UPDATE ON COMMERCIAL SPECIALTY & BUSINESS IMPLEMENTATION

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DISCUSSION TOPICS

RECAP OF COMMERCIAL SPECIALTY REPORT

• Total commercial members in the database and their subgroups

RELEVANT NEW FINDINGS

• Geographical location of members, market analysis, and retention of subgroups

UPDATE SINCE ANNUAL 2019

• Requests from this advisory board, how we sought to answer them, and important findings

BUSINESS IMPLEMENTATION

• What comes after the report
SHARE OF COMMERCIAL AND RESIDENTIAL SPECIALISTS

• Commercial specialists were 5% of all NAR members that reported a field of business in 2019
Nearly 1/3 of residential specialists also worked in commercial as a secondary specialty.
MOST SIGNIFICANT FINDING:

- Prominence of the Dual Specialist – members specializing in both commercial and residential real estate (often in small markets where specialization is not practical)

- Distinguished from residential specialists with a secondary specialty in commercial, or “resi-mercial” members
QUESTIONS FROM ANNUAL 2019

LOCAL MARKET

• In which markets do commercial and dual specialists operate and what are the market characteristics?

RETENTION

• What is the likelihood that commercial members stay in the business?

OUTREACH

• What are the next steps for working across NAR Groups to provide an update on commercial members?

POTENTIAL PARTNERSHIPS

• How can NAR partner with RPR on commercial members?
Share of Members by NAR State Association with a Primary Specialty in Commercial Real Estate
Share of Members by NAR State Association with a Primary Specialty in Both Commercial and Residential Real Estate
A majority of members working in commercial operate in metropolitan areas.
• A third of commercial members and residential members operate in outlying counties
• 46% of dual specialists operate in cities with a population between 6 and 8 million residents
48% of dual specialists operate in cities where the median annual home price is between $350-$400,000
COMMERCIAL RETENTION

- Commercial members had the greatest retention rate of all specialties and were the least likely to churn in the next year.
OUTREACH

Since the release of the report in January 2020, the Data Science Team has reached out to the following NAR Groups:

- **Research Group:**
  - Data sharing and strategy development with Gay on the market analysis
  - Introduction and segmentation of commercial subgroups into survey channels
- **Marketing:**
  - Expansion of Commercial Digest and news lists
- **Member Engagement:**
  - Commercial Committee setting up a roundtable discussion on how to engage subgroups
- **Member Experience:**
  - Reaching out to members most at risk for leaving the business to keep them engaged
- **NAR Local Associations:**
  - Reaching out to 100 associations to ensure quality data collection of each of the commercial subgroups
PARTNERSHIP WITH RPR

The Commercial Real Estate Research Advisory Board asked for a partnership with RPR

- We launched discussions in November 2019 with RPR

- Both organizations have identified a core project for phase one, RPR Usage:
  - To track user profiles of commercial members on the RPR platform and connect it with NAR member profiles, both commercial as well as residential

- Discussions underway between the groups to determine how best to share data

- Exploring additional analytical work, ideas, and strategies
FEEDBACK & NEXT STEPS

Data Science Team wants your feedback on future projects

1. How to submit feedback & suggestions?
2. ADVISORY BOARD
   Ask questions and make suggestions today. Follow up with Gay through the advisory board after mid-year
3. COMMERCIAL COMMITTEE
   Participate in a roundtable discussion on engaging the commercial membership with the Commercial Committee

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THANK YOU
REPORT METHODOLOGY

• In 2019, reporting the NRDS field of business became a requirement.

• 158 standardized fields of business:
  1. Residential (100-199 and 411)
  2. Commercial (200-299 and 410)
  3. Both residential and commercial specialties (301-302)

• Membership data was pulled from production on January 1, 2020.

• Contained an aggregate number of 692,558 members reporting a primary field of business, or 49% of the 1,413 NAR membership.

• 139,092 members working in commercial real estate.
TOTAL COMMERCIAL MEMBERS

- How do we find these members?
- What’s the breakdown of commercial members in relation to all NAR members?
- How are they coded in the database?
  1. Residential (100-199 and 411)
  2. Commercial (200-299 and 410)
  3. Both residential and commercial specialties (301-302)
- Why are the numbers important?
- How do they differ from other data sources?

Core Database:
1.413 million members (Jan. 1, 2020)

692,558 members that reported a field of business
  Includes REALTORS, REALTOR Associates, and Institute Affiliates

139,092 members working in commercial
  Includes members reporting a specialty, commercial designations, and commercial boards

- 26% listed as Primary Commercial
- 25% listed as Primary Residential, Secondary in Commercial
- 49% listed as Primary in Both Residential and Commercial
Our goal is to promote data science, artificial intelligence, and related fields in the context of real estate to strengthen REALTOR® technology, research, education, and practice.

In January 2020, the Data Science Team became part of the larger Information Technology group in order to capture synergies with NAR’s technology transformation and modernization program.