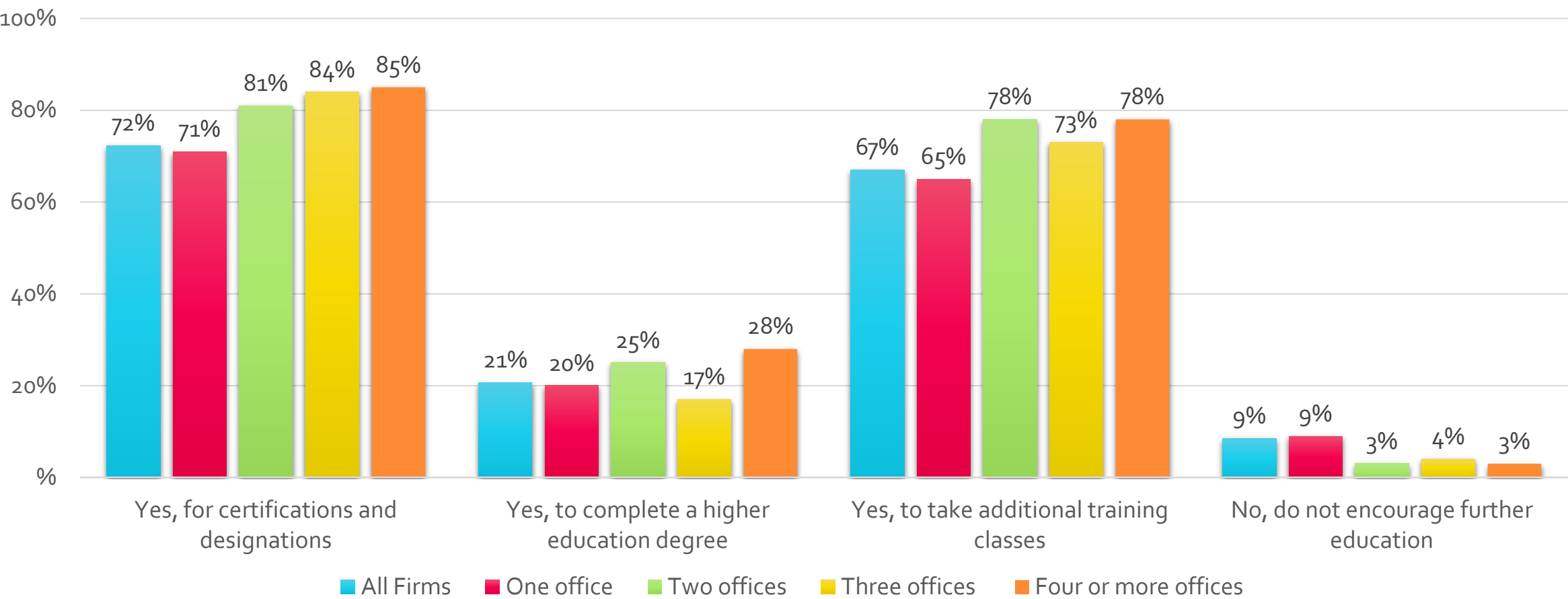
FIRM ENCOURAGEMENT TO PURSUE EDUCATIONAL OPPORTUNITIES, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)



FIRM ENCOURAGEMENT TO PURSUE EDUCATIONAL OPPORTUNITIES, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)



Future Outlook of Firms

Chapter 4



Chapter 4 Highlights

Future Outlook of Firms

- Forty-two percent of firms reported they were actively recruiting sales agents in 2018.
- Fifty-seven percent of firms expected profitability (net income) from all real estate activities to increase in the next year.
- Forty-four percent of firms expected competition to increase in the next year from virtual firms and 43 percent from non-traditional market participants.
- Seventy-five percent of firms expected competition during the same time period to stay the same from traditional brick and mortar single office firms, while only 12 percent expected competition to increase from traditional brick and mortar firms.

- Keeping up with technology, competition from nontraditional market participants, and housing affordability were among the biggest challenges cited for firms in the next two years.
- Fifty-eight percent of firms were concerned with Millennials' ability to buy a home, 46 percent with Millennials' view of homeownership, and 26 percent with Baby Boomers retiring as real estate professionals.
- Forty percent of all firms said they had an exit plan for when they decide to retire or exit the real estate industry.
- Thirteen percent of all firms had real estate teams with a median of three people per team.

CHAPTER 4 – LIST OF EXHIBITS

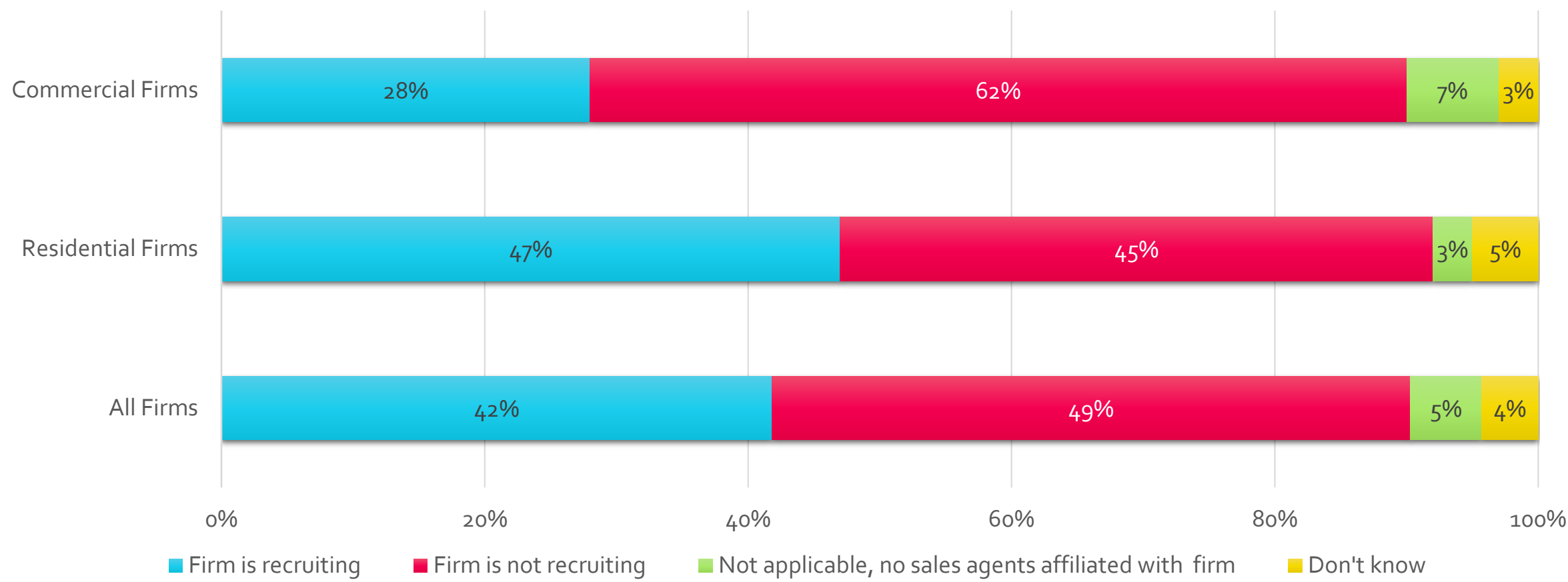
Exhibit 4-1	FIRM ACTIVELY RECRUITING SALES AGENTS IN 2019, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 4-2	FIRM ACTIVELY RECRUITING SALES AGENTS IN 2019, BY NUMBER OF OFFICES AT FIRM
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Exhibit 4-7	EXPECTATION OF LEVEL OF COMPETITION IN 2019
Exhibit 4-8	BIGGEST CHALLENGES FACING FIRM IN NEXT TWO YEARS, BY RESIDENTIAL AND COMMERCIAL FIRMS
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Exhibit 4-10	PREDICTION OF GENERATIONS EFFECT ON THE INDUSTRY IN THE NEXT TWO YEARS, BY RESIDENTIAL AND COMMERCIAL FIRMS

CHAPTER 4 – LIST OF EXHIBITS

Exhibit 4-11	PREDICTION OF GENERATIONS EFFECT ON THE INDUSTRY IN THE NEXT TWO YEARS, BY NUMBER OF OFFICES AT FIRM
Exhibit 4-12	FIRM EXIT PLAN, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 4-13	FIRM EXIT PLAN, BY NUMBER OF OFFICES AT FIRM
Exhibit 4-14	FAMILY RELATIONSHIPS IN FIRM, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 4-15	FAMILY RELATIONSHIPS IN FIRM, BY NUMBER OF OFFICES AT FIRM
Exhibit 4-16	TYPE OF FAMILY RELATIONSHIPS IN FIRM
Exhibit 4-17	FIRM HAS REAL ESTATE TEAMS, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 4-18	FIRM HAS REAL ESTATE TEAMS, BY NUMBER OF OFFICES AT FIRM
Exhibit 4-19	MAIN FUNCTION OF FIRM'S REAL ESTATE TEAMS, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 4-20	MAIN FUNCTION OF FIRM'S REAL ESTATE TEAMS, BY NUMBER OF OFFICES AT FIRM

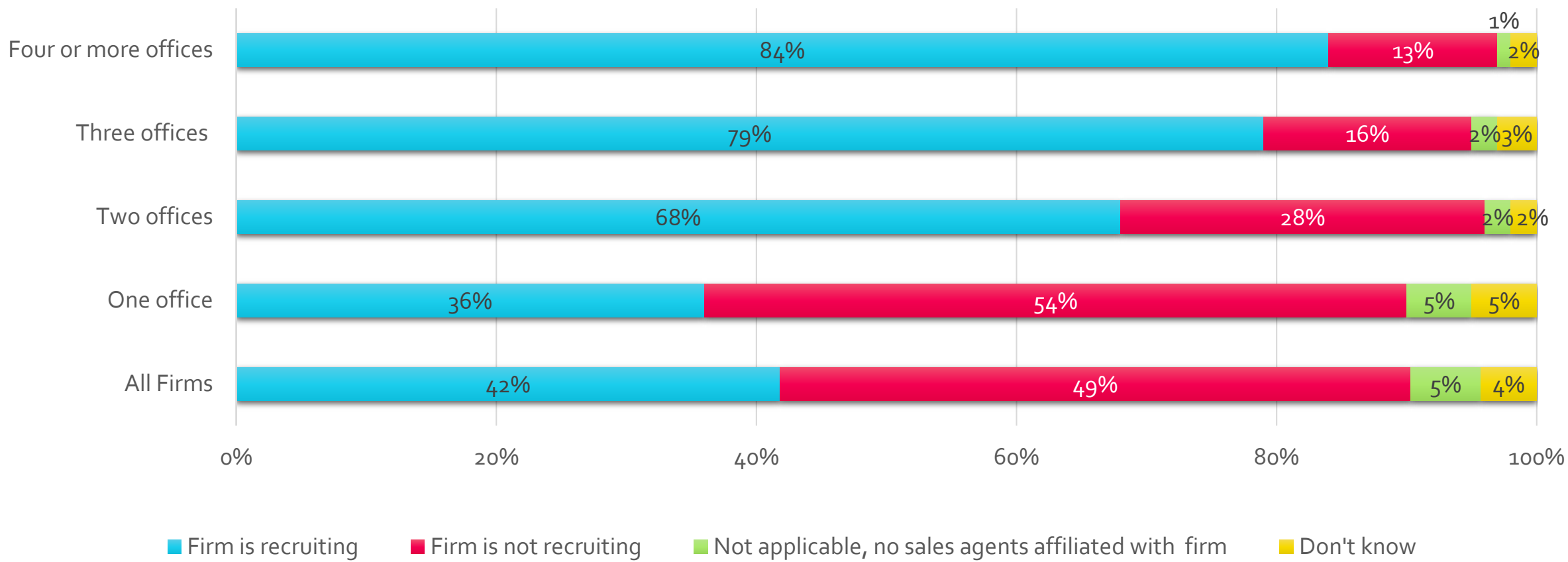
FIRM ACTIVELY RECRUITING SALES AGENTS IN 2019, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



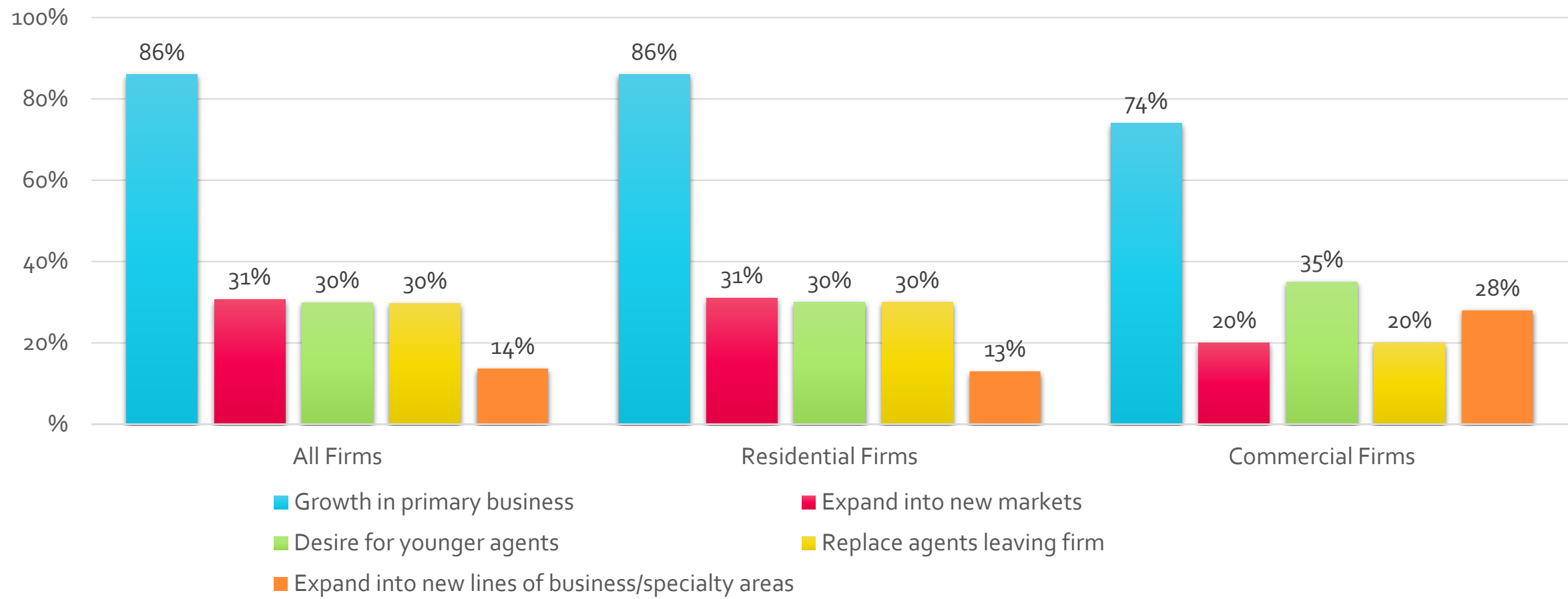
FIRM ACTIVELY RECRUITING SALES AGENTS IN 2019, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



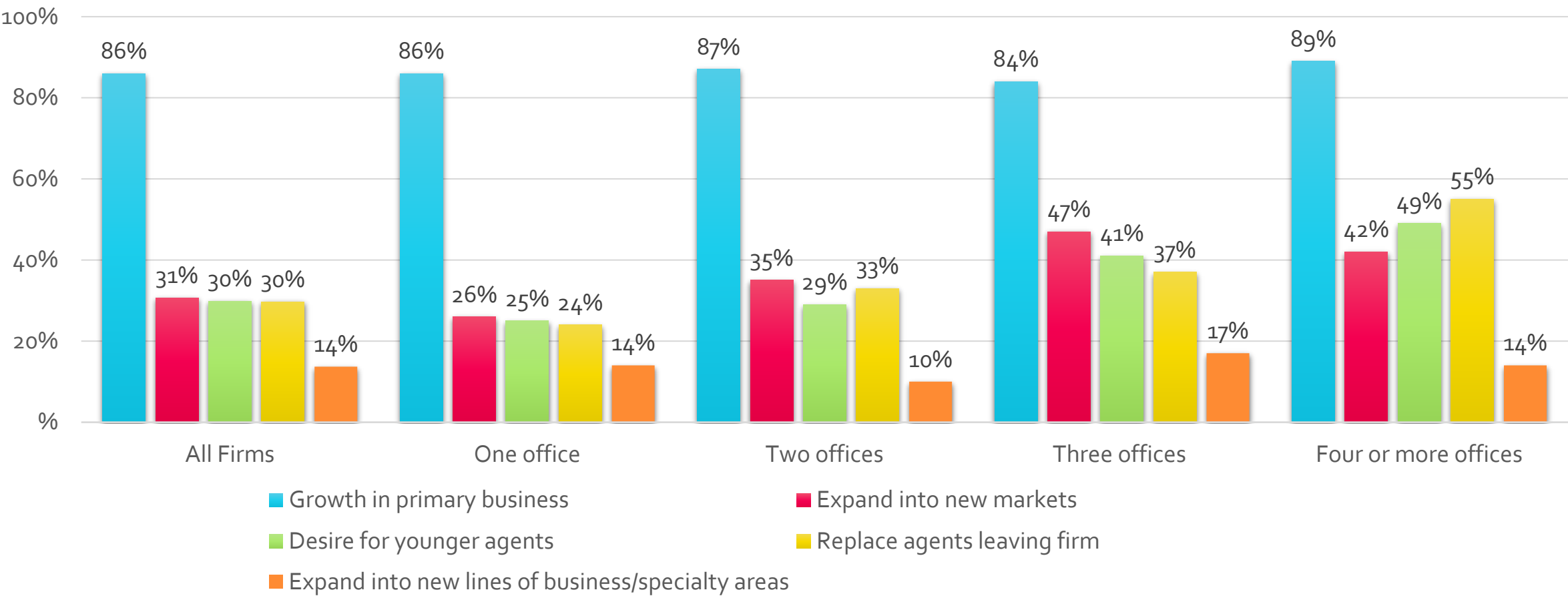
REASON FOR FIRM TO ACTIVELY RECRUIT SALES AGENTS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)



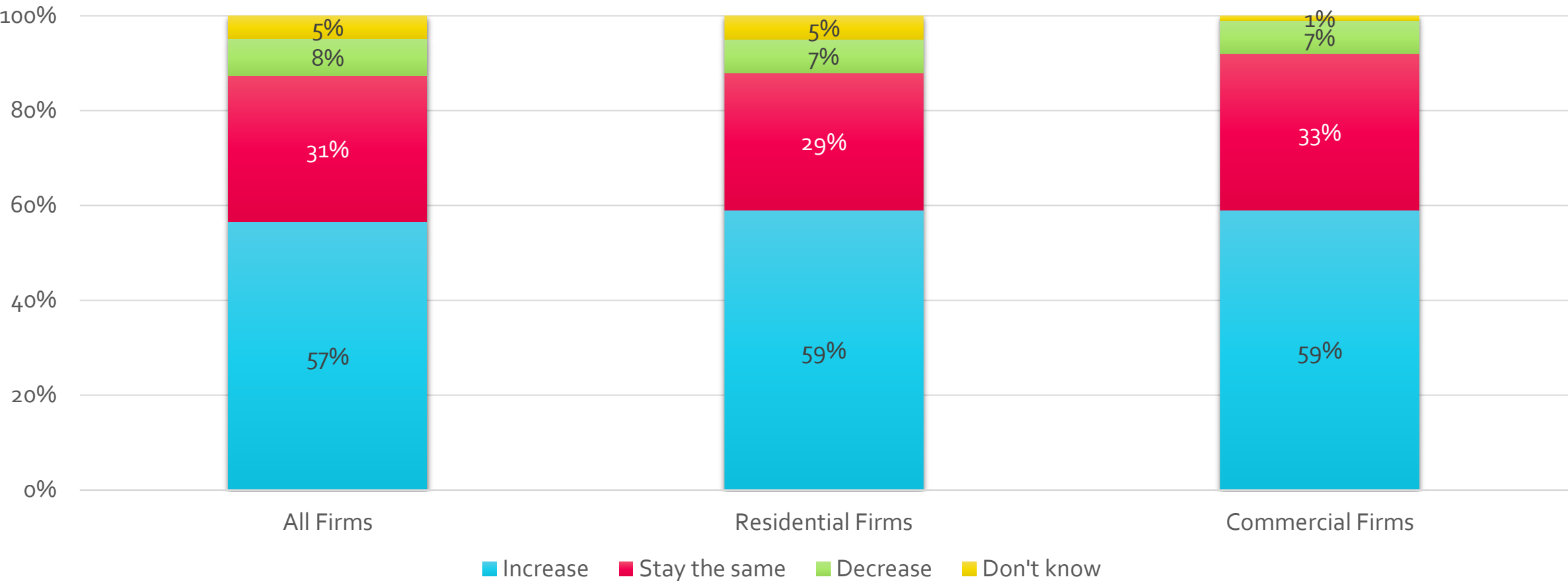
REASON FOR FIRM TO ACTIVELY RECRUIT SALES AGENTS, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)



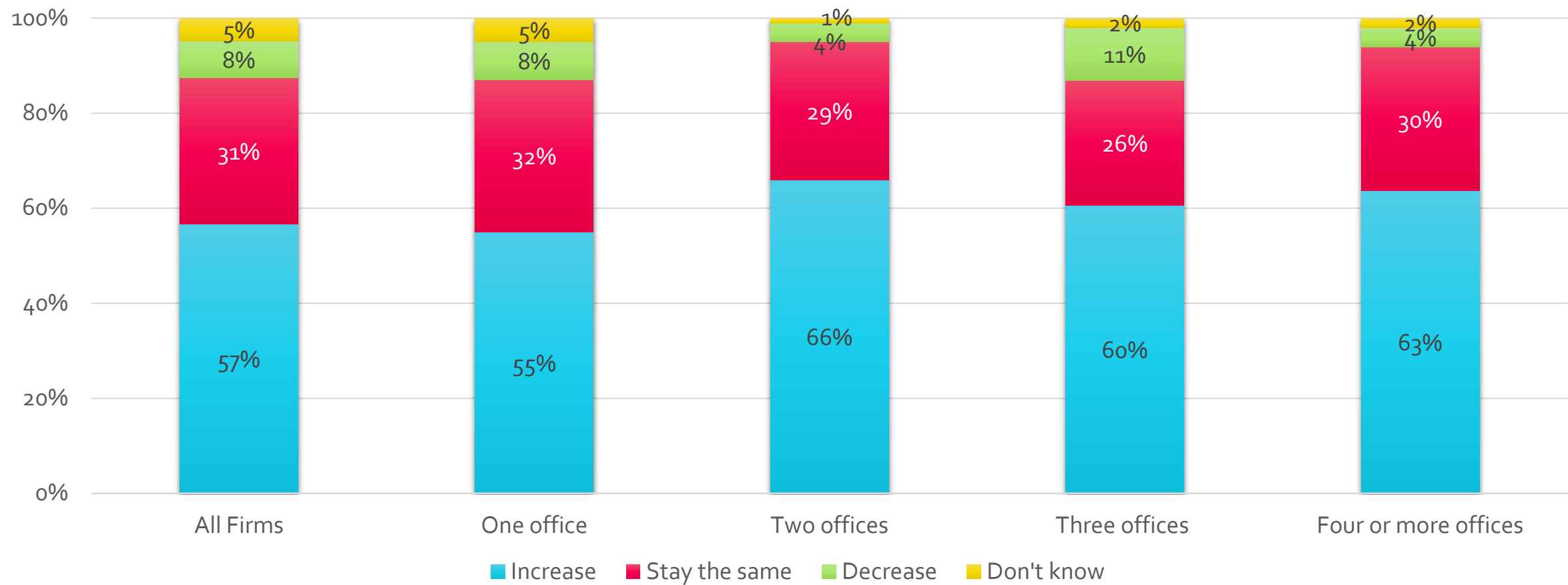
EXPECTATION OF PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2019, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



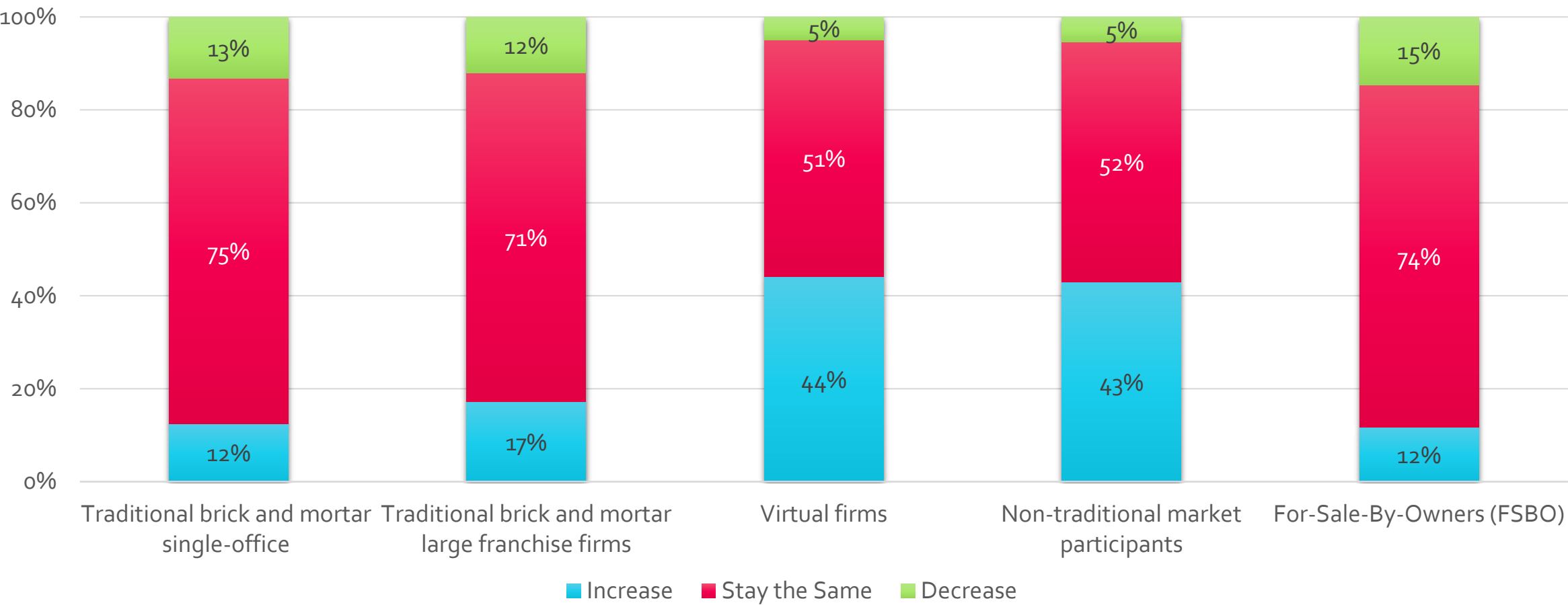
EXPECTATION OF PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2019, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



EXPECTATION OF LEVEL OF COMPETITION IN 2019

(Percentage Distribution)



BIGGEST CHALLENGES FACING FIRM IN NEXT TWO YEARS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Keeping up with technology	46%	46%	44%
Competition from nontraditional market participants	45	48	22
Housing affordability	42	45	19
Maintaining sufficient inventory	39	43	32
Local or regional economic conditions	33	32	46
Profitability	33	33	29
Rising cost of industry	28	28	30
Competition from new virtual firms	27	29	14
Competition from traditional brick and mortar firms	25	26	31
State and local legislation and regulation	22	20	30
Recruiting younger agents	22	24	20
Agent retention	20	22	16
Liability in a digital world (contracts, signatures, etc.)	20	20	17
Wire Fraud	18	19	12
Protecting client data	17	17	15
Off market listings (pocket listings)	16	17	17
Agent teams/brokerage management	13	15	11
Listing data security	9	10	7
Industry consolidation	9	9	8
Other	8	7	15
Piracy/scraping	8	8	10
State and local laws involving legal marijuana	6	5	7
Drones and regulation of drones	5	5	6
TRID (TILA-RESPA Integrated Disclosure)	4	4	2

BIGGEST CHALLENGES FACING FIRM IN NEXT TWO YEARS, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)

	Number of Offices at Firm				
	All Firms	One office	Two offices	Three offices	Four or more offices
Keeping up with technology	46%	45%	49%	40%	49%
Competition from nontraditional market participants	45	44	50	41	55
Housing affordability	42	41	45	49	47
Maintaining sufficient inventory	39	38	51	40	46
Local or regional economic conditions	33	32	33	34	34
Profitability	33	31	38	53	44
Rising cost of industry	28	27	33	30	34
Competition from new virtual firms	27	27	32	17	35
Competition from traditional brick and mortar firms	25	24	28	31	29
State and local legislation and regulation	22	22	25	27	24
Recruiting younger agents	22	19	36	40	46
Agent retention	20	16	35	36	50
Liability in a digital world (contracts, signatures, etc.)	20	19	25	20	25
Wire Fraud	18	16	21	21	33
Protecting client data	17	16	20	14	26
Off market listings (pocket listings)	16	16	19	17	15
Agent teams/brokerage management	13	11	20	24	28
Listing data security	9	9	14	4	14
Industry consolidation	9	8	13	9	14
Other	8	8	3	6	6
Piracy/scraping	8	7	13	14	11
State and local laws involving legal marijuana	6	5	8	3	8
Drones and regulation of drones	5	5	5	3	6
TRID (TILA-RESPA Integrated Disclosure)	4	3	4	6	5

PREDICTION OF GENERATIONS EFFECT ON THE INDUSTRY IN THE NEXT TWO YEARS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Millennials' ability to buy a home (stagnant wages, tough job market, student debt)	58%	60%	42%
Millennials' view of homeownership (idea of renter generation)	46	47	31
Baby boomers (54 to 72 years) retiring from real estate as a professionals	26	26	25
Recruitment of Gen Z (20 years and under), Millennials (21 to 38 years), and Gen X (39 to 53 years) real estate professionals	22	24	18
Baby boomers relocating to other states in retirement	21	22	17
Too many younger real estate professionals joining	19	19	18
Too many older real estate professionals staying in the profession	18	19	12
Retention of Gen Z, Millennials, and Gen X real estate professionals	17	18	20
Other	9	9	15

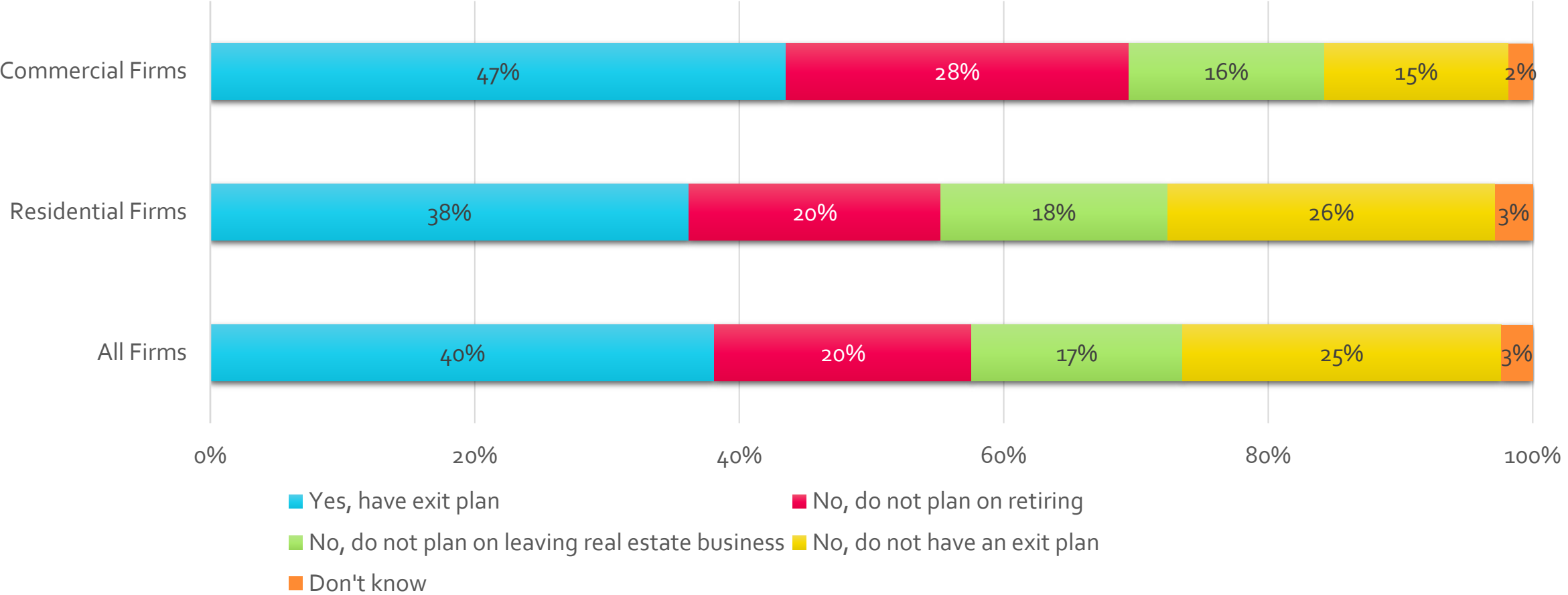
PREDICTION OF GENERATIONS EFFECT ON THE INDUSTRY IN THE NEXT TWO YEARS, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)

	Number of Offices at Firm				
	All Firms	One Office	Two Offices	Three Offices	Four or More Offices
Millennials' ability to buy a home (stagnant wages, tough job market, student debt)	58%	57%	64%	54%	65%
Millennials' view of homeownership (idea of renter generation)	46	46	44	48	41
Baby boomers (54 to 72 years) retiring from real estate as a profession	26	24	28	30	36
Recruitment of Gen Z (20 years and under), Millennials (21 to 38 years), and Gen X (39 to 53 years) real estate professionals	22	20	33	34	38
Baby boomers relocating to other states in retirement	21	21	19	21	22
Too many younger real estate professionals joining	19	19	13	13	11
Too many older real estate professionals staying in the profession	18	17	23	32	22
Retention of Gen Z, Millennials, and Gen X real estate professionals	17	14	21	17	37
Other	9	10	8	3	9

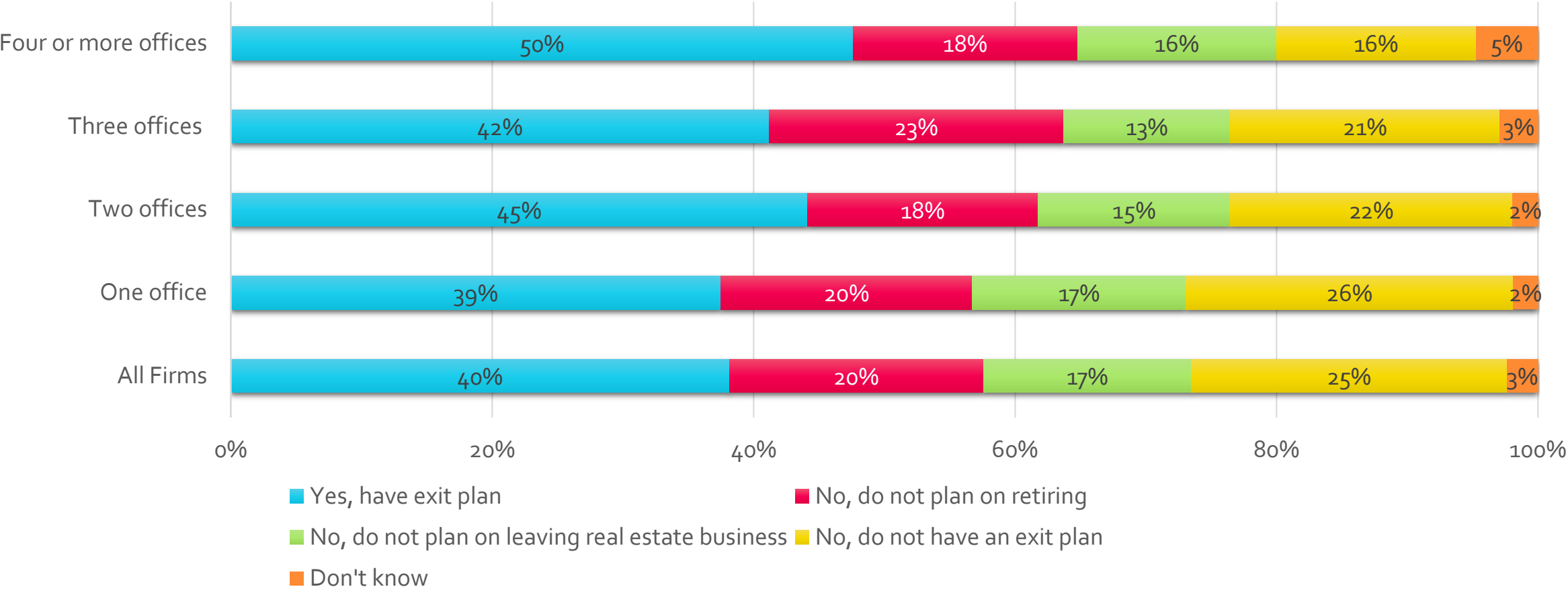
FIRM EXIT PLAN, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)



FIRM EXIT PLAN, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)



FAMILY RELATIONSHIPS IN FIRM, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)

		Yes, everyone is related	Yes, relationships exist	No, there are no family relationships	Don't know
All Firms	• Among firm ownership	76%	53%	59%	42%
	• Among licensees and staff	25%	48%	41%	58%
Residential Firms	• Among firm ownership	75%	52%	58%	42%
	• Among licensees and staff	25%	48%	42%	58%
Commercial Firms	• Among firm ownership	79%	50%	60%	33%
	• Among licensees and staff	21%	50%	40%	67%

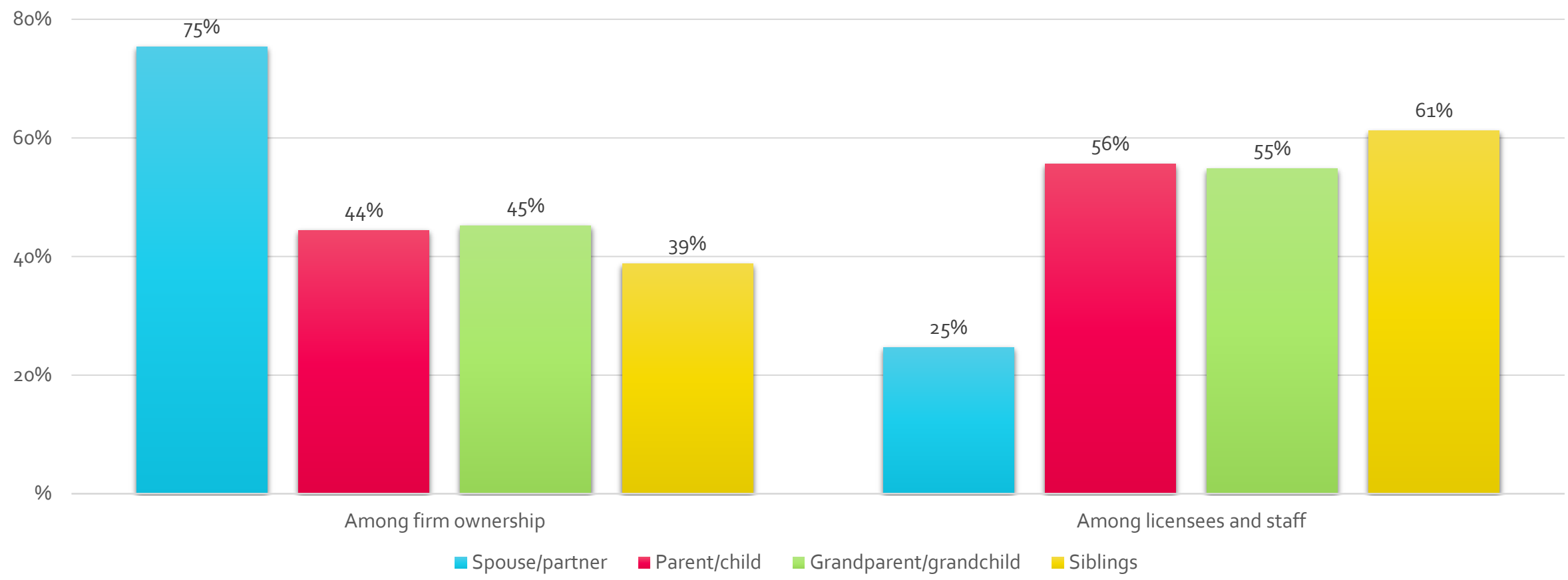
FAMILY RELATIONSHIPS IN FIRM, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)

		Yes, everyone is related	Yes, relationships exist	No, there are no family relationships	Don't know
All Firms	<ul style="list-style-type: none"> • Among firm ownership • Among licensees and staff 	76%	53%	59%	42%
		25%	48%	41%	58%
One office	<ul style="list-style-type: none"> • Among firm ownership • Among licensees and staff 	76%	52%	59%	36%
		24%	48%	41%	64%
Two offices	<ul style="list-style-type: none"> • Among firm ownership • Among licensees and staff 	72%	60%	49%	57%
		28%	40%	51%	43%
Three offices	<ul style="list-style-type: none"> • Among firm ownership • Among licensees and staff 	83%	41%	65%	44%
		17%	59%	35%	56%
Four or more offices	<ul style="list-style-type: none"> • Among firm ownership • Among licensees and staff 	74%	45%	58%	40%
		26%	55%	42%	60%

TYPE OF FAMILY RELATIONSHIPS IN FIRM, BY RESIDENTIAL AND COMMERCIAL FIRMS

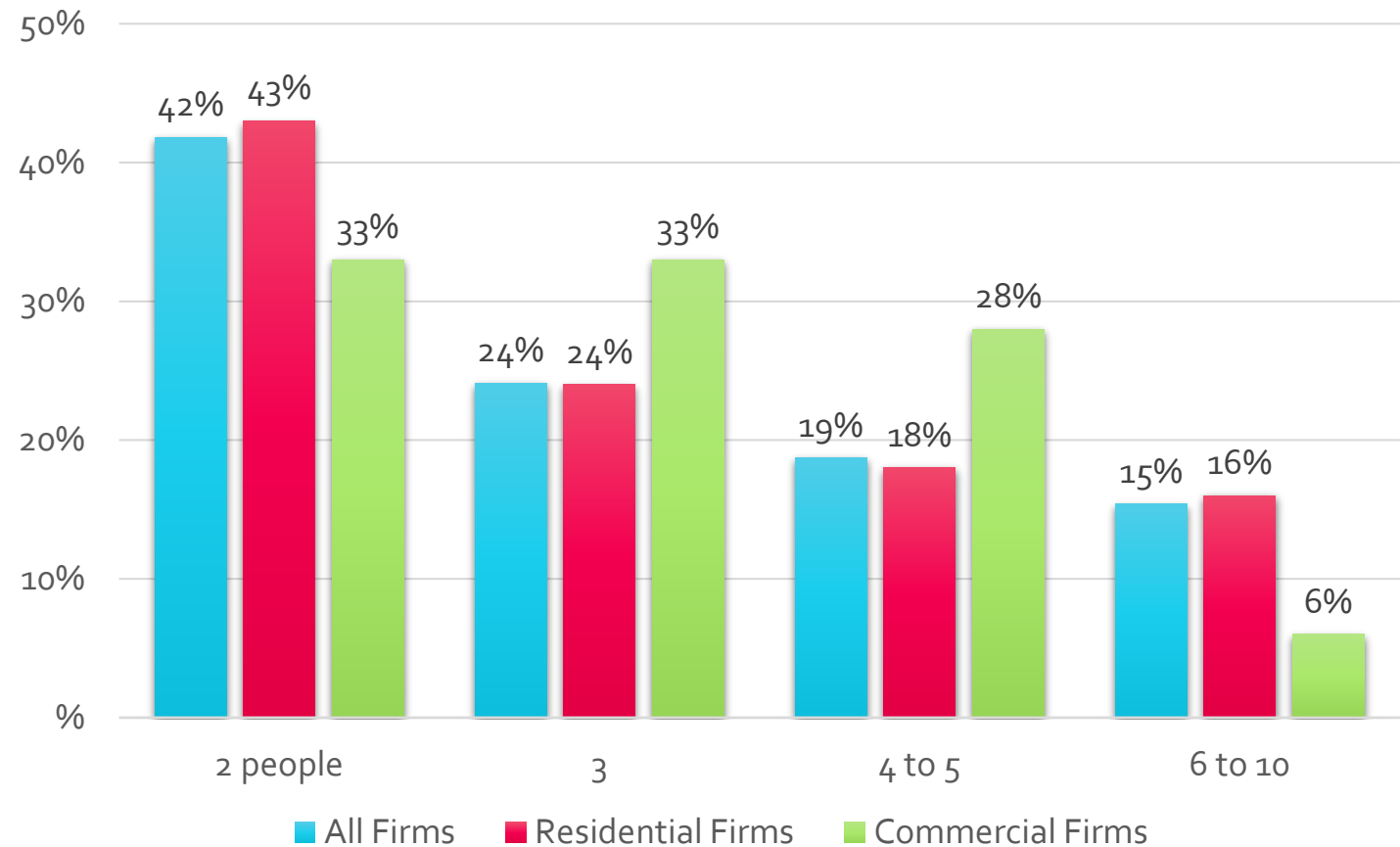
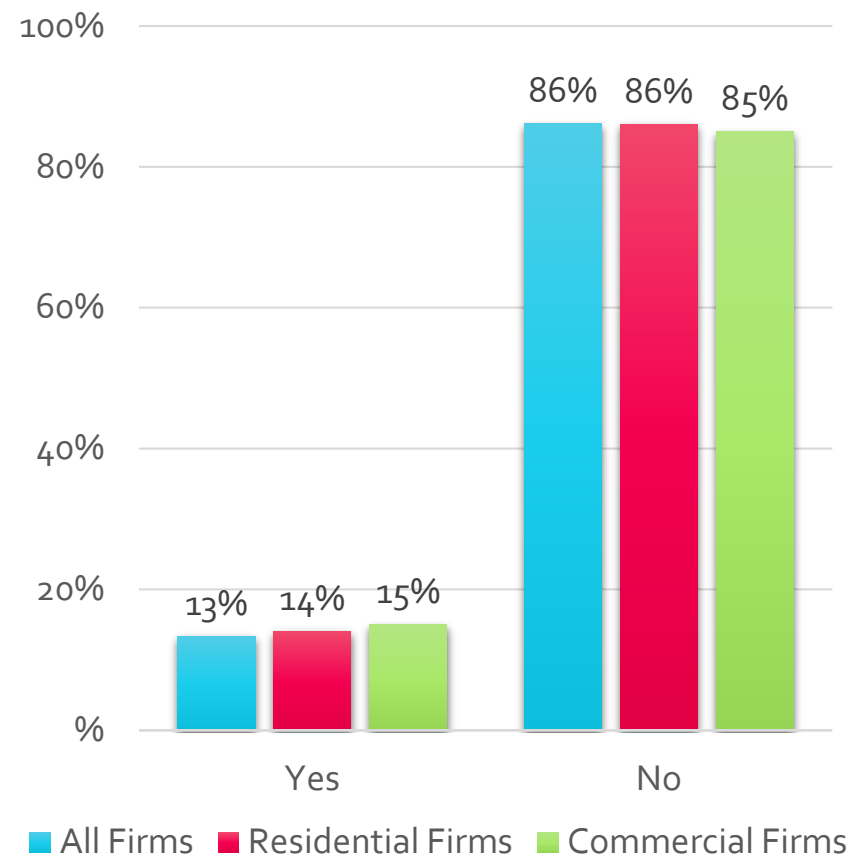
(Percent of Respondents)



FIRM HAS REAL ESTATE TEAMS, BY RESIDENTIAL AND COMMERCIAL FIRMS

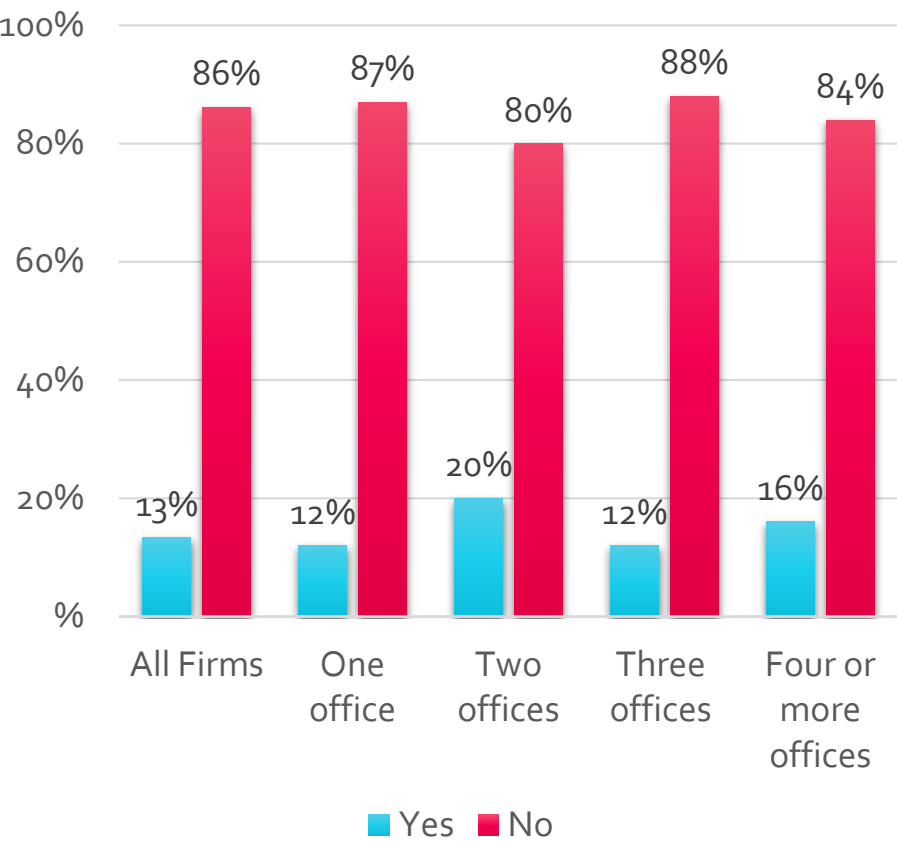
(Percentage Distribution)

Median
(people per team):
All Firms: 3
Residential Firms: 3
Commercial Firms: 3



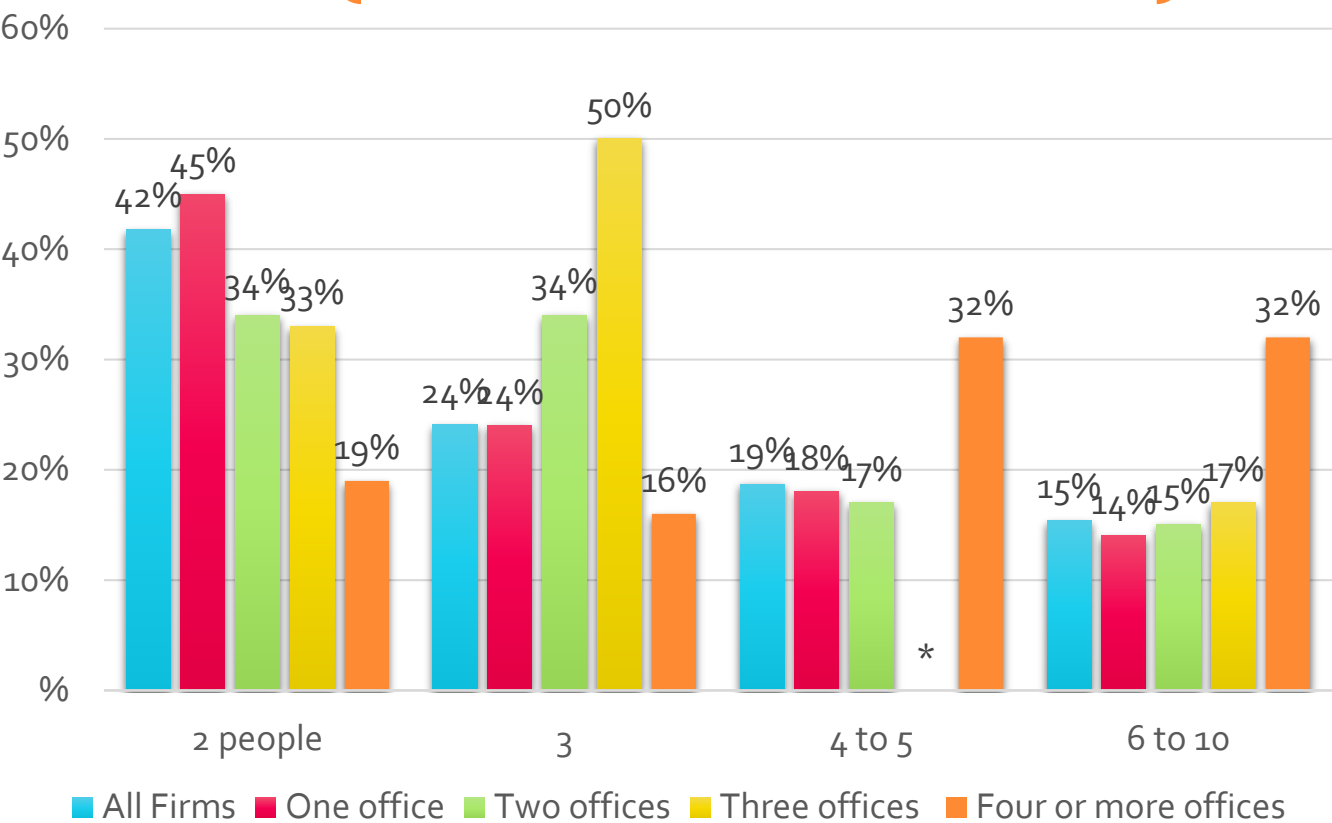
FIRM HAS REAL ESTATE TEAMS, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



*Less than 1 percent

Median
(people per team):
All Firms: 3
One to three offices: 3
Four or more offices: 4



MAIN FUNCTION OF FIRM'S REAL ESTATE TEAMS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Agent	82%	84%	74%
Broker	79	79	63
Marketing	49	49	47
Administrative	45	44	42
Manager	41	42	26
Transaction coordinator	36	37	21
Assistant	32	32	32
Open house/showing staff	30	30	16
Team leader	23	24	16
Staging	17	18	5
Listing syndication	15	16	11
Legal	7	7	5
Lending	4	4	*

*Less than 1 percent

MAIN FUNCTION OF FIRM'S REAL ESTATE TEAMS, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)

	All Firms	One office	Two offices	Three offices	Four or more offices
Agent	82%	80	85	86	94
Broker	79	80	79	86	69
Marketing	49	51	48	43	47
Administrative	45	45	48	71	53
Manager	41	39	42	57	34
Transaction coordinator	36	36	33	43	41
Assistant	32	31	31	29	59
Open house/showing staff	30	28	35	14	44
Team leader	23	20	29	29	44
Staging	17	18	19	*	6
Listing syndication	15	15	19	14	9
Legal	7	7	8	*	6
Lending	4	4	2	14	*

*Less than 1 percent



Methodology

In January 2019, NAR invited a random sample of 173,918 REALTORS® who were executives and senior management at real estate firms to fill out an online survey. A total of 6,107 useable responses were received for an overall response rate of 3.5 percent. The confidence interval at a 95 percent level of confidence was ± 1.25 percent based on the share of real estate executives at real estate firms. All information in this report was representative of member characteristics, sales and lease transaction values, and other statistics from the calendar year of 2018.

The primary measure of central tendency used throughout this report was the median – the middle point in the distribution of responses to a particular question or, equivalently, the point at which half of the responses were above and below a particular value.



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The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

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NATIONAL ASSOCIATION OF REALTORS®

Research Group
500 New Jersey Avenue, NW
Washington, DC 20001
202-383-1000
data@realtors.org

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