

REAL *Trends*

The Trusted Source

COMMENTARY

Housing Recovery, Profitability and Interesting Innovations

The Elusive Recovery

The next page contains a compilation of the last five months of the REAL *Trends* Housing Market Report. This report is based on actual closed sales of residential property from brokerage firms representing >35% of all broker assisted housing sales in the country.

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The percentage change is from the same month a year ago.

REAL Trends Housing Market Report
(Versus same month a year ago)

	Jan. 09 Closed Units	Feb. 09 Closed Units	Mar. 09 Closed Units	Apr. 09 Closed Units	May 09 Closed Units
National	-17.5%	-18.1%	-5.8%	-11.1%	-11.4%
Northeast	-28.7%	-29.1%	-16.2%	-20.5%	-21.3%
South	-22.0%	-21.3%	-12.5%	-18.4%	-15.8%
Midwest	-21.5%	-18.9%	-10.3%	-13.3%	-12.9%
West	15.3%	36.2%	18.7%	9.9%	4.8%

While many “experts” are saying that the housing market is nearing or at its floor, the data collected for this report shows otherwise. Even in the western U.S. where sales of foreclosures and short sales are booming the sales gains of a year ago are shrinking each month as the inventory of these kinds of properties are declining (moratoriums, modifications and other reasons), as interest rates began rising in mid to late May and as unemployment throughout the economy grows.

We hear from many brokerage firms that their sales are firming and that they are expecting a normal seasonal spring market with increased sales. Yes the seasonal rise in sales is happening in most markets but the data indicates that this spring and early summer continue to decline against the results from 2008. So while seasonally adjusted numbers are just fine (for those who think that seasonal adjustment models work in down markets such as this one as well as they have in the past) it is the comparison from the previous year that one should be watching ...no seasonal adjustments just actual numbers.

We write about this “Ugly” for one reason only. It is not time for relaxing and thinking that the summer season that is upon us will bail your business out. It is time for considering that the 3rd and 4th quarters are soon upon us and that getting costs down and retaining all available financial resources are an absolute must for brokerage firms and sales professionals.

With a new wave of foreclosures coming up later this year and with rates rising there is yet no reason to believe that this is the worst of it. That may come in the 4th quarter of 2009 and the 1st quarter of 2010.

Brokerage Profit

Despite what you may have read there are profitable brokerage firms. They come in all shapes and sizes from large regional independent firms to smaller nationally affiliated realty firms. Based on research from REAL Trends that resulted in a White Paper on Profitability that we produced for Profit Navigator, regardless of the model you operate or where or how large a firm is there are brokerage firms that are making money.

At right is a sample of the analysis of one model that was produced for Profit Navigator for your review. Should you want access to the entire report please e-mail Alan Arora at Alana@car.org or Karen France at Kfrance@rebr.com.

The White Paper examined over 60 firms financial results from calendar year 2008 and segmented them by five different business models: Freedom Shop Realty, High Commission Realty, Capped Company Dollar Realty, Traditional Realty and New Old Model Realty. Below are the results for “High Commission Realty”.

High Commission Realty

While this type of firm has been associated primarily with RE/MAX and Realty Executives affiliates, there are a growing number of firms who operate very similarly that are not affiliated with either of these two national firms. This type of firm generally pays out 100 percent of the gross commissions to the sales professionals, charge for office space and other services, often a combination of fixed and variable charges. The average size of the offices varies from quite large to smaller (<4,000 square feet).

Firms on Study	High Commission
GCI	
Company Dollar	18.6%
Employment	8.7%
Occupancy	3.6%
Advertising Print	0.3%
Advertising Online and Other	0.5%
G & A	1.8%
Total	14.9%
Operating Margin	3.7%
Other Revenues	1.8%
Total Operating Margin	5.5%
Total Profit per Sales Professional	\$4,754
Total Profit per transaction	\$667

Interesting Innovations

Author Jim Collins of “Good to Great” fame has written in his newest book that great companies who survive downturns as well as those who prosper in upturns do many things well. They reinforce their cultures and their beliefs, they focus on basics and they continually innovate to create new business and new business opportunities.

For those who believe that innovation is part of the cure for the market we are experiencing, recently we have encountered several new tools available for residential brokerage firms that can have a positive impact on how business is done and how services to sales professionals and housing consumers can benefit from these developments.

MLS revolution?

We have written about MLS systems for years. The challenge of merging several disparate MLS’s in one region has defied all logic for years. True there have been some victories in “regionalization” but these have been outnumbered by those regions and metropolitan areas where brokerage firms and sales professionals must continually deal with multiple formats, sets of rules and the threat that changes to one MLS will render brokerage software obsolete.

Recently we discovered that with little fanfare, with little cost (to no cost) to members, four leading MLS’s in northern California created a data sharing arrangement that permits any member of one system to input their listings once and have them available to all throughout the service areas of all four. Further any sales professional from one system can access all listings on all four systems. We are told further that in the near future it is possible that all remaining MLS’s in the northern California area will unite under this one system.

The set up is called Quattro – except there is no specific new corporation, no new fees for participants, no changes to the way each does business, just an outright agreement to share this data for the benefit of all their members and participants.

We are further informed that a similar development is taking place in southern California and may include virtually all of the MLS’s in that area plus potential others in the southwestern United States. Further developments we are told are taking place in other regional markets throughout the United States like the data sharing arrangement developed in Colorado last year.

Targeted marketing

We wrote in an earlier edition that Zillow, Market Leader and RealTag, a joint venture of iLeads and First American, had raised the bar on assisting sales professionals with more focused marketing tools to reach those housing consumers who are the most serious of sellers and/or purchasers. In a time where >50 million people a month are visiting online real estate sites, yet only +/- 5 million are going to buy or sell a year, any system that cuts down on wasted marketing and communications would be valuable to any professional.

Now there is another new entry, RealAgile. Nearly two years in testing, RealAgile analyzes more than 220 different data points from public records to assist sales professionals identify those homeowners or renters who are most likely to sell or purchase in the near future. The company has tested their analytics and determined in at least one test, that their system identified almost half of those who sold or bought within a community.

By asking questions that focus on “why” families would be buyers or sellers, RealAgile comes at the question of “who” are the most likely to transact in the near future rather than focus solely on property characteristics. While they can’t tell you exactly who will sell or buy they can say with some

confidence that their targeted methods will deliver contact information for a group from whom most sellers and buyers will emanate. Like RealTag they do so for pennies per household.

What we have learned from speaking with members of *The Wall Street Journal/LORE 400*, the top sales professionals in the country for 2008 is that prospecting and staying in

touch with existing prospects is still key to building a successful practice. New tools such as RealAgile will make that process more efficient and less costly.

Contact info for RealAgile is (800) 644-0230 or terry@realagile.com.

Innovating: Your Response to the Epidemic

The theme of the closing session of the *2009 Gathering of the Eagles* was all about building sustainable relationships with today's consumer. The focus of the presentation was the eleven golden nuggets that today's consumer is looking for in their interaction with your brokerage firm.

The eleven points of light are simplicity, innovation, speed, relationships, entertainment, collaboration, transparency, integrity, scrutiny, customization, freedom, and community service.

Real estate brokerages that begin to work their way down this list will quickly discover that little if any part of their current real estate services package incorporates these factors either in concept or actual practice. Accordingly the next step in the response process will also solve one of the eleven requirements. It is innovation.

Remember from the presentation that innovation is an expectation for both Generation X and Generation Y consumers (together ages 18 to 44) who will make up over 60% of the real estate market moving forward. These consumers have, from their very first consciousness of the world, been surrounded by innovation in virtually every aspect of their lives. More than just expecting it they have grown to associate innovation with all things that are good. Moreover they have learned that the absence of innovation is usually the first sign that something is instinctively wrong.

In a dozen ways they will ask about innovative behaviors within the real estate brokerage. Sometimes they will simply ask that the innovations be identified. Sometimes they will expect their agent and/or brokerage contact to demonstrate the Company's passion by sharing stories and examples of the firm's innovations. But in every case, however subtly, the subject will be raised.

Firms and all of their team members must be forthcoming in the early stages of the client relationship with stories and examples of the Company's innovations and innovative spirit. It will be known as the "innovation found here" message.

A good place to start meeting this challenge is to understand that innovation is not about men and women in white coats working in some sort of human behavioral laboratory. The vast amount of innovation in today's real estate industry is coming from within from brokers and executives who are encouraging their team members to "think out of the box" and to examine every aspect of the company's service package to look for better and more consumer and market responsive ways to do

things and deliver services.

Sometimes innovation is a big thing, other times it is a bunch of little things but most of all it is an attitude that the effort to improve and respond to the consumer never ends.

Innovation is how a firm responds to a changing consumer environment. The current economy is creating the perfect palate for innovation. Consider the fact that the vast majority of consumers and businesses are in the process of changing their spending behaviors in response to having less money and wanting to be more secure.

Economists, marketing professionals and product development experts are working overtime trying to determine how much of this behavior will survive the recession and become a permanent part of consumer behaviors. The answer is probably somewhere between "a lot" and a significant amount. Most Boomers can remember the stories of their civic generation relatives who never again bought a new car or used credit after being touched by the experiences of the great depression. That economic event forever changed the spending habits of two generations.

So will the current recession forever change the spending habits and life styles of the American real estate consumer? The only question is to what extent. The answer to this question doesn't lie within the minds of researchers in far off laboratories but rather within what will go on today and tomorrow in every real estate brokerage in the country.

Even without surveying or formal processes today's real estate consumer is telling agents and anyone else who will listen exactly how the recession is impacting and indeed scaring them. The only issue is whether or not firms are capturing this information and responding to it through innovative new consumer service procedures.

If our communities had been struck by a mysterious disease that had left many citizens wheelchair bound we would be working overtime to create a wheelchair friendly housing inventory. We must understand that the current recession is for many if not most consumers going to be a mental health epidemic that will leave permanent scars. This is not nuclear physics. We must innovate our way through this challenge.

Talk to your agents, indeed talk to your consumers. Let them tell you where they are and how they are being impacted emotionally and financially by the current circumstances. Convert this information into useful formats and discuss it

within your organization. Ask the simple questions; what can we do to make this situation better? What role is a lack of information playing? Is education and information a solution? What parts of your current service delivery system are contributing to non-productive results? What can you do to make the real estate buying and selling process more responsive to current consumer concerns and fears?

If your answer to these inquiries is nothing then you are on notice that the end is in sight. Companies that cannot engage in a productive innovative process are not likely to become the heirs to the 2010 real estate marketplace.

One of our brokerage clients came up with a really amazing solution to the question of company wide innovation. He created an innovative audit team comprised of what he thought were five of his most creative and innovative minds. The team developed an "innovation audit" program. The team interacted with every office and unit within the company by reviewing current processes and asking how they could be made more "consumer centric" and more responsive to the current marketplace.

When the process was done fourteen specific needs had been identified and fourteen innovations has been developed. Each of these innovations has now been instituted within the company and all are shared with each and every consumer in

every messaging interaction.

But then the client took it one step further. Since the team had gotten really good at doing innovation audits he decided to take them on the road. To date they have taken their process to local banks, schools, developers and builders. In each case problems have been identified, innovations have been developed and stronger relationships have emerged.

This we all know, one good way to get the North American real estate consumer buying property again is to innovate with new programs, products and services that respond to the new consumer mindset be it good or be it bad.

Everywhere one looks the great minds are on this challenge. Check out Seth Godin's blog and the last few *Harvard Business Reviews*. But most importantly of all check out what is happening in your real estate market and in your firm. Your local market is unique and in most cases your innovations must respond not to a national model but to your unique market environment. Listen, evaluate and respond. Innovation isn't a formula it is a mindset. It is somewhere in every mind and in every organization. Find it, encourage it, reward it, lead it and be prepared to tell every consumer you contact about it.

So, what have you innovated lately?

2009 REAL Trends Gathering of Eagles: Brokers Make Business Tweaks

No doubt the real estate business is changing and many of the speakers at this year's Gathering of Eagles (GOE) The Next Wave agree that a more consumer centric business is the future. *REAL Trends* spoke with brokers, owners and executives who attended this year's GOE to find out what they're doing to reinvent their businesses.

**Chappy Adams, President
Illustrated Properties
Palm Beach, Florida**

REAL Trends: What was the best takeaway or bit of information you received at the GOE?

Adams: I learned several things that were specific to Florida that will help my sales associates and my business. I was involved in a panel on foreclosures and short sales, and in speaking with an asset manager, I found out that banks have been holding back on foreclosures. The second half of the year, there will be a flood of foreclosures. That motivated me to send some e-mails out to agents about the importance of pricing and getting things sold quickly before these foreclosures hit the market.

I was also encouraged to hear that Southern California sales are very active because they mirror the South Florida market.

REAL Trends: What did you learn at the GOE that impacted you?
Adams: I really learned just how many brokers are working to reinvent their businesses and look at their companies much closer than they have in many years. We all need to be doing that. There's a real reinvention going on.

REAL Trends: Based on what you learned at the GOE, is there anything you'll be tweaking or doing differently in the near future?

Adams: We were already in the process of updating our Web site and now we'll take a look at adding video. I took a page full of notes that we'll explore as we tweak our site to become a better resource.

**Mike Brodie CRB, CRS, GRI
Keller Williams Realty
Plano, Texas**

REAL Trends: What was the best takeaway or bit of information you received at the GOE?

Brodie: I thought the general session speakers were excellent. I learned a lot about some of the trends affecting the industry, how important social media is and how we can better understand the changing face of our customers.

**Mike Burns, COO, Broker/Owner
RE/MAX Professionals
Littleton, Colo.**

REAL Trends: What was the best takeaway or bit of information you received at the GOE?

Burns: I think one of the best takeaways was in the Billionaire's Meeting. Larry Kendall's comments about how broker-ages are changing were particularly interesting. We're moving away from an agent-centric model to a consumer-centric model, and that's a huge piece of the future. I can't say we'll change what we do, but we'll tweak what we do and gear it to being more consumer-centric in many ways. It was a repetitive theme and it had a huge impact on me.

REAL Trends: What did you learn at the GOE that impacted you?

Burns: I was impressed with Pat Lashinsky's (ZipRealty) business model and philosophies. It wasn't what I expected. It was better than my perception and made me recognize that different styles of brokerage models can be successful.

REAL Trends: Based on what you learned at the GOE, is there anything you'll be tweaking or doing differently in the near future?

Burns: We will look at how our technology works and interacts with our agents and with consumers. We're in the process of tweaking it right now; the changes we'll make will be impacted by what I learned at the GOE—especially how the site interacts with the consumer.

In addition, we have some tools like automatic e-mail and follow-up systems that haven't been pushed hard enough to our agents. These tools affect our consumers in the end and we need to focus on training our agents to use them.

**Lou Gonzalez, SVP Operations North America
Prudential Real Estate & Relocation Services**

REAL Trends: What was the best takeaway or bit of information you received at the GOE?

Gonzalez: One of the speakers really hit home about how important it is for brokers to reinvent the companies that we represent. As a broker owner, manager or executive in a franchise organization, we've got to do things differently than we've done over the past 20-30 years because the industry has changed in ways we still don't totally understand. If we don't respond and react, we'll be left behind.

REAL Trends: What did you learn at the GOE that impacted you?

Gonzalez: I looked around at the diversity of people that were at the GOE this year and saw people from many different companies—franchise, broker/owners and vendors. I think every one of us picked up on the fact that we're probably not where we think we are.

This all ties into reinventing yourself—we must move out of our comfort zone.

I've attended other GOEs, and I really enjoyed this meeting. For me, as a Baby Boomer, it helped me truly understand the need to understand the Gen Y and Gen X mindset because that will drive the future of our business. They're doing things differently than some of us old timers. While we were successful in many aspects of what we did, I recognize that there's a lot to learn from a younger, clearer visionary who isn't bogged down by the old way of doing things.

I found this to be a very informative meeting; I was very engaged by the speakers who spoke about innovative technology.

REAL Trends: Based on what you learned at the GOE, is there anything you'll be tweaking or doing differently in the near future?

Gonzalez: I'll be making sure that I and those who I oversee truly understand the need for taking a close look at where the real estate industry is today and understanding specific variables in different market segments. As a franchisor we're providing service deliverables to our franchisees. In today's market, it's about helping folks position themselves so that when we come out of this economic recession the affiliates of the Prudential organization are positioned to be 100 yards in front of the starting line, rather than at the starting line.

**Linda McKissack, Regional Owner
Keller Williams Realty
Ohio Valley**

REAL Trends: What was the best takeaway or bit of information you received at the GOE?

McKissack: My best takeaway was how important your company culture is to your business success. Your culture is a great reflection of who you are as a company and what your beliefs are as a company. For example, even if you believe the agent is the customer or the buyers/sellers are the customers; you should focus on how the culture of your company affects your beliefs.

REAL Trends: What did you learn at the GOE that impacted you?

McKissack: I learned that when there are great minds there are always great ideas.

REAL Trends: Based on what you learned at the GOE, is there anything you'll be tweaking or doing differently in the near future?

McKissack: Based on what I learned, I plan on making sure that the culture in my offices matches our mission statement, which is "Building Careers Worth Having, Business Worth Owning and Lives worth Living."

ANALYSIS

Business Roundtable Urges Strong Action to Resuscitate Housing Market

The Business Roundtable, an association of chief executive officers (CEOs) of leading U.S. corporations, announced on April 1, 2009, the creation of a Housing Working Group devoted to exploring viable solutions to the challenges facing the housing market and providing actionable recommendations to the Administration and Congress to return stability and growth to the U.S. housing market, which will have a positive “waterfall” effect on job creation and the broader economic recovery.

Based on the work of the Housing Working Group the following recommendations have been forwarded to all principals of leading public and private sector organizations that are involved in housing, housing finance and government.

Housing Working Group Summary Statement:

Business Roundtable’s Housing Working Group strongly believes that stimulating the housing market from a demand-side perspective is the key to putting America back on the path to economic growth. Housing-related industries accounted for approximately 21 percent (\$14.3 trillion) of U.S. gross domestic product. Therefore, the recovery of the residential

housing market is vital to the recovery of U.S. financial markets and the overall economy. The housing market continues to be a downward drag on the economy; if it is not corrected or stabilized, the tide of the recession is not likely to reverse in the near term, the slide in the economy overall will continue.

Heading the Housing Working Group of the Business Roundtable is Richard A. Smith, President and CEO of Realty. Others are:

- John J. Castellani, President, Business Roundtable
- Jeff M. Fetting, Chairman and CEO, Whirlpool Corporation
- Roger Fradin, President and CEO, Honeywell Automation and Control Systems
- Daniel S. Fulton, President and CEO, Weyerhaeuser Company
- Thomas C. Nelson, Chairman, President and CEO, National Gypsum Company
- Steve Odland, Chairman and CEO, Office Depot
- Michael H. Thaman, Chairman and CEO, Owens Corning

Their recommendations were as follows:

BUSINESS ROUNDTABLE HOUSING WORKING GROUP SUMMARY OF RECOMMENDATIONS

Recommendation I.

Keep Mortgage Interest Rates at Historically Low Levels for At Least One Year:

The Housing Working Group recognizes the extraordinary efforts of this Administration to reduce mortgage interest rates. Since March 18, 2009, when the Federal Reserve Board announced a significant expansion of its program to purchase mortgage-backed securities (MBS) – up to \$1.25 trillion in 2009 – the average 30-year fixed mortgage rate has trended under 5 percent and remained there with relatively little volatility in the past 10 weeks, according to the Freddie Mac Primary Mortgage Market Survey (PMMS). Prior to that, the PMMS 30-year fixed mortgage rate had been below 5 percent just once during the first 10 weeks of 2009. The Housing Working Group strongly encourages the Administration to continue its efforts to keep 30-year fixed mortgage rates at these historically low levels (below 5 percent.)

Recommendation II.

Expand Homebuyer Tax Credit Incentives:

The Housing Working Group recommends expanding the current federal tax credit – which is currently the lesser of 10 percent of the cost of the home or \$8,000 and is limited to only first-time homebuyers who purchase between January 1, 2009, and December 1, 2009 – to the lesser of 10 percent of the purchase

price of the home or \$15,000 for all homebuyers, removing all income limits and encompassing all homes purchased as primary residences for one full year after the date of enactment.

Recommendation III.

Recognize That Current Foreclosure Mitigation Efforts by the Administration and Congress Are Not the Path to Stimulating the Housing Market and Encourage a Comprehensive Review of the Current Programs in Light of High (and Rising) Loan-Modification Re-default Rates:

The Housing Working Group acknowledges the foreclosure mitigation efforts underway by the Administration and Congress. However, in light of re-default rates approaching an alarming 60 percent on loans modified in each of the first three quarters of 2008, we encourage a comprehensive review of the existing foreclosure mitigation and loan-modification programs.

Recommendation IV.

Make Permanent the Current Temporary Conforming Loan Limits:

The Housing Working Group supports making permanent the current temporary higher conforming loan limits for Federal Housing Authority (FHA), Fannie Mae and Freddie Mac (currently a temporary limit of \$729,750 in most geographic areas, up from the permanent high-cost limit of \$625,500).

Recommendation V.

Support Government's Efforts Already Underway to Review and Refine Mortgage Lending Practices:

The Housing Working Group supports the efforts already underway by the Administration and Congress to review residential lending practices with strong emphasis on

underwriting and risk management.

Based on data provided by Case Schiller, *REAL Trends* and many others it is clear that without additional stimulus, the housing market is a long ways from recovery and any delay in the recovery will have negative consequences for the economy as a whole.

The Next Wave: Real Estate Marketing

It's clear that many brokers are putting more money into their Internet marketing. And, while the future of real estate marketing is certainly moving online, be careful, says Todd Sumney, director of marketing for Realty Executives International. "Real estate is still about sitting with a customer doing a transaction. It's still about your salesmanship and expertise."

Sumney recently hosted a session at the Gathering of Eagles on the future of real estate marketing. "Online marketing outperforms other media traditionally purchased by real estate professionals," he says. According to a Realty Executives study, paid placement, organic search and e-mail marketing were the top forms of electronic media that provide a high return on investment.

Some tips:

1. Brand yourself carefully. People are inundated with information online and via e-mail every day. Sumney says it's extremely important to brand yourself and your advertising so that your ad stands out above the clutter.
2. Find different doors to connect to your customers. While e-mail, Facebook and YouTube are great; consider less used social media tools such as Scribd.com, Flickr, iTunes and more. The more doors you offer, the better you'll connect.
3. Consider listing related media. Listing related media can help you reach buyers and make sellers happy. This media drives people to the Web and to your listings.

Here are some examples of all the elements you should consider for your online/mobile marketing campaign:

- Web sites: Consider listing on and/or developing International sites, specialty sites (such as those for luxury, commercial or Hispanic buyers) and third party sites such as Zillow, Realtor.com and HomeGain.
- Search: You'll want to invest in Search Engine Optimization, which will place you high in the search engines. Also consider pay-per-click.

- Online Video: Video is the latest and greatest in driving people to your site.
 - Listing Syndication/Spotlights: Sites such as craigslist, Trulia, Zillow, REALTOR.com and Homes.com can get you exposure.
 - E-mail Marketing: It's vital to have a hard-hitting, consistent e-mail campaign.
 - Mobile Media: This is the next wave. Consider having micro sites to promote things such as the \$8000 tax credit. Also, boost your campaign to reach those with iPhones, BlackBerry, Storm and iPods.
 - Online Web Magazines: These Google searchable and indexable magazines are e-mailable, low cost and can drive people to your Web site and blog.
 - Texting Technology and Media: Another way to drive customers to the Web, plus it's convenient.
 - RSS Feeds: By providing this service, you can give customers instant, relevant information.
 - Social Media: This ties it all together by offering that personal connection. Sites such as Facebook, MySpace, a blog and more can give customers the personal connection they need to take the next step and call an agent.
4. Train to Avoid Liability. While building your online campaign, you do want to be careful. "Blogging is wonderful, but there may be some liability for the broker if an agent says something controversial," says Sumney. "The jury is out, so it's important to educate and train sales associates on what they can and can't legally say."
 5. Pay Attention to the ROI. Sumney reminds brokers that you must watch the time spent on these activities. "You want your return on investment to be 75/25. Don't spend too much time or you lower your ROI," he says.
 6. Be mindful of why you're using social media. "Remember your purpose when putting together your campaign. The goals of your social media campaign should be to: drive traffic to your site(s), help with recruiting/retention and public relations and create a personal connection.

May REAL Trends Housing Market Report

The recovery in home sales stalled in May with results very nearly the same as the April 2009 report. The results indicated that homes sales continue to suffer from overall weakness in the general economy and the weakness in middle and upper tiers of the home price segments. Unit sales were down 11.4

percent from May 2008 to May 2009 compared to a decline of 11.1 percent in April 2009 versus April 2008. Prices of sold homes were down 18.1 percent from May 2008 to May 2009 which is a slight improvement from the April report where prices were down 20.5 percent on a year over year basis.

The best region for sales units was the western region where unit sales continued their run of increased housing activity although the increase is less than previous months. Unit sales in the western region were up 4.8 percent in May 2009 compared to May 2008. Other regions saw sales decreases of between 12.9 and 21.3 percent with the Northeast region having the largest unit decline compared to last year.

Prices continue to be soft with every region reporting continued price declines. The western region showed the largest decline with May 2009 prices down 27.9 percent from May 2008. The best region was the South where prices were down 12.0 percent from the same month a year ago. The national average price of homes sold was down 18.0 percent from a year ago a 15 percent improvement. Much of the decline in the average sold price is due the inordinately high number of lower priced foreclosure and short sales and the impact of the first-time home buyer sales which typically are focused on lower priced home segments.

“May 2009 results show that despite low interest rates, soft home prices, favorable tax treatment and high levels of affordability the housing market is not showing any measurable improvement as of the end of

May. The good news is that housing sales are not retreating any further” said Steve Murray, editor of *REAL Trends*. “As we said in our last report, there are several factors that will subdue housing sales in 2009. The May results show strong evidence that a true broad based housing recovery is a ways off.”

“The attempt to stimulate the housing market through lower interest rates and first-time homebuyer tax credits is evidently not enough to offset weakness in the general economy. It would appear that should the administration want housing to be on a firmer footing, it will have to focus new stimulus efforts, such as those recommended by the Business Roundtable’s Housing Working Group.”

<i>REAL Trends May/April Housing Market Report</i> (Versus same month a year ago)				
	May 2009 Closed Sales	May 2009 Avg. Price	April 2009 Closed Sales	April 2009 Avg. Price
National	-11.4%	-18.0%	-11.1%	-20.5%
Regional Report				
Northeast	-21.3%	-17.9%	-20.5%	-16.8%
South	-15.8%	-12.0%	-18.4%	-15.8%
Midwest	-12.9%	-13.3%	-13.3%	-18.4%
West	+4.8%	-27.9%	+9.9%	-31.7%

COMMISSION POOR - MARGIN RICH *Selling Performance Not Property*

by Andrew J. Waite, Publisher
Personal Real Estate Investor Magazine

Wall Street uncertainties have caused many investors to look for returns in assets other than stocks and bonds. Wall Street investing is opaque. The retail investor is at a huge trading and fee disadvantage. Alternatively, investing in residential income real estate is very transparent and, once purchased, has fewer people between investors and the investment with their hands out. Essentially, fewer snouts in the investors’ trough.

These are the good ole days

The downturn in markets and real estate has created opportunities savvy home buyers and investors have not seen in decades. These may be trying times for homeowners who need to sell, speculative investors, and the real estate sales and management companies that serve them. However, for investors and companies serving them, these are the best of days and the best of deals in living memory. “Because you make money when you buy and with foreclosures high, planting for a future harvest has never been more opportune,” said Michael Drew, president of RealEstateDone4U.

Property management companies that serve investors are experiencing boom times. Well-placed and well-priced professionally-managed rental residential properties are always in demand. Good rentals in major markets are in short supply. “Wise investors are paying 1999 costs and reaping 2009 cash-flow,” says Tom Caldwell of Brewer Caldwell one of Arizona’s top portfolio property management advocates. “And we cannot forget this rental cash flow is hedged against inflation,” he added.

Beyond the one trick pony

Most residential real estate transactions are isolated events: no past and little future. The retail real estate agent lives the law of the jungle; “Get up, hunt, kill, drag it home and eat it. Repeat tomorrow.” This is a tough way to do business as the retail homebuyer does one deal every five to seven years, if not longer in the current economy. Repeat customers are uncharacteristic to all but those real estate agents that focus on investors.

The majority of investors are ordinary Americans owning rental real estate, not the investment club attendee or flipper describing them as an Investor with capital “I”. We have

found and promote the ideal of investor business with real estate licensed property managers providing real estate management accounts for turnkey investors. This goes beyond simple managing to almost full real estate investor service.

Property management is a back end business. One of acceptance and reaction when an unhappy and often oversold investor expects a property manager to work miracles on the unrealistic expectations sold them by commission-driven real estate agents. They have moved to sell achievable expectations backed by full service property management, customer service and investor satisfaction. "With this approach," says Kent Clothier, president of MemphisInvest, "successful investors become our repeat buyers building long-term income and stability into their property portfolios."

Many property managers and investment sales companies have adopted the definitions, but not the underlying process that distinguished property management from portfolio management. Real estate investment and property management companies are breaking out of this reactive model to manage their own destiny.

Sell by over-sell

Intentional residential investment business is valued at \$300 billion a year*. This means \$7.5 billion in real estate sales commissions for the agents that specialize in investors. Investor specialists tend to be rare.

GoRenter.com points out the problem of the overzealous realty salesperson selling a home and being unrealistic about rental returns. This means that even perfect property management can never meet cash flow expectations. GoRenter determined to match long term rentability, fundamentals, and investment standards to their in-house real estate sales standards. But they still remained agents earning their sales commission and then becoming the property manager for the long term, managing to the rents, vacancies and standards represented.

The unintended result of an untutored agent overselling an opportunity has hurt many a novice investor. But this also highlights a huge market opportunity for the retail realty industry. This is especially true in the current market where about 30 to 40 percent of all residential sales are to investors. Hardly a niche?

Agent engaged to acting principal

In most states, Brewer Caldwell and other companies that began as property managers require brokerage licenses to handle money in trust for landlords. Because of this, it is not a huge leap to add fully licensed agents to help clients buy and sell property. Finding and closing on the best investment-grade properties in the current market requires rapid action and decisions from the time the property is identified to a making and placing a successful offer on it. The agent experience taught that by the time a client buyer was

identified and decided to buy, another buyer had beaten their client to the contract. This needed to be rethought.

The answer was to become the principal rather than the agent so the key buying decision process was one question and one step. "Was it a good buy? If so make the winning offer." The resulting model is not new. It is essentially institutional, versus individual, fix and flip. Buy low, improve, and sell a little higher, with two powerful twists that recognize that 95 percent of prospective real estate investors do not care about the underlying details of the buying process – only sustainable profit.

Evolving agent principals

Finding a fairly-priced property that is a desirable rental is not simple. A great property manager lives and breathes these rules. What rents easily, to the best tenants, for the longest lease and has lowest vacancy rates? Two identical properties on the same cul de sac may have diverse rentability. "With the property professional's playbook, identifying rentable properties at wholesale prices is not that difficult, but now speed is of the essence because in these rapidly changing markets the moment a professional buyer identifies an income property, is the moment it is sold," says Caldwell of Brewer Caldwell.

What creates the problem is having a buyer that can make a decision on an often unimproved property. This requires a leap of faith for an investor looking for positive cash flow at a less than rent-ready property. This is an obstacle.

This frustrated companies like Brewer Caldwell, MemphisInvest, Retire on Rentals, Premier Equity Group and REDone4U until they made one simple shift; don't sell as an agent, buy as the principal. This realization takes the decision delay that often defeated acquiring great cashflow opportunities out of the equation.

"We found a value-added model diversifying away from the 'vanilla wholesaler' selling 'vanilla houses,'" says Premier Equity's Chris Donaldson. "The out-of-state investor needed support with a complete and sustainable investment model." Now Wall Street's uncertainty has brought Birmingham, Alabama-based Premier a whole new client class looking for income secured by title.

Don't buy property, buy performance

Now these companies buy (or gain legal control of the) property at wholesale prices. They now renovate to bring rent-ready, place a tenant under contract, and professionally manage for positive cash flow. Only now do they sell an investor a performing property based on actual performance, not promises.

The majority of the investment uncertainty is removed so the sale prices are closer to retail. In this scenario, the property portfolio manager (selling as principal, not agent) makes a profit, not just a commission. This can be \$5,000 to \$60,000

in the less-than-\$200,000 rental property market.

No longer are these “me too” companies selling real estate but full service sales and management companies selling spreadsheets attached to a titled real estate transaction. No longer pro forma plans, but actual financial performance.

Personal Real Estate Investor Magazine asked real estate professionals five years ago why we could not have real estate management accounts and be treated like we were as private clients at traditional stock brokerages. The answer appears to be forming.

Geographically balanced assets

The first thing is balancing residential real estate investments across desirable economies, markets, and price points served by companies that understand this investor goal as discussed by Jason Hartman, investor super agent. “We believe this means selecting attractive cities with a good economic base and mixed blue, pink and white collar employment,” says Hartman.

“We offer a short list of property and portfolio management companies that know how to meet investment fundamentals of discount, capital employed, cap rate, and cash flow, and also meet basic investor performance requirements. If you know more that have earned a good reputation, please drop us an e-mail.”

Luxury Real Estate Attracts Workout Specialists

Many forecasters have begun to look at troubles in the high end/luxury real estate segment of the market and see large troubles with lack of liquidity and declining demand. This has already affected many high end property owners and is leading to an increased risk of foreclosures and short sales.

Donna Lee Laue, CEO of Unique Global Estates (UGE) discussed her organization’s response to this challenge by pairing the high end sales professionals of Unique Global Estates with high end highly liquid investors to create an opportunity for illiquid homeowners to be bought out by high end investors. Sales professionals who participate in the program are referred to as Ambassadors.

Some Components of the program include:

- Partner agents who are going to lose their listing to foreclosure can bring them to the Ambassador and the Ambassador can submit to us. The agent then would receive 50% of the co-listing with the Investor Group as principal, and they would have about a two week period of knowing what the

new greatly reduced price will be.

- Before the IG (Investor Group) purchases the property, all loans against the property will have to be satisfied – the owner will not be slapped by collection agencies who have the 2nd, 3rd, etc. as is happening in short sales done by individuals or by agents themselves. Less E & O exposure for the agent - good for the brokerage. And good for the future relationships with the client.
- Prices will likely be lower than any other short sale due to the fact that our IG has history with the financial institutions and huge capital. They put their virtual elbows on the desk with the decision makers and ...write the check. We know this will ‘re-set’ the luxury real estate market, but it has been re-set anyway and will never be the way it was.
- UGE’s goal is to get our Ambassador’s ahead of the curve, treat their clients with dignity and white gloves, get them out from underwater in the best shape possible and get our Ambassadors paid. It’s a total win-win.

From the Fertile Mind of Mike Staver

by Mike Staver

Professional Speaker & Coach

Maxx, my step son, just graduated from High School on Saturday. Last week we spent 2.5 days at his college orientation at The University of Central Florida (GO KNIGHTS). During the orientation, there was a presenter who talked about staying connected and letting go in your relationship with the student. As I was listening, it occurred to me that his points apply to everyone - not just those with kids going away to college or into the workforce.

So my question for you this month is, how well do you connect and let go? The important word in that sentence is AND. Professional and personal maturity is about being able to do both effectively.

How well do you let go of attempts to control others’ choices?

How well do you reject inappropriate behavior while at the same time stay connected to the person? Are you able to disagree, correct and set boundaries without making the person feel bad?

Here are some suggestions:

1. Identify those people or areas where you may be holding on too tight! If you aren’t sure, ask someone. Or if that doesn’t work, notice them turning blue from the stranglehold.
2. Identify those people or areas where you need to deepen the connection. It might be a person even yourself. It might be a reconnection to your work. It’s about saying no to the right things and yes to the right things.
3. Fully examine your motives and subject yourself to a person’s feedback and observations about where you need to let go and where you need to connect.

TRENDS

Online Real Estate: Changing with the Times

If there's one maxim that holds true no matter what the economy it's that real estate is always changing. *REAL Trends* spoke with Realestate.com and Frontdoor.com to find out what they're doing differently to meet the needs of their clients. Here's what they had to say:

**Victor Vaca, National Vice President of Sales
Realestate.com**

REAL Trends: How do you see the market for Realestate.com's services changing in these times?

Vaca: The current economic climate has created some unique market conditions and incredible opportunities for us—allowing our brokerage operation to take a fresh look at the industry as a whole. Right now, we see an industry where there's no proven system for success. Real estate agents are, in essence, entrepreneurs, and we feel that we have a comprehensive solution for these entrepreneurs to not only build their business, but also be truly successful.

Our system is metric based. We don't just give agents the tools they need—we show them how to use those tools to achieve their goals. We support them with everything from marketing, ad search, and lead generation tools to CRM—and we have a training program in place so they can optimize them.

We are committed to driving traffic through “organic” more so than paid search engine growth. So, despite the economy, the market for our services is actually growing. In just three years, we've recruited over 1,200 agents in 20 markets nationwide. In addition to recruiting, we're also growing through acquisitions—offering principals of local firms the option to merge or sell their respective companies.

Right now, we're focused on determining where the opportunities lie within our local and national markets. And because we're a division of LendingTree, we have an opportunity to leverage their services to provide a comprehensive lending and real estate solution for our customers. We leverage LendingTree's financial services to go beyond transactions—helping improve our customers' financial report long after a sale is made.

While we don't have that instant level of credibility that a larger company would have, we're winning consumers because of our intuitive approach to what they want how they shop and our immediate response to their inquiries, and they seem to love it.

REAL Trends: What new features do you think are important for brokerage firms to consider?

Vaca: From an agent perspective, it's important for firms to not only provide the tools to their agents, but also make sure they have a proven system for success. Again, it's so important

to have a structure in place to teach agents how to use those tools to their advantage to accomplish their goals.

It's also important to be clear about where your agents' leads are coming from, and how they'll be expected to generate them. RealEstate.com, Realtors® actually has an automated lead generation—a system for “warm lead transfers” that puts qualified opportunities right into agents' hands—and into their cell phones.

Social media is another important part of a comprehensive real estate strategy. Realtors are incredibly social, and so many already take advantage of networking groups, lunches and other in person events to expand their “sphere of influence.” Twitter, Facebook and blogs can expand this to an even a wider audience. Even if they don't drive a direct lead, they build relationships, which is very much what real estate is about.

There's so much great technology out there and brokerage firms (more than ever before) really need to know how to use this to their advantage, while balancing the personal experience and relationship building that is so essential to the real estate business.

In the next few months, we'll be launching our virtual success school. This platform will take us to an entirely new level of training methodology and delivery. Leveraging technology to provide our relevant training to our agents including what's happening in today's marketplace like short sales and REO's and how to provide the highest level of service to their customers, so they know how to get their customers the best possible outcome in this ever changing marketplace.

**Vikki Neil, Vice President of Real Estate
Frontdoor.com**

REAL Trends: How do you see the market for Frontdoor.com's services changing in these times?

Neil: FrontDoor's service is more relevant than ever in this difficult economic and housing market. In addition to providing a search experience, we're really focused on developing strong, deep and relevant content that helps users make decisions. Our foreclosure guide and our first-time homebuyer's guide have both been extremely relevant in this economy.

We saw those trends happening early on and worked quickly to pull together expert information for users trying to make decisions. Our first-time homebuyers' guide received a 3,800 percent increase in traffic since last year.

Our company has roots in strong editorial content, and I believe that shows in how we approach this space. We've focused on developing original articles and video content on

topics ranging from how to price your home and how to stage it to how to deal with lifestyle changes that require a person to move, such as marriage or divorce. Of course, we have a great advantage of the HGTV network for a lot of our content, but we develop even more of it from scratch.

We realize buying a home is more than a transaction. Home ownership still represents the ideal of stability and the American dream for most people. We can't always guarantee they get the house they want, but we can educate them strongly and help provide the tools they need to make sound decisions. I think this is our approach on air and online, but in FrontDoor.com, we get to package it all in a way that is useful to consumers.

REAL Trends: What new features do you think are important for brokerage firms to consider?

Neil: We strive to give brokers and agents information that they can reference to educate their homeowners. I also believe brokers understand the need to remain credible and relevant.

HGTV is a household name and that does help when brokers or agents are talking to their prospective clients.

Even if they've never been to HGTV's FrontDoor.com, you can easily and succinctly state the Web site is a real estate search and content site that HGTV has developed. Clients get that and understand it. It's a valuable tool to state your listings are on our site.

As for other opportunities, I think most brokers and agents understand the importance of being well networked and visible in their local markets. This can be accomplished in many ways, and we provide tools that can help. We absolutely believe in developing that local brand or name recognition. We have broker packages that allow users to increase their presence in search on FrontDoor.com. We also have a fairly new expansion of our content into local "city guides". These guides help users that are trying to relocate or want to learn more about a city. We're expanding on this idea even more, and you'll see more localized content and opportunities as this year progresses.

Brokers Talk Challenges and Opportunities

While many brokers are working to become more consumer-centric, they still need to provide sales associates with the tools they need to be successful. REAL Trends spoke with top sales associates and brokers to find out what challenges they see and how they're serving sales associates.

David Benham, Broker/Owner
Benham REO Group
Charlotte, North Carolina

REAL Trends: What are your brokerage's strengths?

Benham: I'm a foreclosure broker. I have a retail side that handles all of my listings. At any one time, we have 350 to 500 houses in our inventory. Because I have a considerable amount of inventory, the phone rings all the time. And, the number of listings keeps our agents extremely busy with buyer leads.

REAL Trends: What do you want to improve about your brokerage?

Benham: I don't have a very good training program in place. Because we're so busy, I throw brokers into the fire and adopt a learn-as-you-go mentality. But, that needs to change.

REAL Trends: What do you think brokerage leaders should focus on for their sales professionals?

Benham: Brokers must train agents on how important it is to be extremely aggressive about getting buyers qualified.

I don't think most buyers or sellers and even agents really understand the national real estate market and how important

it is to know trends in the economy and in the lending and housing market. We follow national trends and pass that information along to sales associates. These trends allow them to consult with buyers and sellers about the right time to sell, buy and invest, as well as where they should be buying.

We're heavy in marketing on the Internet and that's the only place we'll ever spend money or time. That's an important tool for brokers to offer as well.

Karen Garr, Broker Associate
Keller Williams Northwest
Westminster, Colo.

REAL Trends: What are your brokerage's strengths?

Garr: I primarily handle REO listings and have been doing so since 1996. As an agent, I'm very organized. As for the brokerage, they have a great training program in our office. Our support staff as well as the Internet tools and advertising available are excellent. Although, with REO properties, you don't have to market them much, you just have to get them closed, so I don't use all of those marketing services.

REAL Trends: What do you think brokerage leaders should focus on for their sales professionals?

Garr: What's critical for me is to have a good front office staff that can process through these files. That's vital to me because of the number of transactions I do. As far as advertising, I think it's important to keep up and expand the Web advertising because it gives direct business back to the sales associates.

Mic Gordon, Broker
Keller Williams Greater Columbus Realty
Columbus, Ohio

REAL Trends: What are your brokerage's strengths?

Gordon: I think our strengths are very clearly in our training and education. Our training is action-oriented. We get sales associates into activities, not just the classroom. We're strong believers in coaching and we've got a wide variety of training on specialties such as short sales, REO and more.

REAL Trends: What do you want to improve about your brokerage?

Gordon: We'd like to continue to improve productivity. Last fall, we gave our agents a challenge to double what they did the previous year (1st quarter to 1st quarter.) We offered one-on-one coaching and group coaching, so there was a lot of accountability. We also supported it with a boot camp stimulus program where we asked agents to spend three hours a day lead generating. It worked well. Our 1st quarter business was up 25 percent from a year ago, while the market was off 32 percent. We want to improve the mindset of our agents.

REAL Trends: What do you think brokerage leaders should focus on for their sales professionals?

Gordon: In the coming year, we need to continue to provide a workplace that is conducive for agents to thrive in a market that's otherwise on a downward trend. This means we must provide a positive work environment with people who can exceed expectations.

As far as services, we need to continue with short sale and REO education as that will continue to be a big part of this market. We've recently talked about providing a short sale processing department as well.

Frances Heatherman, Principal/Broker/Owner
Heatherman Homes LLC
Stafford, Virginia

REAL Trends: What are your brokerage's strengths?

Heatherman: The key to a winning formula for my brokerage has been the people and maintaining long-term relationships. I maintain great lasting relationships with the many asset managers with whom I work, and I take the time to make sure I visit them personally. The knowledge and support that my administrative team demonstrates is invaluable to my business. Also, the ability to be flexible and change as the demands of the market changes has allowed my business to flourish. There's always something new to learn and often a better way of doing things.

REAL Trends: What do you want to improve about your brokerage?

Heatherman: I would like to improve some systems internally within my business. There's always been a more productive way to administer the day-to-day operations. I have yet to find a completely seamless system that works well. I would also like to put more time into property management. I'd also like to figure out a way to get another 12 hours in a day and an extra pair of hands!

REAL Trends: What do you think brokerage leaders should focus on for their sales professionals?

Heatherman: I think brokerage leaders should take their sales professionals back to the basics. What I see in today's market is many "experts" selling their expertise to agents who want to jump on the next big thing. At the moment, that's foreclosures. However, how much business will a five-hour course really bring an agent? It's good to be knowledgeable, but be wise in how an agent can use that in their business.

Remembering and focusing on the basics of lead generation and becoming an expert on marketing your services and getting your name out into the public are vital. I think teaching a good work ethic to agents is invaluable and contagious.

Mike Phillips, Broker/Owner
Century 21 All-Pro
Parkville, MO

REAL Trends: What are your brokerage's strengths?

Phillips: Our chemistry and our attitudes are very important to our overall strength. We constantly remind each other to maintain a positive mental attitude. We have the staff, tools and systems in place to do a high volume of transactions. And, remaining cool under pressure allows us to provide great customer service.

REAL Trends: What do you want to improve about your brokerage?

Phillips: We're always looking at ways to maximize our company dollar. We want to expand our coverage of the market with more locations. I would like to get more automated with a call center after our next growth cycle.

REAL Trends: What do you think brokerage leaders should focus on for their sales professionals?

Phillips: Balance in their lives is hard to teach but without it sales associates will not be in sync with their own potential. A happy rested mind works the best. Brokers should experiment and implement new technologies to help with marketing and back-office duties. Teach your agents this is a customer service job, not a sales job.

LPS, a division of Fidelity, through its Mortgage Monitor Report, reported that total mortgage delinquencies in April rose slightly to 8.1%, with a year-over-year increase of 43%. The nation's foreclosure rate for April was 2.7%, representing a year-over-year increase of 90.5%.

LPS found positive news in foreclosure starts, which declined in April from March's spike, although April's foreclosure start rates remains higher than all other prior months. In an interesting vintage delinquency analysis, the report shows that recent vintage loans are showing a clear and steady trend of improvement through reduced delinquency rates, and that 2009 vintage loans have a lower default rate than 2004-2008 vintage loans.

In addition, the May report indicates a steady increase in the number of loan modifications involving reductions in interest

rates or unpaid principal balances (UPBs). The analysis of loans six months post-modification reveals that UPB reductions lower the re-default rate by 25%.

The Mortgage Monitor also analyzes delinquency and foreclosure rates by state and reports that although the national average of loans in some stage of delinquency or foreclosure is 10.8%; in Florida, almost one in five homes falls into this category, the highest in the nation in April.

LPS' monthly Mortgage Monitor Report is based on data from the company's market-leading repository of loan-level residential mortgage data and performance information, including more than 40 million active loans across the credit spectrum. LPS carefully analyzes this data to produce more than 20 charts and graphs reflecting both trend and point-in-time performance observations.

NEWS

Mergers and Acquisitions

Coldwell Banker United, REALTORS and Century 21 Southern Homes recently announced that Southern Homes would become a part of Coldwell Banker United. The two companies will combine market share and have more than 145 agents serving the Greater Charleston area.

Kinlin Grover GMAC Real Estate has been sold to Randall Realtors GMAC Real Estate. Combined, the two companies now have 18 offices, more than 400 sales associates and employees, and more than \$700 million in sales in 2008 in Rhode Island, Connecticut and Massachusetts. They will continue to operate under their current names.

Senior Appointments and Announcements

After nearly eight years as President and CEO of GMAC Real Estate, John Bearden will step down from his position effective June 12. John has made many significant, and lasting, contributions to the company, including establishing a national reputation for unmatched customer service. Graham Badun, managing partner and CEO of Brookfield RPS, will assume the interim role of President of GMAC Real Estate.

Fannie Mae announced that Karen Pallotta, a 19-year veteran of the company, will become the head of the company's Single-Family Mortgage Business effective June 1, 2009. Thomas A. Lund, executive vice president, Single-Family Mortgage Business, is retiring from the company as of June 30, 2009.

Worldwide ERC®, the association for workforce mobility, has inducted Pam O'Connor, SCRIP, president and CEO of Leading Real Estate Companies of the World®, into the association's Hall of Leaders. There are fewer than 40 individuals who have received this honor among Worldwide ERC's 12,000 members.

Real Living announced Michael Mahon as the new senior vice president of business development. Mahon will be responsible for introducing new systems and strategies to grow the Real Living brand and further assist in creating greater revenue opportunities for Real Living, including launching a new homes national platform.

As a part of its ongoing technology partnership with Microsoft, John L. Scott Real Estate has entered into the social networking space through the launch of JLSconnect. JLSconnect augments the previous "Property Tracker" service found on www.JohnLScott.com; which provides the ability for individuals to log in and save "favorite" properties. JLSconnect adds new social networking capabilities to the Property Tracker experience that makes it possible for people to easily share and exchange comments on interested properties with others.

RealtyTrac™ will expand its foreclosure data reach through its agreement with PRIMEDIA Inc. to search foreclosure properties via a real-time feed from RealtyTrac's nationwide database of default, auction and bank-owned homes. PRIMEDIA also announced that its Web sites saw increased views to its foreclosures sections in first quarter 2009 when compared to fourth quarter 2008.

EDITOR'S NOTE

There are ways to make a profit in the brokerage business regardless of the market. It takes a high level of determination to do so in this market and the focus must be extremely strong. There are a number of brokerage firms, that regardless of their location, their model, or their size, are proving this every day.

But the days where one could succeed by being a good broker, a good leader and a friendly face, and have a growing profitable brokerage are over. It was an era that would have ended earlier but for the boom market of 2000-2005. Running a good business is more than being "liked" or having good relationships with your staff and sales professionals. And as we have said elsewhere, "Hope" is not a strategy likely to work.

Nor is expecting that business will return to a "normal" state. Right now we can show abundant evidence that, absent the remarkable market we once experienced, we are actually at normal levels of business for the number of households that

this nation has currently. That is, the demand we see now is actually the real demand level for housing purchases.

That being the case, finding a way to make profit is a requirement should you desire to build a good business that will last. For more information on how different models work in these trying times, email Alan Arora (Alana@car.org) or Karen France (Kfrance@rebr.com) to learn about new tools they have through Profit Navigator that can help point the way. This is just one example of tools that are now available to show positive proof that there is more than one business model to chose from that works in good markets and bad.

In the meantime, we pray that all can enjoy the increase in business that comes with summer and that each of you will have the time also to spend some time enjoying the benefits of summer.