

BROKERAGE PROFIT ANALYSIS

The “ Brokerage Profit Analysis” is arguably the most significant set of operational reports ever designed for the Real Estate Broker/Owner.

It is a one of a kind process developed exclusively by: (TPC) The Profit Centre.

The need to understand your financial metrics and how they compare to your peers, benchmarks and leading practices are critical in order to make sound strategic financial and operational decisions for your organization.

This process lends itself significantly for the purposes of mergers, acquisitions and exit strategies for the business owner. The analysis driven from these reports will give you the clarity you need to make strategic decisions which will enable you to build a successful and profitable organization.

The Brokerage Profit Analysis includes the following reports:

NORMALIZED OPERATIONAL REPORT

- How your brokerage compares to your current financial view
- View of a buyer
- How your brokerage compares to "The Profit Centre" benchmarks and leading practices
- How your brokerage compares to the regional totals and averages of your peers

THE PROJECTED FUTURE STATE REPORT

- Projects and forecasts the profitability of the brokerage in the future state based on the current metrics

THE TARGET OPERATING MODEL REPORT

- Forecasts the profit based on established targets.



BROKERAGE BENCHMARK & AVERAGES REPORT

373 offices analyzed over the past 5 years

Office Profile	Projected View	Revised Current View - All	Filtered View	Broker A	Broker B	Broker C
Capacity	100%	68%	61%	78%	48%	57%
Number of Offices	373	373	4	1	2	1
Number of Agents	19,890	13,487	106	43	46	17
Number of Independent Agents	16,708	11,329	94	34	44	15
Number of Team Leaders	955	647	3	2	1	1
Number of Team Members	2,228	1,511	8	5	1	2
Transactions	226,149	153,347	1,617	850	572	196
Square Feet	1,765,853	1,765,853	16,200	7,000	7,800	1,400
Agents - With Desk	9,149	6,204	61	34	25	2
Agents - No Desk	10,542	7,148	45	9	21	15

Revised Financial View	Averages			Actuals		
Volume	\$105,180,583,250.00	\$71,262,512,200.00	\$473,656,650.00	\$225,000,000.00	\$167,906,650.00	\$80,750,000.00
Gross Commission Income	\$2,103,611,665.00	\$1,425,250,244.00	\$9,473,133.00	\$4,500,000.00	\$3,358,133.00	\$1,615,000.00
Ancillary Income	\$10,523,288.40	\$10,523,288.40	\$255,987.69	\$239,175.28	\$0.00	\$16,812.41
Ancillary Expense	-\$1,182,422.27	-\$1,182,422.27	-\$104,133.02	-\$104,133.02	\$0.00	\$0.00
Gross Income	\$2,369,870,477.40	\$1,605,389,397.40	\$11,579,021.96	\$5,706,596.36	\$4,047,966.50	\$1,824,459.10
Cost of Sales	\$2,114,134,953.40	\$1,435,773,532.40	\$9,729,120.69	\$4,739,175.28	\$3,358,133.00	\$1,631,812.41
Gross Profit	\$255,735,524.00	\$169,615,865.00	\$1,849,901.27	\$967,421.08	\$689,833.50	\$192,646.69
Fixed - Rent & Occupancy	\$39,118,481.20	\$39,118,481.20	\$274,897.88	\$136,489.52	\$114,064.19	\$24,344.17
Fixed - Other	\$21,359,880.10	\$21,359,880.10	\$151,320.69	\$66,184.04	\$65,860.30	\$19,276.35
Variable - Manager salaries (Normalized 2k PR)	\$39,780,000.00	\$26,974,000.00	\$212,000.00	\$86,000.00	\$92,000.00	\$34,000.00
Variable - Employee salaries	\$45,665,053.20	\$38,565,806.76	\$341,956.34	\$167,322.89	\$115,672.52	\$58,960.93
Variable - Office supplies & expenses	\$29,727,116.50	\$25,111,681.94	\$252,372.33	\$115,874.52	\$84,525.05	\$51,972.76
Total - Fixed and Variable Expenses	\$175,650,531.00	\$151,129,850.00	\$1,232,547.24	\$571,870.97	\$472,122.06	\$188,554.21
Net Profit	\$80,084,993.00	\$18,486,015.00	\$617,354.03	\$395,550.11	\$217,711.44	\$4,092.48

Income Metrics	Averages			Actuals		
% of Cost of Sales to Gross Income	89.21%	89.43%	84.02%	83.05%	82.96%	89.44%
% of Gross Profit to Gross Income	10.79%	10.57%	15.98%	16.95%	17.04%	10.56%
% of Gross Profit to Net Profit	31.32%	10.90%	33.37%	40.89%	31.56%	2.12%
% of Gross Income to Net Profit	3.38%	1.15%	5.33%	6.93%	5.38%	0.22%

Expenses Metrics - Variable	Averages			Actuals		
Gross Profit to Manager expenses (Benchmarked)	15.56%	15.90%	11.46%	8.89%	13.34%	17.65%
Gross Profit to Employee expenses	17.86%	22.74%	18.49%	17.30%	16.77%	30.61%
Gross Profit to Office Supplies & Expenses	11.62%	14.81%	13.64%	11.98%	12.25%	26.98%
Total Variable Expenses to Gross Profit	45.04%	53.45%	43.59%	38.16%	42.36%	75.23%

Expense Metrics - Fixed	Averages			Actuals		
Gross Profit to Rent & Occupancy	15.30%	23.06%	14.86%	14.11%	16.54%	12.64%
Gross Profit to Fixed Other	8.35%	12.59%	8.18%	6.84%	9.55%	10.01%
Total Fixed Expenses to Gross Profit	23.65%	35.66%	23.04%	20.95%	26.08%	22.64%

Gross Profit to Fixed & Variable Expenses	68.68%	89.10%	66.63%	59.11%	68.44%	97.88%
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Gross Profit to Net Profit	31.32%	10.90%	33.37%	40.89%	31.56%	2.12%
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Key Agent Metrics - Per Agent	Averages			Actuals		
Gross Profit Per Agent	\$12,857.49	\$12,576.25	\$17,451.90	\$22,498.16	\$14,996.38	\$11,332.16
Fixed Expenses Per Agent	\$3,040.64	\$4,484.20	\$4,020.93	\$4,713.34	\$3,911.40	\$2,565.91
Variable Expenses Per Agent	\$5,790.46	\$6,721.40	\$7,606.87	\$8,585.99	\$6,352.12	\$8,525.51
Total Expenses Per Agent	\$8,831.10	\$11,205.59	\$11,627.80	\$13,299.32	\$10,263.52	\$11,091.42
Net Profit Per Agent	\$4,026.39	\$1,370.65	\$5,824.09	\$9,198.84	\$4,732.86	\$240.73

Additional Key Metrics	Averages			Actuals		
Transactions Per Agent	11.37	11.37	15.26	19.76	12.43	11.53
Square Feet Per Agent	88.78	130.93	152.83	162.79	169.57	82.35
% of Agents on a Team	11%	11%	8%	11%	3%	11%
% of Agents with Desk	47%	47%	58%	80%	54%	12%
% of Agents No Desk	53%	53%	42%	20%	46%	88%

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Gross Profit to Employee Expenses

The average percentage of gross profit to employee expenses

Gross Profit to Fixed & Variable Expenses

The average percentage of gross profit to all operating expenses

Gross Profit to Net Profit

The average percentage of gross profit to net profit

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Gross Profit Per Agent

The average gross profit per agent out of 373 offices is \$12,576.25

Total Expenses Per Agent

The average total expense per agent out of 373 offices is \$11,205.59

Net Profit Per Agent

The average net profit per agent out of 373 offices is \$1,370.65