

2021 Profile of Real Estate Firms

National Association of REALTORS® Research Group



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Executive Summary

2021 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 *2021 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 August 2021, NAR had 1.55 million members.
- NAR had 202,774 self-designated Brokers of Record.
- NAR's Brokers of Record accounted for 13.1 percent of its total membership.

Executive Summary

While there are well over 100,000 real estate firms operating in the United States, it is important to understand their unique characteristics and how they operate successfully. Firm aspects and policies vary not only by size of company or number of offices, but also based on geographical area and the state and local laws and regulations that apply. The world has experienced a multitude of unprecedented changes and circumstances brought forth by the COVID-19 pandemic, but the real estate industry and its many firms have remained resilient. This *Profile of Real Estate Firms* measured characteristics of firms nationwide to see exactly how they work and what lies ahead.

Characteristics of Real Estate Firms

The typical Broker of Record was a manager or owner of a single-office firm and identified as a broker owner. The typical firm was an independent non-franchised firm with three full-time real estate licensees. The typical residential firm had been operating for 16 years (up from 14 years), while the typical commercial firm had been operating for 30 years (up from 23 years).

- **Thirty-four percent of Brokers of Record were CEOs, COOs, presidents, or owners, and 62 percent were managers or owners of a single-office firm.**
- Seventy-nine percent identified as broker owners and 11 percent as broker managers.

- **Eighty percent of real estate firms had a single office, typically with three full-time real estate licensees, up from two licensees in the 2019 report.**
- Eighty-six percent of firms were independent non-franchised firms, and 12 percent were independent franchised firms.
- Eighty-one percent of firms specialized in residential brokerage.
- Thirty-seven percent of firms were LLCs, 28 percent S-Corps, 25 percent sole proprietorship, and eight percent were C-Corps.
- **The typical residential firm had been operating for 16 years (up from 14 years), while the typical commercial firm had been operating for 30 years (up from 23 years).**
- Fifty-one percent of firms covered a metropolitan region market area and 27 percent covered a rural area or small town.

Business Activity of Firms

As was expected given the economic conditions, residential firms performed higher in 2020 than in previous study (in 2018), while commercial firms had slightly lower sales volumes. Firms were most likely to produce customer inquiries and sales from past client referrals and repeat business. The most commonly offered in-house service was business brokerage, followed by relocation services, and staging.

- **Firms with only one office had a median brokerage sales volume of \$4.5 million in 2020, while firms with four or more offices had a median brokerage sales volume of \$146.2 million in 2020.**
- Firms with one office had a total of 19 real estate transaction sides in 2020, while firms with four or more offices typically had 571 transaction sides.
- Firms typically had 30 percent of their customer inquiries from past client referrals, 29 percent from repeat business from past clients, 10 percent through social media, and 10 percent from their website.
- **Firms typically generated 30 percent of their sales volume from past client referrals, 30 percent from repeat business from past clients, 10 percent from their website, and 10 percent through social media.**
- 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 staging services.
- Fifty percent of current competition came from traditional brick and mortar large franchise firms and 25 percent from traditional brick and mortar single-office firms.

What Firm Provides to Agents & Staff

The most commonly provided benefit to firm staff of all levels was errors and omissions/liability insurance, while the most

common tools provided or encouraged by firms were e-signature, comparative market analysis, electronic contracts/forms, and multiple listing.

- **The most common benefit that firms offered to independent contractors, licensees, and agents was errors and omissions/liability insurance at 42 percent.**
- While this was also the most common benefit for salaried licensees and agents, only 25 percent received this benefit.
- Among administrative staff, 31 percent received errors and omissions/liability insurance, 30 percent received vacation/sick days, and 11 percent received health insurance.
- Thirty-seven percent of senior management received errors and omissions/liability insurance, 19 percent received vacation/sick days, and 13 percent received health insurance.
- **The most common tools provided or encouraged by firms are e-signature, comparative market analysis, electronic contracts/forms, and multiple listing.**
- Twenty-five percent of all firms offered a virtual office for agents and staff, and seven percent offered a virtual assistant.
- Ten percent of all firms had experience with wire fraud at closing. For firms with four or more offices, 37 percent had experience with wire fraud at closing.
- Twenty-eight percent of firms provided encrypted emails to prevent fraud.

Future Outlook of Firms

Nearly two-fifths of firms are actively recruiting sales agents in 2021, mainly due to growth in their primary business, and nearly three-fifths expect profitability to increase this year. Firms expect their 2021 competition to increase mainly from non-traditional market participants and virtual firms. As a sign of the current market, the biggest challenges cited by firms were maintaining sufficient inventory and housing affordability, and nearly three-fifths were concerned with young adults' ability to purchase a home.

- **Thirty-eight percent of firms reported they were actively recruiting sales agents in 2021.**
 - Fifty-eight percent of firms expected profitability (net income) from all real estate activities to increase this year.
 - **Fifty percent of firms expected competition to increase in 2021 from non-traditional market participants and 47 percent from virtual firms.**
- Sixty-one percent of firms expected competition in 2021 to stay the same from traditional brick and mortar single office firms, while 58 percent expected competition to stay the same from larger traditional brick and mortar firms.
 - **Maintaining sufficient inventory, housing affordability, and competition from nontraditional market participants were among the biggest challenges cited for firms in the next two years.**
 - Fifty-eight percent of firms were concerned with young adults' ability to buy a home, 33 percent with young adults' view of homeownership, and 26 percent with Baby Boomers retiring from real estate.
 - Forty-two 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.



Characteristics of Real Estate Firms

Chapter 1

Chapter 1 Highlights

Characteristics of Real Estate Firms

- Thirty-four percent of Brokers of Record were CEOs, COOs, presidents, or owners, and 62 percent were managers or owners of a single-office firm.
- Seventy-nine percent identified as broker owners and 11 percent as broker managers.
- Eighty percent of real estate firms had a single office, typically with three full-time real estate licensees, up from two licensees in the 2019 report.
- Eighty-six percent of firms were independent non-franchised firms, and 12 percent were independent franchised firms.

- Eighty-one percent of firms specialized in residential brokerage.
- Thirty-seven percent of firms were LLCs, 28 percent S-Corps, 25 percent sole proprietorship, and eight percent were C-Corps.
- The typical residential firm had been operating for 16 years (up from 14 years), while the typical commercial firm had been operating for 30 years (up from 23 years).
- Fifty-one percent of firms covered a metropolitan region market area and 27 percent covered a rural area or small town.

CHAPTER 1 – LIST OF EXHIBITS

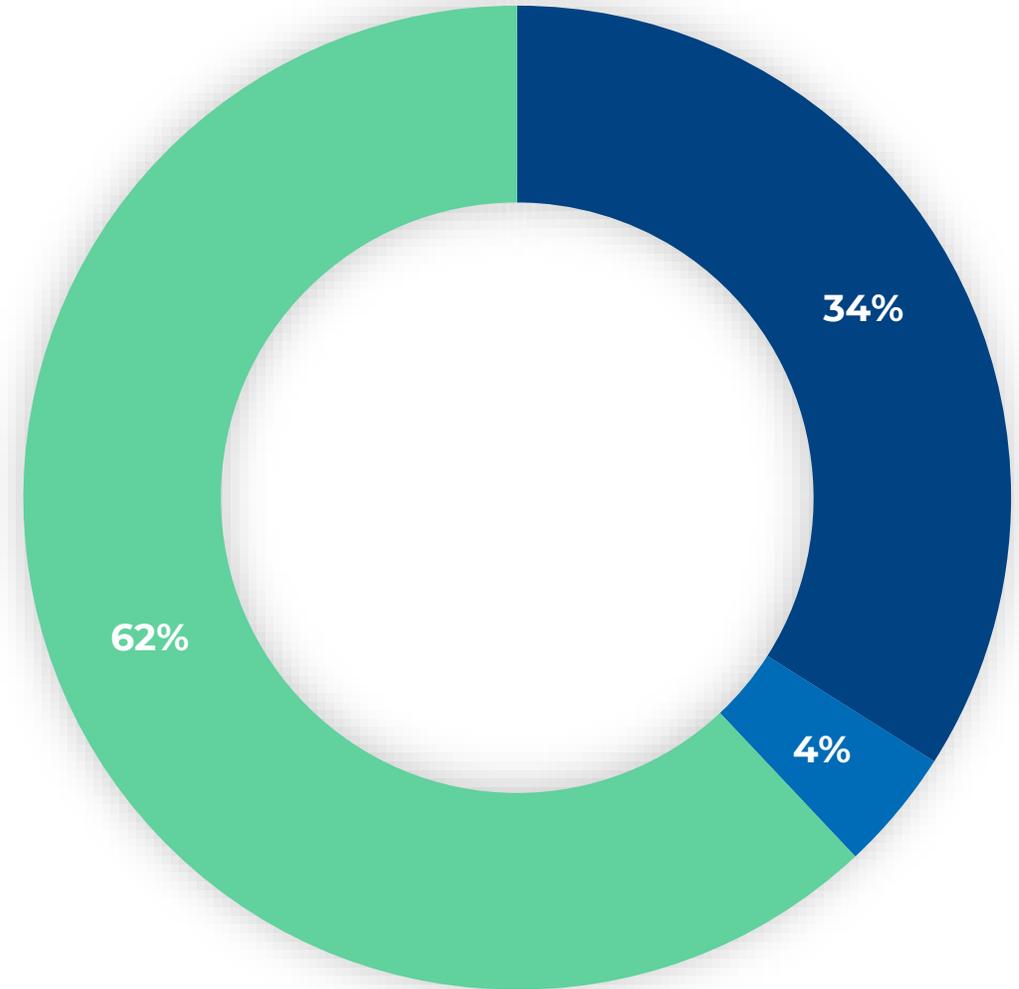
Exhibit 1-1	NAR BROKERS OF RECORD
Exhibit 1-2	NAR BROKER MEMBERSHIP
Exhibit 1-3	NUMBER OF OFFICES, BY RESIDENTIAL AND COMMERCIAL FIRMS
Exhibit 1-4	OFFICE OPENINGS AND CLOSINGS, BY RESIDENTIAL AND COMMERCIAL FIRMS
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NAR BROKERS OF RECORD

(Percentage Distribution)

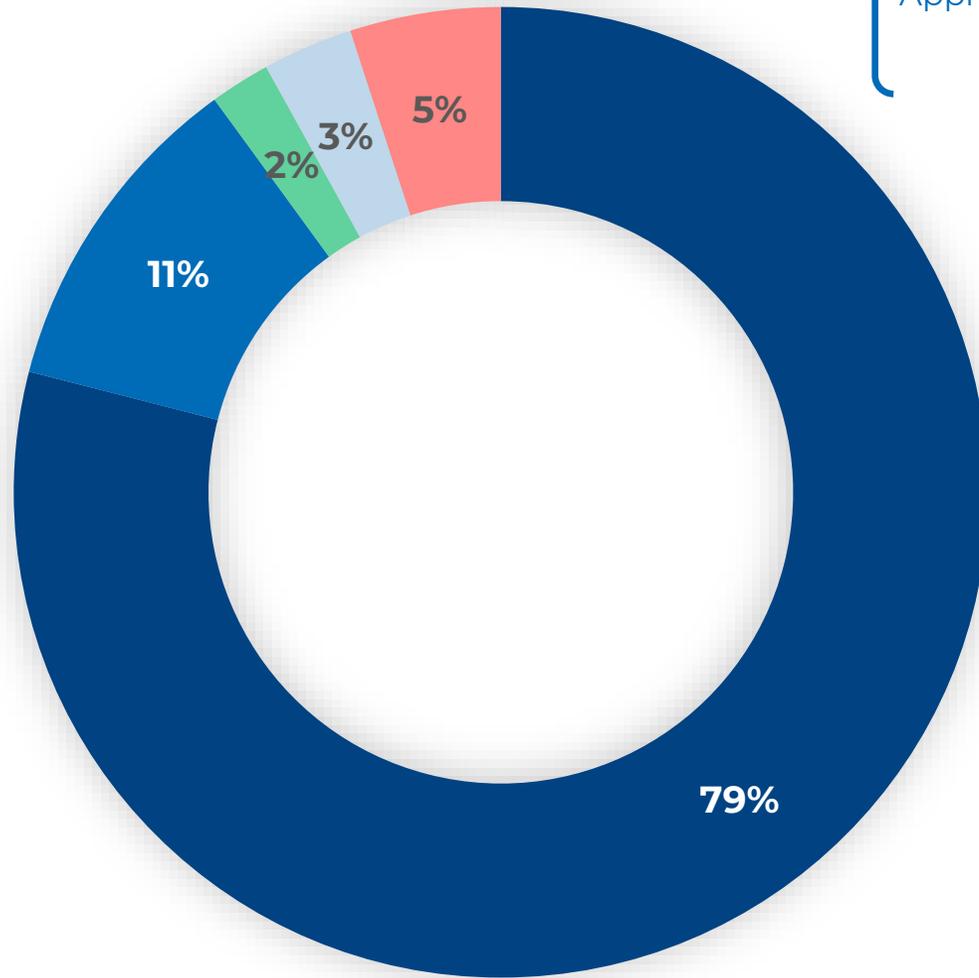
All Firms

- 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
- Manager or owner of a single-office firm



NAR BROKER MEMBERSHIP

(Percentage Distribution)



Respondents gave the following as “other” brokerage type:
Appraiser/appraiser owner, managing director, sales manager,
office manager, principal broker, and branch manager.

All Firms

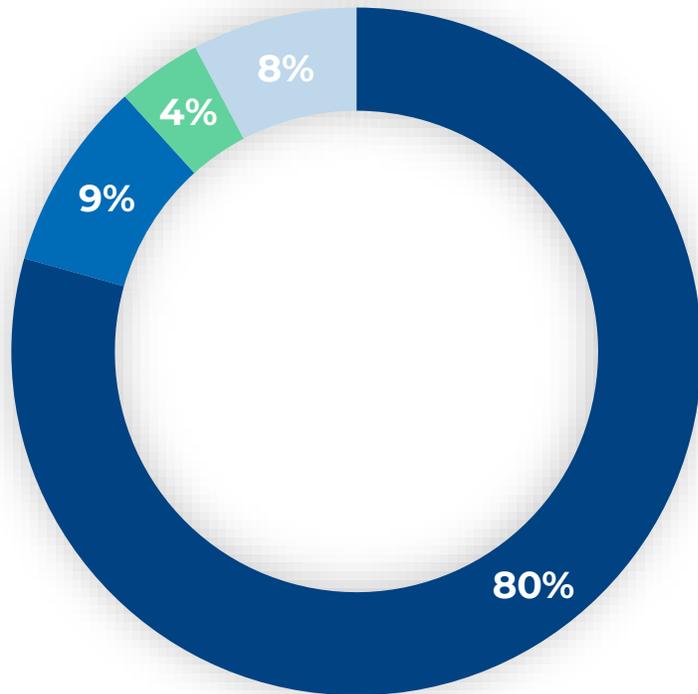
- Broker owner
- Broker manager
- Broker associate
- Broker officer
- Other

NUMBER OF OFFICES, BY RESIDENTIAL AND COMMERCIAL FIRMS

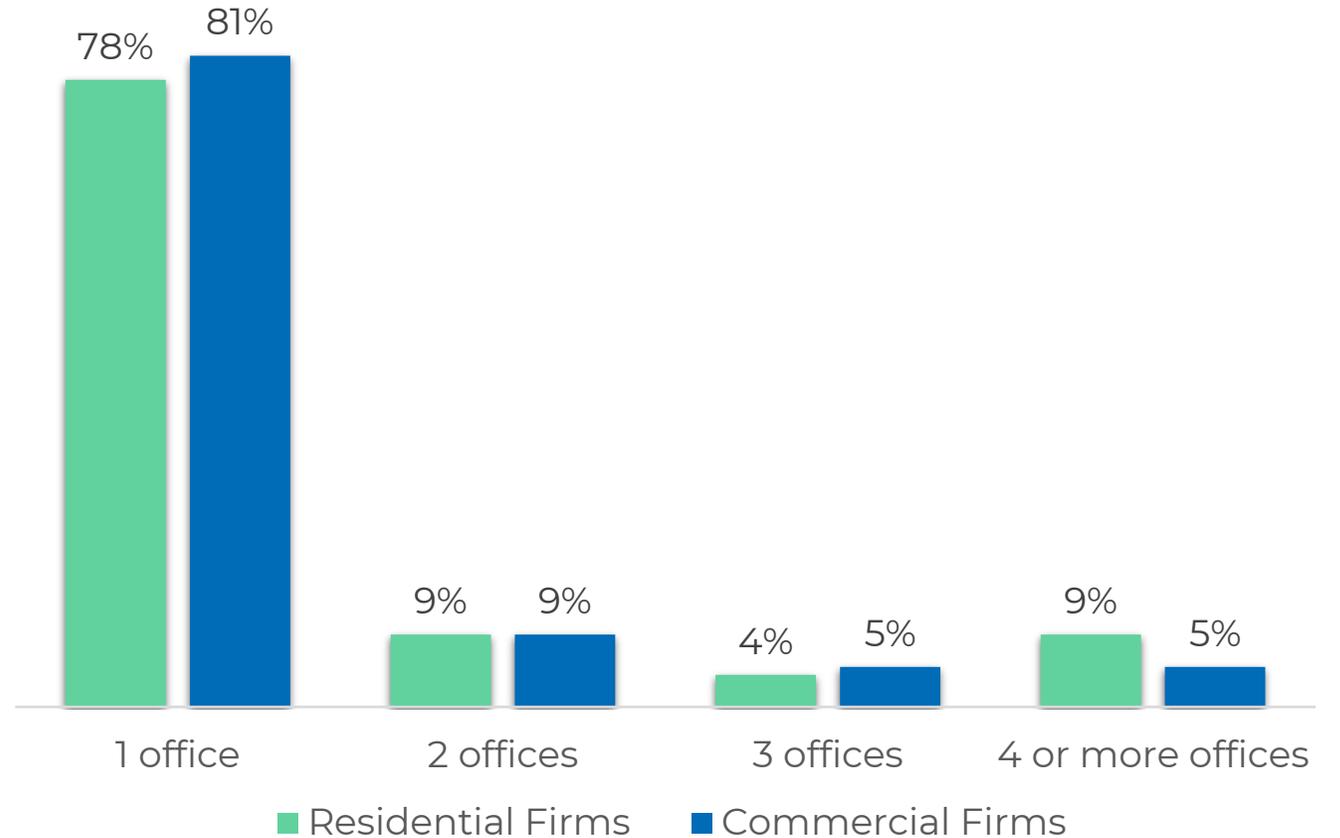
(Percentage Distribution)

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

All Firms



■ 1 office ■ 2 offices ■ 3 offices ■ 4 or more offices



OFFICE OPENINGS AND CLOSINGS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Medians)



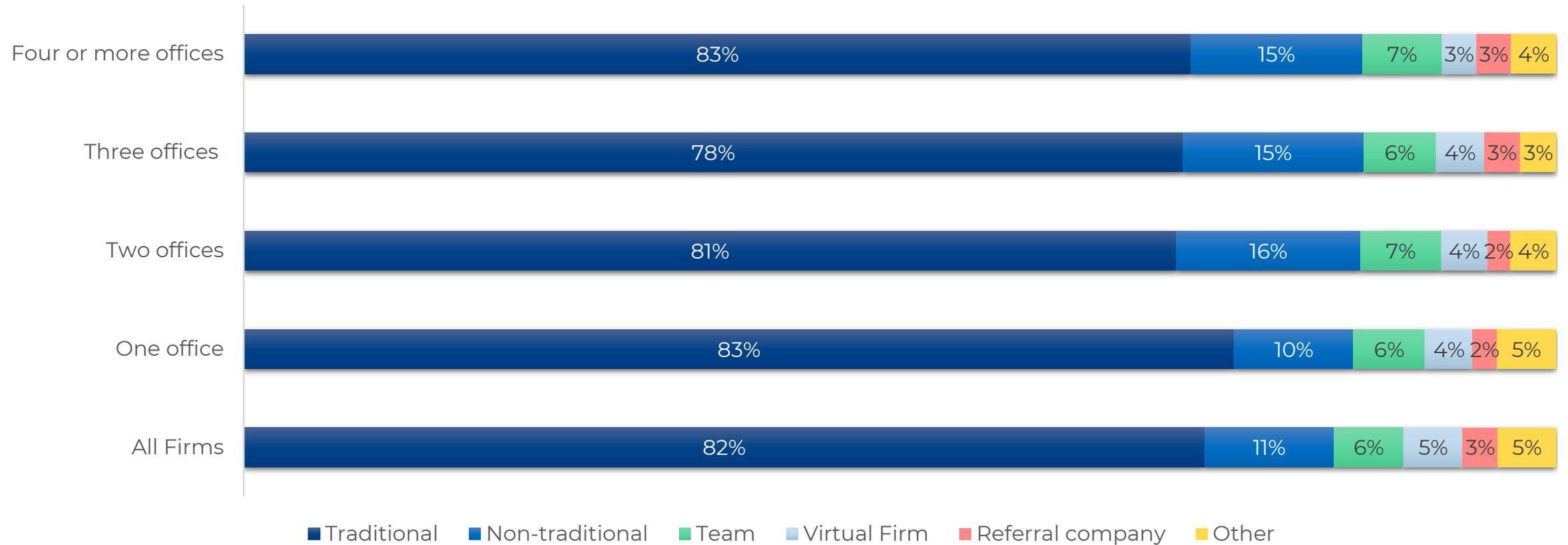
The following had a median of zero offices by number of firms:

- Number of new offices opened in 2020
- Number of offices acquired through purchase or merger with another firm in 2020
- Number of offices acquired through purchase or merger with another firm from 2012-2020
- Number of offices closed in 2020

BROKERAGE TYPE, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)

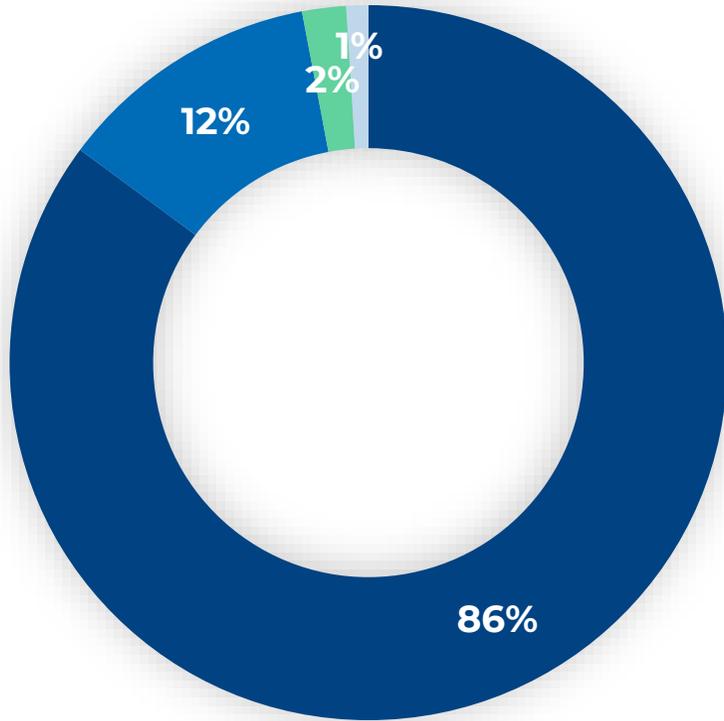
Respondents gave the following as “other” brokerage type:
Appraisal, boutique, commercial lending, hybrid, investment, and property management.



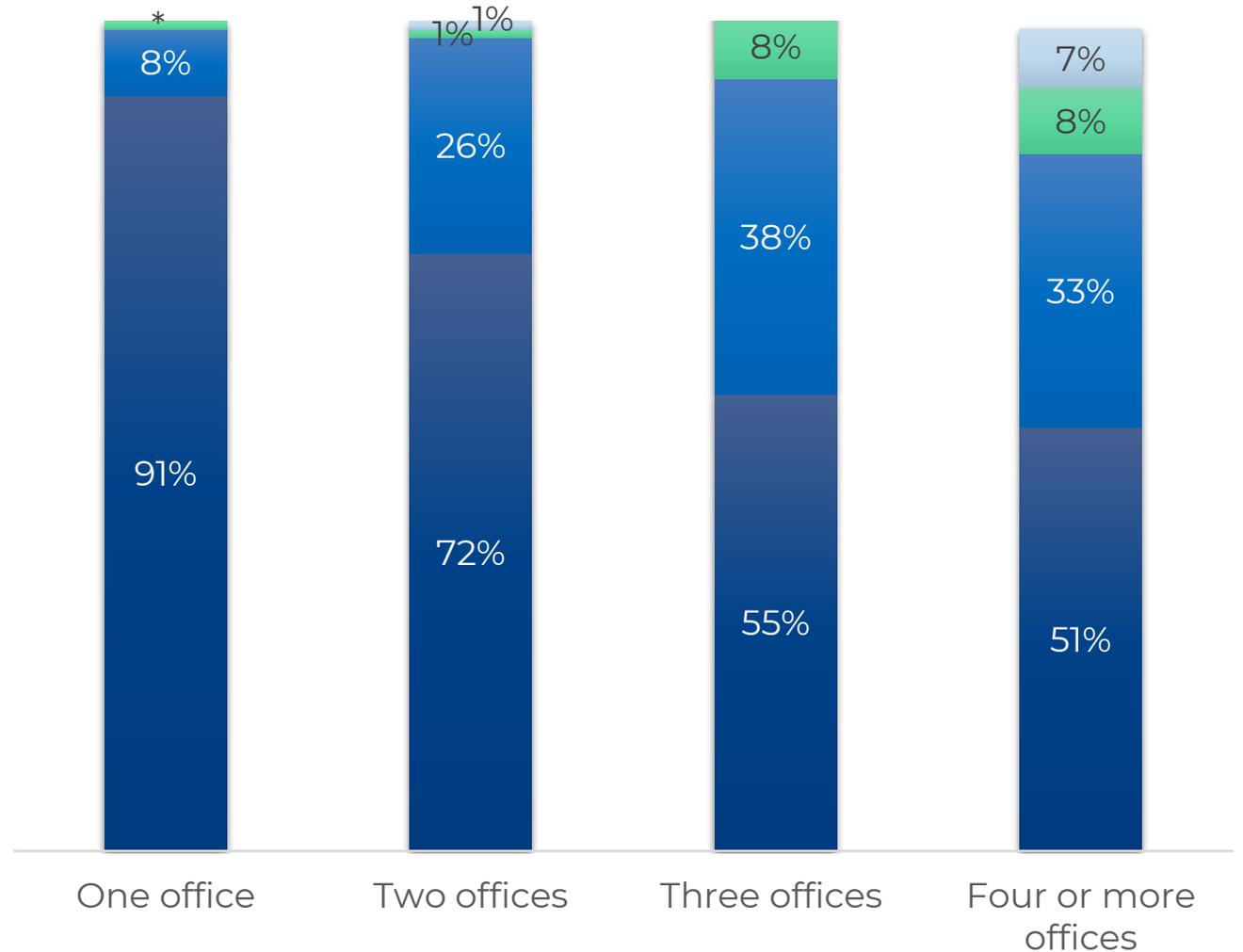
FIRM TYPE, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)

All Firms



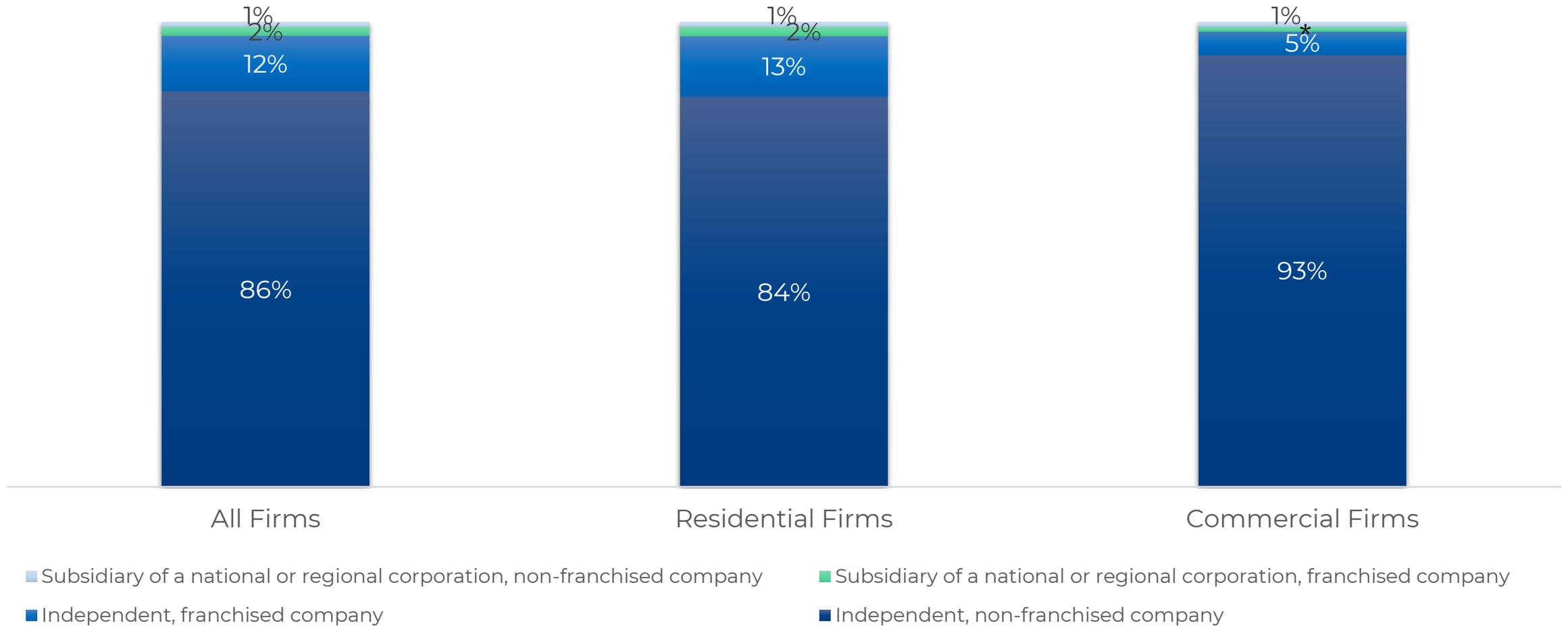
- Independent, non-franchised company
- Independent, franchised company
- Subsidiary of a national or regional corporation, franchised company
- Subsidiary of a national or regional corporation, non-franchised company



*Less than 1 percent

FIRM TYPE, BY RESIDENTIAL AND COMMERCIAL FIRMS

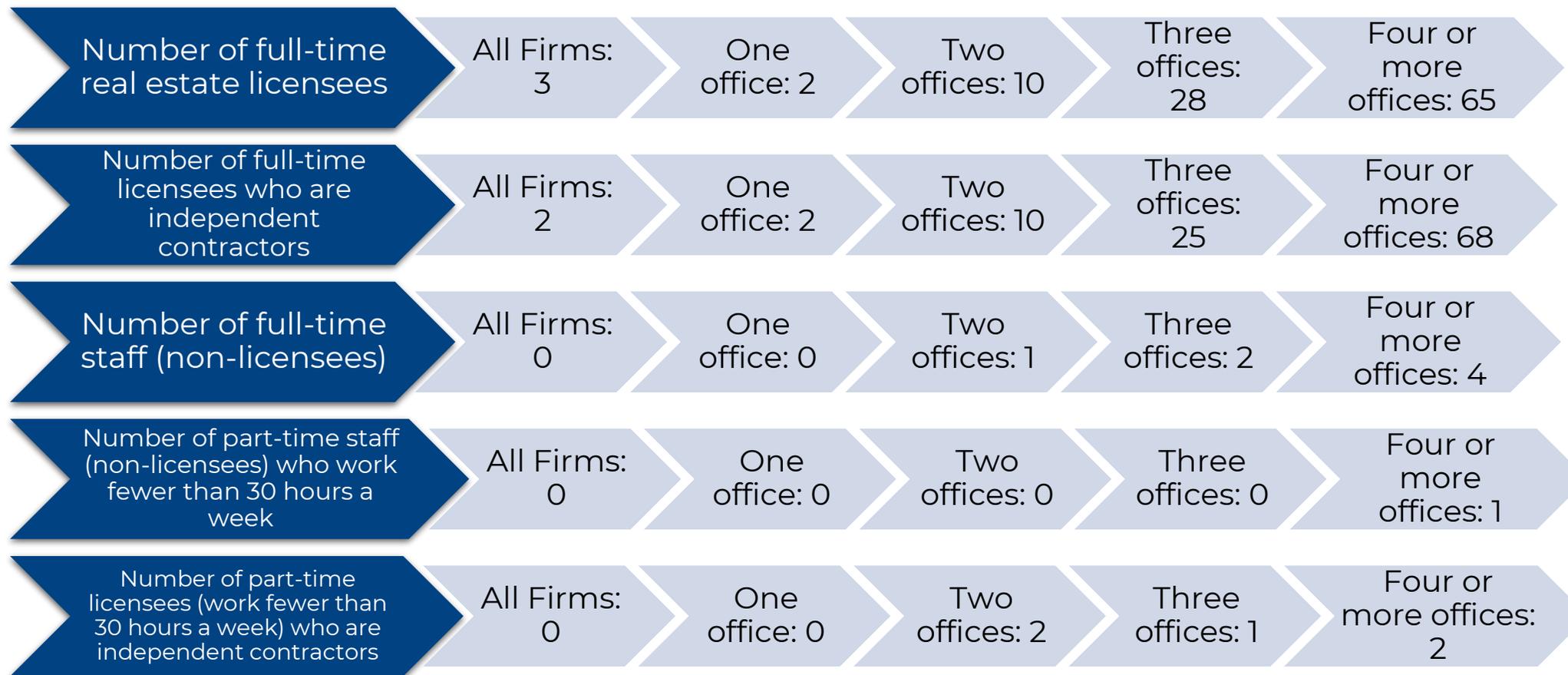
(Percentage Distribution)



*Less than 1 percent

STAFF AT FIRMS, BY NUMBER OF OFFICES AT FIRM

(Medians)

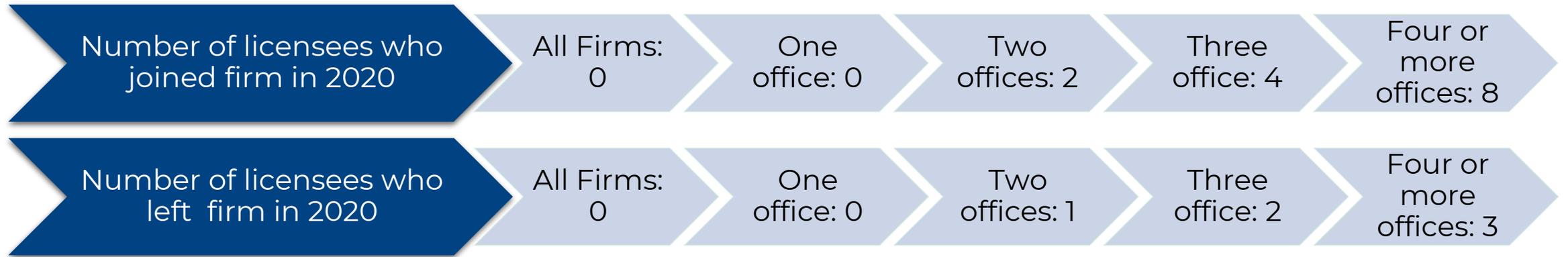


The following had a median of zero staff by number of firms:

- Number of part-time real estate licensees (work fewer than 30 hours a week) who are salaried
- Number of 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)

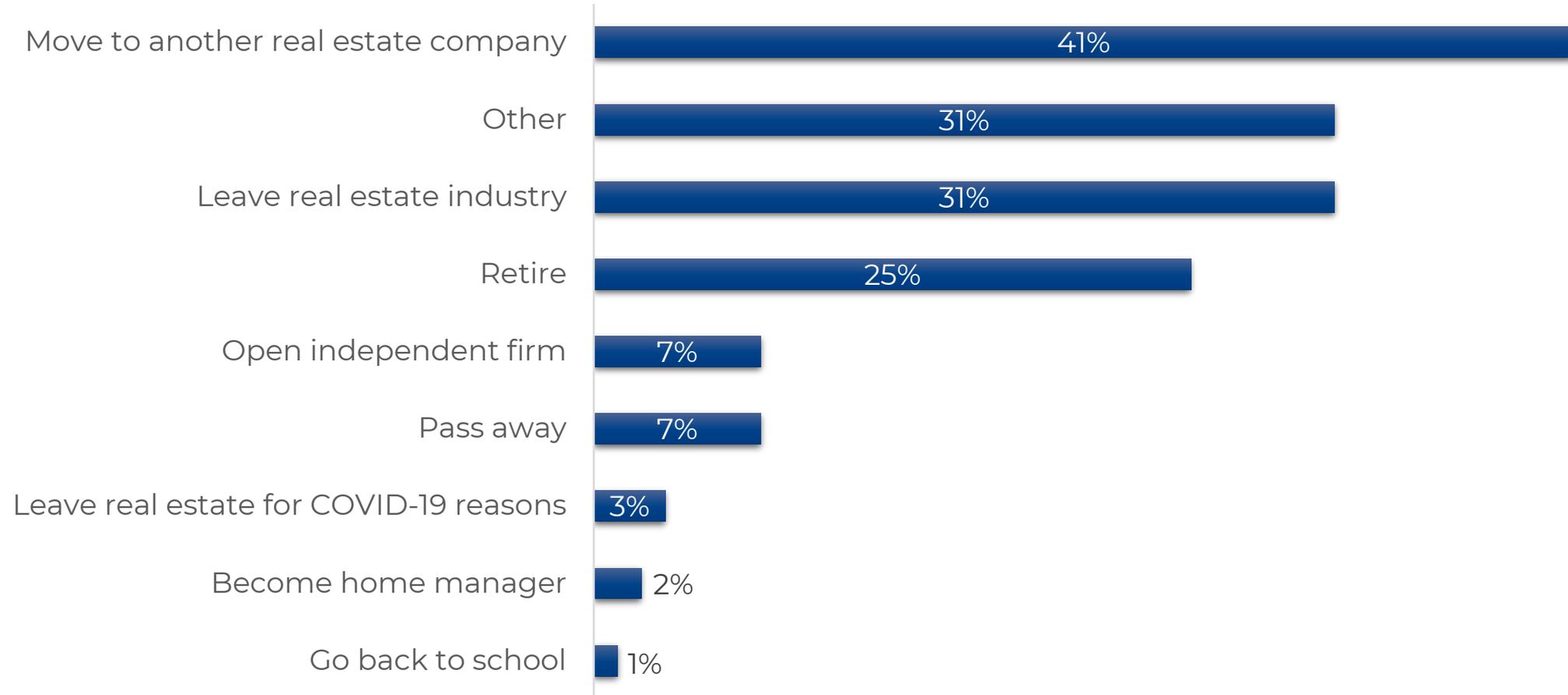


The following had a median of zero staff by number of firms:

- Number of staff (non-licensees) who joined firm in 2020
- Number of staff (non-licensees) who left firm in 2020
- Number of licensees for referral only who joined firm in 2020
- Number of licensees for referral only who left firm in 2020

STAFF CAREER DIRECTION AFTER LEAVING FIRM

(Percentage Distribution)

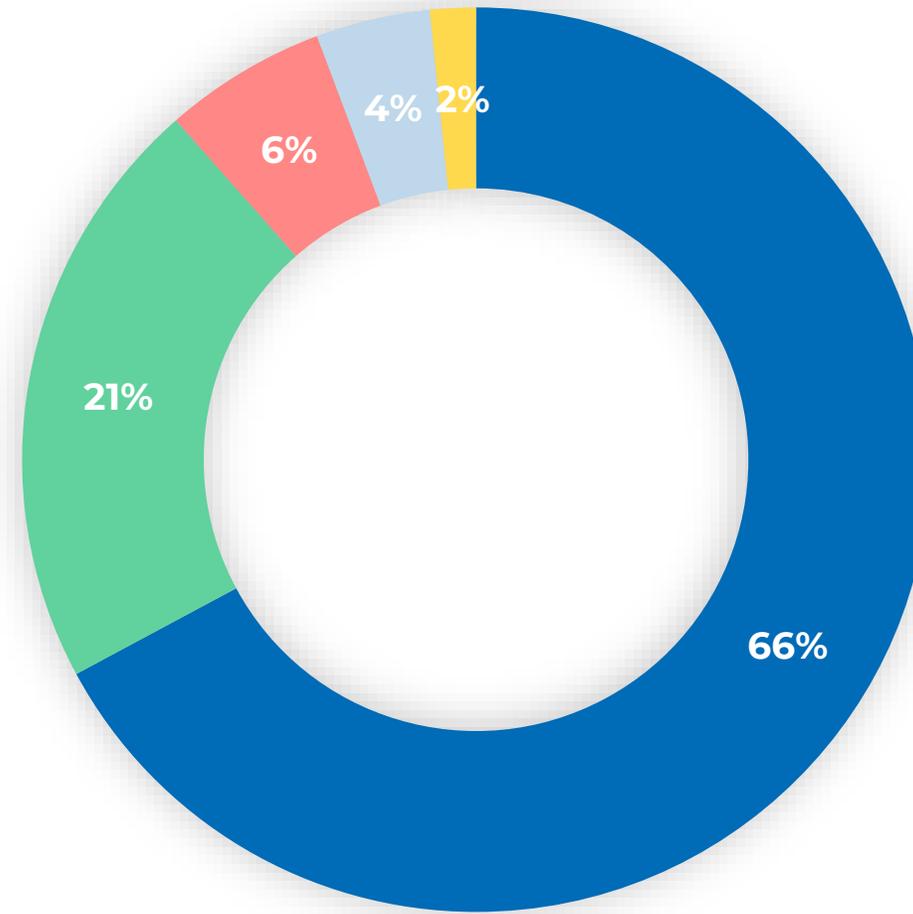


CHANGE IN MERGERS/ACQUISITIONS FOR FIRM FROM 2011-2015 TO 2016-2020

(Percentage Distribution)

All Firms

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

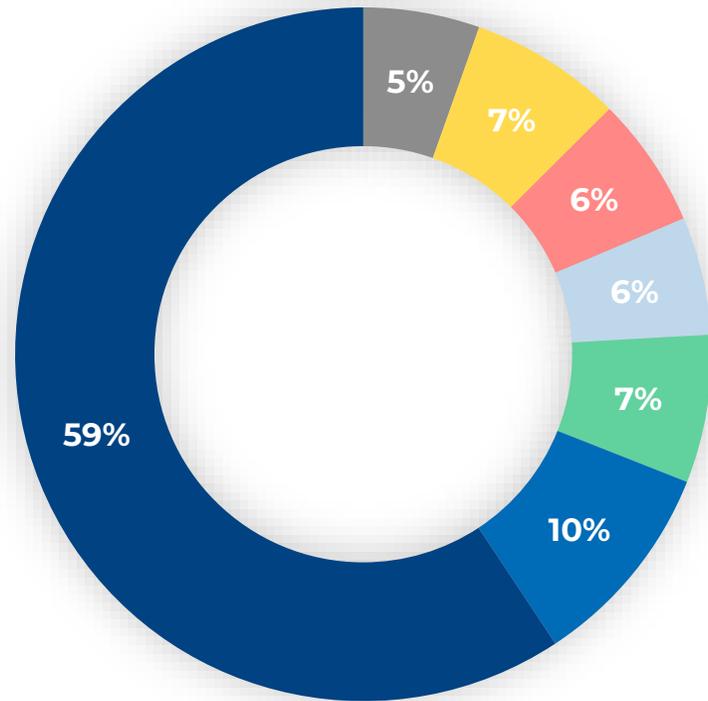


YEARS IN REAL ESTATE BUSINESS

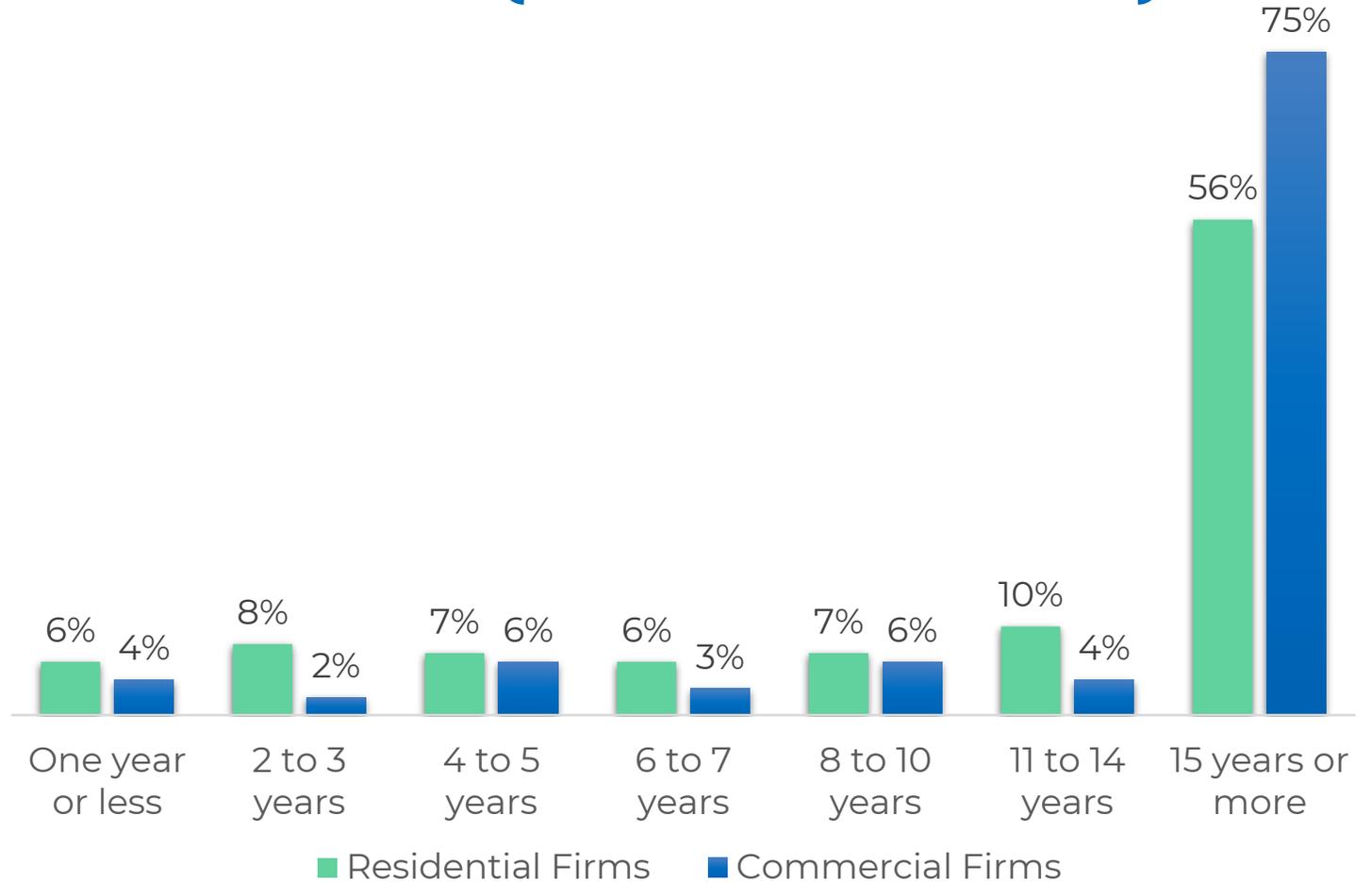
(Percentage Distribution)

Medians:
 All Firms: 17 years
 Residential Firms: 16 years
 Commercial Firms: 30 years

All Firms



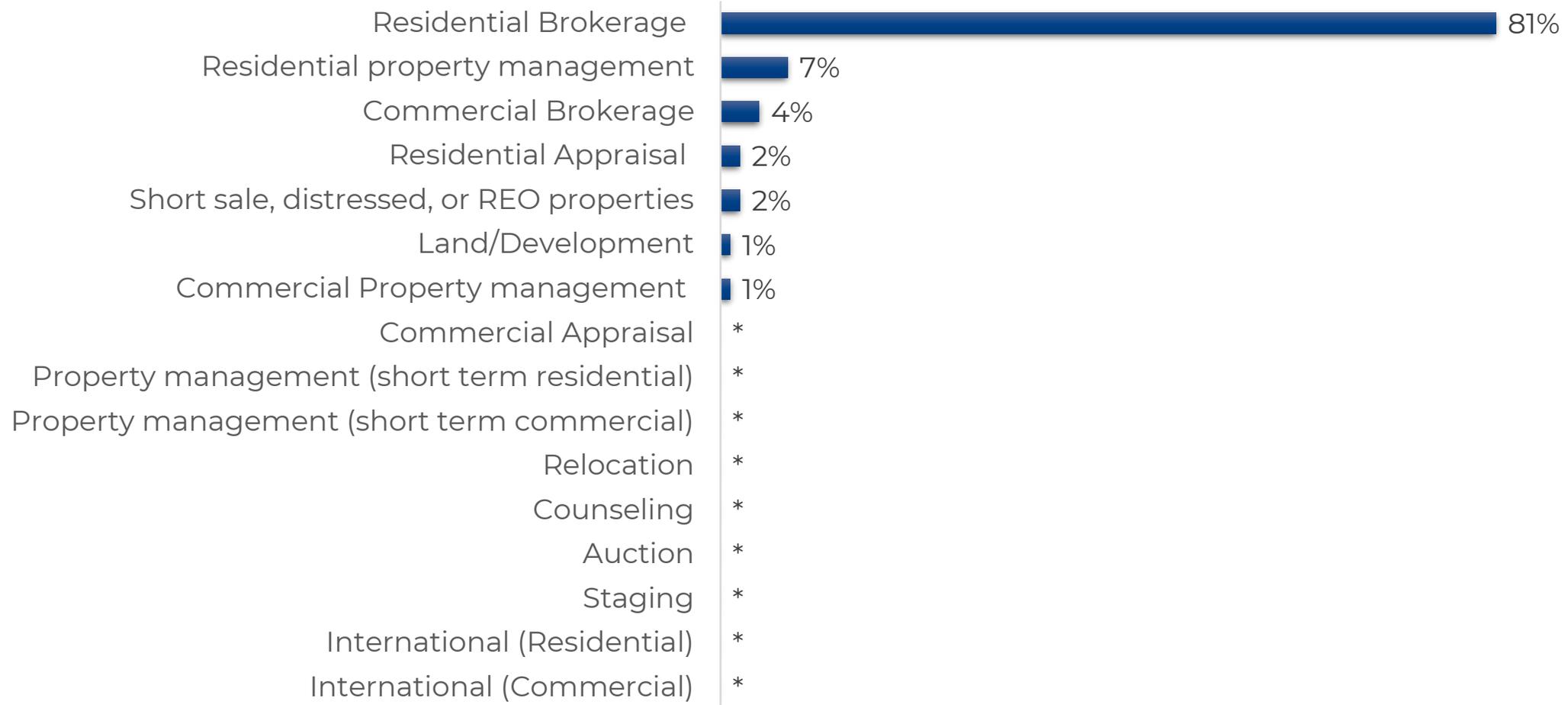
- One year or less ■ 2 to 3 years ■ 4 to 5 years
- 6 to 7 years ■ 8 to 10 years ■ 11 to 14 years
- 15 years or more



FIRM'S PRIMARY SPECIALTY AREA

(Percentage Distribution)

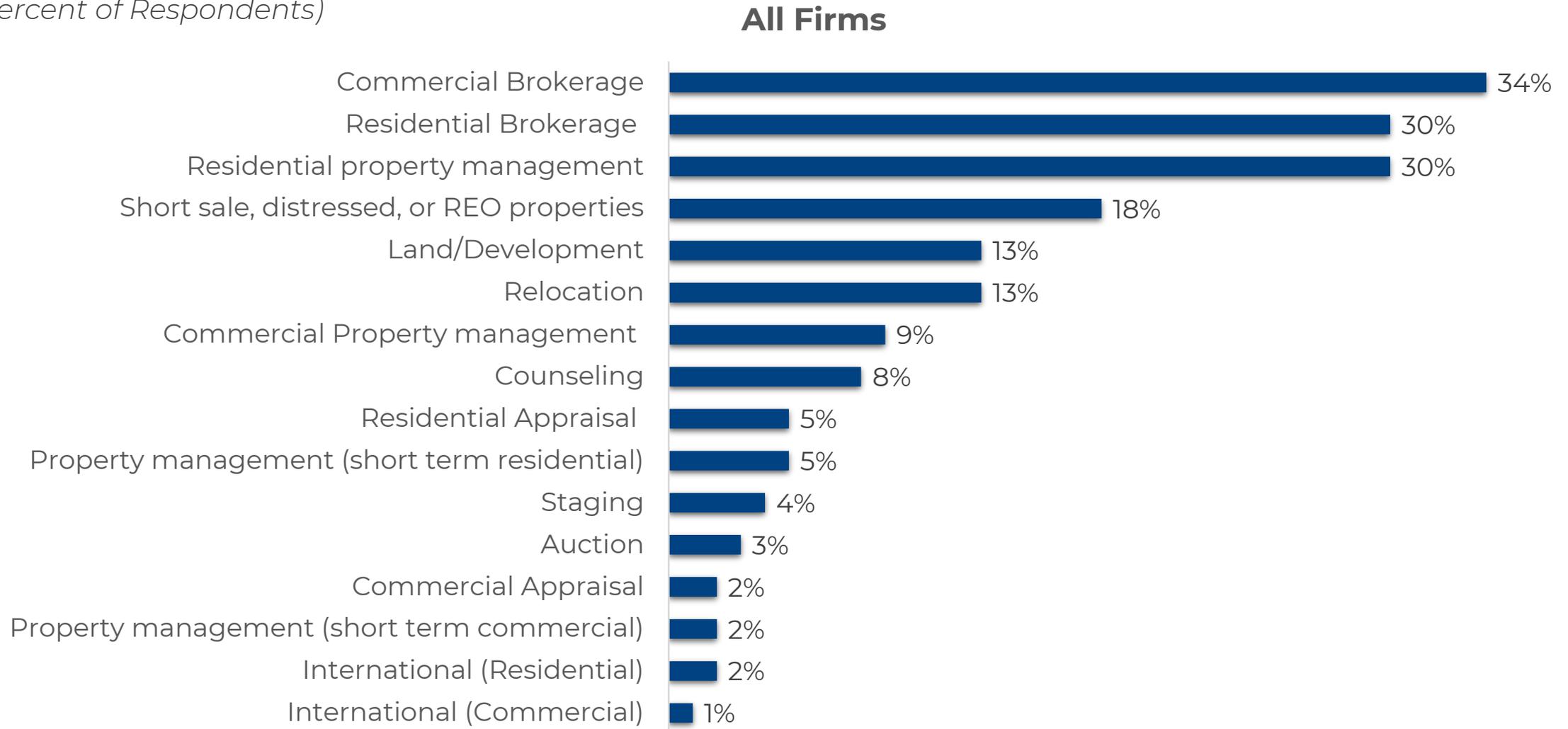
All Firms



*Less than 1 percent

OTHER REAL ESTATE BUSINESS ACTIVITIES AMONG FIRM

(Percent of Respondents)

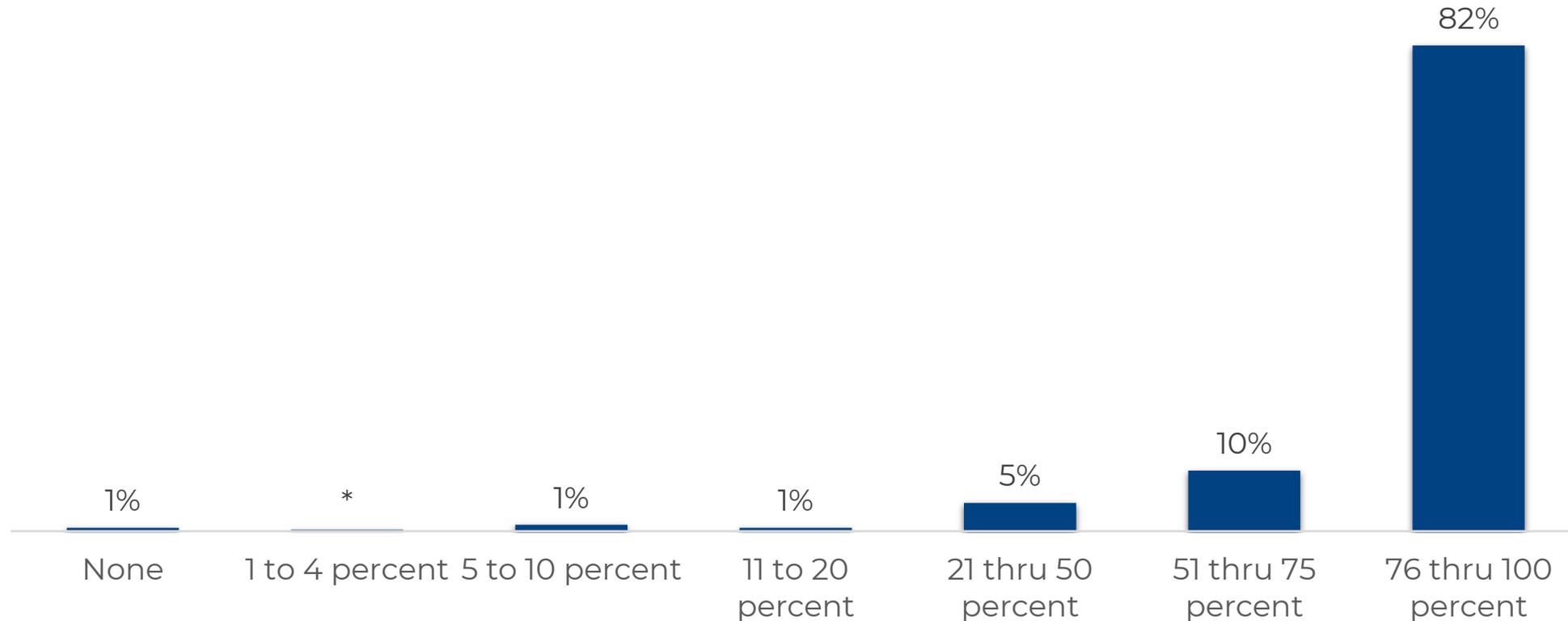


PERCENT OF FIRM'S REVENUE FROM PRIMARY REAL ESTATE BUSINESS ACTIVITY

(Percentage Distribution)

All Firms

{ Median:
All Firms: 99% }



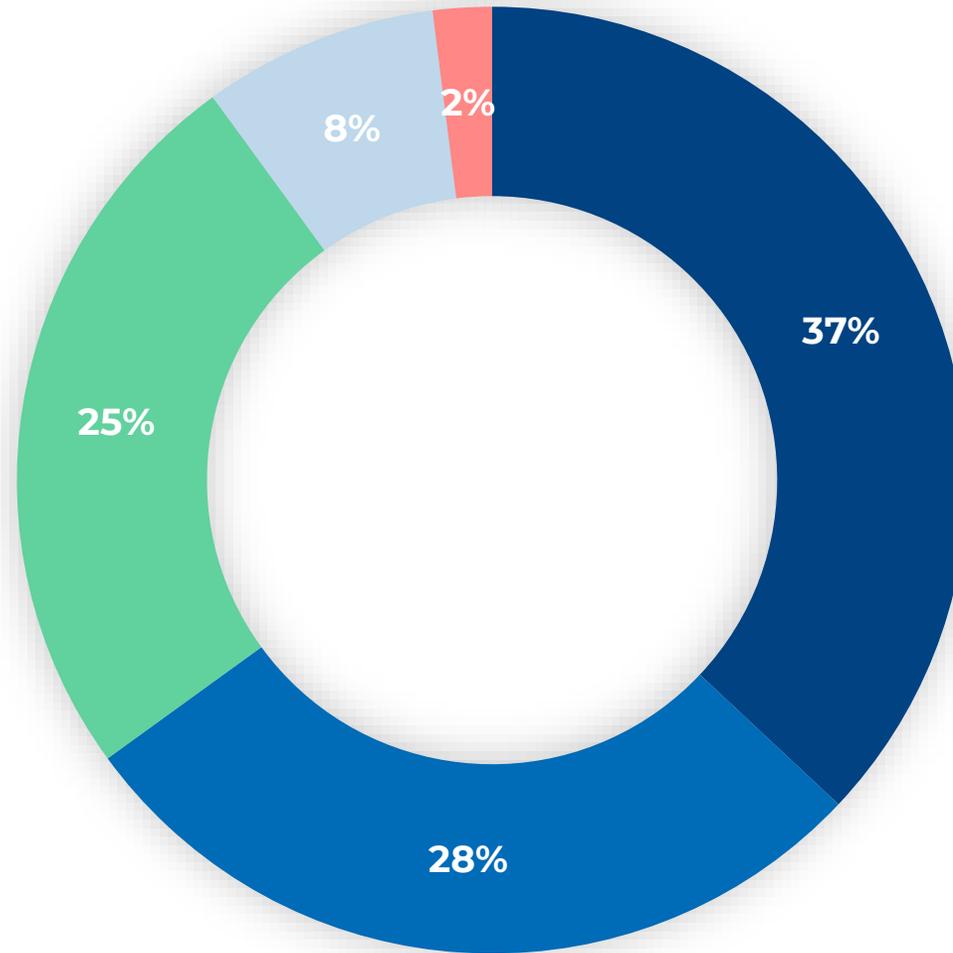
*Less than 1 percent

LEGAL ORGANIZATION OF REAL ESTATE FIRMS

(Percentage Distribution)

All Firms

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

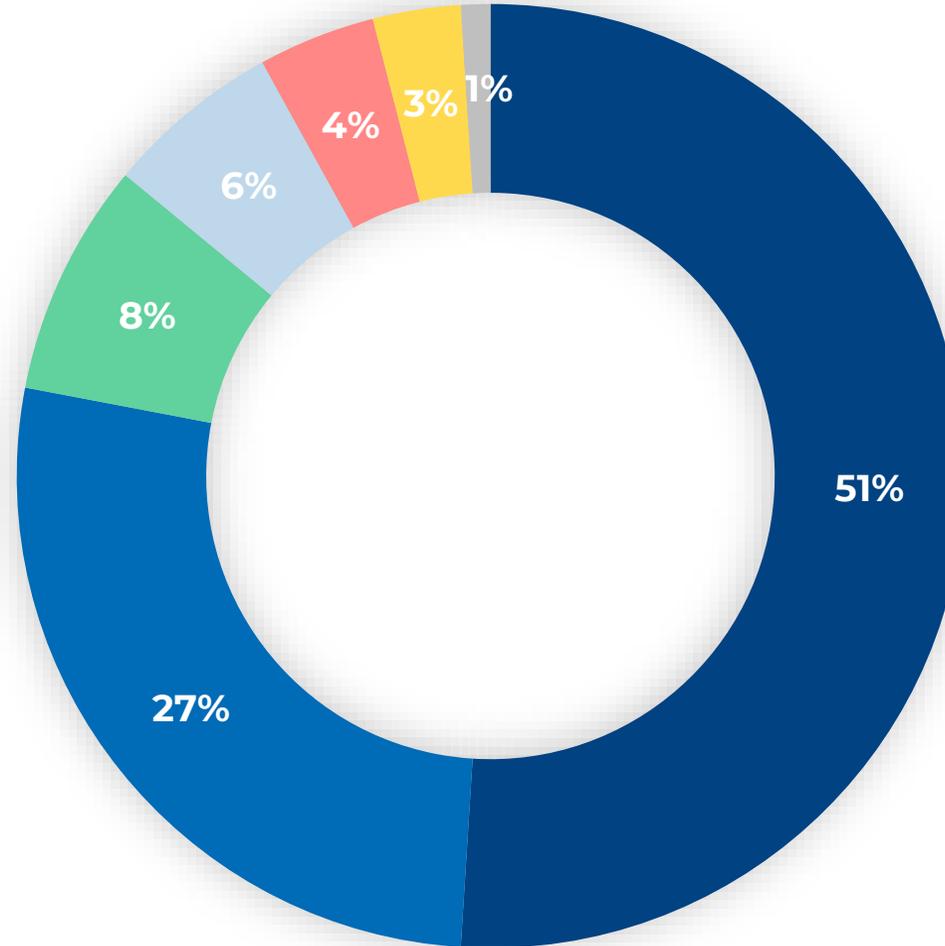


GEOGRAPHIC MARKET AREA OF FIRM

(Percentage Distribution)

All Firms

- Metropolitan area or region
- Rural area/Small town
- Entire state
- Resort/Recreation area
- Multi-state area
- Other
- 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 \$4.5 million in 2020, while firms with four or more offices had a median brokerage sales volume of \$146.2 million in 2020.
 - Firms with one office had a total of 19 real estate transaction sides in 2020, while firms with four or more offices typically had 571 transaction sides.
 - Firms typically had 30 percent of their customer inquiries from past client referrals, 29 percent from repeat business from past clients, 10 percent through social media, and 10 percent from their website.
- Firms typically generated 30 percent of their sales volume from past client referrals, 30 percent from repeat business from past clients, 10 percent from their website, and 10 percent through social media.
 - 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 staging services.
 - Fifty percent of current competition came from traditional brick and mortar large franchise firms and 25 percent from traditional brick and mortar single-office firms.

CHAPTER 2 – LIST OF EXHIBITS

Exhibit 2-1 FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2020

Exhibit 2-2 FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY NUMBER OF OFFICES AT FIRM, 2020

Time Series 1 FIRM'S REAL ESTATE BROKERAGE SALES VOLUME BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2020

Exhibit 2-3 FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2020

Exhibit 2-4 FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY NUMBER OF OFFICES AT FIRM, 2020

Time Series 2 FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2020

Exhibit 2-5 ANCILLARY SERVICES OFFERED AT FIRMS, BY NUMBER OF OFFICES AT FIRM

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

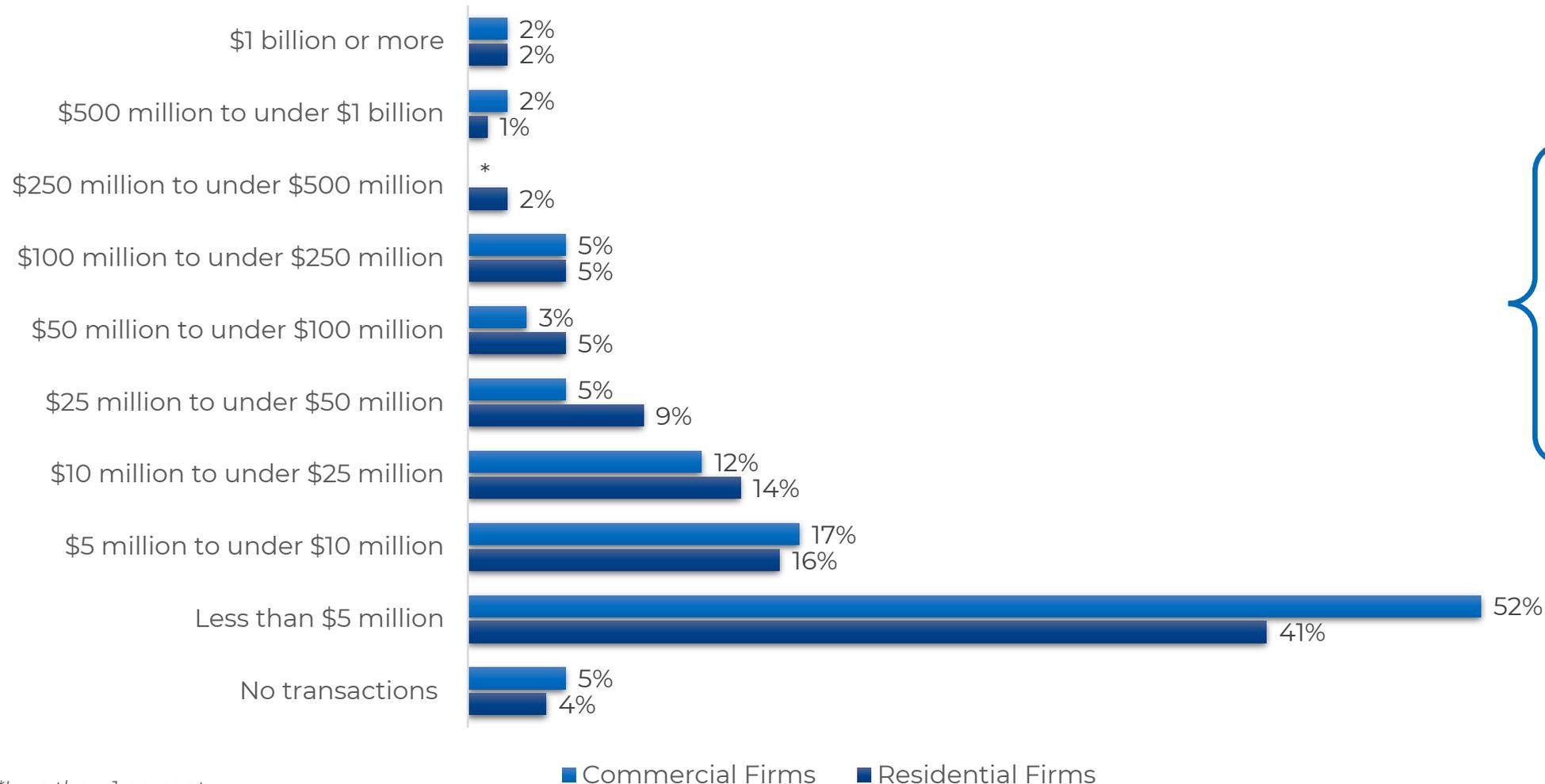
Exhibit 2-8 PERCENT OF CUSTOMER INQUIRIES GENERATED FROM SOURCES

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, 2020

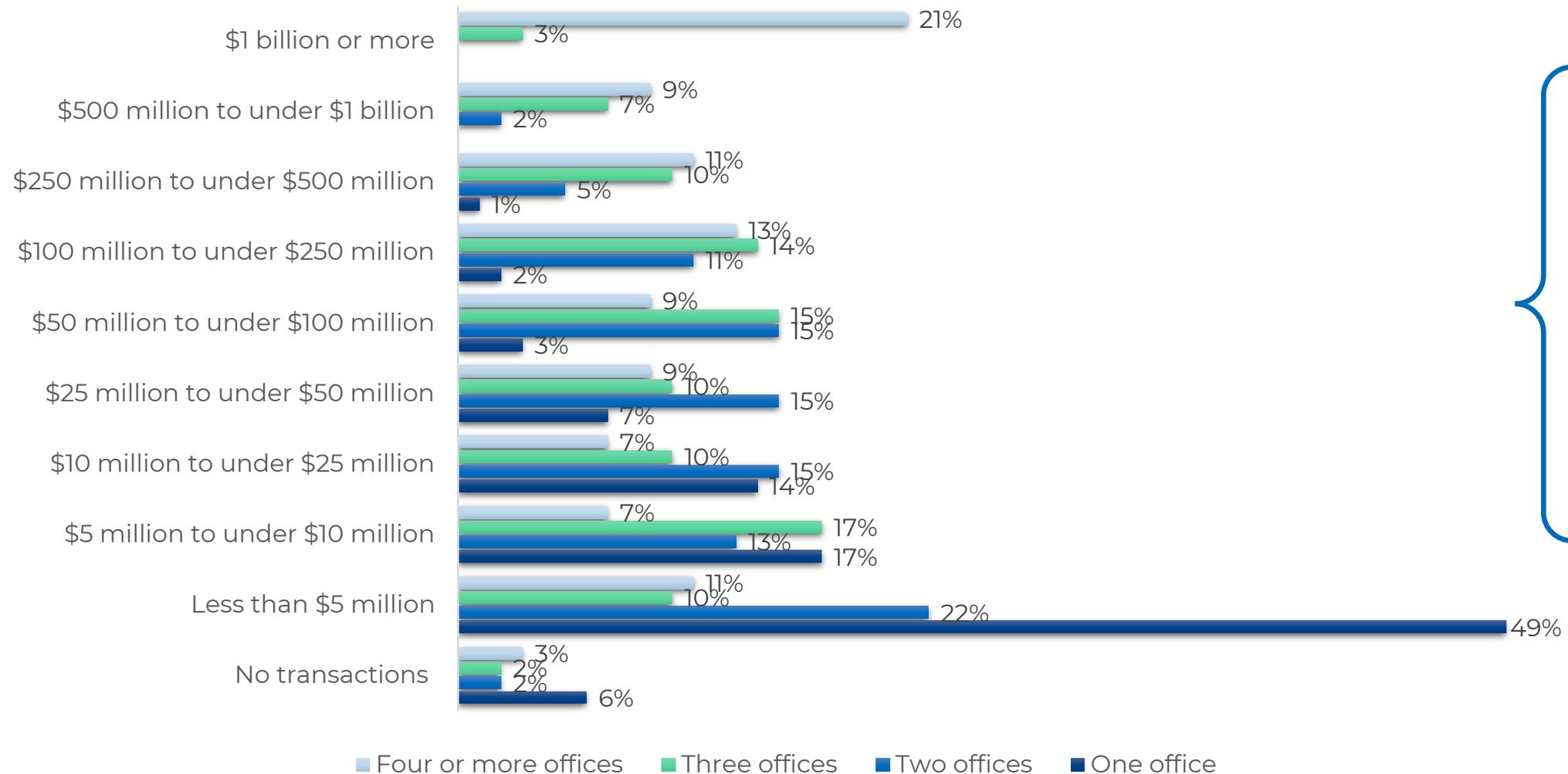
(Percentage Distribution)



Median
(millions):
Residential Firms: \$6.6
Commercial Firms: \$4.3

FIRM'S REAL ESTATE BROKERAGE SALES VOLUME, BY NUMBER OF OFFICES AT FIRM, 2020

(Percentage Distribution)

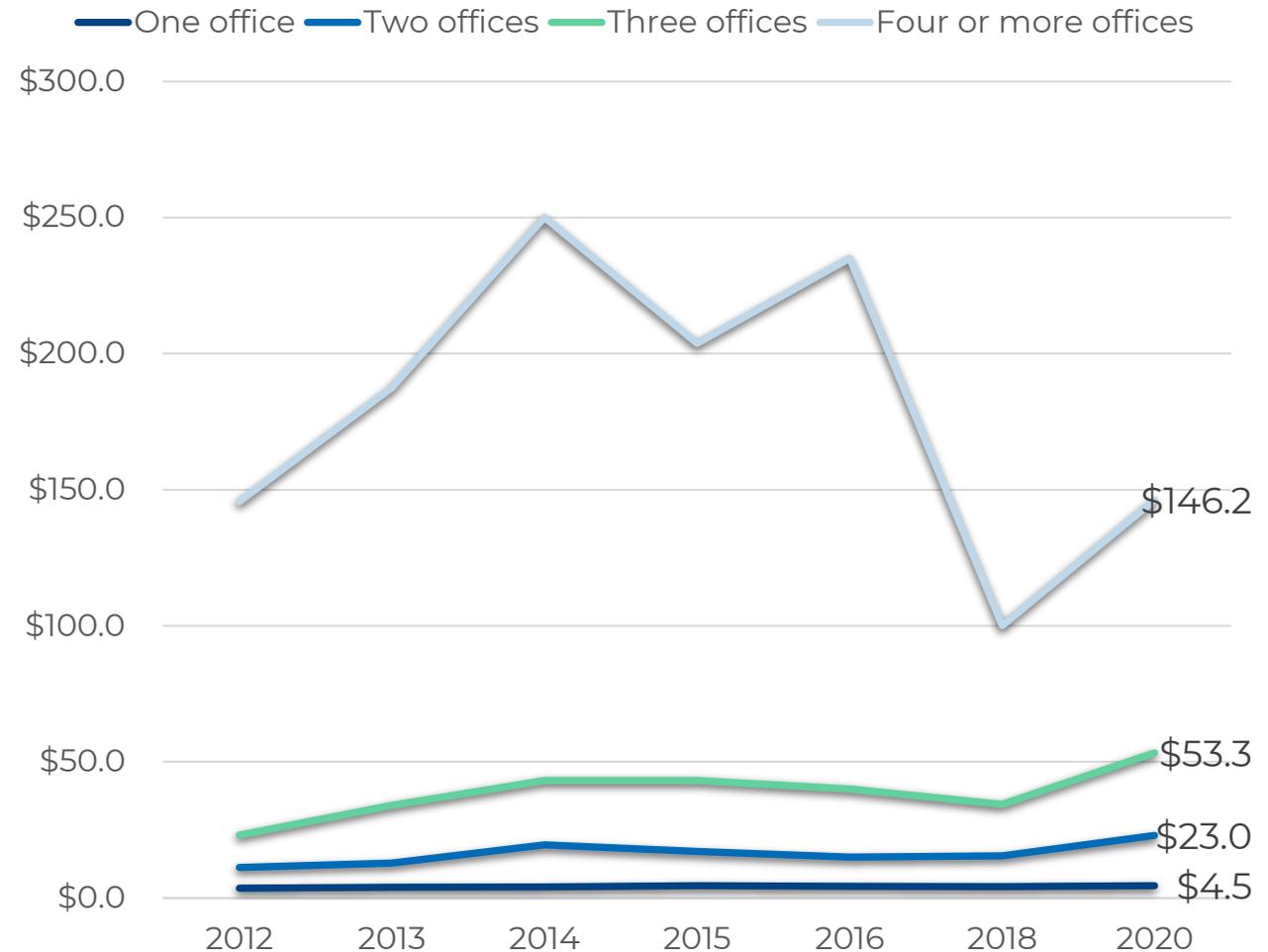
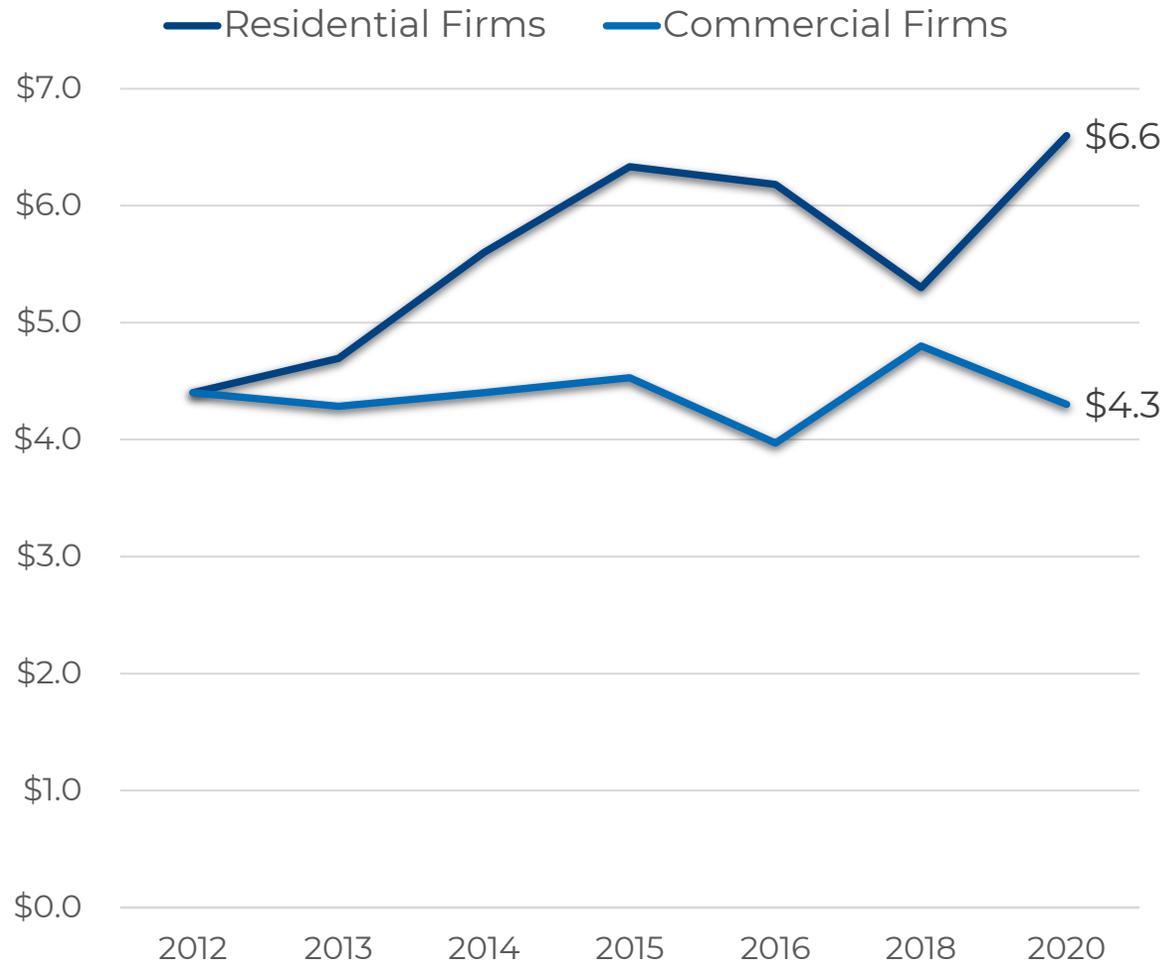


Median
(millions):

- One Office: \$4.5
- Two Offices: \$23.0
- Three Offices: \$53.3
- Four or More Offices: \$146.2

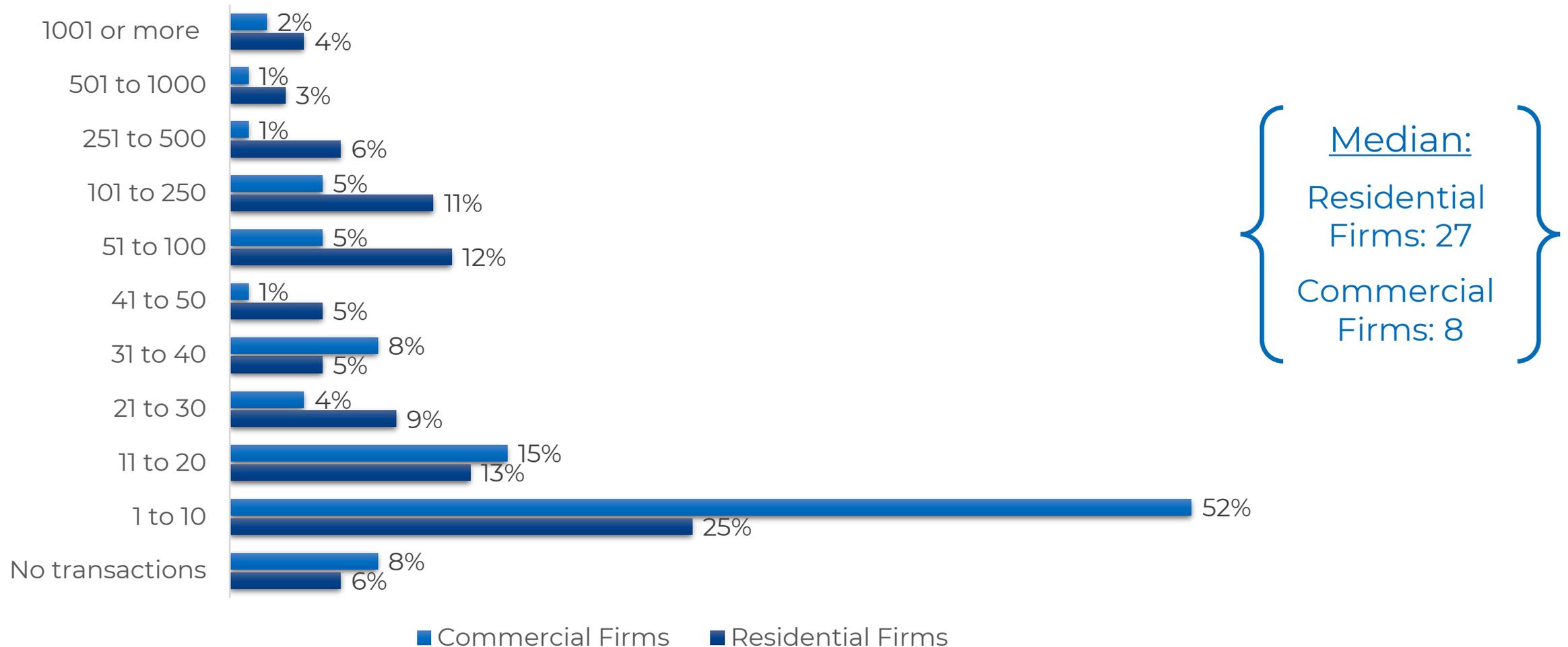
FIRM'S REAL ESTATE BROKERAGE SALES VOLUME BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2020*

(Medians)



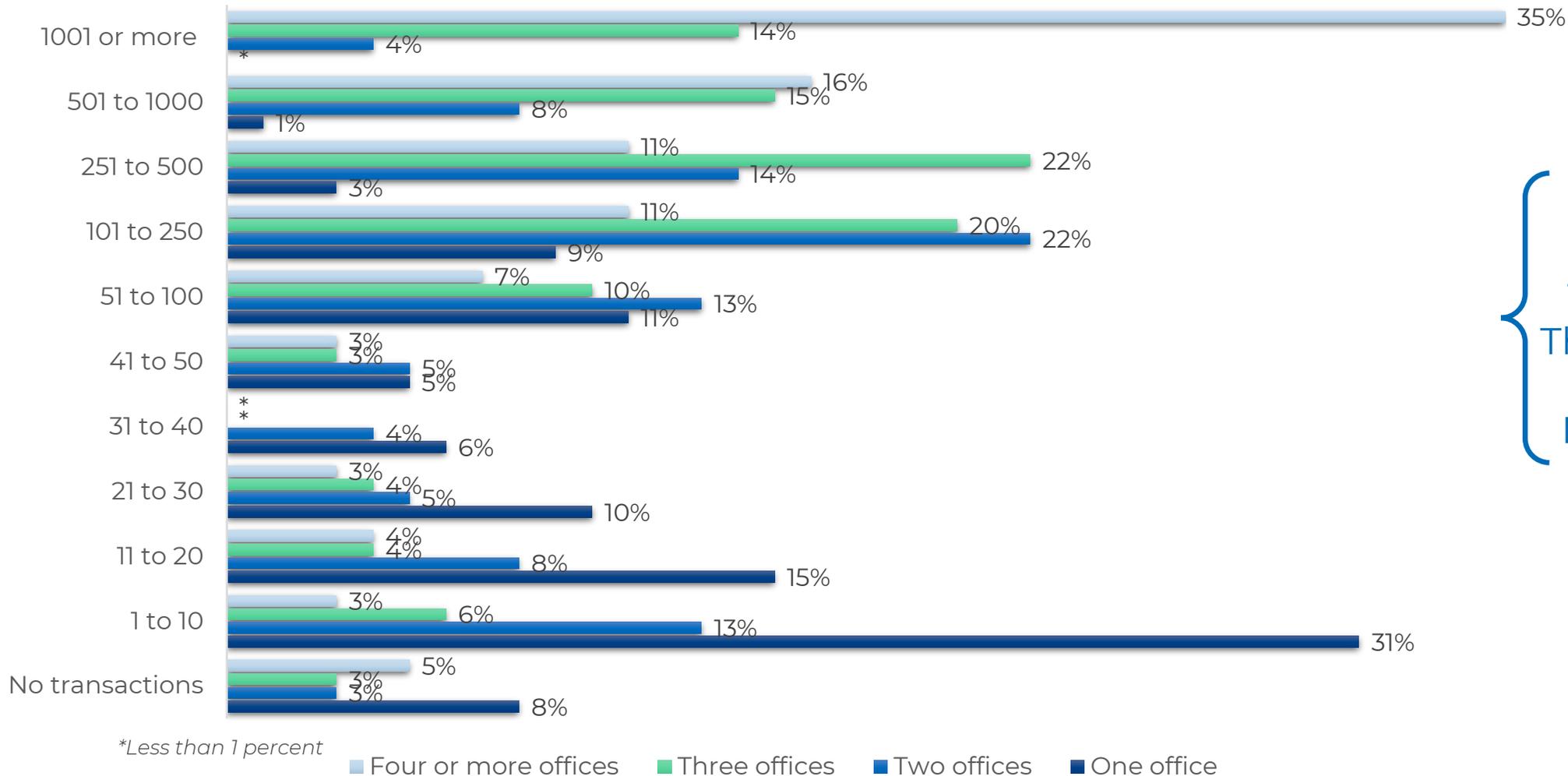
FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY RESIDENTIAL AND COMMERCIAL FIRMS, 2020

(Percentage Distribution)



FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES, BY NUMBER OF OFFICES AT FIRM, 2020

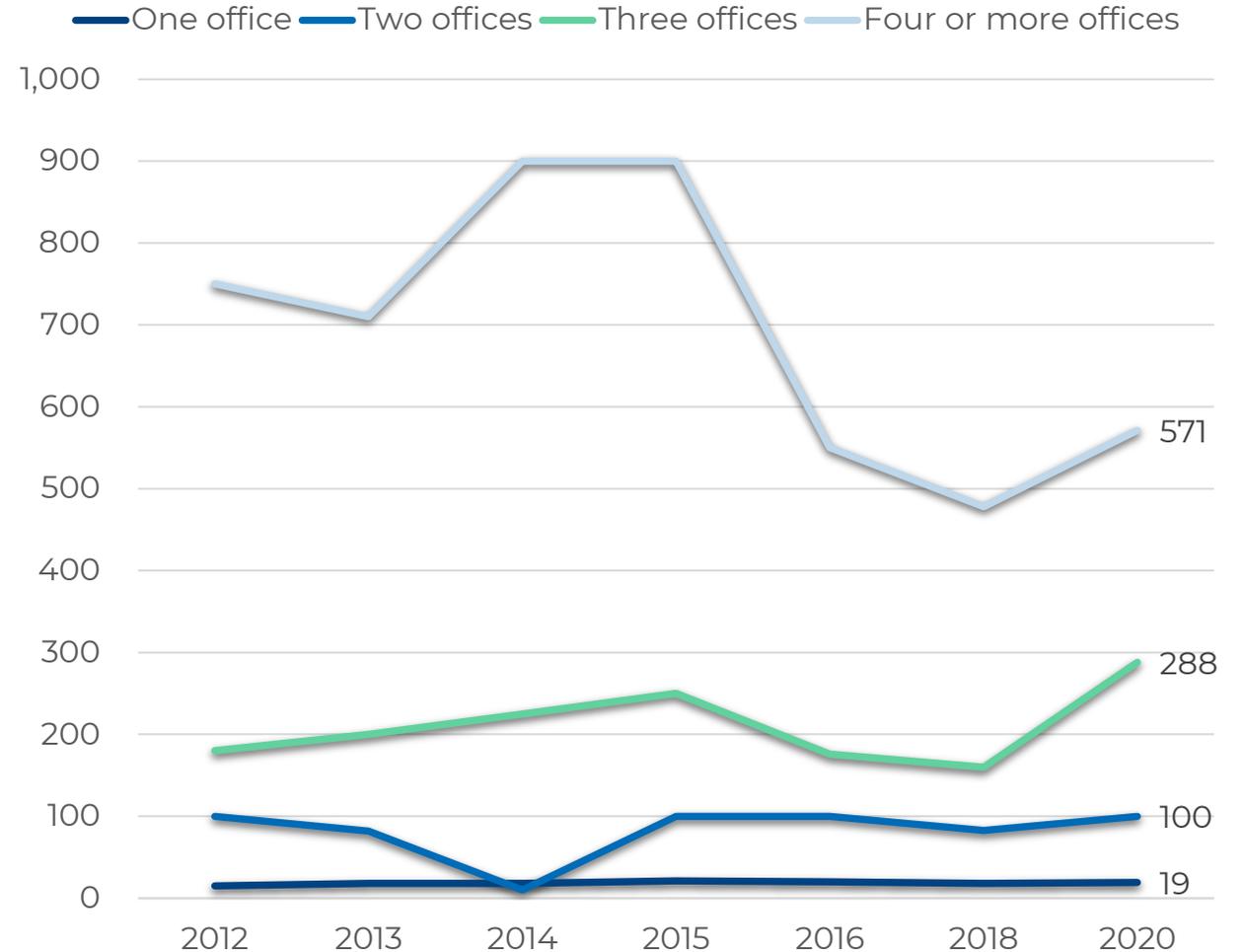
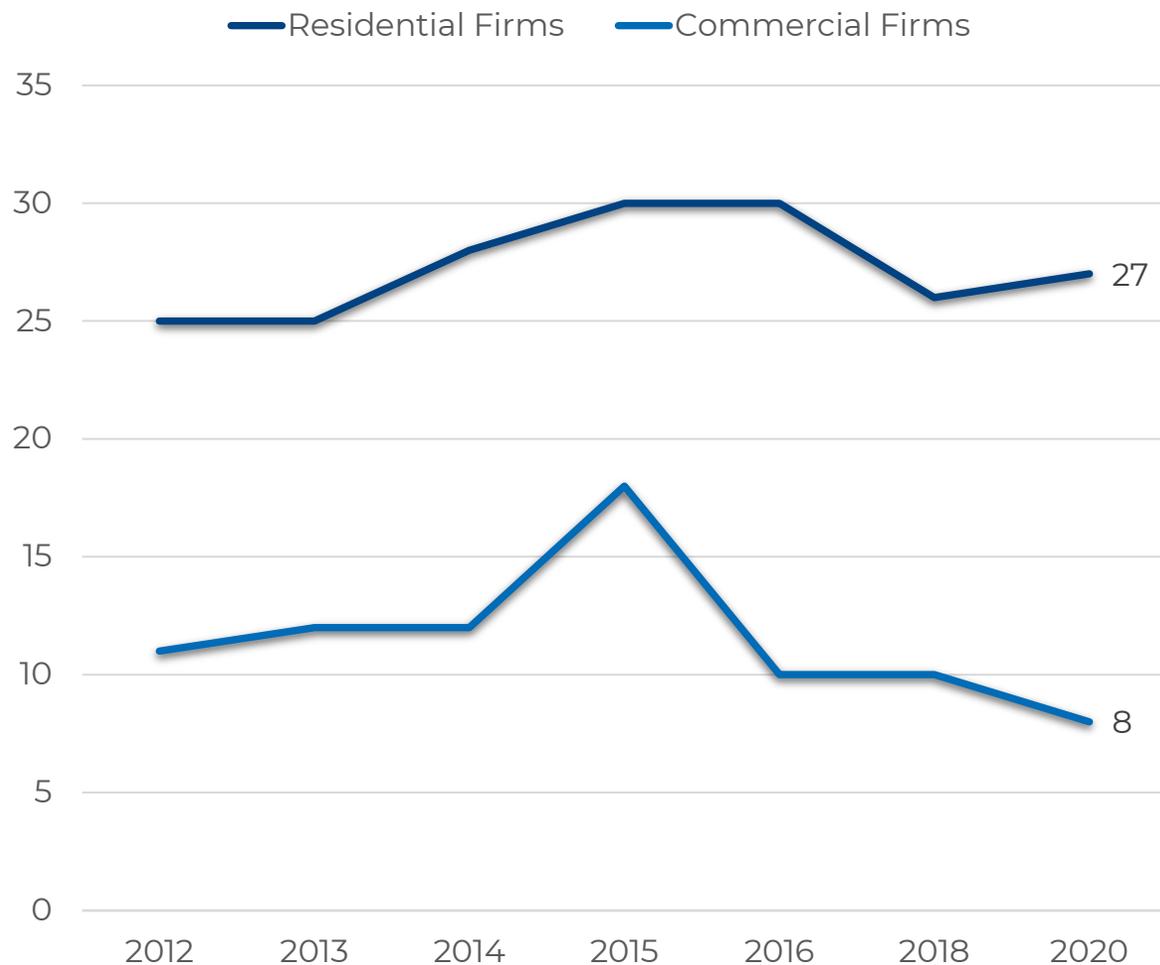
(Percentage Distribution)



Median:
 One Office: 19
 Two Offices: 100
 Three Offices: 288
 Four or More Offices: 571

FIRM'S TOTAL REAL ESTATE TRANSACTION SIDES BY RESIDENTIAL AND COMMERCIAL FIRMS, 2012-2020*

(Medians)



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

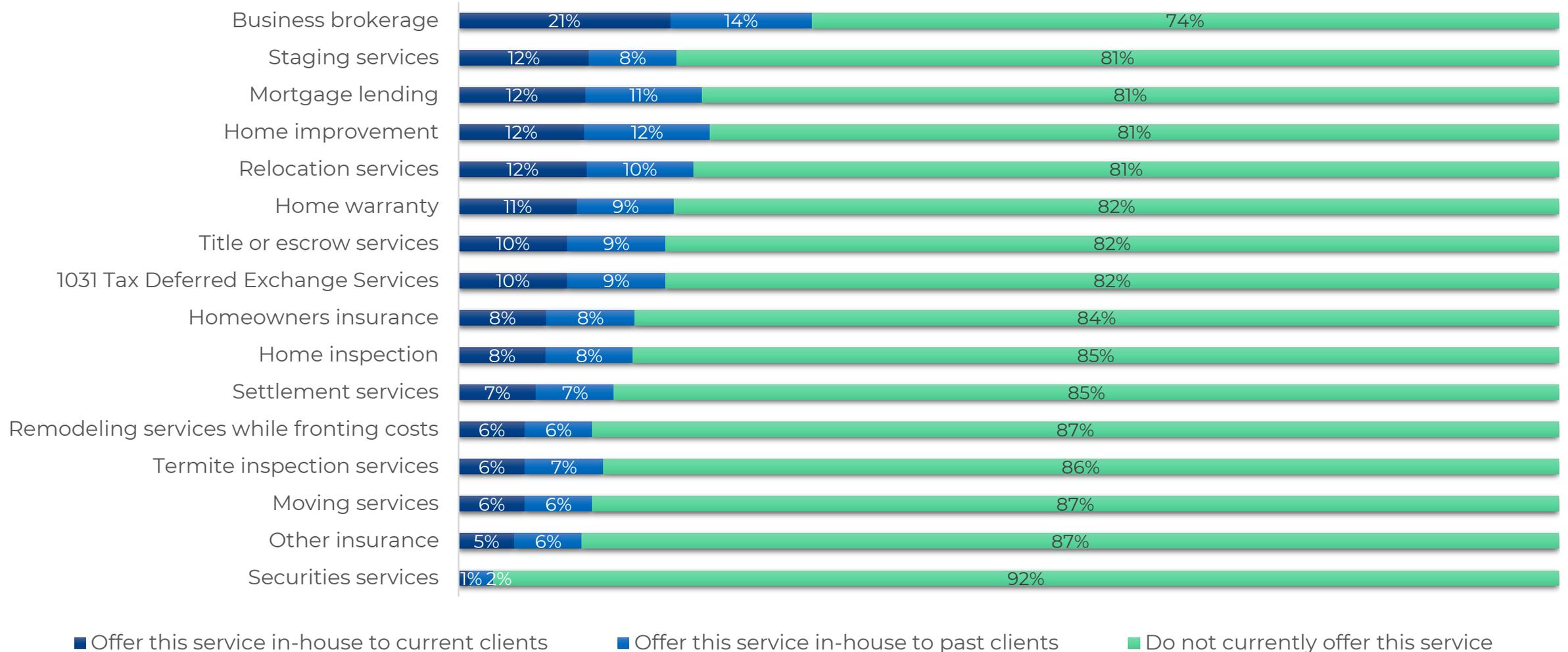
(Percentage Distribution)

	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+ offices	All Firms	One office	Two offices	Three offices	Four+ offices	All Firms	One office	Two offices	Three offices	Four+ offices	All Firms	One office	Two offices	Three offices	Four+ offices
Business brokerage	28%	26%	36%	32%	32%	7%	7%	9%	4%	13%	58%	60%	51%	57%	52%	7%	6%	5%	6%	4%
Relocation services	13	10	15	19	38	16	15	23	20	20	63	67	54	53	40	8	8	8	9	3
Staging services	12	11	12	10	9	21	20	22	29	32	60	61	58	53	55	8	7	7	8	4
Home improvement	7	6	7	4	5	25	24	25	32	29	62	63	62	59	62	7	7	5	5	5
1031 Tax Deferred Exchange Services	6	6	8	7	8	28	27	35	31	30	59	60	52	55	57	7	7	5	7	4
Mortgage lending	5	3	7	6	21	36	34	43	44	43	53	58	46	45	33	6	6	4	5	2
Remodeling while fronting costs	5	5	5	3	7	14	13	18	14	18	73	75	71	71	71	8	7	6	11	5
Home warranty	4	3	5	2	8	40	38	45	51	55	50	53	46	44	35	6	6	5	3	1
Title/escrow services	4	2	3	16	21	34	33	38	27	39	55	59	51	48	35	6	6	7	8	5
Settlement services	3	2	2	11	14	24	23	31	22	32	66	69	59	62	49	7	6	8	5	4
Home inspection	2	1	*	3	1	34	34	34	34	34	59	59	62	59	62	6	6	4	4	2
Homeowners insurance	2	1	2	4	10	29	27	34	31	32	63	65	58	60	54	6	6	6	5	4
Other insurance	2	1	3	5	6	19	18	23	19	22	72	74	68	66	65	7	7	7	10	7
Moving services	1	1	*	2	2	22	21	26	22	29	69	71	66	68	65	7	7	8	8	3
Termite inspection	1	*	*	2	*	32	32	34	31	33	62	63	62	63	66	5	5	4	4	2
Securities services	*	*	*	*	*	6	5	9	3	8	86	87	84	84	88	8	8	8	13	4

*Less than 1 percent

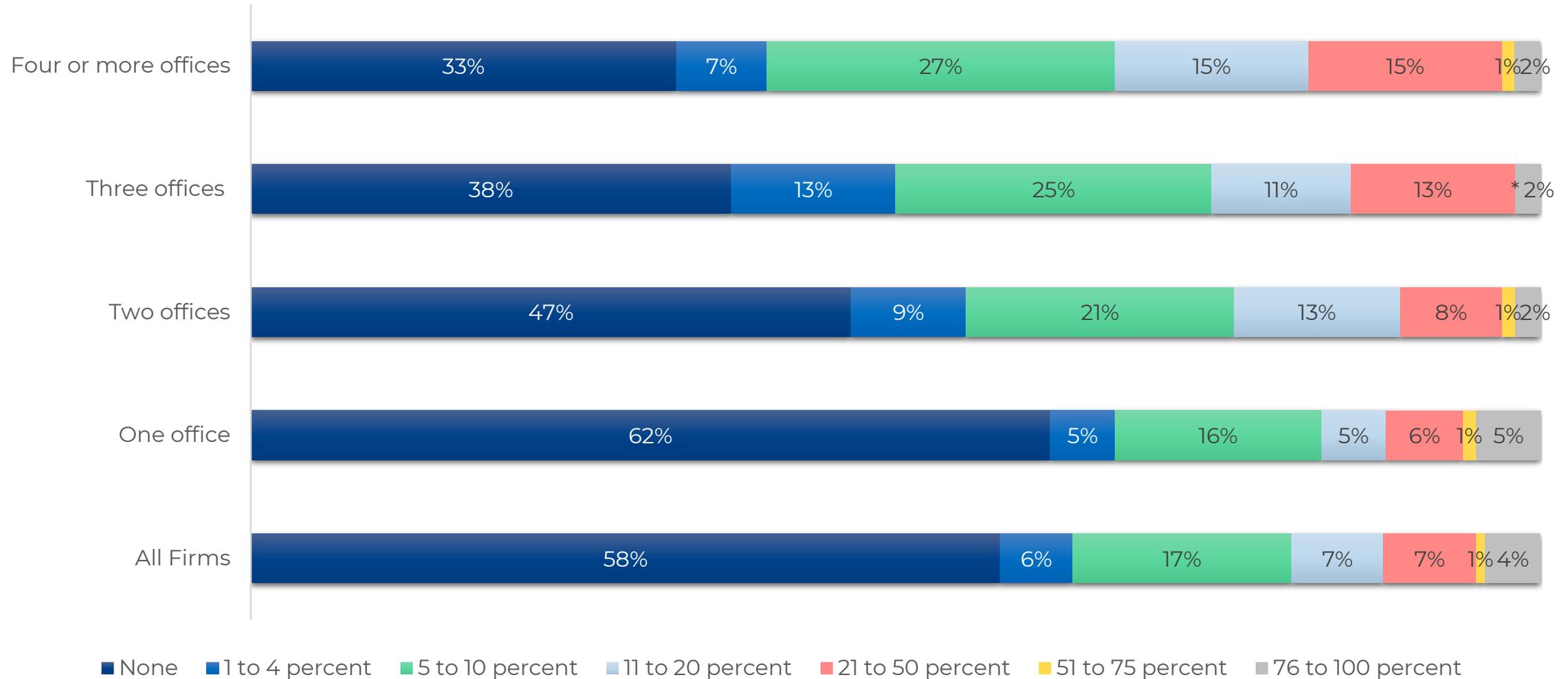
ANCILLARY SERVICES OFFERED AT FIRMS TO TYPES OF CLIENTS

(Percentage Distribution)



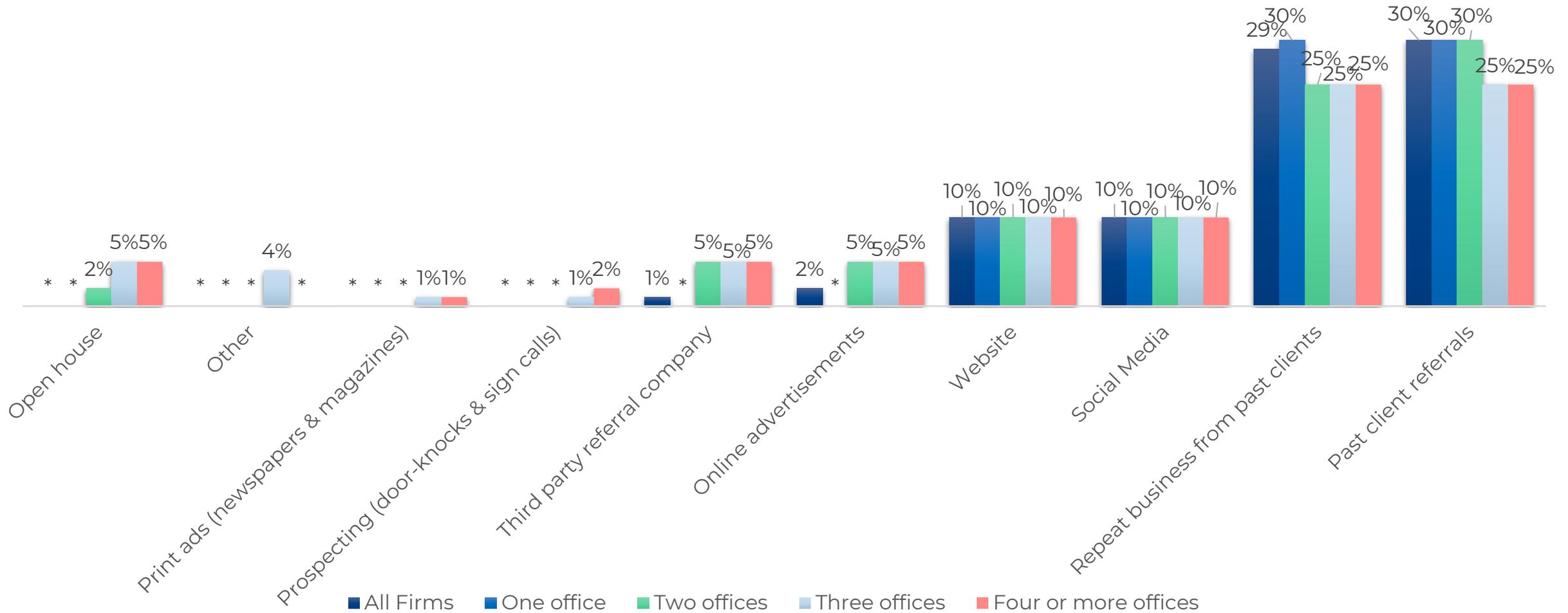
PERCENT OF NET REVENUE OF FIRM MADE ON ANCILLARY SERVICES, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



PERCENT OF CUSTOMER INQUIRIES GENERATED FROM SOURCES

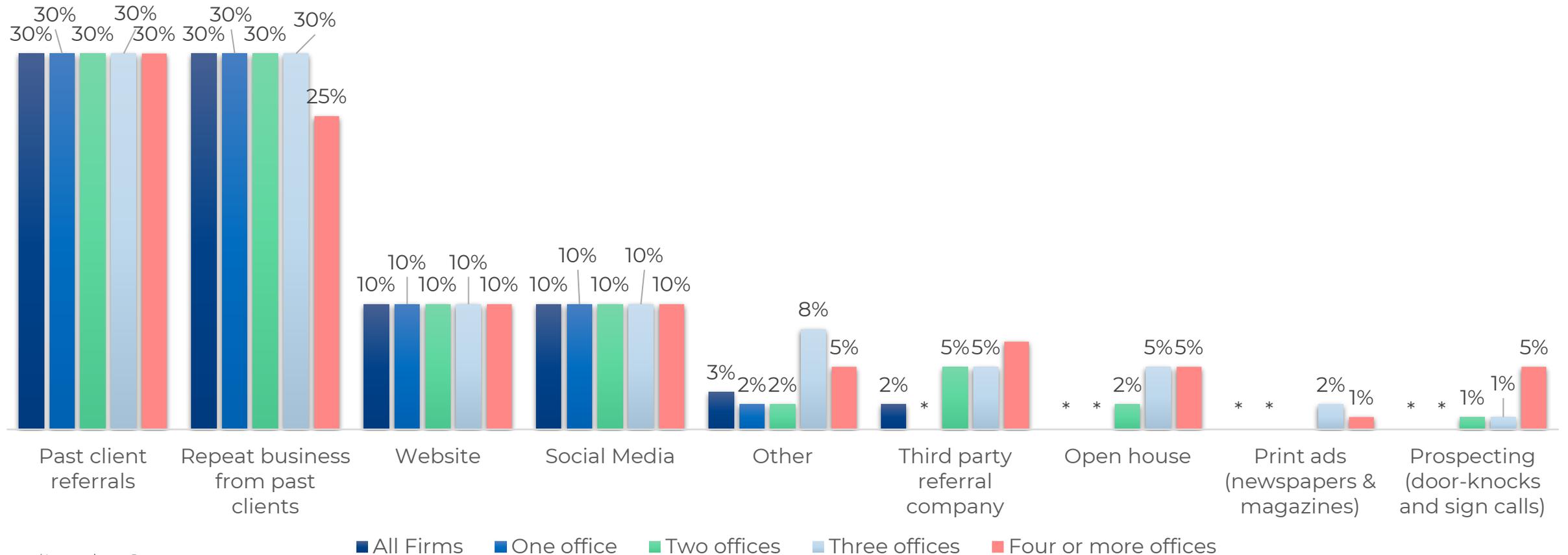
(Percentage Distribution)



*Less than 1 percent

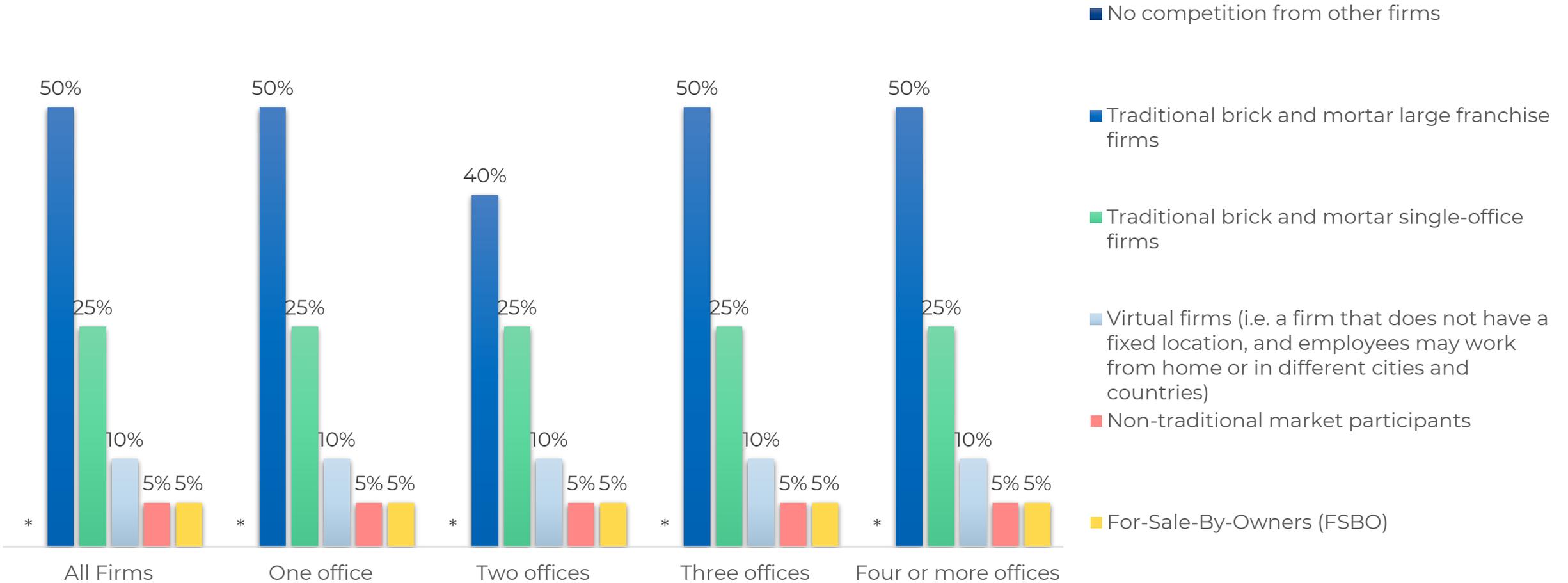
PERCENT OF FIRM'S SALES VOLUME WAS GENERATED BY SOURCE

(Percentage Distribution)



WHERE DOES CURRENT COMPETITION COME FROM

(Percentage Distribution)



*Less than 1 percent



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 42 percent.
- While this was also the most common benefit for salaried licensees and agents, only 25 percent received this benefit.
- Among administrative staff, 31 percent received errors and omissions/liability insurance, 30 percent received vacation/sick days, and 11 percent received health insurance.
- Thirty-seven percent of senior management received errors and omissions/liability insurance, 19 percent received vacation/sick days, and 13 percent received health insurance.

- The most common tools provided or encouraged by firms are e-signature, comparative market analysis, electronic contracts/forms, and multiple listing.
- Twenty-five percent of all firms offered a virtual office for agents and staff, and seven percent offered a virtual assistant.
- Ten percent of all firms had experience with wire fraud at closing. For firms with four or more offices, 37 percent had experience with wire fraud at closing.
- Twenty-eight percent of firms provided encrypted emails to prevent fraud.

CHAPTER 3 – LIST OF EXHIBITS

- Exhibit 3-1 BENEFITS RECEIVED BY INDEPENDENT CONTRACTORS/LICENSEES/AGENTS**
- Exhibit 3-2 BENEFITS RECEIVED BY SALARIED LICENSEES/AGENTS**
- Exhibit 3-3 BENEFITS RECEIVED BY ADMINISTRATIVE STAFF**
- Exhibit 3-4 BENEFITS RECEIVED BY SENIOR MANAGEMENT**
- Exhibit 3-5 FIRM PROVIDES OR ENCOURAGES AGENT/BROKER USE OF SPECIFIC SOFTWARE, BY RESIDENTIAL AND COMMERCIAL FIRMS**
- Exhibit 3-6 FIRM PROVIDES OR ENCOURAGES AGENT/BROKER USE OF SPECIFIC SOFTWARE, BY NUMBER OF OFFICES AT FIRM**
- Exhibit 3-7 FEATURES ON FIRM'S WEBSITE, BY RESIDENTIAL AND COMMERCIAL FIRMS**
- Exhibit 3-8 FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY RESIDENTIAL AND COMMERCIAL FIRMS**
- Exhibit 3-9 FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY NUMBER OF OFFICES AT FIRM**
- Exhibit 3-10 FIRM USE OF CLOSED COMMUNICATION GROUP, BY RESIDENTIAL AND COMMERCIAL FIRMS**
- Exhibit 3-11 FIRM USE OF CLOSED COMMUNICATION GROUP, BY NUMBER OF OFFICES AT FIRM**
- Exhibit 3-12 FIRM HAS VIRTUAL OFFICE AND/OR ASSISTANT, BY RESIDENTIAL AND COMMERCIAL FIRMS**
- Exhibit 3-13 FIRM HAS VIRTUAL OFFICE AND/OR ASSISTANT, BY NUMBER OF OFFICES AT FIRM**

CHAPTER 3 – LIST OF EXHIBITS

Exhibit 3-14 OFFICE SPACE PROVIDED PER AGENT, BY NUMBER OF OFFICES AT FIRM

Exhibit 3-15 EXPERIENCE WITH WIRE FRAUD AT CLOSING, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 3-16 EXPERIENCE WITH WIRE FRAUD, BY NUMBER OF OFFICES AT FIRM

Exhibit 3-17 WIRE FRAUD EDUCATION TO CLIENTS, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 3-18 WIRE FRAUD EDUCATION TO CLIENTS, BY NUMBER OF OFFICES AT FIRM

Exhibit 3-19 FIRM PROVIDES ENCRYPTED EMAILS TO PREVENT FRAUD, BY RESIDENTIAL AND COMMERCIAL FIRMS

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Exhibit 3-23 FIRM ENCOURAGEMENT TO PURSUE EDUCATIONAL OPPORTUNITIES, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 3-24 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	21%	42%	15%	22%
Health insurance	15	2	1	82
Dental care	8	1	1	90
Vision care	8	1	1	90
Long-term care insurance	7	1	1	92
Life insurance	7	1	*	92
Disability insurance	7	1	1	91
Vacation/sick days	6	3	1	91
Pension plan/401(k)/SEP	6	1	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	8%	25%	5%	61%
Health insurance	7	5	4	85
Dental care	5	2	2	90
Vision care	5	2	2	91
Disability insurance	5	3	1	91
Long-term care insurance	5	1	1	92
Life insurance	4	2	1	93
Pension plan/401(k)/SEP	4	2	3	92
Vacation/sick days	3	11	1	85

BENEFITS RECEIVED BY ADMINISTRATIVE STAFF

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Health insurance	6%	11%	8%	75%
Dental care	6	4	5	86
Vision care	6	3	4	87
Life insurance	5	3	2	90
Long-term care insurance	5	4	2	89
Disability insurance	5	6	2	87
Errors and Omissions (E&O) Insurance/Liability Insurance	4	31	2	63
Pension plan/401(k)/SEP	4	4	6	86
Vacation/sick days	2	30	2	66

BENEFITS RECEIVED BY SENIOR MANAGEMENT

(Percentage Distribution)

	Employee Pays	Firms Pays	Both Pay	Not Offered
Health insurance	6%	13%	6%	75%
Errors and Omissions (E&O) Insurance/Liability Insurance	6	37	4	53
Dental care	6	6	4	84
Vision care	6	5	4	86
Life insurance	5	5	2	88
Disability insurance	5	6	2	87
Long-term care insurance	5	4	2	89
Pension plan/401(k)/SEP	5	4	6	86
Vacation/sick days	3	19	1	77

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

(Percent of Respondents)

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

All Firms	Residential Firms	Commercial Firms
83%	86%	65%
82	86	71
80	83	74
79	81	72
55	57	50
50	53	44
39	42	29
38	40	41
35	38	20
32	35	24
31	34	17
29	31	26
27	30	13
23	17	25
14	16	8
14	15	10
13	15	4
12	12	21

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

(Percent of Respondents)

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

All Firms	Number of Offices at Firm			
	One office	Two offices	Three offices	Four or more offices
83%	84%	82%	89%	92%
82	82	81	92	88
80	80	81	90	86
79	80	82	78	83
55	54	58	76	72
50	48	61	77	70
39	37	48	63	59
38	36	44	51	57
35	31	50	61	62
32	28	48	54	52
31	26	46	59	59
29	26	35	45	56
27	25	30	43	47
23	22	26	28	24
14	12	19	29	34
14	12	18	33	30
13	11	16	25	30
12	11	14	13	25

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

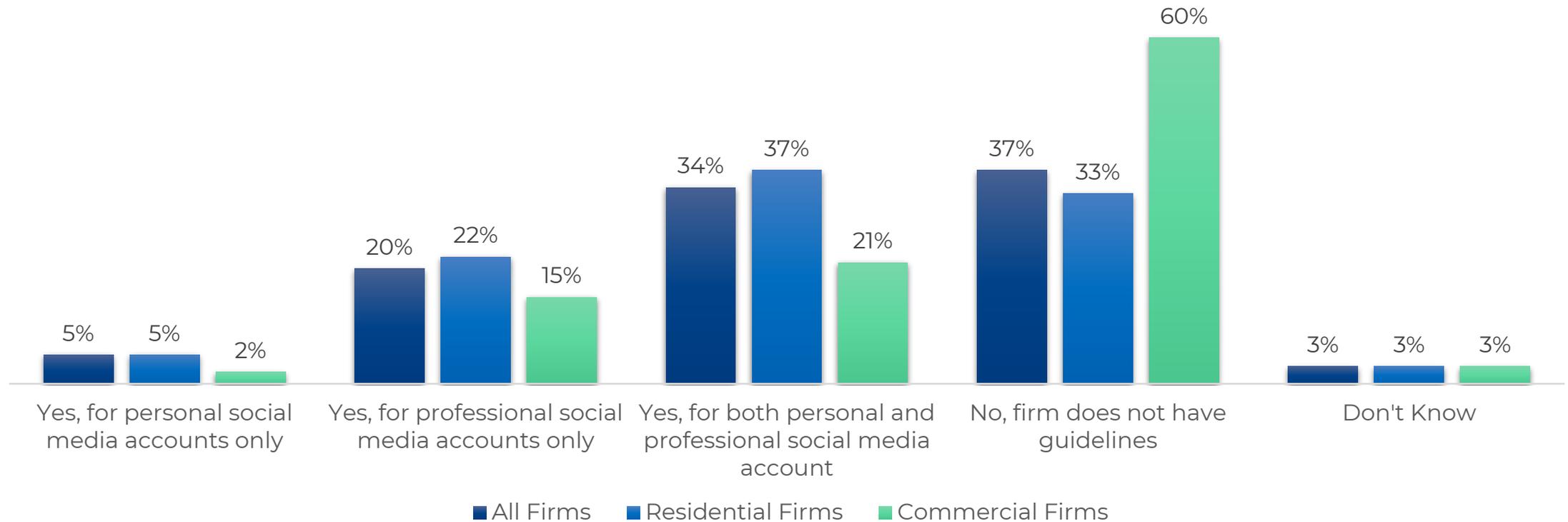
(Percent of Respondents)

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
Market statistics
Appointment scheduler
Links to real estate service providers
Current mortgage rates
Link to local association
Live agent chat
Link to state association
Link to NAR
Language Translation
Link to commercial information exchange (CIE)

All Firms	Residential Firms	Commercial Firms
91%	92%	87%
72	75	65
57	60	37
46	50	18
45	48	27
42	45	25
40	42	27
37	39	23
30	33	14
26	28	10
24	25	16
21	21	18
20	22	16
17	18	14
16	16	7
13	14	12
12	12	11
9	9	11
9	9	2
7	7	13
6	6	7
6	7	2
4	3	27

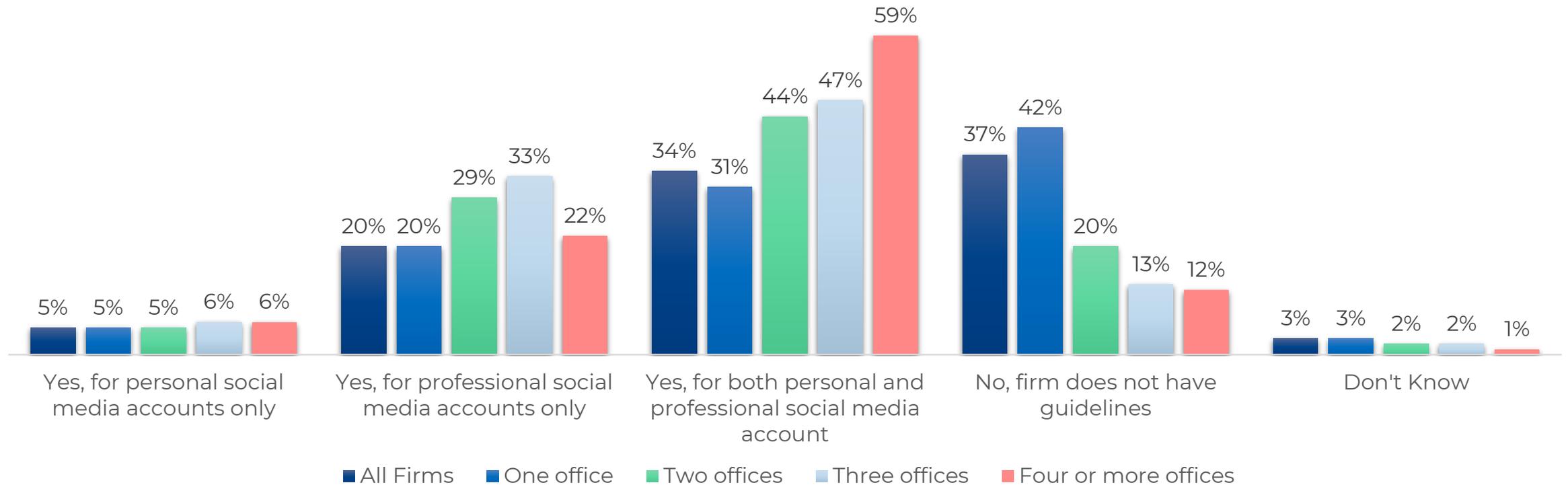
FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



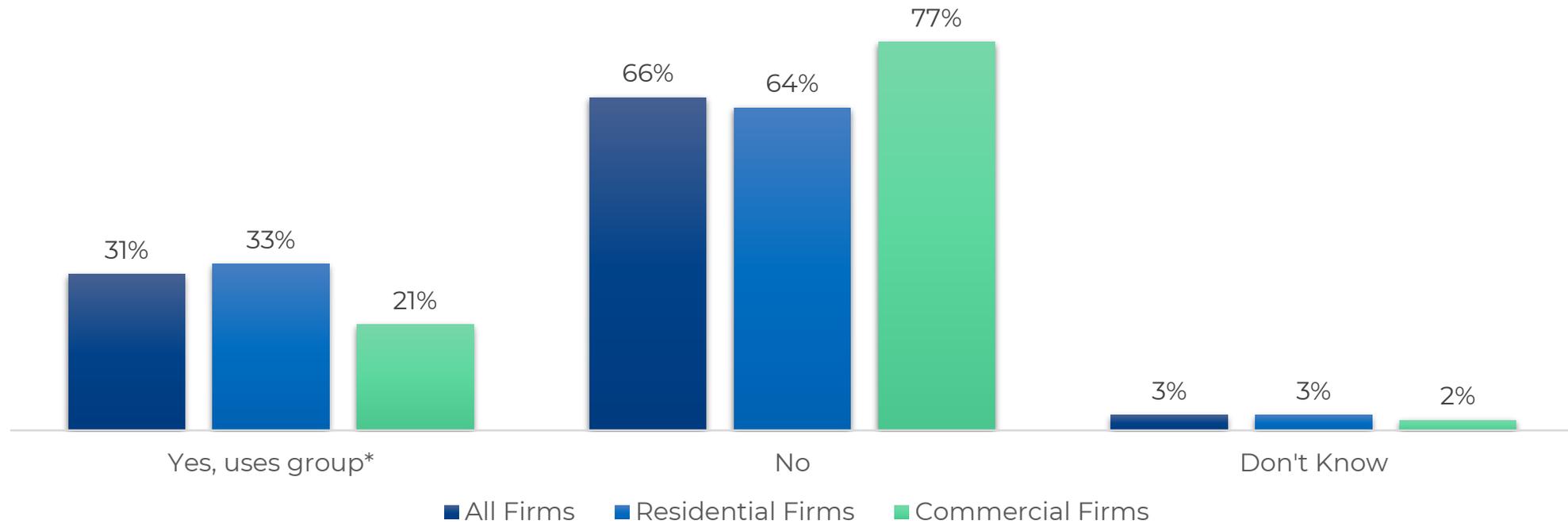
FIRM HAS SOCIAL MEDIA GUIDELINES FOR AGENTS AND EMPLOYEES, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



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

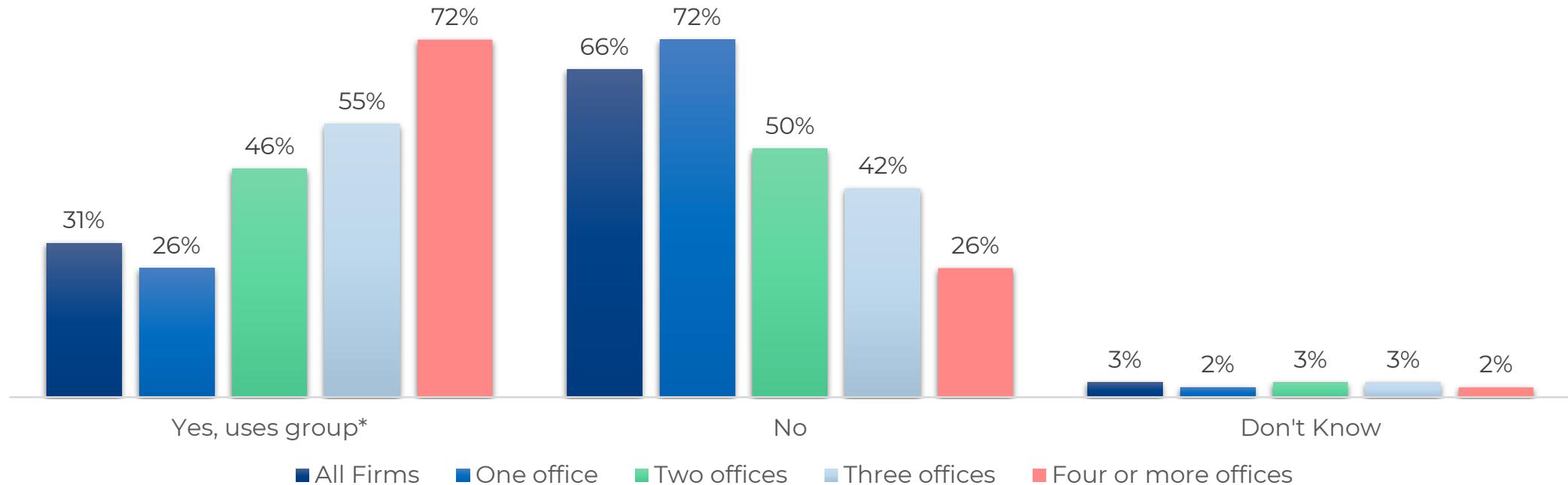
(Percentage Distribution)



* Such as: Google Chat, Skype, Slack, Teams

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

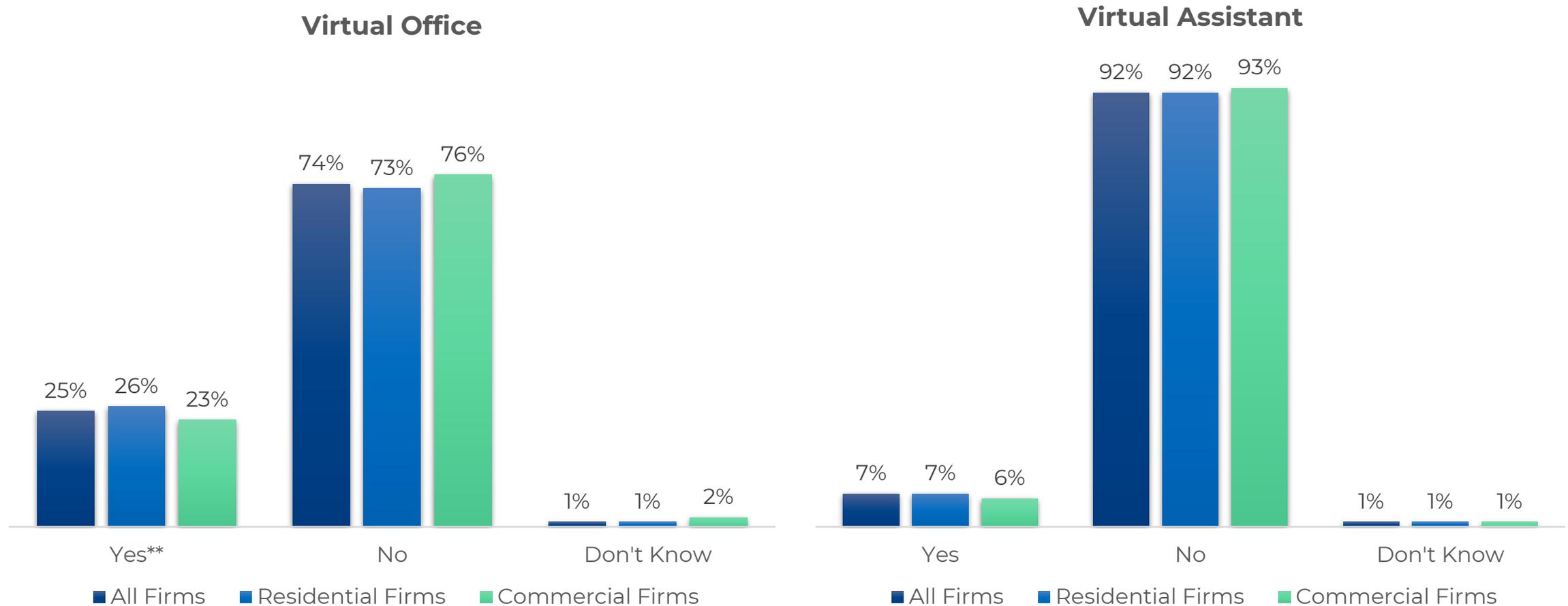
(Percentage Distribution)



* Such as: Google Chat, Skype, Slack, Teams

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

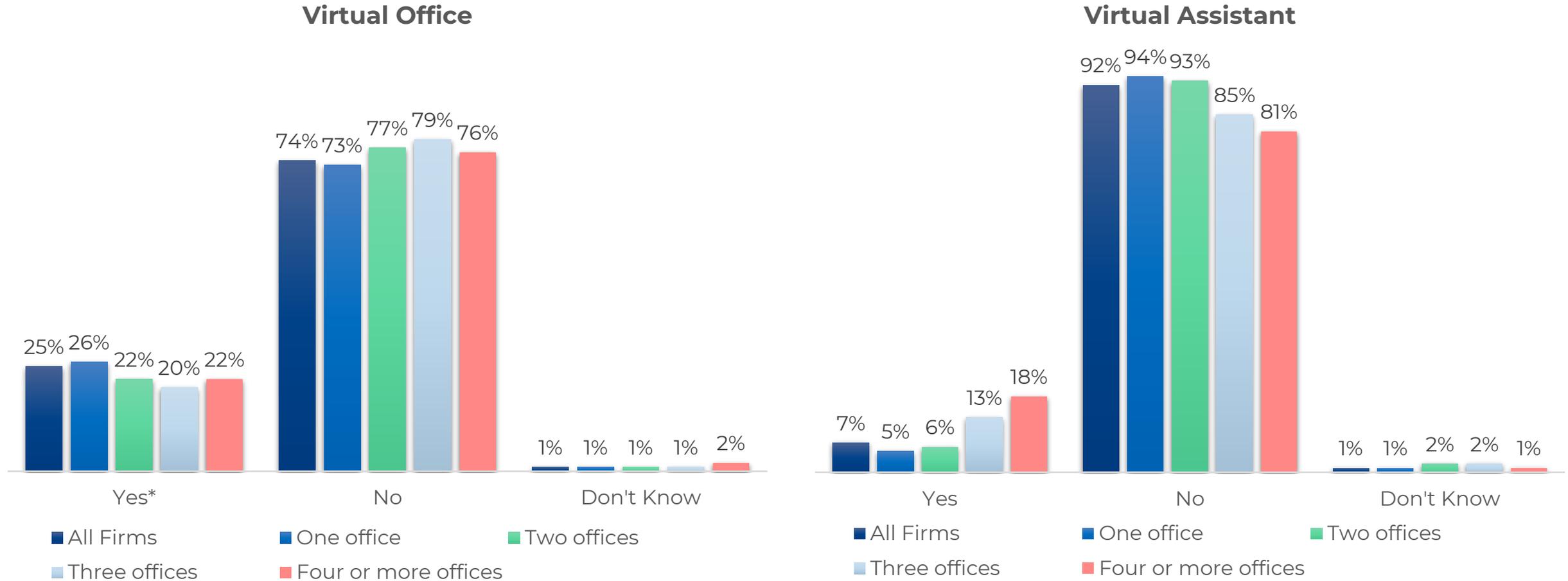
(Percentage Distribution)



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

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

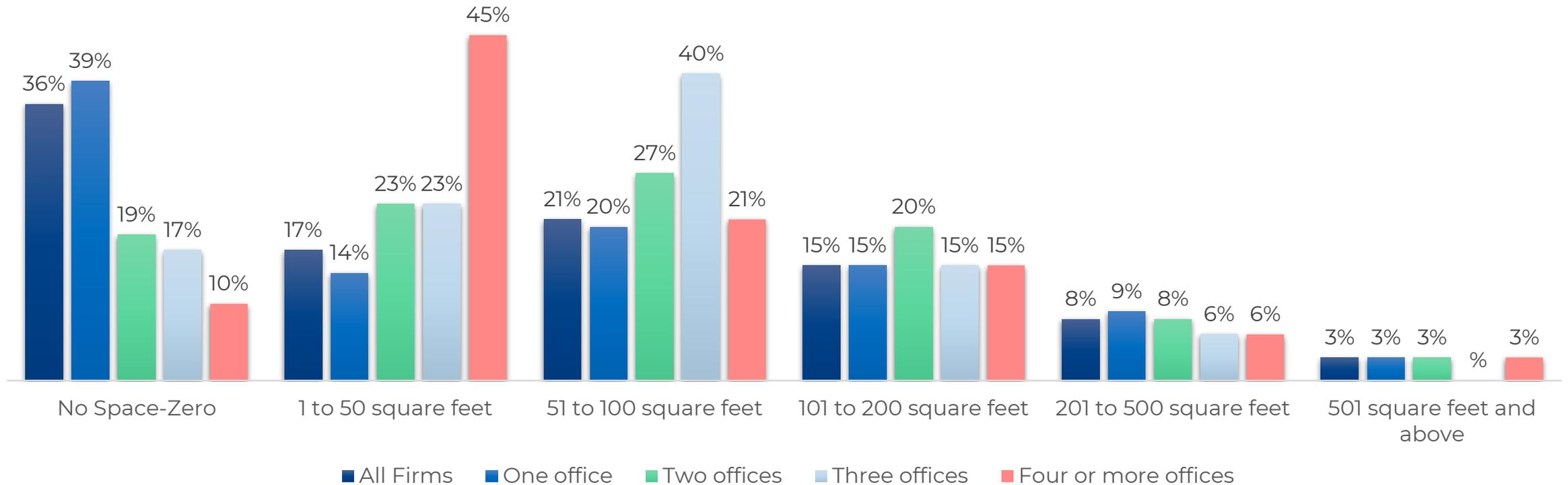
(Percentage Distribution)



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

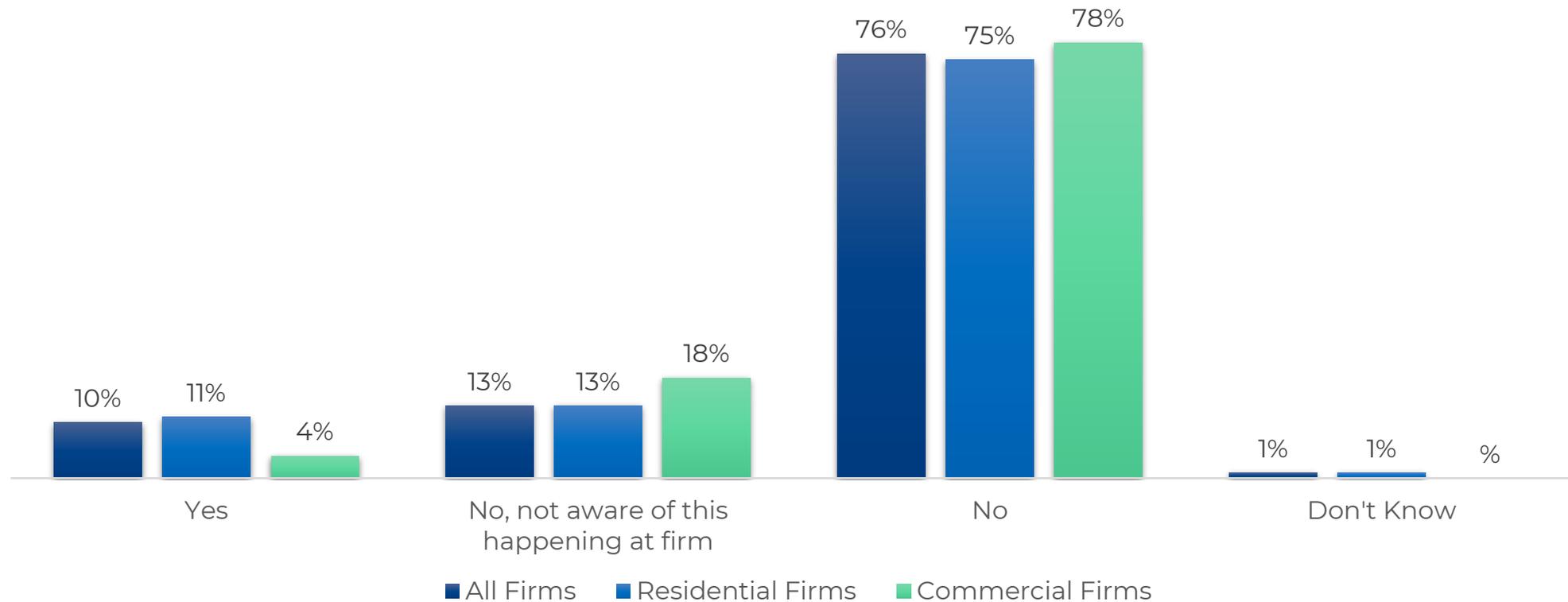
OFFICE SPACE PROVIDED PER AGENT, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



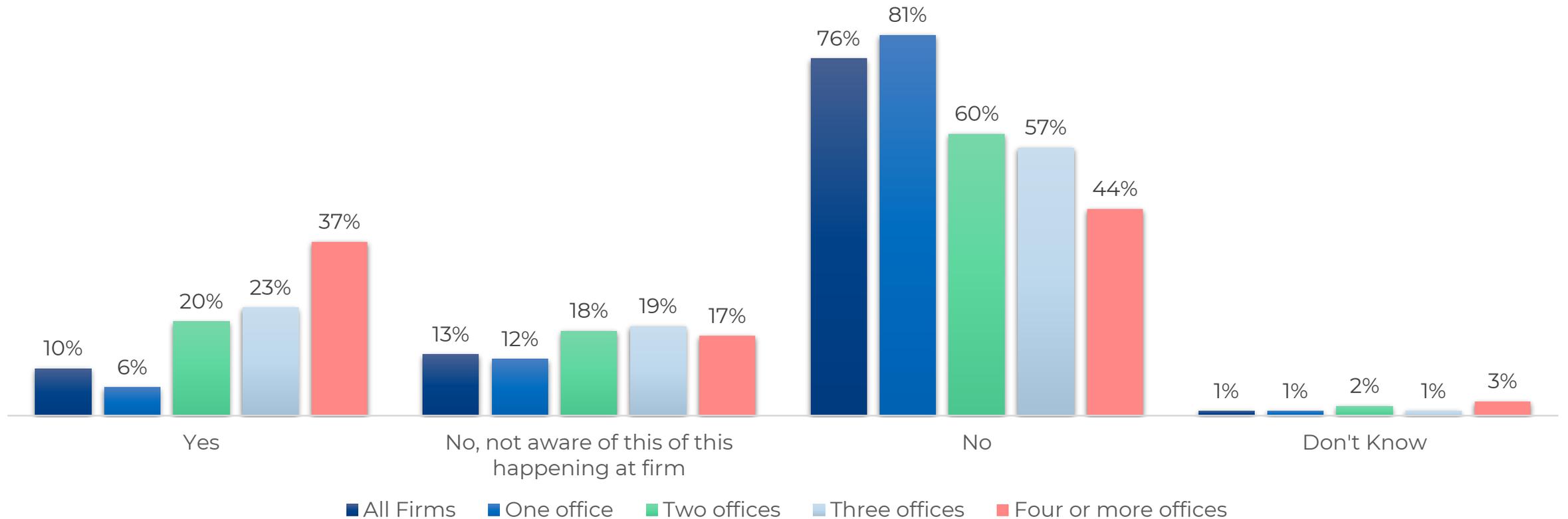
EXPERIENCE WITH WIRE FRAUD AT CLOSING, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



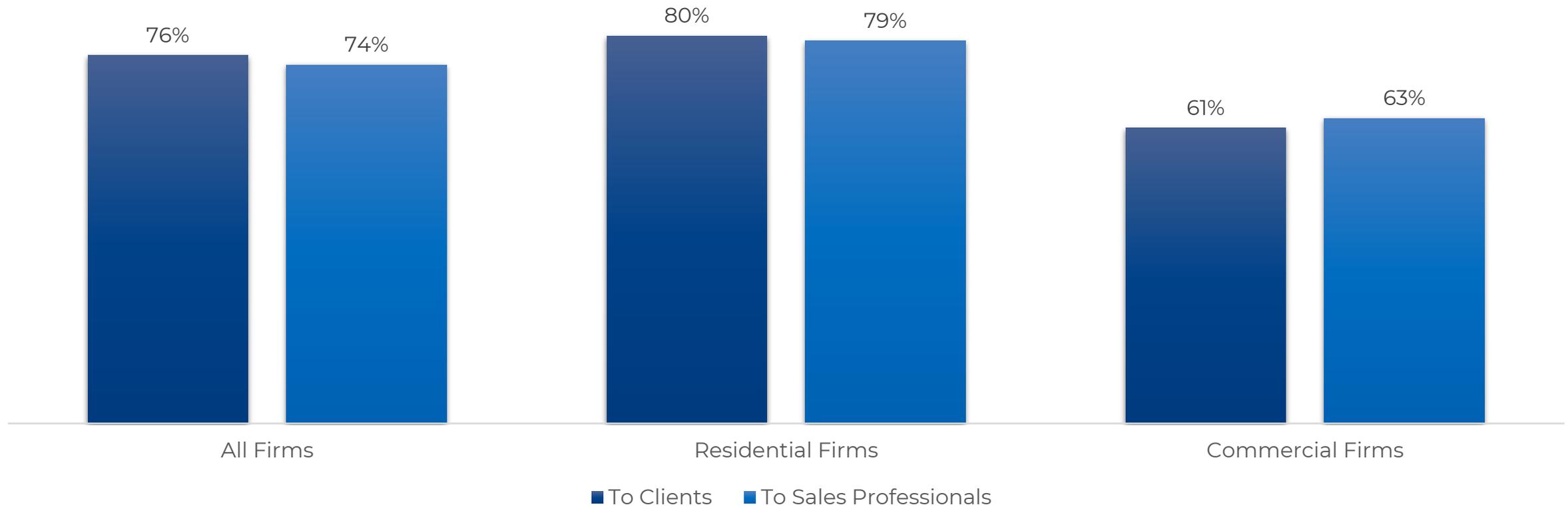
EXPERIENCE WITH WIRE FRAUD, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



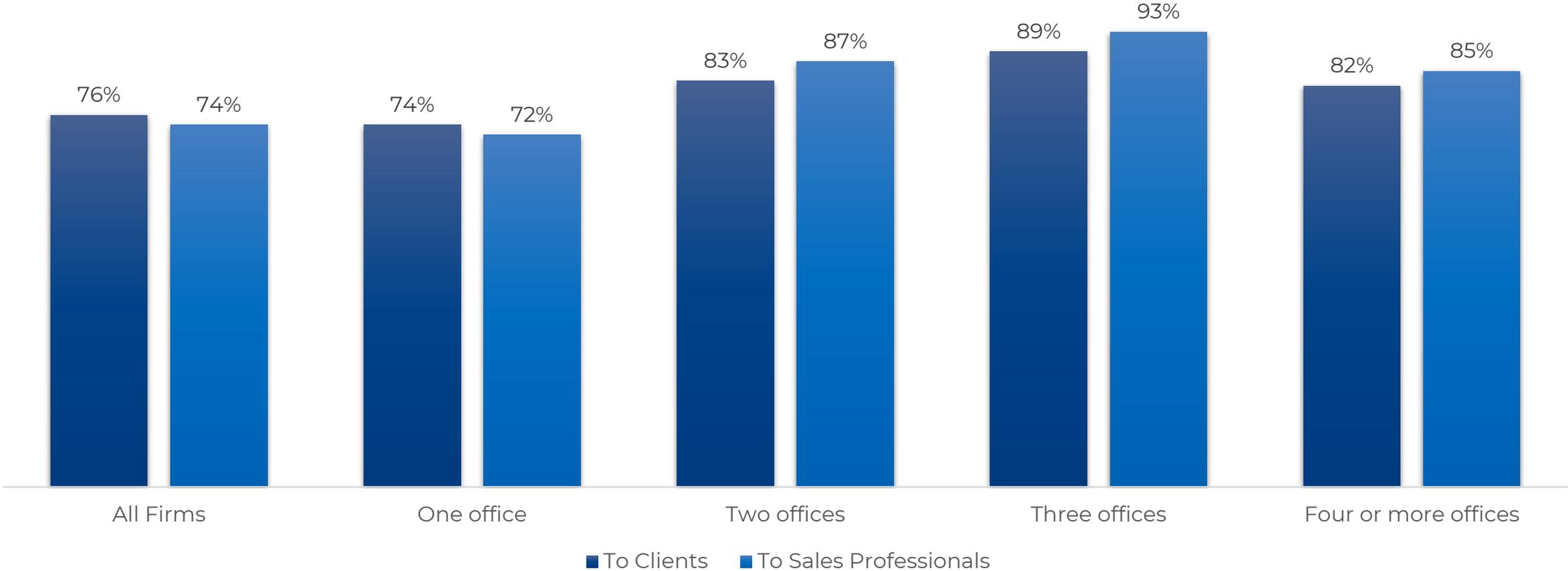
WIRE FRAUD EDUCATION TO CLIENTS AND SALES PROFESSIONALS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



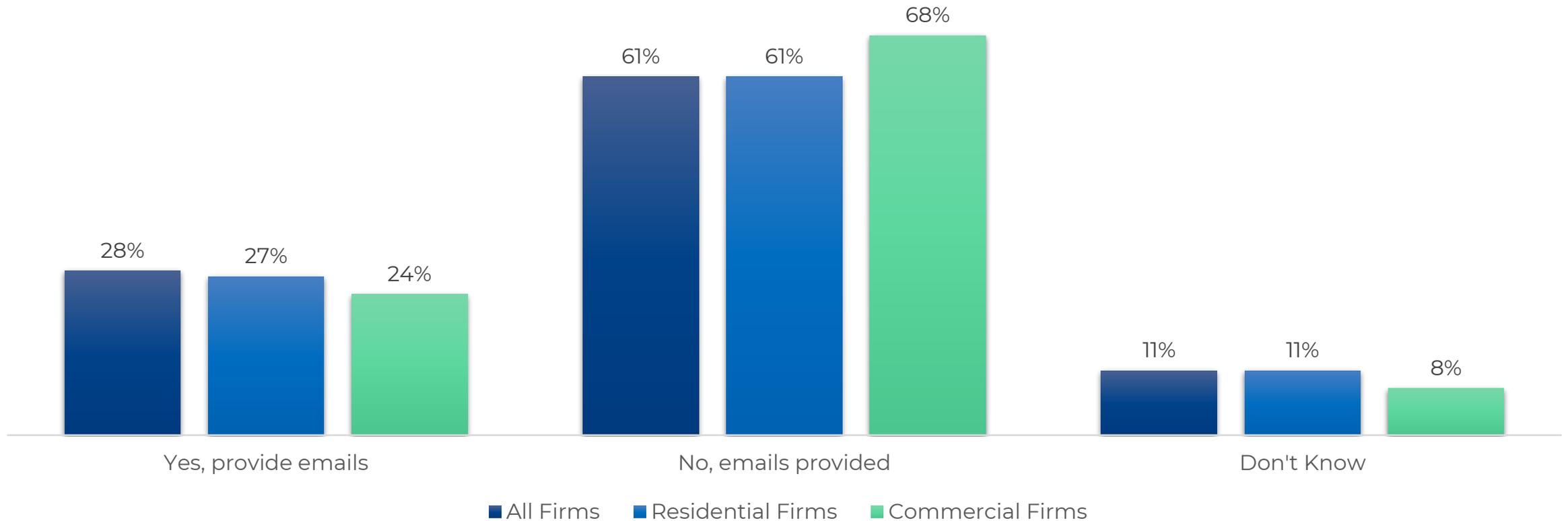
WIRE FRAUD EDUCATION TO CLIENTS AND SALES PROFESSIONALS, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



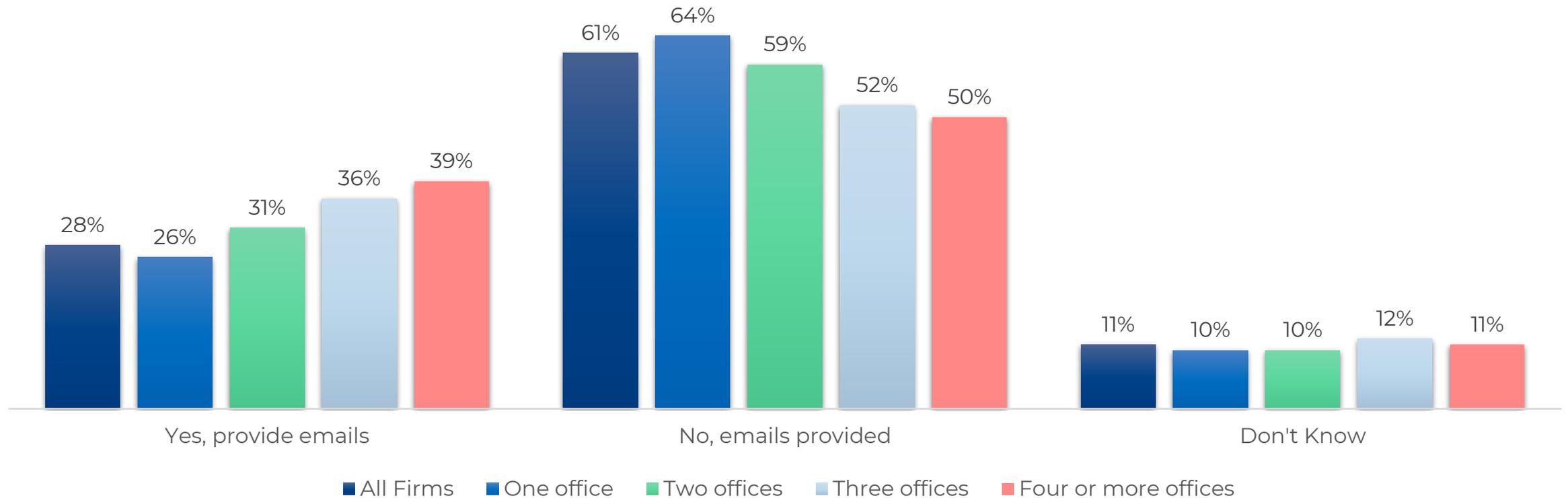
FIRM PROVIDES ENCRYPTED EMAILS TO PREVENT FRAUD, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



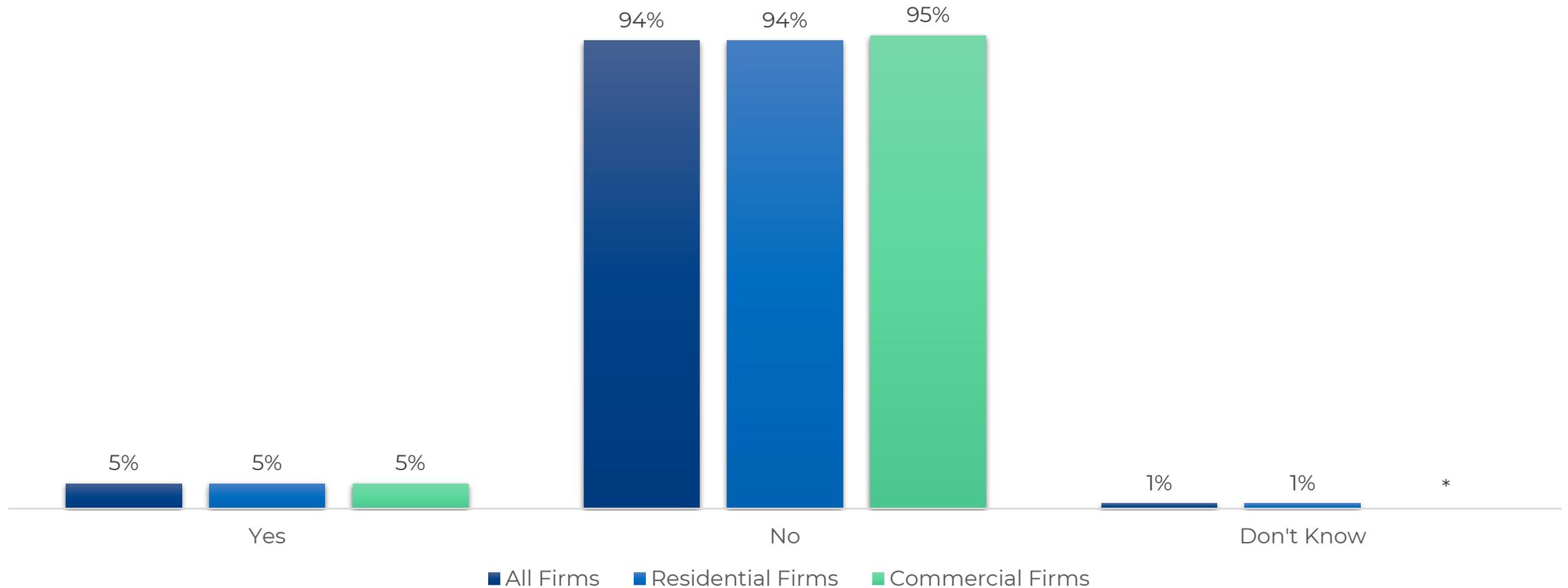
FIRM PROVIDES ENCRYPTED EMAILS TO PREVENT FRAUD, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



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

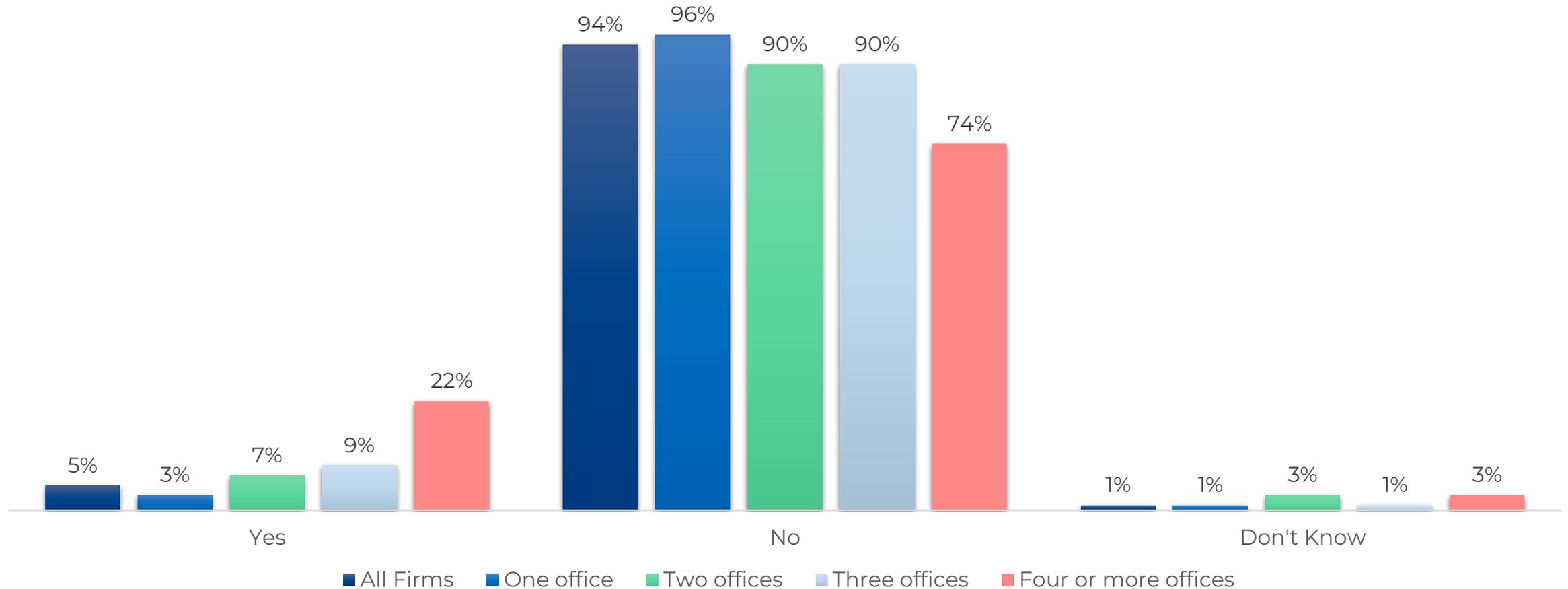
(Percentage Distribution)



*Less than 1 percent

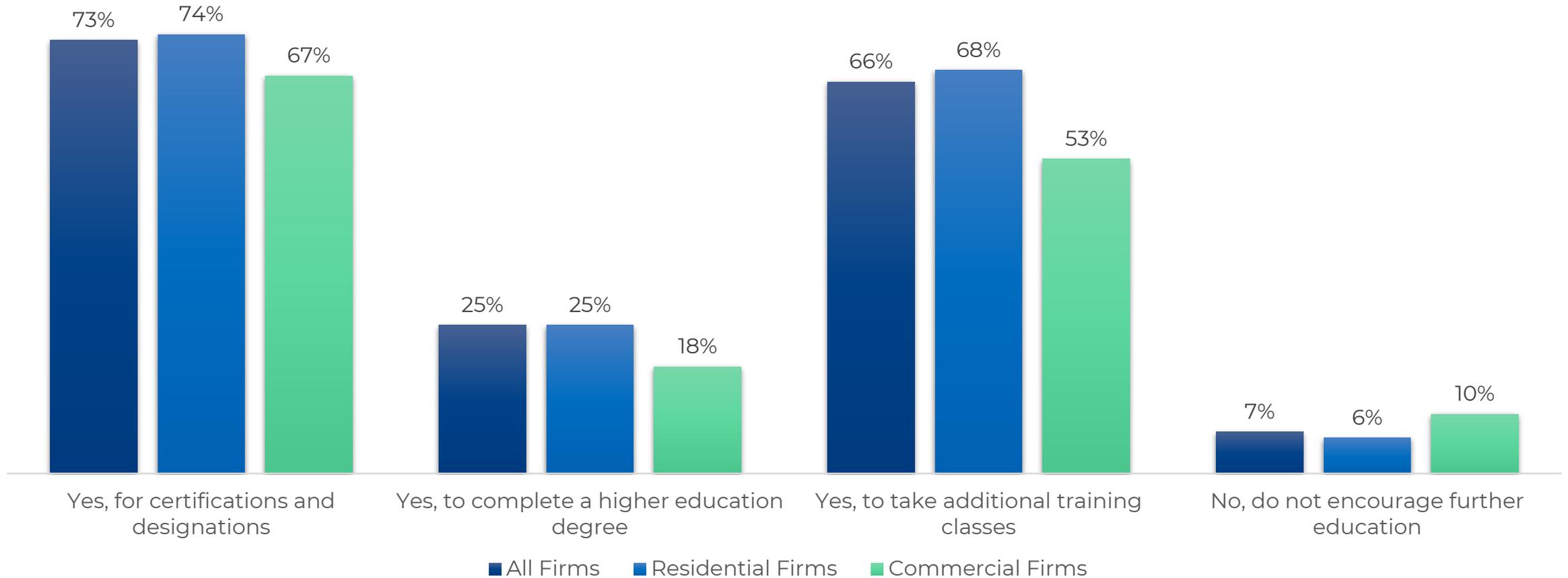
FIRM OPERATES NON-PROFIT FOUNDATION, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



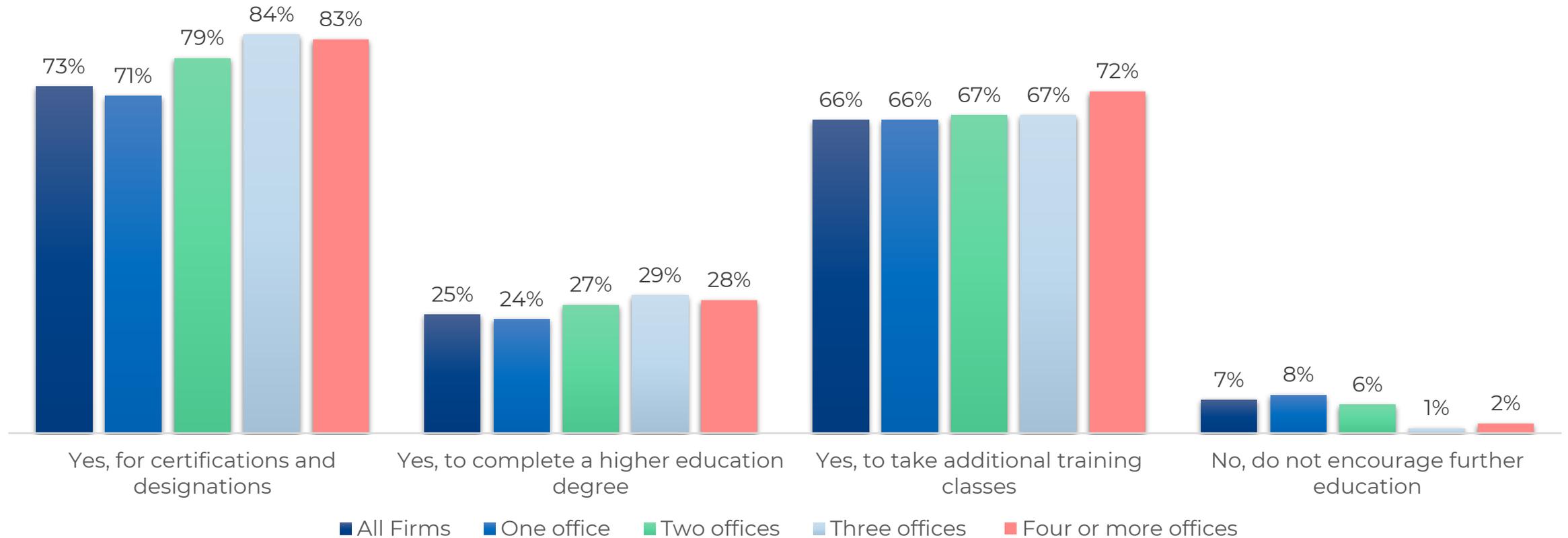
FIRM ENCOURAGEMENT TO PURSUE EDUCATIONAL OPPORTUNITIES, BY RESIDENTIAL AND COMMERCIAL FIRMS

(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

- Thirty-eight percent of firms reported they were actively recruiting sales agents in 2021.
 - Fifty-eight percent of firms expected profitability (net income) from all real estate activities to increase this year.
 - Fifty percent of firms expected competition to increase in 2021 from non-traditional market participants and 47 percent from virtual firms.
 - Sixty-one percent of firms expected competition in 2021 to stay the same from traditional brick and mortar single office firms, while 58 percent expected competition to stay the same from larger traditional brick and mortar firms.
- Maintaining sufficient inventory, housing affordability, and competition from nontraditional market participants were among the biggest challenges cited for firms in the next two years.
 - Fifty-eight percent of firms were concerned with young adults' ability to buy a home, 33 percent with young adults' view of homeownership, and 26 percent with Baby Boomers retiring from real estate.
 - Forty-two 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 2021, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 4-2 FIRM ACTIVELY RECRUITING SALES AGENTS IN 2021, BY NUMBER OF OFFICES AT FIRM

Exhibit 4-3 REASON FOR FIRM TO ACTIVELY RECRUIT SALES AGENTS, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 4-4 REASON FOR FIRM TO ACTIVELY RECRUIT SALES AGENTS, BY NUMBER OF OFFICES AT FIRM

Exhibit 4-5 EXPECTATION ON PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2021, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 4-6 EXPECTATION ON PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2021, BY NUMBER OF OFFICES AT FIRM

Exhibit 4-7 EXPECTATION OF LEVEL OF COMPETITION IN 2021

Exhibit 4-8 BIGGEST CHALLENGES FACING FIRM IN NEXT TWO YEARS, BY RESIDENTIAL AND COMMERCIAL FIRMS

Exhibit 4-9 BIGGEST CHALLENGES FACING FIRM IN NEXT TWO YEARS, BY NUMBER OF OFFICES AT FIRM

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

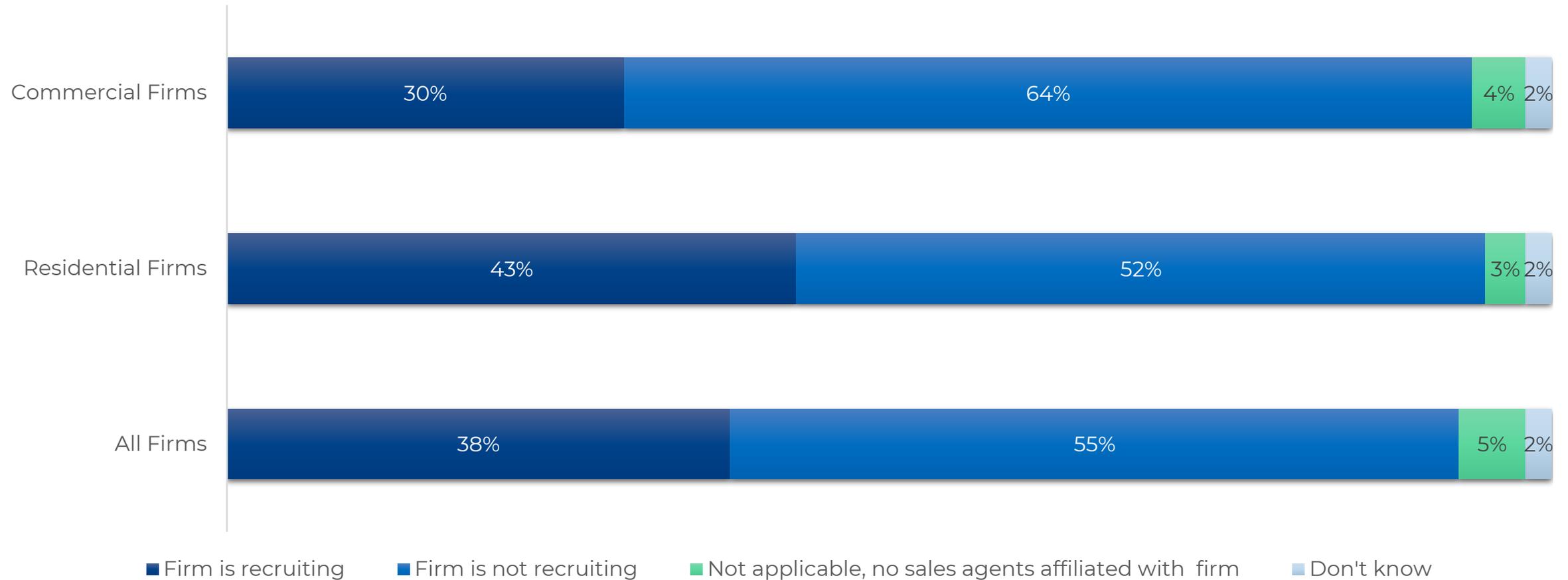
Exhibit 4-18 FIRM HAS REAL ESTATE TEAMS, BY NUMBER OF OFFICES AT FIRM

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

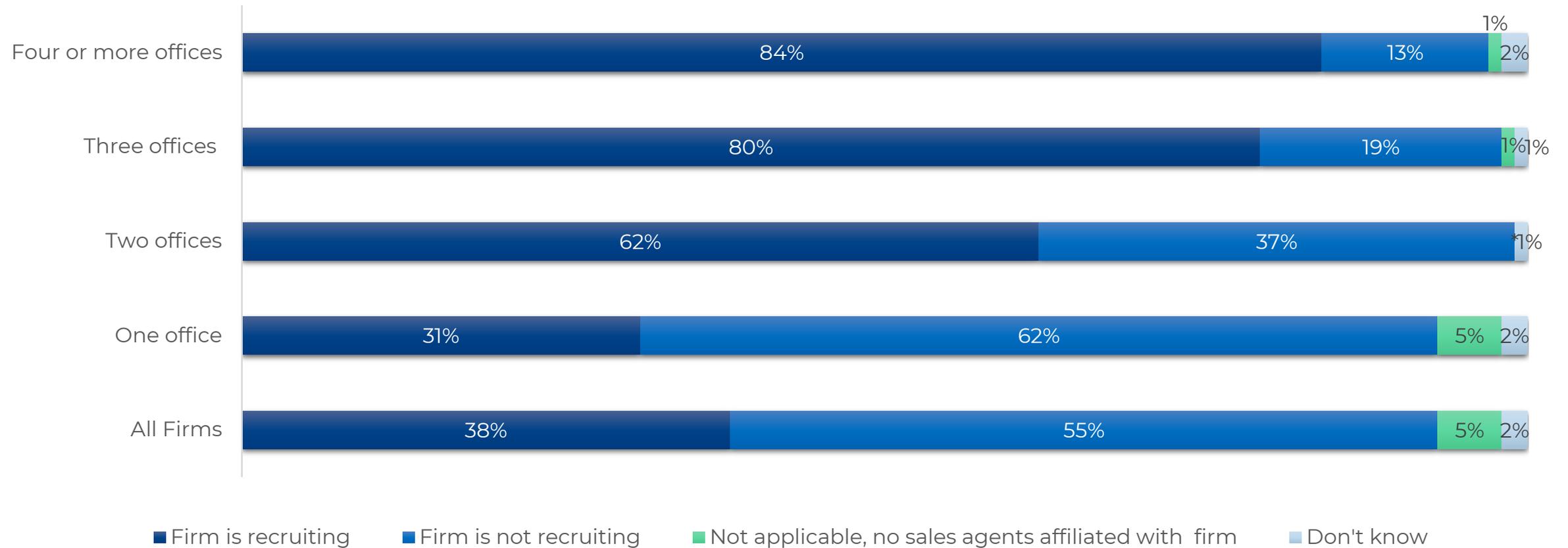
FIRM ACTIVELY RECRUITING SALES AGENTS IN 2021, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



FIRM ACTIVELY RECRUITING SALES AGENTS IN 2021, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



*Less than 1 percent

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

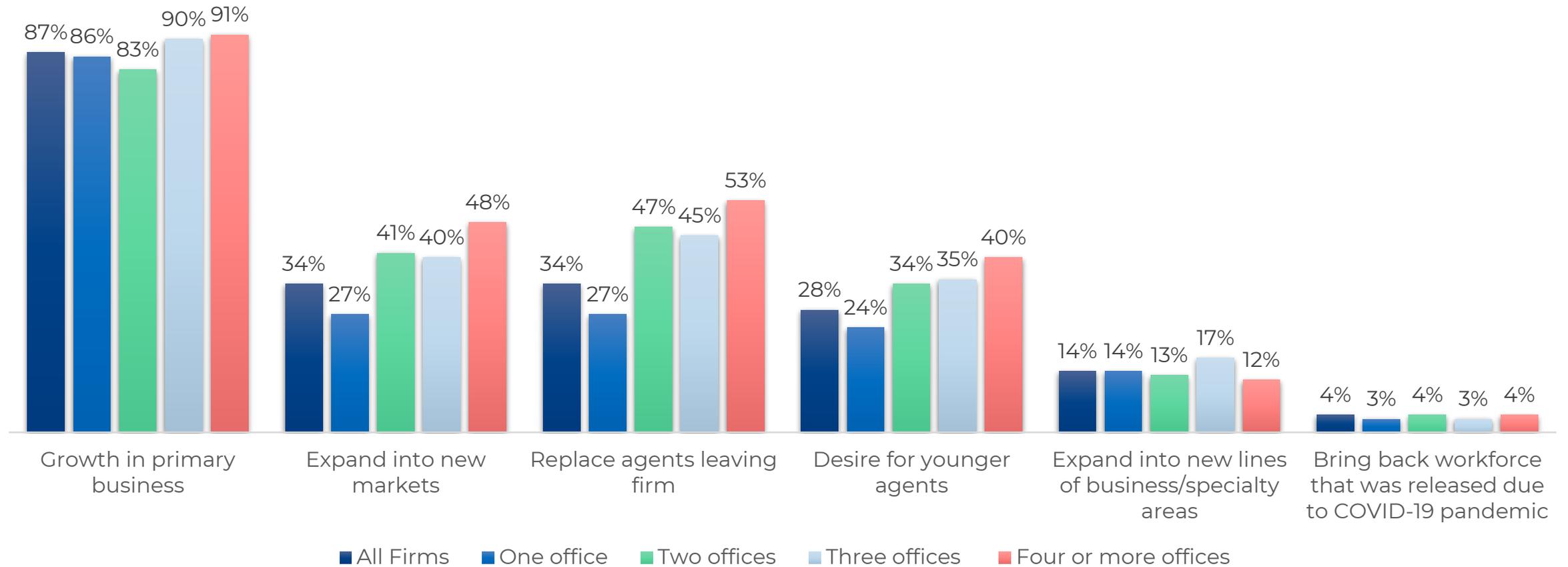
(Percent of Respondents)



*Less than 1 percent

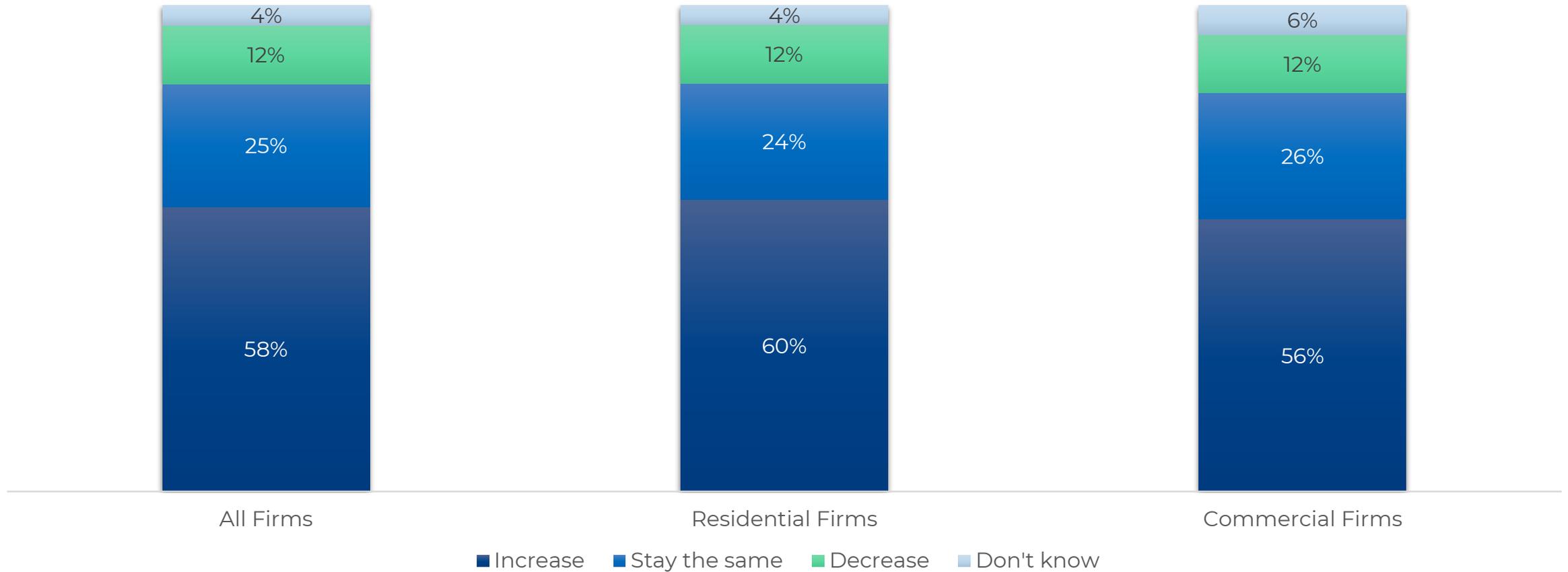
REASON FOR FIRM TO ACTIVELY RECRUIT SALES AGENTS, BY NUMBER OF OFFICES AT FIRM

(Percent of Respondents)



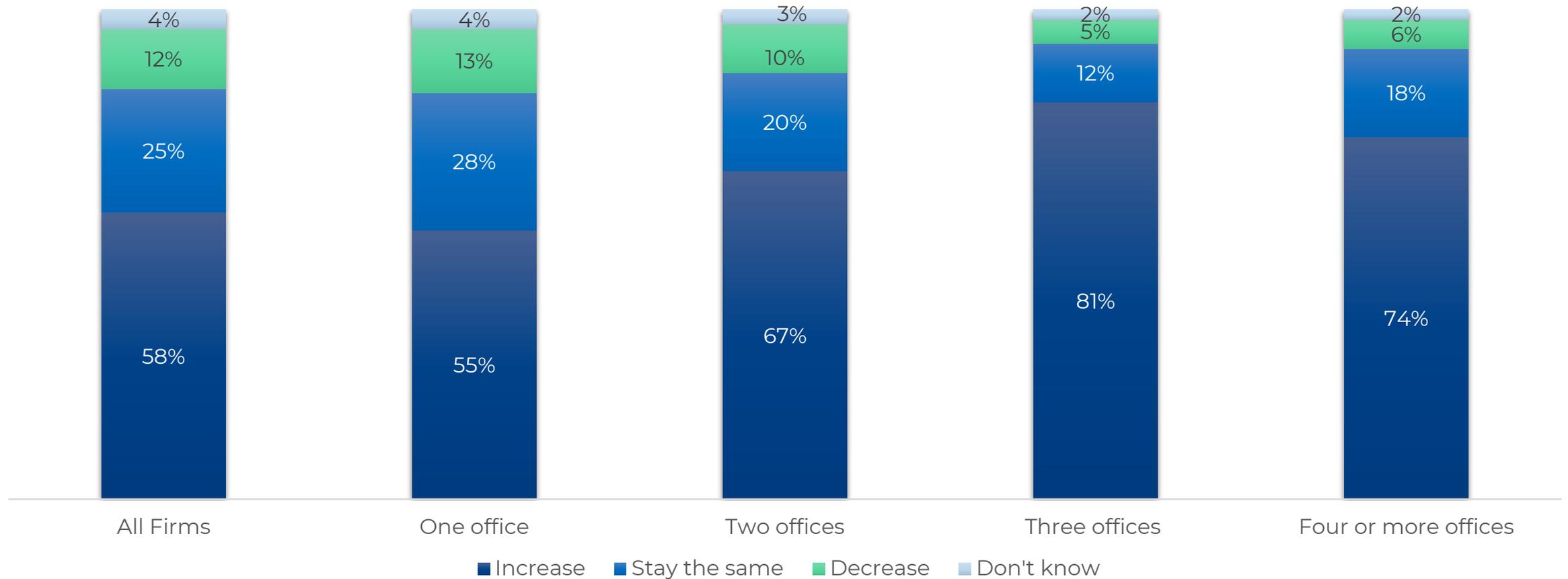
EXPECTATION OF PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2021, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



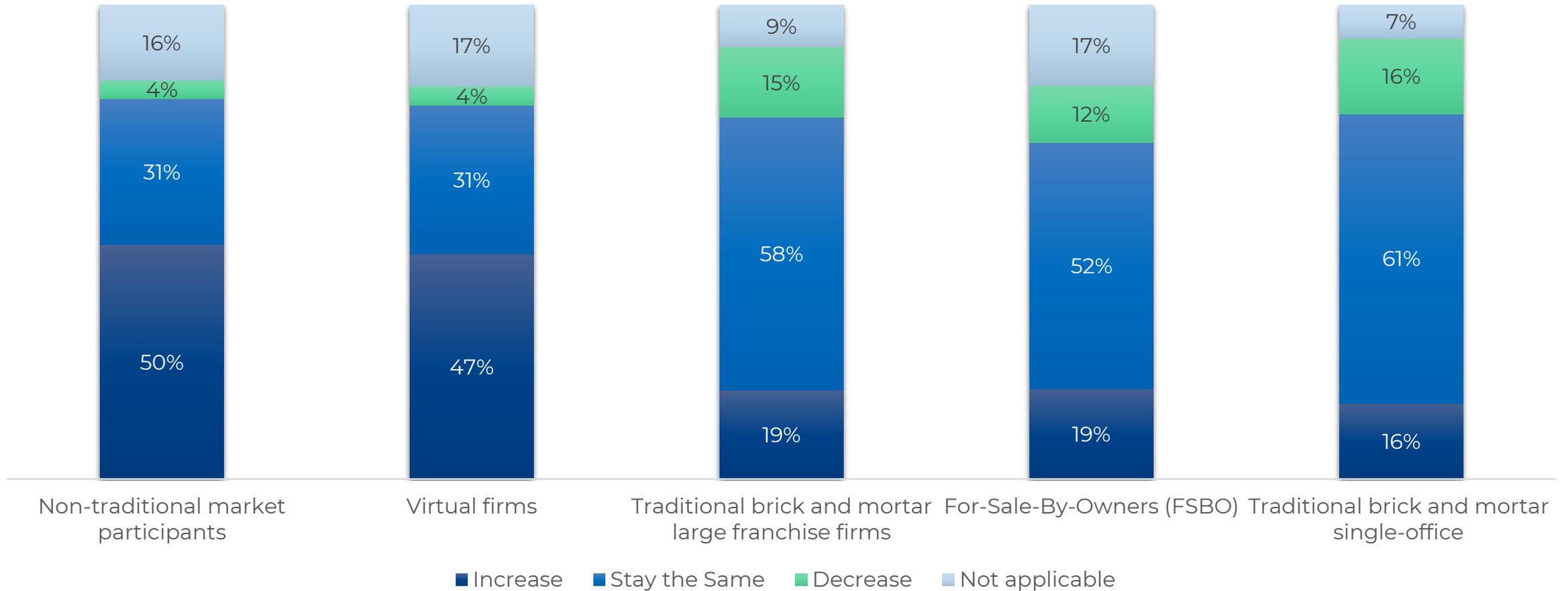
EXPECTATION OF PROFITABILITY (NET INCOME) FROM ALL REAL ESTATE ACTIVITIES IN 2021, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



EXPECTATION OF LEVEL OF COMPETITION IN 2021

(Percentage Distribution)



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

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Maintaining sufficient inventory	51%	55%	39%
Housing affordability	49	53	17
Competition from nontraditional market participants	47	50	20
Keeping up with technology	41	40	47
Competition from new virtual firms	30	33	15
Profitability	26	26	20
Rising cost of industry	26	26	26
Local or regional economic conditions	25	24	35
State and local legislation and regulation	23	21	40
Competition from traditional brick and mortar firms	21	21	23
Off market listings (pocket listings)	20	21	10
Keeping up with changing consumer needs	20	20	24
Recruiting younger agents	19	20	19
Agent retention	19	21	11
Liability in a digital world (contracts, signatures, etc.)	16	16	12
Wire Fraud	13	14	9
Protecting client data	13	13	11
Agent teams/brokerage management	11	12	6
Listing data security	9	9	2
Other	9	8	8
Industry consolidation	8	9	7
Piracy/scraping	7	7	6
Following Fair Housing guidelines	4	4	4
State and local laws involving legal marijuana	4	3	4
Drones and regulation of drones	4	3	0
TRID (TILA-RESPA Integrated Disclosure)	2	2	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
Maintaining sufficient inventory	51%	50%	56%	56%	64%
Housing affordability	49	50	50	46	47
Competition from nontraditional market participants	47	46	52	55	55
Keeping up with technology	41	40	44	45	40
Competition from new virtual firms	30	28	38	41	38
Profitability	26	24	35	32	39
Rising cost of industry	26	24	25	28	34
Local or regional economic conditions	25	26	23	20	27
State and local legislation and regulation	23	22	29	31	26
Competition from traditional brick and mortar firms	21	20	22	27	20
Off market listings (pocket listings)	20	20	19	16	24
Keeping up with changing consumer needs	20	20	22	24	20
Recruiting younger agents	19	17	27	34	34
Agent retention	19	15	34	40	45
Liability in a digital world (contracts, signatures, etc.)	16	15	17	19	21
Wire Fraud	13	12	13	22	24
Protecting client data	13	12	16	20	18
Agent teams/brokerage management	11	9	18	24	23
Listing data security	9	8	13	7	16
Other	9	10	7	6	4
Industry consolidation	8	7	10	9	15
Piracy/scraping	7	6	7	14	11
Following Fair Housing guidelines	4	4	5	7	5
State and local laws involving legal marijuana	4	3	6	5	4
Drones and regulation of drones	4	3	7	4	3
TRID (TILA-RESPA Integrated Disclosure)	2	2	4	2	3

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
Young adults' ability to buy a home (stagnant wages, tough job market, student debt)	58%	60%	39%
Young adults' view of homeownership (idea of renter generation)	33	34	25
Baby boomers (56 to 74 years) retiring from real estate as a profession	26	26	33
Recruitment of Gen Z (21 years and under) and Millennials (22 to 40 years) real estate professionals	22	22	25
Too many younger real estate professionals joining	20	21	17
Baby boomers relocating to other states in retirement	19	19	21
Retention of Gen Z, Millennials, and Gen X real estate professionals	17	17	17
Too many older real estate professionals staying in the profession	15	15	19
Other	11	11	7

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
Young adults' ability to buy a home (stagnant wages, tough job market, student debt)	58%	58%	48%	56%	56%
Young adults' view of homeownership (idea of renter generation)	33	33	30	26	34
Baby boomers (56 to 74 years) retiring from real estate as a profession	26	24	34	38	33
Recruitment of Gen Z (21 years and under) and Millennials (22 to 40 years) real estate professionals	22	19	32	33	38
Too many younger real estate professionals joining	20	21	15	17	10
Baby boomers relocating to other states in retirement	19	19	18	22	21
Retention of Gen Z, Millennials, and Gen X real estate professionals	17	15	24	24	31
Too many older real estate professionals staying in the profession	15	14	19	16	19
Other	11	12	9	9	7

FIRM EXIT PLAN, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)



*Less than 1 percent

FIRM EXIT PLAN, BY NUMBER OF OFFICES AT FIRM

(Percentage Distribution)



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	11%	28%	61%	1%
	Among licensees and staff	6%	34%	59%	1%
Residential Firms	Among firm ownership	11%	28%	61%	*
	Among licensees and staff	5%	35%	59%	1%
Commercial Firms	Among firm ownership	15%	26%	59%	*
	Among licensees and staff	9%	30%	60%	*

*Less than 1 percent

FAMILY RELATIONSHIPS IN FIRM, BY NUMBER OF OFFICES AT FIRM

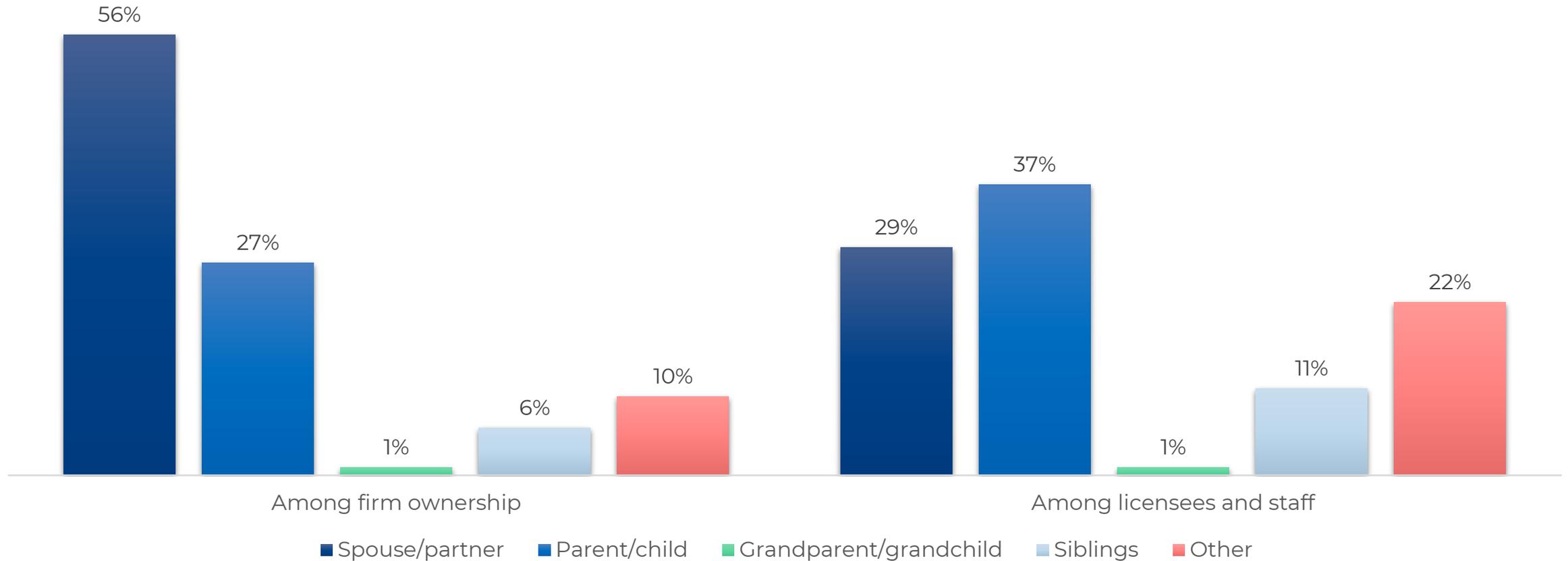
(Percentage Distribution)

		Yes, everyone is related	Yes, relationships exist	No, there are no family relationships	Don't know
All Firms	Among firm ownership	11%	28%	61%	1%
	Among licensees and staff	6%	34%	59%	1%
One office	Among firm ownership	12%	25%	62%	*
	Among licensees and staff	7%	30%	62%	1%
Two offices	Among firm ownership	10%	37%	52%	1%
	Among licensees and staff	2%	50%	47%	2%
Three offices	Among firm ownership	11%	46%	44%	*
	Among licensees and staff	1%	55%	44%	*
Four or more offices	Among firm ownership	5%	41%	54%	1%
	Among licensees and staff	1%	58%	39%	2%

*Less than 1 percent

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

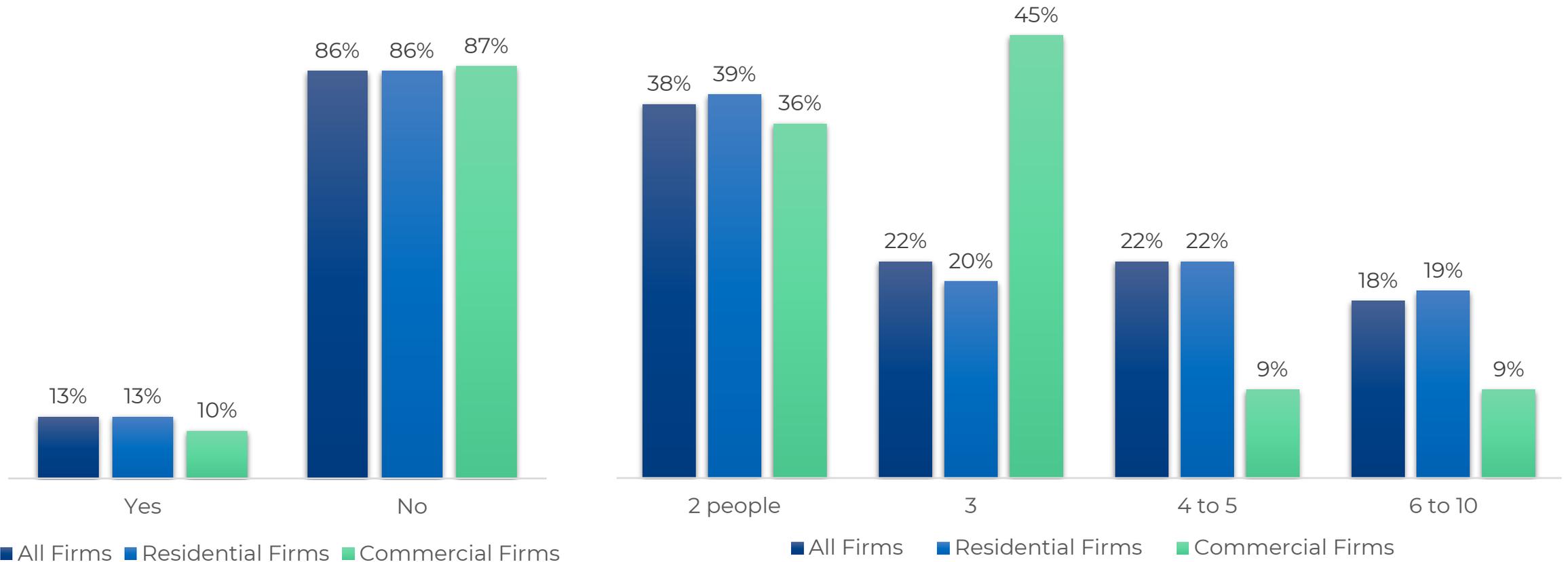
(Percentage Distribution)



FIRM HAS REAL ESTATE TEAMS, BY RESIDENTIAL AND COMMERCIAL FIRMS

(Percentage Distribution)

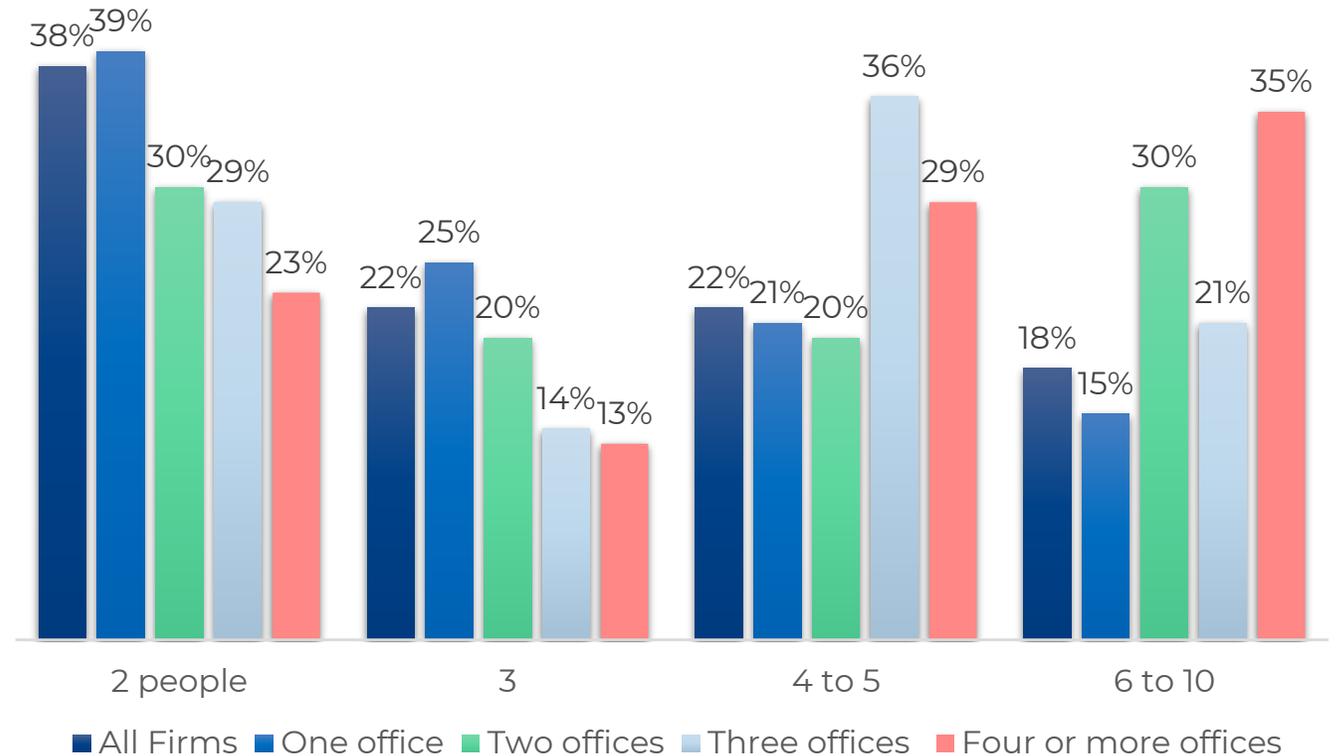
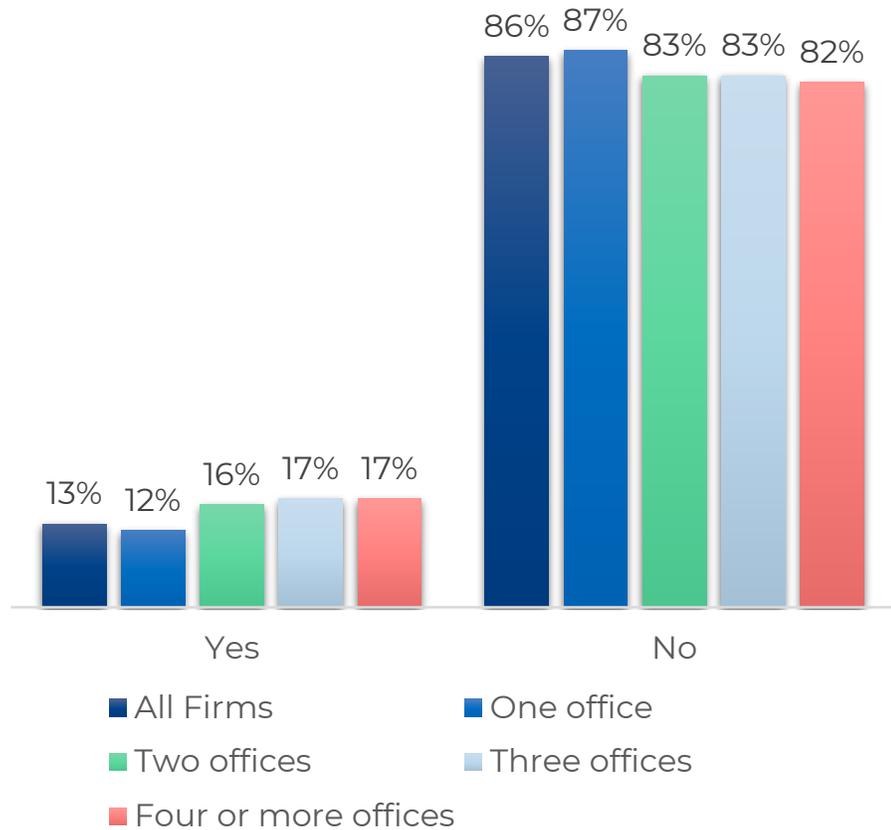
Median
(people per team):
All Firms: 3
Residential Firms: 3
Commercial Firms: 3



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

(Percentage Distribution)

Median (people per team):
 All Firms: 3
 One office: 3
 Two to three offices: 4
 Four or more offices: 5



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

(Percent of Respondents)

	All Firms	Residential Firms	Commercial Firms
Agent	81%	84%	64%
Broker	80%	80%	82%
Administrative	48%	47%	64%
Marketing	47%	49%	64%
Transaction coordinator	41%	44%	45%
Manager	39%	38%	55%
Assistant	35%	35%	64%
Open house/showing staff	29%	32%	9%
Team leader	29%	30%	18%
Staging	19%	20%	*
Listing syndication	19%	21%	*
Legal	8%	9%	*
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	81%	83%	81%	86%	88%
Broker	80%	83%	71%	79%	63%
Administrative	48%	47%	52%	64%	63%
Marketing	47%	46%	32%	71%	59%
Transaction coordinator	41%	41%	45%	50%	47%
Manager	39%	39%	45%	43%	44%
Assistant	35%	32%	35%	50%	50%
Open house/showing staff	29%	26%	32%	29%	44%
Team leader	29%	26%	29%	36%	44%
Staging	19%	19%	13%	14%	25%
Listing syndication	19%	18%	19%	29%	28%
Legal	8%	9%	3%	21%	6%
Lending	4%	5%	3%	*	3%

*Less than 1 percent



Methodology

In July 2021, NAR invited a random sample of 171,217 REALTORS® who were executives and senior management at real estate firms to fill out an online survey. A total of 6,253 useable responses were received for an overall response rate of 3.7 percent. The confidence interval at a 95 percent level of confidence was +/-1.24 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 2020.

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.



NATIONAL ASSOCIATION OF REALTORS®

The National Association of REALTORS® is America's largest trade association, representing more than 1.5 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

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.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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NATIONAL ASSOCIATION OF REALTORS®

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