

REAL *Trends*

The Trusted Source

COMMENTARY

Price or Value

Brokers frequently talk about the challenge of keeping their sales professionals from discounting the commission they charge their clients. This has been an ongoing battle for over 20 years. The decline in the average commission rate, contrary to popular opinion, was not caused by the Internet or the growth of discount brokerage offerings, but rather

(Commentary continued on page 2)

ADDITIONAL COMMENTARY:

Reviewing: The Wave that
Just Keeps on Washing Closer

ANALYSIS:

Brokerage Model Update
Young and Younger Sales Professionals
Cybersquatting on Brokers' Names
Thoughts from Mike Staver
REAL *Trends* Housing Market Report

TRENDS:

Tech Trends
Auction Tool Offers Brokerage Options
The Impact of Distressed Sales on
Housing Price Indexes

NEWS:

Mergers & Acquisitions
Announcements

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by plain old competition among traditional sales professionals. We established this through numerous focus groups with both sales professionals and housing consumers in our studies from 2001 to 2007.

There is significant discussion about how to assist sales professionals—how to “stiffen their spines” when consumers want lower commission costs—but the firm wants to maintain its revenue. Some part of that discussion centers around the “value” that the sales professional offers that is unique and valuable to the consumer. More centers on the intrinsic value of the brand and how it conveys additional value to the consumer’s experience and expectation. Also, there are specific tools and programs that are built into the service offering that creates “value” for the consumer.

Brokerage firms also build their own “value” packages when recruiting and retaining sales professionals. We know that the growth and success of a brokerage is, in great part, built around recruiting and retaining growing numbers of sales professionals as well as the process of assisting them in growing their own productivity. This, too, has been part of the DNA of residential brokerage—certainly for the last 30-40 years.

So, we have brokerage firms encouraging their sales professionals to maintain their “value”, not be too quick to discount their value and services and pricing. At the same time we have brokerage firms competing against each other for effective sales professionals, often on the basis of relative “value” but almost as often on the basis of “price.”

One must recall as well that brokerage firms, when faced with aggressive competition for the first time for their sales professionals in the early 1980’s had the same stark choice – either add “value” or lower the “price”—the splits they have with their sales professionals. Since that time, “price” has been at the core of competition. We are examining the decline of gross margin over the past 30 years and will report on what that has been and the impact on brokerage firms in a report to be released later this year. We do know that based on 2009’s reduced gross commission revenue basis, the decline in brokerage revenues versus the model of 30 years ago is likely in the range of 10-15% of gross commissions or about \$3.5 to \$5.2 billion.

We bring this up today as brokerage firms are taking a long, hard look at how they become more “consumer centric” and how they might assist in gaining the buy-in from their sales professionals on being the value-oriented provider rather than the discounter. This is a very useful discussion because there is more than one path to pursue.

First, leaders should recognize that even discounters are providing value—witness the explosive growth of Southwest Airlines and Jet Blue; or Wal-Mart or Charles Schwab. You cannot just say that the providers of discount services and products aren’t providing value. It’s just that their appeal is to those whose orientation is to price first.

Second, it can be said generally that those who pursue a “high price–high value” strategy will have lower market shares than those pursuing a “low price–high value” strategy. There are few “high price–high value” firms in any industry that also have the highest market share. Starbucks would be one (but as someone once asked, name any one non-addictive product or service that has achieved what they have).

Brokerage firms may well have to ask themselves a fundamental question prior to determining their course of action as we move towards a more “consumer-centric” realty industry. What would it mean to offer a truly “high price – high value” brokerage service? Were it to mean lower market share but higher profit

margins would that suit the objectives of ownership? How many would move that direction were one to know that would be the outcome?

Yes there are several unique characteristics about residential brokerage that defy economic rationale. We all use that thinking to defend our positions. Based on the past thirty years the fork in the road between “high value – high price” and “high value – low price” isn’t one of them even for our unique industry. And one isn’t more right than the other. It is just that the time draws near that regardless of which path you choose, you have to choose one and excel in executing it.

We are not out of the woods yet on Foreclosures

While there is much to celebrate about the likelihood that housing markets are showing signs of stability in terms of unit sales and while we see some evidence that price declines are also moderating, one should consider the news on the foreclosure front before we start the party.

According to Steve Cook of Real Estate Economy Watch:

Even if the disappointingly slow Federal foreclosure program achieves the goals for which it was designed, the foreclosure crisis could be as bad in three years as it is today. A flood of new foreclosures generated by the double whammy of unemployment and resetting exotic loans will overwhelm the government efforts and impede recovery.

That’s the chilling prognosis drawn from three new reports this week projecting dramatically increased numbers of defaults and the Administration’s latest status report on its increasingly desperate efforts to make Making Homes Affordable work.

The \$75 billion foreclosure program was created to help seven to nine million families keep their homes by the end of 2012, by lowering their monthly payments to a level they can afford either by refinancing their mortgage if it is held by Fannie Mae or Freddie Mac or by modifying the terms of

their loans.

At Congressional hearings this week, Assistant Treasury Secretary Michael Barr reported that only 85,000 homeowners have actually completed loan modifications six months after the program’s launch on March 4. An additional 360,000 are enrolled in three-month trial loan modifications to determine if they can stay current on the new, reduced payment schedule. An additional 2.7 million homeowners have taken advantage of the refinancing through Fannie or Freddie. Though lender participation is improving and steps have been taken to make the refinancing option attractive, experts now predict the program will fall short of its goal by two thirds or more.

Last week, RealtyTrac reported no real letdown in the endless bad news on foreclosure filings. August foreclosure filings were reported on 358,471 U.S. properties, a slight decline of one percent from July but 18 percent over August 2008. We’re on track for a 4 million foreclosure year. Last year, foreclosure filings were reported on 2,330,483 U.S. properties, an 81 percent increase in total properties from 2007 and a 225 percent increase in total properties from 2006.

At the current rate reported by RealtyTrac, we can expect 12 million total new foreclosures through 2012, 30 percent more than the most optimistic number of homeowners targeted by the government’s efforts.

For the rest of this story and for great commentary and insight go to www.realestateconomywatch.com

The bottom line on this is that continued foreclosures will cause continued downward pressure on prices and continued downward pressure on prices will cause more foreclosures. It’s a self-reinforcing cycle that will only end when we have a stable growing economy with growth in jobs and income and a lending community that feels secure in making mortgage loans. ■

Reviewing: The Wave that Just Keeps on Washing Closer

by *Jeremy Conaway, Contributing Editor*

We’ve been talking about transparency and agent rating in the real estate brokerage and transaction frequently over the past two years. Unfortunately the subject has generally fallen on deaf ears partly because as leaders and decision makers declare, “I don’t want no stinkin’ reviews.”

So, since we have a number of new examples of contemporary transparency and reviews in American business it seems appropriate that we take another shot at it. But first let’s revisit the theory.

We believe that third only to consumer centricity (No. 1) and accountability (No. 2) transparency and reviewing will be the third most important characteristic of any brokerage business

model that will be able to generate market level profitability in the environment created by the *Groundswell* and the current recession.

We are working hard within our current brokerage client group to install transparency in every aspect of the operation from consumer experiences to transaction operations.

In support of this concept, consider the following. Each month brings us smart, new examples of consumers and brands intent on making opinions, quality standards and prices even more transparent.

Let’s start with a global perspective. The latest edition of the twice-yearly Nielsen Global Online Consumer Survey of over 25,000 online consumers from 50 countries tells us that:

“Recommendations by personal acquaintances and opinions posted by consumers online are the most trusted forms of advertising globally. The Nielsen survey shows that 90% of online consumers worldwide trust recommendations from people they know, while 70% trust consumer opinions posted online.”

The latest edition of *Trendwatching* adds to this perspective by telling us that there are many more research studies, findings, dissertations and so on that confirm the same fact: Reviewing is the new advertising.

Trendwatching again suggests that this trend shouldn't come as a surprise: just as with other trends, what's unfolding now is a 'forever need' among consumers, one that's now being satisfied in a superior and previously unattainable fashion.” Welcome to the information age.

In a recent release, the Pew Charitable Trusts told us that over the past two years “trust” among American consumers has dropped to an all time low (down over 77 percent) a condition no doubt driven in part by the impact of the housing and mortgage crisis on millions of American families over the past several years. Pew tells us that basically Americans no longer trust either institutions or advertising and instead are increasingly choosing to rely on information gained from those with whom they have either a trusted relationship or share a common status as a consumer.

In turn, all of this leads to consumer's having the need to access trusted advice, information and recommendations to gain a feeling of control, for knowing the facts, to do everything possible to avoid mistakes and disappointment and hopefully in order to execute the perfect purchase. Reaching this perfect state of mind has become even more pressing as “choice-overload” continues. Never before has a culture offered so much from which to choose. It's this abundance that gives rise to the consumers' current obsession to increase overall scrutiny and more specifically to “review, rank and comment.”

In typical fashion, the Internet—driven by popular demand and utilization—has given birth to a plethora of ranking, rating and commenting options. The current abundance of Internet based reviews about virtually every consumer program, product or service has reached landslide proportions.

Add to this the fact that over 1.8 billion consumers worldwide are now using the Internet to validate and verify their purchases.

Keep in mind that reviewing, as an element of transparency, is a two-way street. Not only do over 90 percent of consumers want to experience the reviews of others, an almost equal amount want others to read and be influenced by their reviews. Here again technology rises to the occasion.

By way of example, click on Bazaarvoice.com and check on a product called *ShoutIT*, an app that enables reviewers to have their reviews effortlessly appear on their Facebook, Digg or Delicious pages as well, while Netflix has hooked up with

Facebook to allow users' reviews to be shared on their profile pages. It has never been easier to comment on products, vendors and service providers. Check Epinions.com and learn how their followers are rewarded through an income-sharing plan for filing reviews regarding consumer experiences they have had.

A number of large American companies have rushed to participate in the reviewing frenzy. K-Mart and Sears are leading the way for their spheres of influence. Yelp, Urban Spoon, Mashable, and GraffitiGEO have made restaurant rating and commenting an almost mandatory “pre dining” activity.

Visit HealthVimo and discover review opportunities for health care providers. Experience the rate-my-doctor and rate-my-dentist sites. A similar physician review service is offered by ZocDoc. On Makeupalley.com members give reviews on everything beauty-related, from makeup and skincare to hair dryers and perfume.

The review landslide continues. Avvo profiles legal professionals, including their experience, areas of practice, and ratings from clients. Ratemyteachers does the same for teachers. Also check out Yollege to see reviews of college faculties and what classes to take.

In short, over the past 18 months virtually every consumer product and service has fallen under one or more rating, ranking or comment program.

Real estate professionals have not escaped the reviewing trend. Agent rating sites such as homethinking, ratemyagent, topagent2000, incredibleagents, realestateratingz, and agentscoreboard are all taking a piece of the agent rating game.

So, what are we missing here? Let's review the highlights:

1. Today's consumer is obsessed about rating, ranking and commenting on their own experiences as well as reading the rating and ranking of others
2. Everyone—and I mean everyone and everything—is going to be rated, ranked and commended upon.
3. With the next year accessing ranking, rating and commenting sites will have become a mandatory part of the responsible consumer experience.
4. The good news is that third party real estate sales associate and brokerage rating sites have yet to gain critical mass and acceptance.
5. There's still time for the industry to facilitate the reviewing, ranking and commenting activity within parameters that are fair to both consumers and real estate service providers.
6. The industry's failure to take this opportunity will create a permanent disability that will forever plague the agent and the industry.

Come on real estate leaders, we can do this. ■

ANALYSIS

Brokerage Model Update

New brokerage models come and go but freedom shops—brokerages that offer 100 percent commission and charge a monthly desk and transaction fee—continue to be a player in the market. *REAL Trends* spoke with brokers from three of these brokerages to find out how business is going. Here's what they had to say:

John Rurkowski, broker
Charles Rutenberg Realty Inc.
CR Commercial Realty Inc.
Clearwater, Fort Lauderdale, Orlando
Chicago, Long Island, Manhattan

REAL Trends: Tell me about your brokerage model?

Rurkowski: We are one of the original 100 percent shops. We charge our agents a small monthly fee, and when they close on a transaction, we take as little as \$40 on that transaction. The agent keeps the rest of the commission—no matter how large or small.

We offer more than just that commission split. I'm a non-competing broker. Our agents know that they'll never lose a lead that comes into this office to me. Since they know that brokers don't compete with them, they can feel confident that we're working with them, not against them.

We provide a staff, legal council, free training seminars, social events and a golf tournament. We support many local charities as well.

REAL Trends: How are you finding business these days?

Rurkowski: Business is great for us. We sign on average one agent per day over the 9.5+ years we have been in business. We have over 3,600 agents who have joined our office since it opened in January 2000. Transactions have also increased recently. We're seeing a 200 percent increase in transactions since January 2009, and we're back to similar numbers from the middle of 2006. Of course, prices are down and many of these transactions are distressed properties.

REAL Trends: What business practices have you changed due to the market?

Rurkowski: We haven't tweaked anything. Our model has not and will not change. If anything, we've added services and increased our marketing. We offer healthcare, and we pay the agents at closing, saving them a trip to the office. All of our forms are now free and easily accessible on our Web site. We invested in new computers and faster printers. We also have an in-house lender.

We e-mail a recruiting marketing piece—50,000 per month—to the five surrounding counties, along with a direct mail

campaign. We've also invited all agents to our socials and seminars as a way of showing outside agents that we're more than just a 100 percent shop.

REAL Trends: What are the challenges you're facing in this industry?

Rurkowski: Due to the market, agents are working harder than ever for less pay. Keeping agents educated and motivated in this marketplace is not easy. We provide what we think is the best alternative for this market or any other.

Matt Widdows, founder and CEO
HomeSmart Real Estate
Phoenix, Ariz.

REAL Trends: Tell me about your brokerage model?

Widdows: We're a 100 percent commission model with a low monthly fee and a transaction fee; we launched in January 2000. Our brokers don't compete with the agents and we offer free tools and technology for agents to use in transaction management. Our job, as a brokerage, is to get those agents who are looking to move in our door and keep them happy.

REAL Trends: How are you finding business these days?

Widdows: This market has been great for us as it's allowed us to grow in areas that we couldn't have in a good market. It's shaken the trees so agents who were fat and happy with their brokers in the boom years are now looking at alternatives. Because of that we're seeing a lot of new agents that we may not have gotten in a normal market.

Our transaction volume is down but we're expanding by acquiring other brokerages. As far as buyers and sellers, there's a ton of REO properties out there, so everything we're doing is geared toward what is moving right now. Agents that are successful typically have changed their business to include those types of transactions.

REAL Trends: What business practices have you changed due to the market?

Widdows: We didn't have to change much at all. In the good times we streamlined and automated our business. We wrote our own back-office transaction management application. We're running a lot leaner so we're more efficient.

REAL Trends: What are the challenges you're facing in this industry?

Widdows: The biggest challenge is that everyone is working a lot harder for a lot less. The public doesn't have any sympathy for that. And, since home prices have gone down

significantly so have commissions. Many agents have turned to doing broker price opinions and are in survival mode.

Roger Herman, CEO
Herman Group Real Estate
Denver, Southern Wyoming, Front Range of Colorado,
Miami and Palm Beach

REAL Trends: Tell me about your brokerage model?

Herman: About five years ago, we moved from a hybrid model to a low cost, high value model. I'd walk into offices and the place would be empty. At that point, I realized that technology is finally changing our industry, our infrastructure changed. My old model was to have 150 agents in a 10,000 square foot office. My new model is to have 150 agents in a 2000 square foot model.

We provide all the tools our agents need online and they're accessible from anywhere. We still provide the same services, we just do it differently and we still have offices, they're just smaller. We offer a 95%-5% commission split, \$49 a month fee to the agent and we offer a no monthly fee, 85%-15% commission split.

It's a simple model that's technology driven, but we're not a virtual company. We still have locations.

REAL Trends: How are you finding business these days?

Herman: We've moved away from newspapers and invest heavy dollars into the Internet. We're focused on getting leads

off REOs, so we opened an in-house REO department to take leads and hand them to agents.

In our markets, anything within the conforming loan limits is doing very well right now. We're seeing increased activity and sometimes getting four or five contracts on a home in those lower price ranges. Anything over the conforming loan limits is very distressed. In fact, most sales are distressed in that price range and jumbo financing is still a challenge.

REAL Trends: What business practices have you changed due to the market?

Herman: In addition to making our model more low cost, high value, we opened an in-house short sale department and an in-house REO department. We also added the 85%-15% commission split with no monthly fee for those agents feeling the economic crunch.

REAL Trends: What are the challenges you're facing in this industry?

Herman: We're all facing the financing challenge and teaching agents how to handle short sales is always challenging. But, in the past 90 days, loan modifications are having an effect on our business. We're seeing a lot of deals fall apart at the last minute because seller is receiving a loan modification. This is a new twist: We bring in a buyer, go to contract, fully execute that contract; then the sellers gets a loan modification and cancel the deal. That's been more than one deal and I think that will grow. ■

Young and Younger Sales Professionals

The six young male professional realtors are rarely seen without a Blackberry phone in hand. They have an office, but spend most of their long working hours on the move. Grounded in technology, they communicate with hundreds of other 20-somethings every day via text messages and use virtual faxes and the Internet to negotiate contracts. They are the new breed of realtors, ones that specifically trained for the role with the goal of making it a lifetime career.

While the average age of a member of the National Association of Realtors is 54 and women outnumber men 60 percent to 40 percent, these young men are part of a new trend in an industry that has seen tremendous change in the past few years. Facebook, MySpace, LinkedIn, blogs, and even Twitter are their information highways. They maintain access to their clients 24-hours a day, 7-day-a-week because that is how their generation works.

According to the National Association of Realtors, this is remarkably different than the average real estate agent. The organization reports that about one-third of Realtors® that use social and professional networking sites nationwide, Blogs, RSS feeds and podcasts are used by 17 percent on a regular basis and the average professional realtor works 40 hours per week.

One or two young males in any realty firm is not noteworthy, but when six young men, with college degrees, recently took on the role of professional realtors at Coco, Early & Associates a firm with offices in northern Massachusetts and southern New Hampshire, people began to notice.

"We are delighted to add these young men to our firm," said Blaise Coco, co-owner, Coco, Early & Associates. "They bring a youthful enthusiasm and technical savvy to our firm which mixes perfectly with our more experienced professionals. We work as a team and our older professionals are wonderful mentors to these younger realtors, while these young guys can certainly teach us all about the ways in which their generation communicates and works."

"I was attracted to the profession because it is really self motivating," explained Vinny Forzese, age 26. "It is not a 9 to 5 desk job and I get great satisfaction when I place someone in their new home. I was attracted to Coco, Early & Associates because they are true innovators. It is an independent firm that embraces the Internet and welcomes new ideas.

Services like their online Bid-a-Home program are truly original. Bid-a-Home allows a potential buyer to bid on a property in the same way they might bid on eBay, but

because it is non-binding, it does not commit them to a purchase, it merely begins the conversation. It is also great to have a group of peers my age.”

Matthew Trudel, age 29, has found that many of his friends in his age group are searching for their first home. He has had success in connecting members of his generation to homes because he balances the human touch with the technology. He regularly sends out blanket text messages to 200 or so of his closest friends. He uses Facebook to highlight new properties for sale and even blogs.

“In college we all texted each other and had Facebook pages. It seems perfectly natural for us to communicate this way,” added Trudel. “It is not time consuming, I keep my messages brief. What is most important is keeping up regular contact with your friends. Simply it is how we get news. So when I have a new listing or hear about a great property, I use instant communication and Facebook to get the word out.”

Their generation is also very mobile. Friends from college may now live anywhere in the country. Technology has made the whole world feel smaller and these young professionals embrace this technology when it comes to helping a customer relocate. They make the most of the buyer’s time and resources sending out virtual tours across the country and across the world.

Understanding the X-Y generation, makes these young men great assets to their firm. “Our generation does not wait for a realtor to tell them about a neighborhood and they don’t drive by a potential property,” remarked Doug Early, age 25. “Our generation heads right to Google Earth. They type in the address and get a view of the house, neighborhood and even commuter routes. They use the Internet to look up

similar sales and home values. They do a lot of the research that the realtors used to do. They are informed buyers.”

So why use a realtor?

“You can get good information from the Internet,” explained Jeff Fragala, age 26, “but not complete information. Pictures and virtual tours often do not do a property justice. Information online may not be up-to-date and often a potential buyer will have to spend hours on the Web using several sites and still see only a partial list of properties available in their market and price range.

As realtors can work with them through the Multiple Listing Service online to get them all the listings, the new listings and then provide them with the personal service they need. Buying a home is a big decision and one that comes with stress. I work with people to guide them through the process and advise them on their options along the way.”

“Each of these young men bring a level of professionalism to our organization, said Linda Early, co-owner, Coco, Early & Associates. “It is wonderful to see that members of the X-Y Generation are embracing real estate sales as a true career and are willing to work at it as a fulltime profession, because it is a skilled profession that can be rewarding for those that take it seriously and work hard.”

“I am very focused on my work and take this opportunity seriously,” concluded Angel Boria, age 24. “For me, this is a dream career and one that is rewarding on many levels. I enjoy working with people and it is very satisfying to know you helped some realize the dream of owning their own home.” ■

Cybersquatting on Brokers’ Names

Contributed by Brian Larson and Elizabeth Sobotka consultants with LarsonSobotka

A common problem in the industry is that large brokerage firms are great targets for cybersquatters. According to the Anticybersquatting Consumer Protection Act (15 U.S.C. 1125(d)) or ACPA, cybersquatting or cyberpiracy is registering, trafficking in, or using a domain name identical to or confusingly similar to someone else’s trade-or service mark in bad faith. The most common form in our industry results in folks registering a domain name that is a slight variation of a broker’s firm name (also called “typosquatting”), putting up a page on the resulting domain, and selling real-estate-related links on the page. In most cases, this violates the trade-or service marks of the broker and may violate the ACPA. What cybersquatting looks like

I’ve picked a victim at random. I opened the REAL Trends 500 report and randomly picked a broker that our firm does not serve as a client. I selected Latter & Blum, Inc., a REALTOR® firm that serves New Orleans and the Gulf South. Latter &

Blum’s firm Web site is at <http://www.latter-blum.com/>. Check it out; I’ll wait...

It turns out Latter & Blum affiliates have more than one site. If you type <http://www.latterblum.com/> (one hyphen away from the first site) you end up at the site for NAI/Latter & Blum, a commercial real estate firm.

But try <http://www.latterblumrealtors.com/>. The resulting homepage does not belong to the real estate firm. It shows links: “Home For Sale,” “Real Estate Agent,” “Foreclosed Home,” “Real Estate,” “Home Buying,” and “Real Estate Commercial.” The links lead in turn to pages at the ‘search-portal.information.com’ domain, with links to other real estate brokers, home builders, foreclosure Web sites, but not to Latter & Blum.

If we look at Information.com and check the About page (<http://information.com/help/about.html>), we learn that it “is a privately-held, growing, profitable online advertising company that provides advertisers with results-driven access

to online inventory and publishers with a way to monetize web, search and e-mail traffic.”

Now try <http://www.latterblumrealestate.com/>. The homepage there shows links: “Real Estate,” “First Time Home Buyer,” “Home Value,” in addition to links for local real estate markets, including Costa Rica, San Antonio, North Carolina, etc. It shows a copyright notice “© 2009 latterblumrealestate.com”. Click on “Real Estate” and you get page with links to real estate broker Web sites (not including Latter & Blum). This time, the pages appear on the <http://www.latterblumrealestate.com/> domain. There is a link to “Inquire about this domain.” (I interpret that as “inquire about purchasing this domain.”)

You’ll find similar results at <http://www.latterblumrealty.com/>, <http://www.later-blum.com/>, and <http://www.latter-blume.com/>, each a slight variation of the firm’s name. Interestingly there is nothing at <http://www.latter-blumrealty.com/> or <http://www.latter-blumrealestate.com/> (and I hope my pointing that out does not result in a change). This can happen with smaller brokerage firms, too, if they have a well-known brand.

Trademark law is usually firmly on the side of the brokers here. Using a domain name that is confusingly similar to a broker’s mark to market real-estate-related services infringes the broker’s mark. The broker does not necessarily need to have the mark registered at the Patent & Trademark Office to claim its rights, though that certainly does not hurt. In the case of domains including “REALTOR” – NAR might have a thing or two to say about it, too, as that is NAR’s registered mark, and it is subject to restrictions regarding its use.

Solving the problem

We’ve helped several brokers remedy these problems. The process usually starts with a cease and desist letter from our office. Sometimes the squatter will transfer the domain immediately as a result of our nasty-gram. More often, we get no response from the registrant (which is often hidden behind a registration privacy service or is located in Hong Kong or Panama).

After waiting a bit for a response, we file a UDRP complaint against the registrant. UDRP stands for the “Uniform Domain-Name Dispute-Resolution Policy”

adopted by ICANN (the international regulator of Internet domain names) and made a part of the registration agreement of every domain name registrar for names ending in .com, .net, .org, and some other (but not all) top-level domains. (For the sake of clarity, “registrant” is the person who registers, uses, and owns a domain name; “registrar” is the company, like Network Solutions or GoDaddy, that provides the registration services.)

The UDRP provides for an arbitration process. We file the arbitration complaint on behalf of the broker with one of the approved arbitration services. Usually, the registrant does not even respond to the complaint; in that case the arbitrator is most likely to rule in favor of our client. Unless the original registrant appeals by filing suit in court, the arbitration results in the registrar (not the registrant – this is important because the registrars are comparatively much easier to locate than the registrants) being ordered to turn the domain name over to our client.

We could go to court, of course, but that would be more expensive and the results might not be any more satisfactory. Under certain circumstances, though, it might make sense, especially if the defendant is an American company out of which we could extract money damages or attorney fees.

So, how can MLSs help brokers in these situations?

Educate them about the risks. (You can just forward a link to this post, if you like ;-). Encourage them to check likely typo-squats for their firm names. If your MLS is owned by REALTOR® associations, they have an interest in protecting the “REALTOR” mark. So perhaps you can refer typo-squatted domains that include “REALTOR” to the local REALTOR® association or to NAR.

If you stumble on an example of a typo-squatter for a particular broker, give the broker a heads up.

Brian N. Larson and Elizabeth Sobotka are attorneys and business advisors based in Minneapolis and serving real estate associations, MLSs, and brokers throughout North America. They have provided domain name dispute resolution services to several large brokerages. Reach Brian or Elizabeth at blarson@larsonsobotka.com or esobotka@larsonsobotka.com, on the web at www.LarsonSobotka.com, or on their industry blog at www.MLSTesseract.com. ■

Thoughts from Mike Staver

These days, you have access to mountains of information. You can discover answers to almost any question by simply typing your question into a search engine. You go to seminars, classes, read blogs, books and brochures. You watch videos, listen to podcasts, attend webinars, Twitter and join braintrusts and any number of other think-tank groups.

Statistics say the vast majority of that information is lost

within 24 hours of the time you ingest it. It’s clearly not knowledge we lack. In fact, I would go so far as to say that we are drinking out of a fire hose of knowledge.

Wisdom is applied knowledge. How much of what you ‘know’ do you actually apply? How committed are you to slowing down the intake long enough to improve the effectiveness?

I want to encourage you to make a sincere commitment to always asking yourself an important question: SO WHAT? You already know the ‘what’, now focus on the so what. SO WHAT are you going to do with all this information? SO WHAT difference will this knowledge have in your life? SO WHAT is going to change as a result of this information?

Try this for 30 days:

1. Develop a strong filter for what is useful vs. what is useless information.
2. Determine the specifics of how you’ll apply the useful

information.

3. Set clear measures for how you’ll evaluate the results of the application of that information.
4. Limit intake of information to stuff you are willing to do something with, unless of course it is for entertainment or mindless pleasure; then absorb away.

Mike
 Mike Staver, CSP
 Professional Speaker and Coach

REAL Trends Housing Market Report Shows Market Stabilizing as Unit Sales Level with 2008 results, Prices Stay Soft

September 14, 2009 – Denver, Colo. – Following a month which saw the first year over year improvement in four years, August results in the REAL Trends Housing Market Report were level with August 2008. While these results were not as good as the July results, where units sales had been up marginally, it does show that the floor of housing unit sales may have been reached. Nationally, unit sales were down 0.2 percent in August 2009 over August 2008. The Western region again showed the greatest strength with unit sales up 7.0 percent while the South region lagged other regions with unit sales down 3.3 percent. On the pricing front, the South showed the best results with average prices for all homes sold down 9.5 percent while the Western region continued to suffer the largest price declines with a decrease of 18.2 percent.

Unit and price declines were mixed across the regions. The Northeast region was down 1.5 percent in units a significant improvement over the prior months while the Midwest and South were down 2.0 and 3.3 percent respectively. The Midwest region saw average prices decline 10.4 percent while the Northeast was down 10.7 percent.

“The August 2009 results were not as good as July’s but were not off by much. What we are seeing is evidence of a bottoming out in unit sales on a year over year comparison with prices continuing to decline from the year ago period. The good news is that price declines do not appear to be accelerating but are staying similar on a month-to-month basis,” said Steve Murray, editor of REAL Trends. “With the economy continuing to shed jobs and incomes shrinking, this is likely the best result we can expect – that housing sales on a unit basis are flattening out and that price declines are at least not getting any worse for the moment. While we know that there are substantial challenges ahead, with a predicted rise in

foreclosures and continued downward pressure on prices as a result, it would appear that we are closer to the floor of this recession in housing than we have been at any time in the last four years.”

<i>REAL Trends August/July Housing Market Report (Versus same month a year ago)</i>				
	August 2009 Closed Sales	August 2009 Avg. Price	July 2009 Closed Sales	July 2009 Avg. Price
National	-0.2%	-12.1%	+2.8%	-10.4%
Regional Report				
Northeast	-1.6%	-10.7%	-1.2%	-13.9%
South	-3.3%	-9.5%	-1.7%	-8.7%
Midwest	-2.0%	-10.4%	+3.7%	-10.9%
West	+7.0%	-18.2%	+12.3%	-11.3%

About the REAL Trends Market Report

REAL Trends analysis of closed home sales data is pulled from real estate brokers representing more than 35 percent of all homes sales throughout the country. The REAL Trends Housing Market Report collects actual closed housing sales data each month directly from brokerage firms. With all 50 states covered and results from thousands of brokerage firms in every metropolitan area, the sample size and geographical reach of the study exceeds virtually every other report issued about the housing market.

About REAL Trends

REAL Trends has been the leading provider of trends and research for the residential real estate service industry for the past 20 years. More than 24,000 industry CEOs, association executives, brokers and agents receive the REAL Trends newsletter each month. REAL Trends is also a leader in housing consumer research. ■

TRENDS

Tech Trends

Every time you turn around there's a new gadget or Web tool in the tech world. How does that affect brokers? It means you have to be 50 steps ahead of the latest and greatest, something brokerages admittedly have failed to do in the past. *REAL Trends* spoke with four brokerage tech gurus from around the country to find out what's in store for them and what technology is outdated. Here's what they had to say:

Gino Blefari, CEO
Intero Real Estate Services
Cupertino, California

REAL Trends: Which technologies are most effective in getting business for your brokerage?

Blefari: Hands down, it's our Web site, blog sites and social media networks on Facebook, Twitter, YouTube and Linked In, as well as our tools such as Agent Achieve. Agent Achieve is our back office, which includes CRM (customer relationship manager), a CMA (comparable market analysis) builder, as well as has a property alert for consumers called 'Buyer/Seller Toolkit'. This allows property alerts on custom client searches to be sent via e-mail.

We've also rolled out a new texting feature benefitting the consumer and Realtors alike. The consumer texts to 59559 the street number and street address of the active listing and gets pinged backed with more information on the property (beds, baths, price, etc.) A consumer can use this technology on any active listing on the MLS in the Silicon Valley. Moments after an inquiry, the property's Interco listing agent will get an e-mail from the service letting them know the consumer's phone number and exactly when they texted the system.

REAL Trends: Which technologies are people (both sales associates and consumers) using the most?

Blefari: Again, it's Web sites, blog sites and social media sites. Technology is now coming in smaller and smaller packages. People are mostly using mobile devices in business and the applications associated with that Smartphone are very popular. We're also seeing our agents and consumers use more wireless cards, FLIP mini camcorders and minicomputers. USB drives are taking over the CD-ROM, and there are more and more applications to send large files over the web.

Virtual tours on video also have a huge impact on consumers. They're entertaining and it's another form of media to get a message across.

REAL Trends: What new technologies is your brokerage considering?

Blefari: Technologies Interco has been actively looking into are: how to integrate video technology further into our online marketing strategies—Web site, blog site and social media sites. We're looking to further integrate video into social media and into our daily business through streaming our listings into twitter channels, or pushing out a brand message via Facebook.

Also, our IT department has been researching unified messaging which allows voicemail to be sent into your e-mail as a file so you can listen to your messages via your computer.

REAL Trends: What technologies are fading or no longer effective?

Blefari: The technologies we see fading and no longer effective are wired connections [rather than wireless], large laptop computers, fax machines, CD ROM drives/usage, and printing on paper/printers—going green is big now.

Also we are seeing a lot of merging of specific technologies. At one point our marketing department had a very expensive camera (for stills), video camera (for motion) and cell phones, which all needed specific file-extracting applications/media to get the files where they were usable.

Now, there are iPhones, which merge all three platforms, and they're wireless, which gives agents easy access to all file types in a single inexpensive piece of equipment. Long gone are the days of multiple pieces of bulk tech equipment to get one project completed.

Michael B. Koval, senior vice-president & CIO
Long & Foster Real Estate, Inc.
Chantilly, Virginia

REAL Trends: Which technologies are most effective in getting business for your brokerage?

Koval: Everything we do has a component for both the consumer and the agent. Our strategy is to have the best, most interesting and compelling website for both public presentation and for agents. We have a very graphic, unique Web site with lots of features. We've invested heavily in our search and in SEO activity so we have a tremendous presence on Google, Yahoo and Bing.

Six months ago, we struck a deal with You Tube. We put about 22,500 movies of our 30,000 listings on Youtube.com. Other tools we find effective are our iPhone search application and our internal CRM. We also have a new agent Web site that is completely widget based.

REAL Trends: Which technologies are people (both sales associates and consumers) using the most?

Koval: Agents are using the MLS tools, the light CRM tools, and they're using our DRIP marketing concepts. We're continuing to invest in Web site and mobile technology. We have 3,500 Blackberry users in our company and 1,000 that use the iPhone or something else.

We support over 4,000 wireless users and offer a lot of remote access to different tools. For example, you can use your Blackberry for doing online searches and as a GPS. In addition, we have a popular yard-sign texting relationship with Voicepad. Consumers can call a number on your sign rider and we'll push via text photos of the property, price, photos of the interior and more. And, you can choose to be connected to an agent.

REAL Trends: What new technologies is your brokerage considering?

Koval: We're looking more seriously at transaction management. We put that on hold for a number of different reasons. We also want to enhance our mobile applications, offer more online marketing and improve our Web site. We have a new agent Web site built off the Microsoft SharePoint portal platform.

That site is fully customizable using advance search IDX, widget base, real time editing and marketing tools for them to help them market themselves and properties. We're working toward more unified communication, such as enabling your cell phone to be everything for you from a phone to an information portal and your support network.

REAL Trends: What technologies are fading or no longer effective?

Koval: Traditional cell phones are fading. They're useless. Even e-mail is fading as it's about texting and social networking now. From a tech perspective we're moving toward a paperless office, more mobility and wireless connectivity. The tech of the mid 80s, such as the fax machine, is dead. Real estate is playing catch up to some degree but things are moving fast.

Eddie Krebs, IT Director
Metro Brokers/GMAC Real Estate
Atlanta, Ga.

REAL Trends: Which technologies are most effective in getting business for your brokerage?

Krebs: This is a very difficult question to answer, because technology isn't really effective at generating business. We generate leads through our Web sites, but our agents turn those leads into business. Technology simply extends their toolsets.

Every time we implement a technology solution, it's intended only to facilitate the agent/customer relationship. For example, we have technology to wirelessly synchronize our agents' customer databases, appointments and e-mail with their mobile phones. This provides them the ability to work from anywhere and respond to their customers no matter their physical location.

We also have a team that calls all Web customers back within three minutes of their online requests. We then do a warm handoff of that customer to a qualified agent. Our technology facilitates this through alerting, tracking, incubation and distribution.

We've created dozens of technology tools for our agent toolsets. With these in place, we can concentrate on advertising (traditional and online) and relationships that drive leads back to our Web sites. For example, we have five digital billboards around our metro area that advertise the number of homes currently for sale and our Web site URL. That drives direct traffic to metrobrokers.com.

REAL Trends: Which technologies are people (both sales associates and consumers) using the most?

Krebs: We've experienced massive agent participation in social media communities like Facebook and Twitter. The vocal, outgoing nature of these platforms fit agent personalities like a glove. Facebook in particular is incredibly popular and our agents participate in comment discussions on the pages of their customers and fellow agents.

Consumers are also using online research tools more than ever, and those tools have become more sophisticated and pervasive. Web sites like Zillow and Trulia expose price trends, generic valuations and neighborhood and crime data. Our customers come armed with this information and expect us to drill down and personalize it for them.

REAL Trends: What new technologies is your brokerage considering?

Krebs: We have two major technology initiatives right now: scanning/document management and social networking integration. Scanners in the offices are nothing new, but too often agents don't have a searchable repository for the produced electronic document. Most use their e-mail as the

repository, but that is a terrible place to store customer documents. We are integrating document searching, organization, and distribution into our scanning solution.

Notice I said “document” management and not “transaction” management. I believe transaction management will become important, but I am still unhappy with all current implementations and how manual the processes are. When a TM system integrates seamlessly with our agents’ current business processes, I will buy into it.

We’re also enhancing all our customer-facing Web sites for better integration with our blog, as well as our Twitter, Facebook and LinkedIn presences. Our agents and staff use these sites extensively, and we need to bring that community together in one place where our consumers can easily participate.

REAL Trends: What technologies are fading or no longer effective?

Krebs: E-faxes are quickly becoming replaced by electronic documents, whether they’re scanned hard copies or serviced from a transaction management application. Consumers are becoming comfortable with processing their transactions and signatures via Web sites and e-mail. On the back end, the lenders are already making heavy use of electronic document processing when working with their brokers. Within 5 to 10 years, faxing, both electronic and traditional, will be near extinct in real estate transactions.

Voicemail is another technology that our consumers are using less frequently. We find our customers using text for urgent messages, and e-mail for discussions that can wait. Agents get audible and visual alerts on their mobile phones when text messages come through, allowing the customer to get their message through immediately, even if the agent is in a meeting or working with another customer.

Hard lines in general (voice and data) are being overtaken by the wireless competitors. 4G are being offered by some mobile carriers, allowing us to drop our home and office lines, as well as our DSL and cable modems. Atlanta has Clear, a company that offers DSL Internet speeds with no wires.

Finally, I believe user registration is being phased out. Consumers are too sophisticated, and free online tools too prevalent, for anyone to register before performing listing searches or seeing results. If you’re still forcing users to fill out a form, you won’t have users much longer.

Charles Melidosian, VP and CIO
Baird & Warner
Chicago, Ill.

REAL Trends: Which technologies are most effective in getting business for your brokerage?

Melidosian: We’re trying to embrace getting business directly into the hands of our agents, so we’re doing what we can to drive traffic to our agents and empowering them with CRM, DRIP marketing and more.

We have a variety of SEO efforts and lead purchasing efforts so we can keep our No. 1 pole position, which will drive incremental business to our agents and beyond.

REAL Trends: Which technologies are people (both sales associates and consumers) using the most?

Melidosian: Our agents have embraced all the technology tools that we’ve had out there and they need them now more than ever. We have a fabulous CRM system that includes e-postcards. Agents can register clients and send them active property data. It’s back to basics.

Agents can also send exclusive previews of houses before they even come on the market in the MLS. We have an open house alert center and more than 200,000 registered buyers on our Web site. We’ve amassed this huge registration database all of which agents will parlay into incremental buyer leads.

REAL Trends: What new technologies is your brokerage considering?

Melidosian: We’re trying to stay one step ahead of the curve. We see mobile applications taking over, so our agents can go get live MLS right from their cell phones. We’re looking into a consumer-facing mobile application to find properties for sale near them.

We’re also looking into integrated floor plans that are overlaid with digital images of the property. We mash those images with integrated floor plans for sellers. We’re trying to get sales associates to embrace what the Web site is for and it’s been an evolution to educate the sales associates about how to effectively market themselves on the Internet.

REAL Trends: What technologies are fading or no longer effective?

Melidosian: It’s a tough question. It seems like in many cases, we’re just adding technology and not subtracting it. But, I see fewer agents using the 360-degree photos—which are dizzying. Instead they’re using high-resolution photos and the floor plan to get a better perspective about the property. ■

Auction Tool Offers Brokerage Options

More than ever brokers are looking for alternative income streams. United County Real Estate in Kansas City, Missouri, found it in an online auction offering. REAL *Trends* spoke with Dan Duffy, CEO of United County about the auction platform.

REAL Trends: Tell us about your online platform.

Duffy: If you look at the macro picture, there's been a trend toward property auctions for the last 10 to 15 years. Sellers have tested both discount models and tried selling it on their own, so brokers need to find a way to give sellers value. We modified our service offerings to remain relevant to buyer and seller and add value to a transaction. Because, when the market returns to normal, homesellers will return to testing and that testing has led to the uninterrupted downward slide of commissions.

The auction platform gives us a powerful marketing tool to give sellers the best of what the Internet offers. Real estate brokers and auctioneers can offer a service to increase the exposure of a property to an interested set of buyers and operate a very transparent process so that fair market value is established. Auctions are marketed and held online, not in real life.

It all comes down to: Did you expose the property to maximum buyers interested and did you engage those buyers to move the closing? About two years ago we started an auction division, and we've incorporated that model on a national basis to all of our offices. Each one can offer auctions as a service to sellers.

That's a great point of differentiation. Auctions create a sense of urgency to getting property sold. If sellers are willing (and in a position to sell property quickly), an auction is the perfect outlet. The method you use to sell the property depends on variables that are unique to each property.

We built this auction company and the technology. It's another way that auctioneers and real estate professionals can offer services to clients to justify their commissions. And, in places like Australia, some 75% of homes are sold by auction. Our model will help facilitate people's comfort with auctions for not just distressed property but any asset that they want to sell quickly.

Right now, we have about 800-900 different properties being auctioned. We have 45,000 listings—so about 2% are auctioned. But that's not the way to look at it as a listing may stay on the market for 10 months, so you have to look at the run rate—of our total closed transaction volume. This year we'll sell 29,000 properties, we double side a lot of our deals, that's about 50,000 transaction sides.

But if you look at auctions of total properties we'll sell 3,000-4,000 properties by auction so its 12-15% of closed transaction volume sold via online auction and it's growing. That number was less than 1% two years ago.

REAL Trends: What are the challenges?

Duffy: There are two different challenges: one is making sure the technology is correct from a user perspective and a back-end reporting aspect. When it comes to technology, we built our platform over a 14-month period. There are third-party applications out there, but the applications aren't designed by real estate professionals and auctioneers.

Having said that, a second challenge is making certain you have an acute understanding that it's not about the technology. Anyone with enough time and money can build an online auction platform. It's about how to drive buyers to the platform.

You have to understand the difference and coordinate it in a cost-effective way. That means a combination of local efforts such as yard signs that direct users to the online portal, local media buyer and aggressive search engine optimization and keyword saturation.

Another challenge is market acceptance. When launching a non-traditional idea, it takes a little time to educate consumers on the value proposition. So, we've been careful about how we articulate the benefits—slightly lower costs than live auctions, same sense of urgency and how we can have a live auction to augment a traditional listing.

One of our offices closes nearly 75% of its business online. They go to FSBO's to market the auction opportunity and their capture rate is over 80%, so it's a wonderful alternative for the seller who wants to do it him or herself. They'll pay because they can see the benefits.

REAL Trends: What are the benefits?

Duffy: The real big benefit is the opportunity it provides for our brokers to differentiate itself from competitors. Our agents highlight this option in their listing presentations and that increases their capture rate because the client knows he or she has alternatives to a traditional listing.

From the client side, it's a wonderful blending of best of traditional real estate and technology. They can create a sense of urgency to get a home sold and piggyback on the online marketing aspect in a cost effective way. The upfront fee is \$25 to offer a property for online auction.

Sales associates only pay an additional fee if we have a winning bidder who's registered and made a deposit. You pay a one-time fee for a buyer who's delivered and that can range from \$100 to \$250. Would you pay that for a buyer that does not have a co-broker involved in the transaction?

REAL Trends: Tell me why this is an opportunity for brokers.

Duffy: Again, it's not about the technology. There's off the shelf stuff that can do the job. It's about the marketing

behind it. We drive 3 million unique visitors to our site each month. We're a lot smaller than many of the other players, so when you look at traffic that we drive to properties on a per-agent, per-listing basis, that's really good. ■

The Impact of Distressed Sales on Frequently Used Housing Price Indexes

From Norm Miller, Ph.D., University of San Diego and Collateral Analytics and Mike Sklarz, Ph.D., President of Collateral Analytics. Contact at MSklarz@collateralanalytics.com

This fall we can expect an increase in the flow of foreclosures. Federal and California moratoriums and the hopes of loan modification have delayed the housing markets move towards normality. So how will this onslaught affect the housing price statistics and in turn the way media will play it?

Some educated consumers know that the Realtor® median house price figures are affected by the mix of homes and thus will move dramatically up or down when higher priced homes enter or leave the market. In the short run, median prices at the metropolitan level do little to inform homeowners how much their homes may have changed in value over time.

Then we have more mysterious indexes produced by famous economists like Robert Shiller and Karl Case or government agencies like OFHEO, now FHFA. Can we rely on them for an indication of what the typical home is worth?

Normally they are better than Realtor median figures for judging price trends, but in recent years with all the distressed sales they too have deviated from reality. Here the focus is the bias created by distressed home prices which vary from market to market, but which are quite extreme in the current market.¹

Data has been analyzed by Collateral Analytics which separates out the bank REO (real estate owned) post foreclosure sales from the regular (non-distressed sales). It's striking how large some of the discounts are in the current environment. We note in advance that REO sales are concentrated and that the results vary, not only by metropolitan market but by zip code and submarket as well. Here we only show some examples and try to provide some insight into the biases created in typical home price indexes.

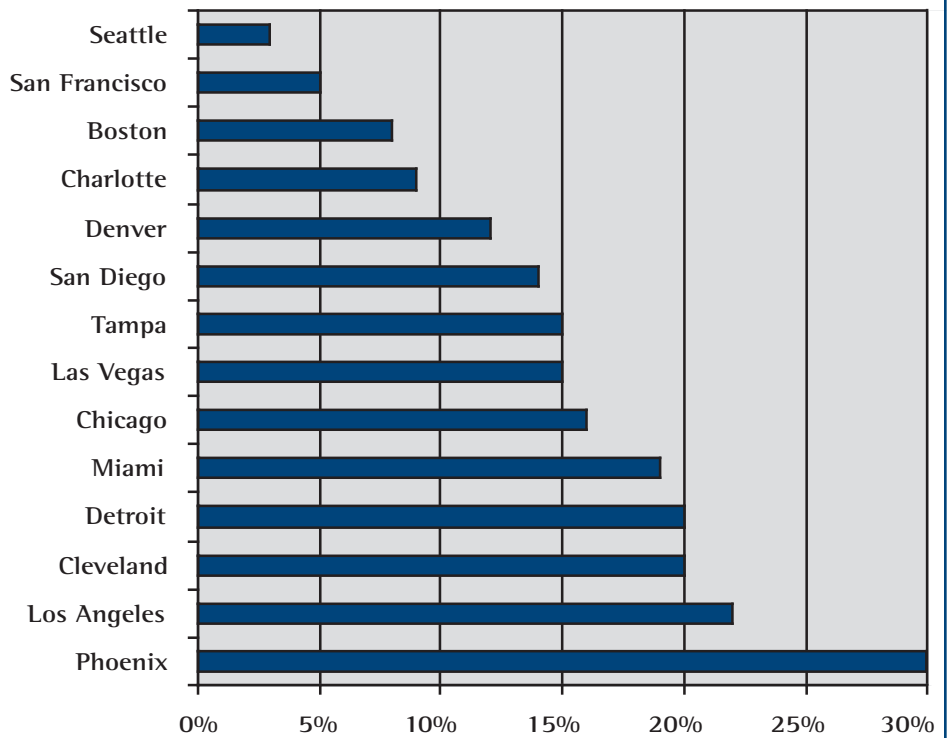
Our theory is that we will observe smaller discounts in markets where foreclosures are rare or where they dominate and set market values for the entire market. In between these extremes we'll see examples of larger

discounts. When we take the price-per-square-foot of living area for regular and foreclosure sales and compare this to only non-distressed regular sales we generate a ratio that suggests the degree of bias in any home price indicator, which includes all sales.

We're not suggesting that distressed sales don't affect market values, but we need both types of indexes to really understand what is happening to price trends. In many cities the non-distressed prices are starting to stabilize but our point is that they never went down as much as Case Shiller suggested. See the exhibit below for the ratio of the combined index over the regular only sales prices per square foot. In Seattle and San Francisco the bias is more modest, while in Phoenix and LA the bias is much greater.

Not only have homes not gone down in value as much as suggested by commonly reported indexes but they will not be increasing as much as these same indicators suggest as well as the market turns around.

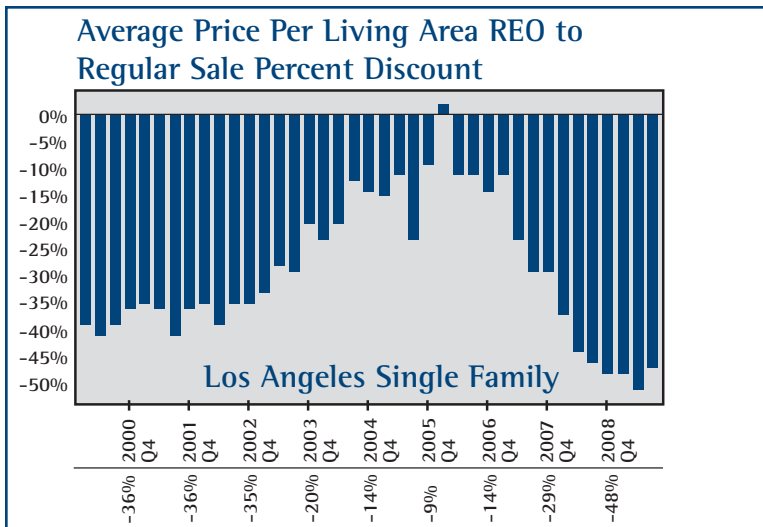
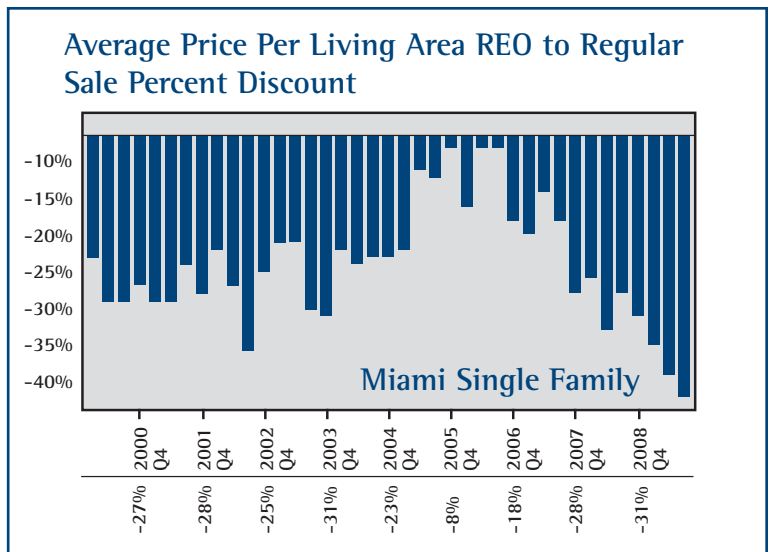
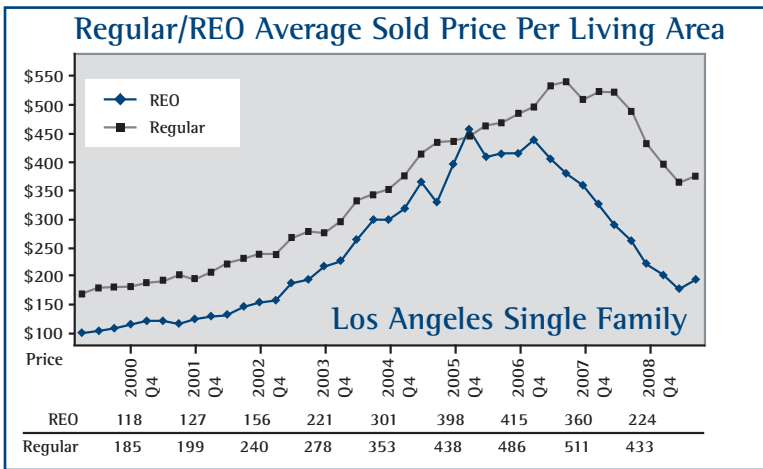
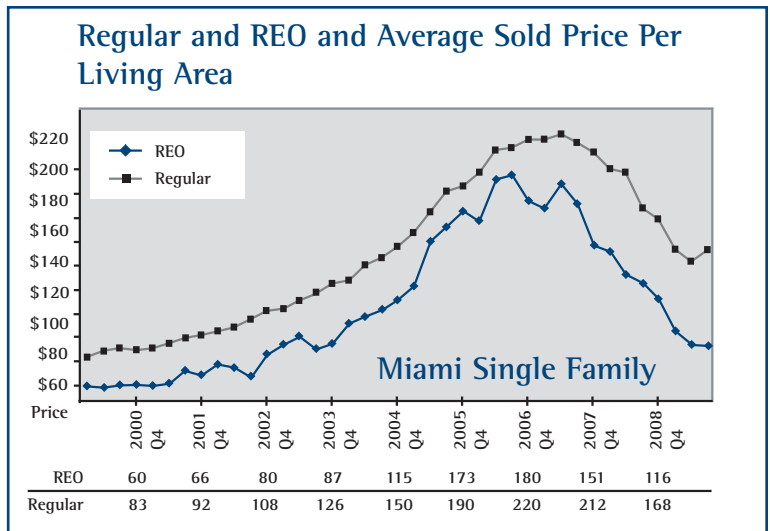
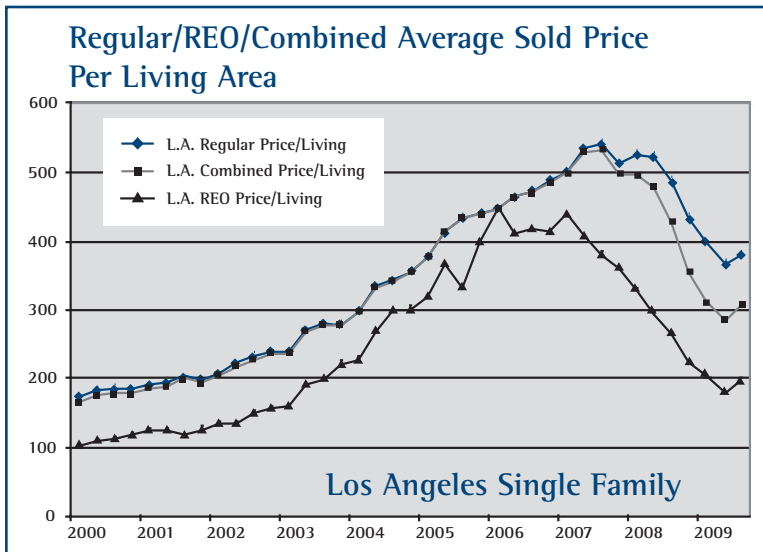
Bias of Residential Price Reports Per Square Foot for the Non-Distressed Sale when Market Indices Include REO Sales Using 2009 Data
Graph: Collateral Analytics



Data Source: Dataquick and Collateral Analytics.

Further examples are shown below. First, we see the annual trend in terms of discounts for Los Angeles. Shown in the graph below are three figures, the top line showing sales prices per square foot of living area for regular sales. The lowest lines are distressed sales and the combined line shows all sales which comes closer to the kind of results shown by Case Shiller. Prior to 2008 the typical discounts averaged 22 percent (A. Pennington Cross, 2006) and there were few foreclosures but in 2009 the difference is much higher, closer to 40 percent and on an absolute dollar basis implies more than a \$180 dollar difference in price per square foot. We next show the regular versus REO sales alone and calculate the differences in the graph below.

In the following graph for Miami we see an upturn in the regular sales prices per square foot, perhaps aided by the Federal stimulus funds, but the gap between distressed sales and non-distressed sales has widened. The discounts are very significant running just under 50 percent in recent months for REO sales when compared to the results for regular sales at the CBSA level. Certainly within distressed neighborhoods these spreads will be less than shown here as the contagion effect dominates within high foreclosure neighborhoods. Still, at the CBSA level we can see how the combined Case Shiller style indexes are very misleading when applied to all homes. For a file containing more details on several cities please contact us at <http://www.dataquick.com/> and we'll be pleased to send more examples. ■



¹ See Anthony Pennington-Cross, A. (2006). The Value of Foreclosed Property. *Journal of Real Estate Research*, 28 (2), 193-214. In this research synthesis the average discount for foreclosures has averaged about 22%, but in the recent markets we have witnessed much larger discounts.

NEWS

Mergers & Acquisitions

Prudential Real Estate Affiliates announced the merger of independent real estate brokerage Gloriod and Associates, Inc. with Prudential Rocky Mountain, REALTORS®. The combined company will operate as Prudential Rocky Mountain, REALTORS® with 180 sales professionals, six offices and a presence extending along Colorado's Front Range from Fort Collins to Colorado Springs. Broker Jack Gloriod joins the Prudential Rocky Mountain, REALTORS® management team of John McCoy, Tom Tyrrell, Don Rulle and John Warnock.

Weir Manuel Realtors in Michigan announced that it has joined the Coldwell Banker brand and has absorbed Coldwell Banker Schweitzer Real Estate to form Coldwell Banker Weir Manuel. The new company, which is owned by Kelly Sweeney, Tom Balames and David Trott, has 465 sales professionals and 11 offices in southeast Michigan.

Weichert Real Estate Affiliates Inc., the franchise arm of Weichert, Realtors®, recent added five new franchise offices in the West, South and Midwest regions of the country. The companies recently joining Weichert Real Estate Affiliates' ever-growing roster include two offices from Rhode Island and offices from Missouri, Florida and California.

On Sept. 1, 2009, HomeServices of America, Inc., a Berkshire Hathaway affiliate announced the acquisition of Koenig & Strey-GMAC Real Estate from Brookfield Residential Property Services. Koenig & Strey is one of Chicago's largest and most respected residential real estate brokerage firms. Under the new ownership structure Koenig & Strey will retain its name and become a franchisee with Brookfield Residential Property Services' North American real estate network of almost 30,000 real estate professionals. "Koenig & Strey is a respected company, with an excellent reputation and long-term ties to the community," said Ron Peltier, chairman and CEO of HomeServices.

Prudential Preferred Properties and Rubloff recently announced the merger of Rubloff Residential Properties with Prudential Preferred Properties. The combined company will operate as Prudential Rubloff Properties, an independently owned and operated firm with 17 offices and nearly 900

sales professionals and staff. Prudential Rubloff has a formidable presence in Chicago's high-end markets of Cook and Lake Counties, and in Michigan's exclusive Harbor Country. The two firms closed more than \$2 billion in real estate sales in 2008.

Announcements

For the first time ever, Lone Wolf Real Estate Technologies unites their clients from across North America at a Partner Summit in Las Vegas, NV. The event is taking place this Oct. 14-16th at the Mandalay Bay Resort & Casino and will be focusing on really making their clients a part of their solutions! For more information visit <http://www.lonewolfsummit.com/>.

Homeowners looking to sell their homes can now get a snapshot of the current, local real estate sales commission rates in their area, as well as see the number of active buyers shopping for homes in their neighborhood, thanks to a new suite of online tools recently launched by ZipRealty.

The cost of selling tool will allow homeowners to type in a ZIP code and find out within seconds what homeowners in that area are offering to real estate agents who bring a buyer for their home based on buy side commission rates in that ZIP code as reported in the MLS.

Coldwell Banker is working with YouTube to create a branded channel to offer home sale videos. So far, there are more than 3,000 video feature tours available, which is about 1 percent of the total homes the company has for sale. Michael Fischer, senior vice president of marketing, says one of the biggest challenges is getting real estate practitioners to overcome their fear of the camera. To help more take the plunge, he's added a how-to video on the company intranet.

To assuage the fear that the YouTube tours will linger past the sales date, Coldwell Banker has linked the video listing to listings on the corporate Web site. When one goes, the other goes. Fischer says the return on investment for this project is still unclear, but the company would be "hugely happy" to reach 100,000 video listings. Source: ClickZ, Anna Maria Virzi. ■

EDITOR'S NOTE

The signs of the end of the downturn are here. Based on three consecutive months of improving unit sales and the slowdown in price declines reported in our *REAL Trends* Housing Market report, IAS 360 and Case Shiller, the market appears to be stabilizing. As we have said, this does not portend a roaring market in 2010 but slight improvement in unit sales with continued softness in pricing especially in the upper half of the market.

It also means that the 4th quarter of 2009 and the 1st quarter of 2010, seasonally the slowest time of year will

continue to challenge everyone involved in the housing business. It is not a time to let up but rather a time to take another look at all that you are doing on the cost side of the business, but also to focus on revenue increasing activities. While most focus has been on the cost side, necessarily, for those who haven't focused on the revenue side now is an excellent moment to do so. Online marketing and lead generation and capture should be one particular area of emphasis. We will cover this in detail at our conference at the end of September and also in *REAL Trends* in future issues. ■

After 23 years of publishing *REAL Trends* in a written format we have decided that it is now time to shift to a PDF format for all of our readers. At this time over 24,000 leaders in the industry receive *REAL Trends* each month with less than 200 still receiving it in a printed form. The cost of printing and postage for so few exceeds the revenue at this level.

We do not make this decision lightly and only after two years of attempting to lower the costs of delivering it in the printed fashion. Like many of our dedicated readers we do so with great reluctance. We trust that our readers will feel that they are getting the same or better value than before. – *Steve Murray, editor, REAL Trends*