

SPECIAL REPORT:

INDIE BROKERAGE STRENGTHS AND THREATS

Passionate leadership, thriving culture and nimbleness define these industry mavericks





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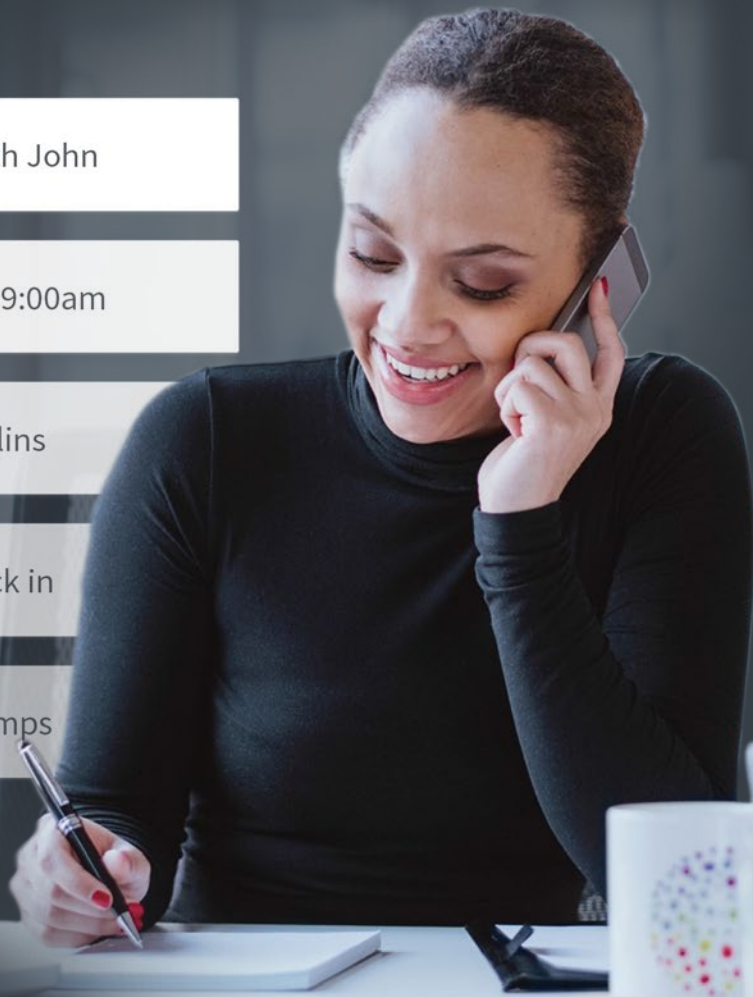
Call: Confirm showing with John

Showing: 123 King Street 9:00am

Follow-up: Call Sarah Collins

Text: Ryan Bolden to check in

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KEY FINDINGS



Local control over branding and technology gives agents a greater sense of ownership and drives the appeal of indie brokerages.



Indie brokers can nimbly adapt to changing local market conditions and customize their problem-solving approach.



Almost a third of indie brokerage agents and brokers are courted monthly by franchise brands.



Indie brokers feel their biggest threat is competition from big brands and being profitable.



The most important driver of success for independent brokerages is a visionary leader.

Inman conducted the survey between June 10 and 13, 2017. There were 332 respondents, with 157 (47.29 percent) identifying themselves as independent brokers; 57 (17.17 percent) as agents affiliated with an independent brokerage; 43 (12.95 percent) as brokers affiliated with a franchise brand; 40 (12.05 percent) as agents affiliated with a franchise brand; 3 (0.90 percent) as coach/trainer; and 32 (9.64 percent) as "Other."

Fast And Furious:

10 ATTRIBUTES OF SUCCESSFUL INDIE BROKERS IN 2017

The characteristics below represent the ideal makeup of a successful indie broker.

HIGHER MARGINS, LOW OVERHEAD

Successful indie brokers have adopted open floor plans and utilize flexible working spaces where agents aren't tied down to a desk.

FAST MOVING

Without the baggage of a hierarchical org, rigid rules and internal politics, an indie broker moves fast to take advantage of technology and market trends.

AGILE

Indies are often more flexible with their plans and their systems, without compromising accountability, service delivery standards and agent and consumer expectations.

TECH DRIVEN

Smart indie brokers have technology built into their DNA.

FEARLESS

Many indie brokers were birthed out of the Great Recession in the late 2000s, so they know how to handle bad markets.

PUSH THE ENVELOPE

Since many indies are new to the scene, they empower ideation and an "always be improving" mentality.

ATTRACTING TOP NEW AGENTS

Top agents are attracted to cultures driven by collaboration, social giving and independence.

FLAT ORGANIZATION

Indies avoid the dangers of a top-down approach.

DIVERSITY AS AN ASSET

Bringing differing ideologies, approaches and outlooks only strengthens the culture at an indie brokerage.

SOCIAL GIVING

Indie brokers emphasize social giving and being champions for the community in which they serve.

Realize the value of like-minded brokerages and network with the nation's best indies at the Indie Broker Summit in San Francisco August 7, 2017.



Report Sponsored by



REPORT

BY GILL SOUTH

MODERN CONSUMERS LOVE THEIR CRAFT BREWERIES, COFFEE SHOPS AND RETAIL BOUTIQUES. But they also can't say no to the convenience and scale of the robust Amazon Prime.

In the real estate industry, you could say there's a comparable David-and-Goliath competition between the nimble indie brokerages and giants the likes of Keller Williams Realty, Century 21 Real Estate, Coldwell Banker Real Estate, Re/Max and Berkshire Hathaway HomeServices.

Though they tend to be smaller, to label indie brokerages as underdogs based on size might be a stretch. As one independent Kentucky broker put it: "Craft is cool right now. We feel that consumers trust independent brokerages more."

While mega real estate companies continue to snatch up smaller brokerages throughout the country and grow ever bigger, indies remain a substantial life force of the industry.

“ Culture tends to be more intentional, creative and team-oriented at indie brokerages because like-minded hires are chosen with care.”

Collectively, indies pack a punch -- over half of Realtors today (51 percent) are affiliated with an independent company, according to the National Association of Realtors (NAR) 2016 Member Profile.

As Inman's 2015 indie brokerage Special Report noted, from 2013 to 2014, the percentage of agents at independent firms jumped from 52 to 54 percent. Compare these numbers with 2006, for example, when the percentage hovered in the mid-40 percent range. The timing of this lift correlates with the end of the recession, when the benefits of a more flexible business model were highlighted by the housing crisis, and the total number of indie brokerages rose.

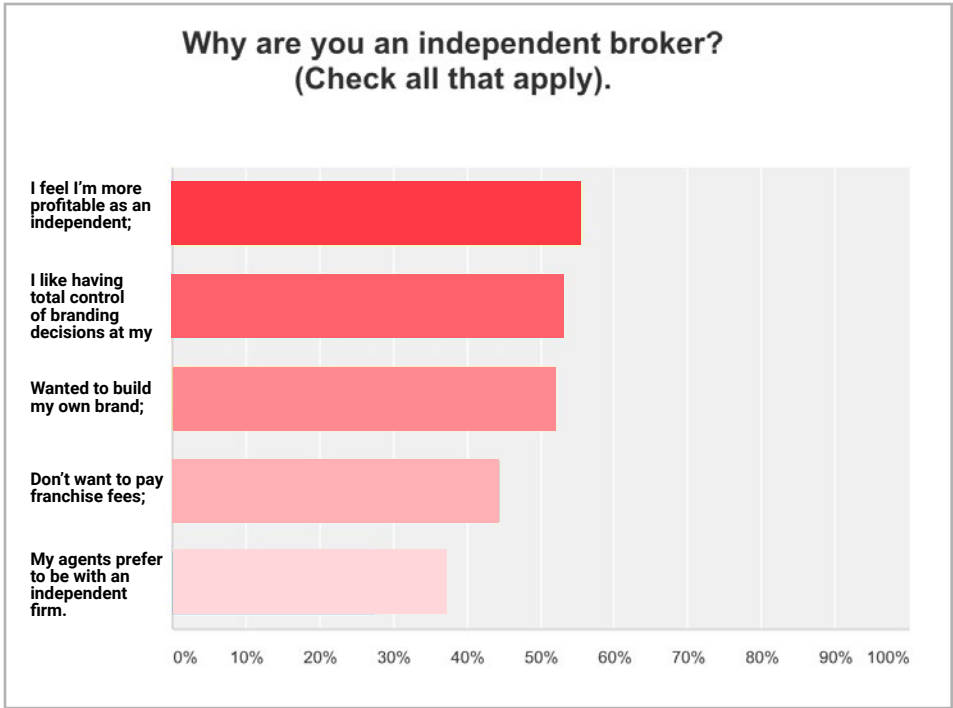
What makes the independent path attractive in 2017? Above appealing to millennial consumers and touting local market expertise, an indie brokerage's local control over branding and technology -- which in turn gives agents a sense of ownership -- is considered the top reason today, according to Inman's most recent Special Report survey on the threats and advantages of this model.

The entrepreneurial founders of these firms believe they will be the ones to set the direction of the real estate industry, with the flexibility to try new things and change strategy on a dime. But they must do so without the national exposure, brand recognition, access to enterprise-scale technology and other perks that come with being part of a large franchise brand.

FREE TO BE INDIE

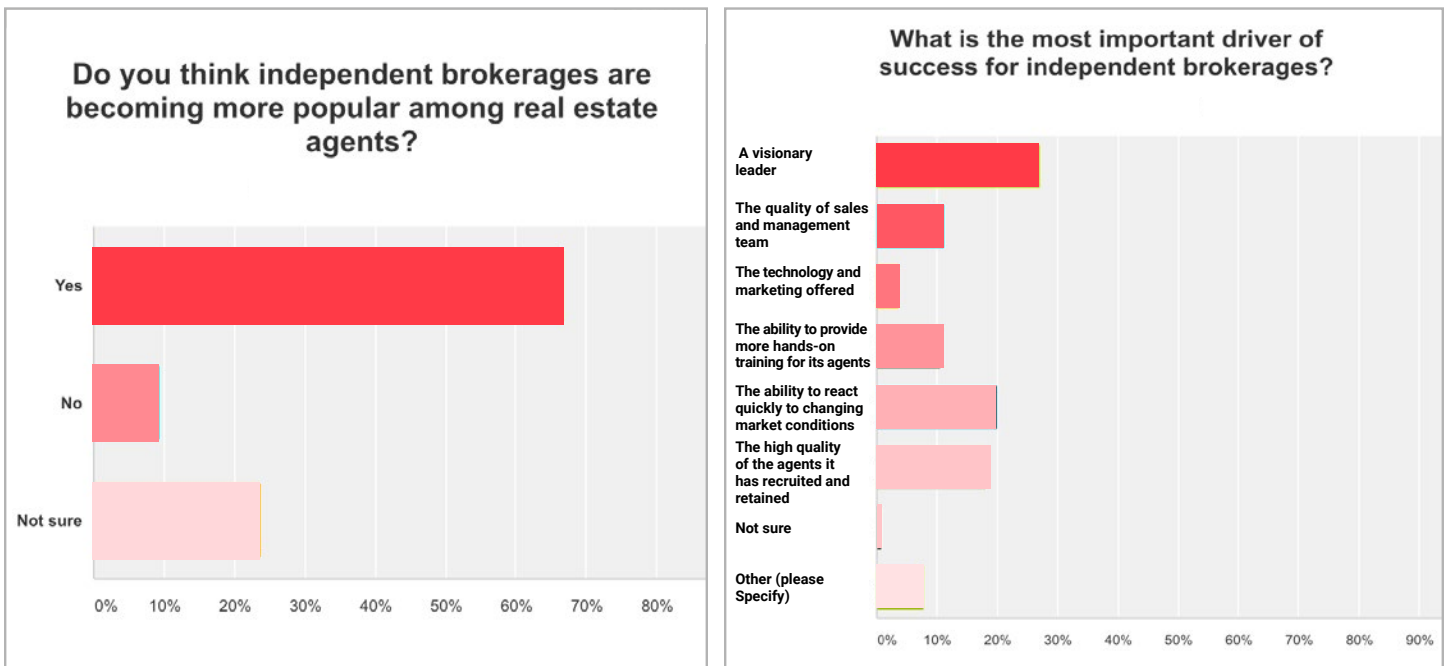
OF THE REAL ESTATE PROFESSIONALS WHO WENT INDEPENDENT IN THEIR CAREERS, over half said they felt more profitable as an independent (55 percent).

Indie brokers and agents also like having total control of branding decisions at their firms (53 percent) and are motivated by wanting to build their own brand (52 percent).



Nearly 56 percent of respondents (coming from both the franchise and indie sphere) felt that independent brokerages were becoming more popular among real estate agents, while 21 percent did not think so, and nearly 23 percent were not sure.

The deal that independents can offer agents is more sustainable, one broker argued, because it sets agents up to be their own business generators: “Broker distribution of leads is a broken model -- a race to the bottom. We teach our agents how to generate leads and run their business, which sets us apart from a lead factory. To the consumer, we are seen as professionals and not sales people who are out for themselves.”



Either running or working in an independent brokerage gives you an “opportunity to innovate beyond the 100-year-old brokerage model that most of the franchises operate within,” said a successful Pennsylvania-based independent broker.

To make this business model work, however, respondents said that a visionary leader (26 percent) is the most

important factor driving indie brokerage success, followed by recruiting and retaining high quality agents (18 percent).

“I’m not interested in any agent -- only quality agents.”

Visionary leadership:

CAPTURING THE HEART OF AN ARTISTIC COMMUNITY

By Gill South

Forget Los Angeles or New York. To visit the website of independent Utah brokerage cityhomeCollective is to enter a world of design and architecture you never knew existed in Salt Lake City.

Here, beautifully shot photographs of homes celebrate the lifestyle and landscape of Realtor and CEO Cody Derrick's hometown.

What began as a blog evolved into Derrick's own brokerage seven years ago, as the site founder set out to tell his city's story and later help others experience it in the most tangible way: by living there.



Photo credit: Kerri Fukui

The successful design-driven firm, takes a creative approach to real estate that, through connecting with the artistic community, goes beyond navigating a sale.

Featuring the mantra “love where you live,” a full-time site editor on staff, layers of design expertise and visual marketing on steroids, cityhomeCollective emerges as an industry rarity.

As summed up by one of cityhomeCollective’s agents, Mark Seely, on the company website: “We’ll sell your home, find you a new one, design it, decorate it, and throw you a party when you move in.”

Derrick explains what drove him to strike out on his own: “For me, the



Brokerage cityhomeCollective spends between \$500 and \$1,000 per listing shoot. Photo credit: Kerri Fukui

idea of creating a real estate brokerage that also focused on design came about simply due to my desire to make a career out of combining the things I love: real estate, design, architecture and amazing people.” Though many creative souls might be drawn to the city lights more prominent in today’s box-office rom coms, Derrick can give you chapter and verse on why the high-elevation capital (known better for being the nation’s Mormon headquarters) has a strong heritage in the architecture realm. Long story short: The incredible landscape surrounded by the Great



cityhome Collective editor: "Readers and followers see the way these homes envelop the people inside." Photo credit: Kerri Fukui

Salt Lake and snowy Wasatch Range peaks has been attracting architects from Chicago and Los Angeles since before the 1950s.

During the brokerage's setup stages, Derrick not only wanted to bring the good design ethos of his hometown to the fore, but he also wanted bring about change.

"My mission with creating this company was to reinvent the real estate industry," he wrote in a [blog post](#). "I wanted to recreate the real estate professional reputation as honest, ethical, community driven, interesting, creative, passionate individuals. This was not the case when I started, but change is actually happening."

Derrick attracts like-minded agents and artistic types to the company.

Website editor Amy Tibbals expresses the philosophy that binds them:

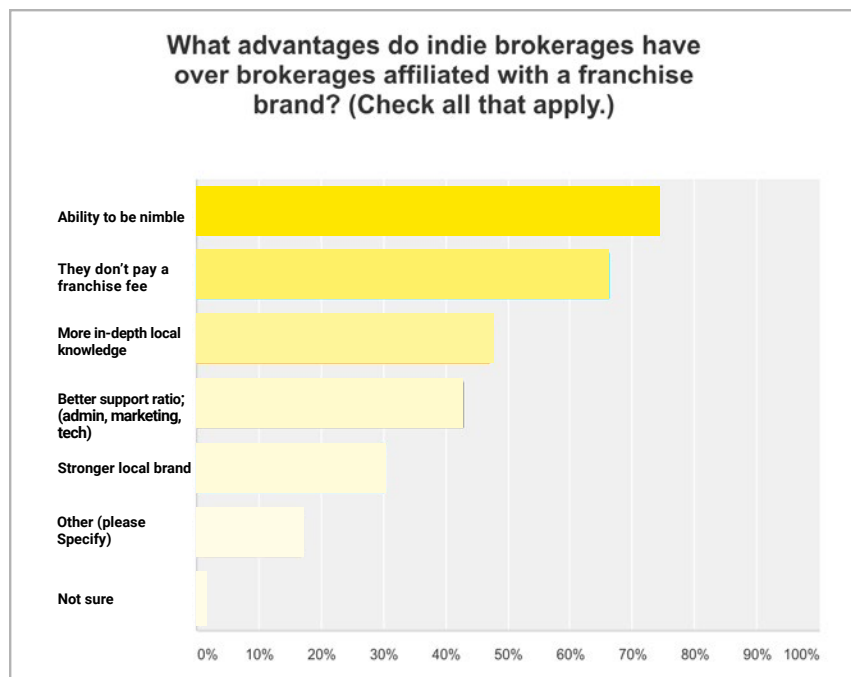
"Those that see real estate as something more than a potential commission come to cityhomeCollective," she said. "We feel so strongly about our mantra — that space shapes life, that finding the perfect home is so essential to happiness and wholeness, that we attract those who feel the same."

Another key point of difference at the firm is its approach to photography for marketing listings.

The company spends between \$500 and \$1,000 per listing shoot. In marketing shots, clients are artfully photographed at home, going about their daily lives, cooking and entertaining — or just doing nothing.

FRANCHISE VS. INDIE: WHO'S GOT THE EDGE?

ACCORDING TO SURVEY RESPONDENTS ACROSS THE REAL ESTATE INDUSTRY, the top advantages in running an indie brokerage are not having to pay franchise fees (68 percent) and the ability to be nimble (67 percent). Respondents also cited more in-depth local knowledge (39 percent) and a better support ratio (36 percent).

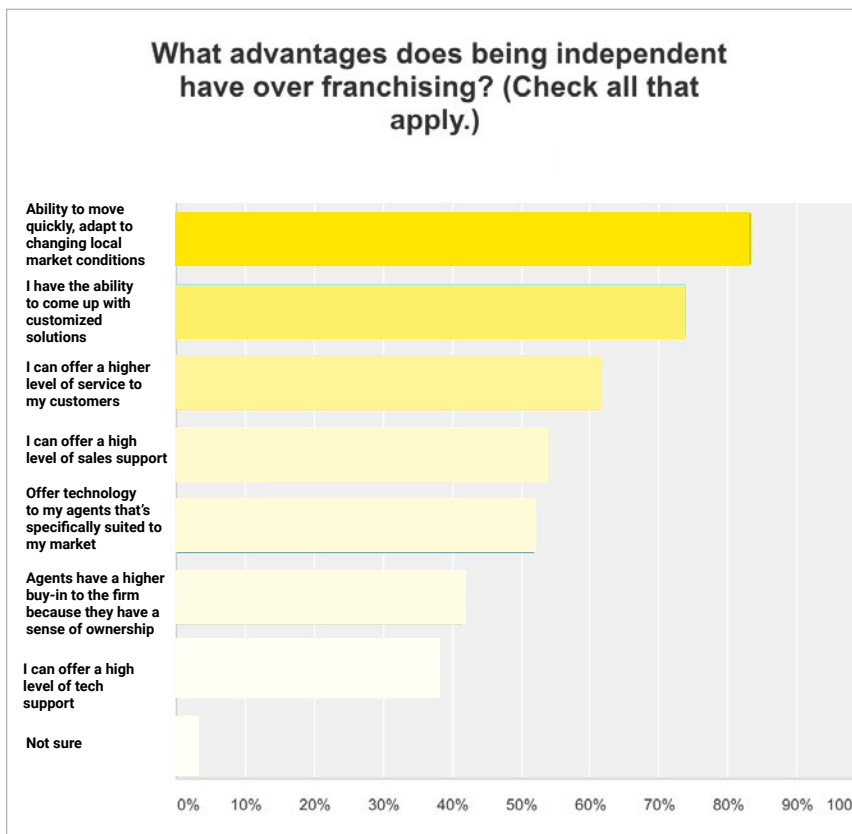


Among independent brokers only, the most popular benefits cited were the ability to move more quickly (84 percent) and adapt to changing local market conditions, and the opportunity to come up with customized solutions to problems (74 percent)

Over 60 percent said they could offer a higher level of service to their customers as independents, while more than 50 percent felt they could offer a high level of sales support to their agents.

Indie brokers also said they could offer their agents better technology suited to their market (52 percent), and that their agents had a higher buy-in to the firm because they felt a sense of ownership (42 percent).

An independent Atlanta-based broker spoke of “the freedom and flexibility” for indie brokers “to envision their own operation and make it come to life with their ideas.”

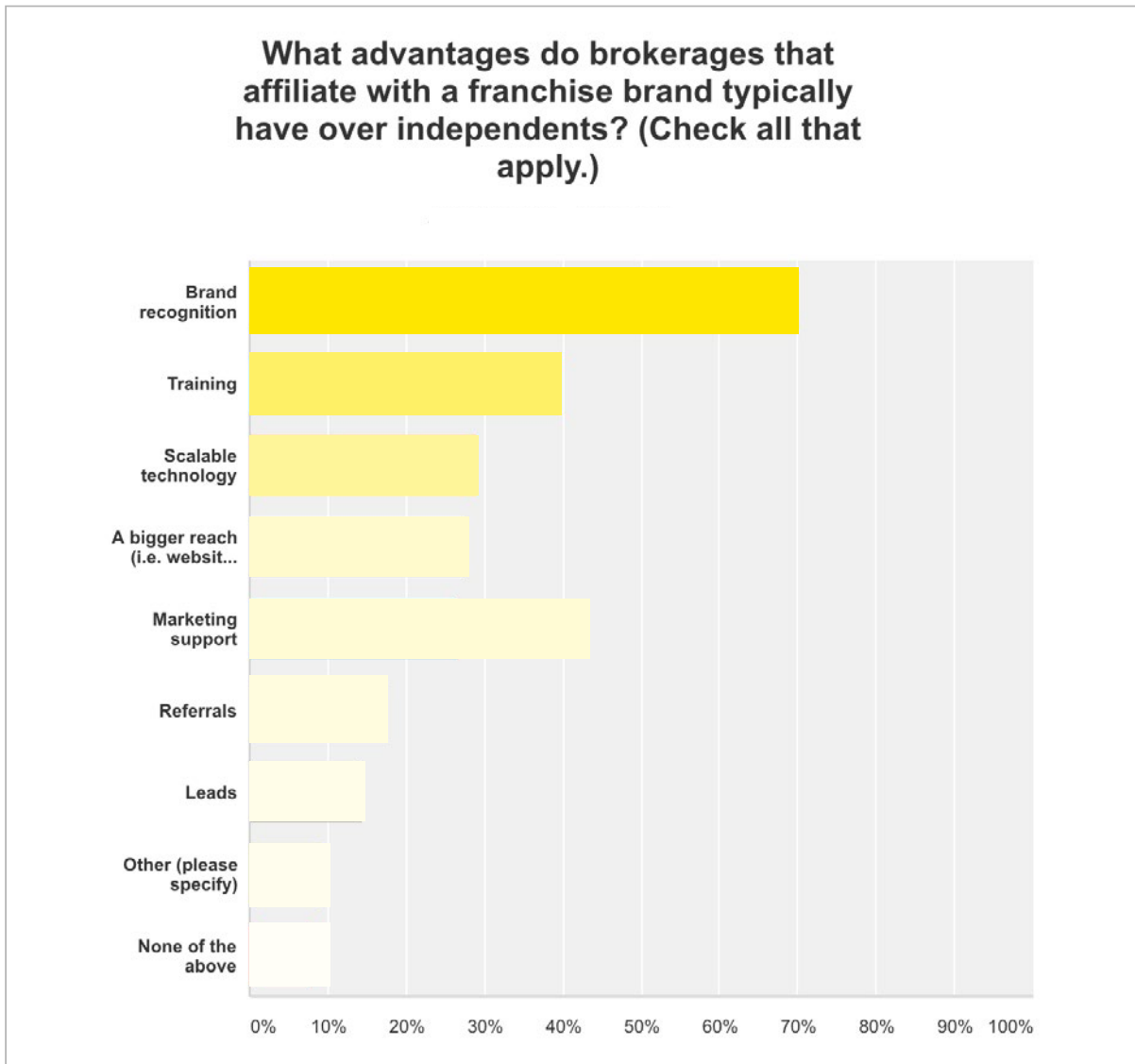


Other independents want to avoid the “headcount mentality,” and the pressure from “absentee shareholders.”

Where they’re not pushed as hard to meet production goals and have more freedom to develop their own marketing style.

While the softer benefits of the independent brokerage are persuasive to some, for others it comes down to the financials.

“Why spend my money advertising a big brokerage’s name where my advertising could send leads to someone else in the brokerage?” said an indie broker from Indianapolis. “Paying a big brokerage \$100,000 a year for a name doesn’t do anything for my business.”



But just as getting started as a mom-and-pop wings shack might be more difficult than opening up a new Chick-fil-A, so too does name matter in the real estate industry. The most powerful card a franchise holds is brand recognition (75 percent). Training (48 percent), scalable technology (40 percent) and a bigger reach (39 percent) were the other top advantages respondents selected.

Supersize me:

THE OFFICE DIGS EDITION

By Gill South

Revelation Real Estate would like to cast its vote for the bricks-and-mortar real estate office, and make it a supersize, please and thank you.

This year, the 550 agents with the independent Arizona brokerage and its owners, Chuck and Angela Fazio, moved to a brand new 20,000 square foot premises, an \$8 million project currently under construction.

In Chandler, half an hour out of Phoenix in the East Valley, the space includes a state-of-the-art training center, bar and cafe, a Magnus Title company office and conference rooms. The building has 6,200 square feet of outdoor patio space.

The office move, a 10-year lease commitment, is raising some eyebrows in the local market. The current trend for brokerages is to make their office smaller or even go virtual.

Chuck said he doesn't care if people think his brokerage is going against the trend to downsize. "The proof is in my numbers," is his response.

Agents will be able to sublease office space for teams and in turn defray some of the costs.

The Fazios are certainly putting all their eggs in one basket with this one large office and lifestyle space, but this is their ideal model. They say they have no desire to move to multiple locations.





The Fazios have planned out the office so that it can work for every type of environment, Angela explains. In Chuck's words: "Work, play, live."

Private calling booths, loud active spaces, areas for relaxation, chair massage, recreation opportunities and waiter service throughout the building are part of the new location.



The couple has also built a room for collaboration and mastermind accountability groups.

The Fazios, who believe in working closely with their agents, helping them work their databases and keep up their client "touches," want the building used regularly for client entertainment. Meanwhile, there will be Friday night get-togethers with vendors.

As Angela puts it: "We already have a culture of high collaboration and community, and our new location will put this concept on steroids." A former independent company owner, Curtis Johnson, brought his team of 25 over to Revelation in October 2016.

"Meeting in a beautiful office sets the tone,"

Johnston said. "You are not meeting out of your Mom's basement. It says: 'We are professionals, we are here for the long haul;' it sends a message. People are buying that confidence."

Chuck and Angela Fazio

CULTURE: INTENTIONAL, CREATIVE AND TEAM ORIENTED

A COMPANY'S CULTURE IS CRAFTED BY A NUMBER OF FACTORS --

a firm's collective makeup of personalities, work environment, mission and values, ethics and shared behaviors -- some of which develop organically while others are handed down or created at the top.

An indie firm's unique, thriving culture is the biggest attraction for agents, independent-affiliate survey respondents said (41 percent), followed by offering a place that supports agents' brands (20 percent).

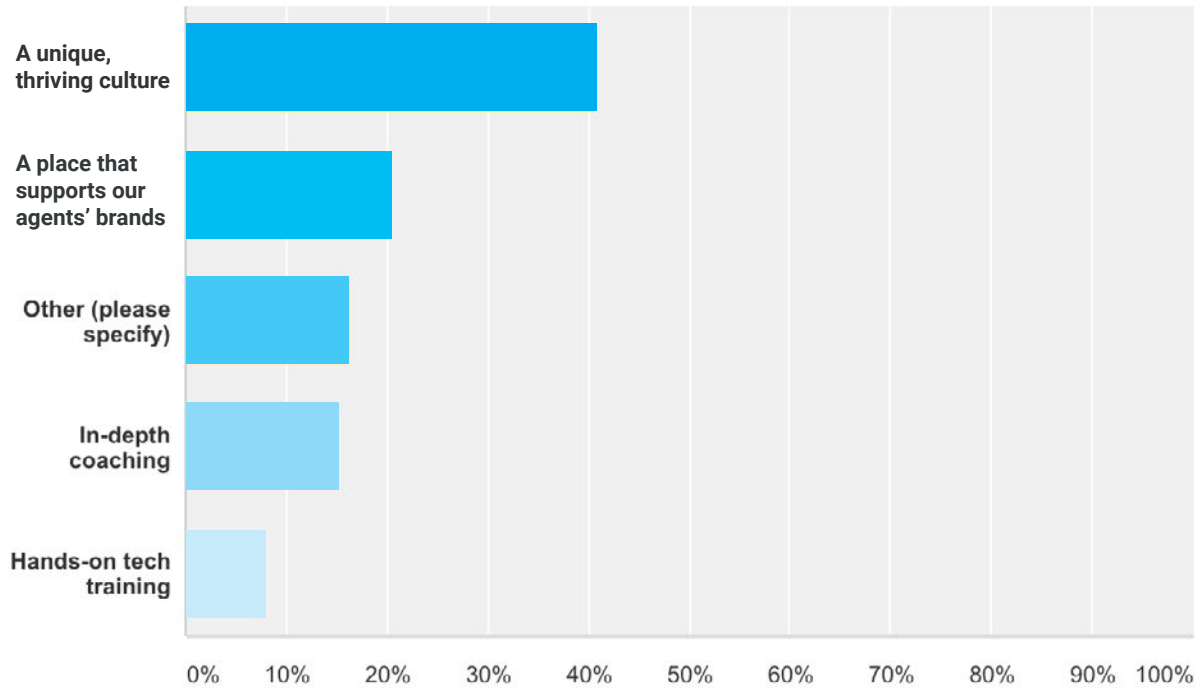
Culture tends to be more intentional, creative and team-oriented at indie brokerages because like-minded hires are chosen with care, according to the survey.

"We are a tight-knit, limited group of agents that are highly performing and work well together as a small team," said a Washington state-based independent managing broker.

"We do not want additional members unless they fit my very specific criteria."

“ Indie brokers and agents believe the biggest threat to their own business model is competition from large brokerages and franchisors.”

Which of the following best describes your company's value proposition to agents?



A successful Seattle-based indie broker added: “Our entire company works as a team with very large amount of support staff per agent to increase their personal ability to produce.”

Other factors serving as indie brokerages' value proposition to agents included a unique business model, “informality,” mentoring and “zero micro-managing.”

A number of respondents mentioned 100% commission as the biggest perk, a model blazed by Re/Max (which now promotes a 95/5 split) that's currently gaining major traction among indie brokers and agents across the country.

True teamwork:

SHOULD IN-HOUSE AGENTS COMPETE?

By Gill South

What makes [independent brokerage](#) The Holden Agency, with four satellite offices across Ohio, different from a [real estate franchise](#) in the same state?

The absence of internal competition.

According to Jerry Holden, the agency's broker-owner, his team of nearly two dozen agents (who cover all 88 counties of Ohio) work as an actual team. No member rivals another, contrary to franchise fashion.

He gives the example of two or three different [Keller Williams](#) offices in one city, all owned independently and jockeying for clients in the same market.

It happens with all the franchises, Holden said.

"And that's what I don't want," he added. "I want one team, one state, one business model. On numerous transactions, agents will work with another agent to better take care of the customer.

"And pretty much all the agents can work anywhere in the state of Ohio." After nine years at Haring Realty in Mansfield, Ohio, in late 2013 Holden set up his own business a few miles away in the city located midway between Columbus and Cleveland.

A former professional junior league baseball player, he wanted to build a team that mirrored the values found in America's favorite pastime.

The way Holden looks at it, all ball players are independent contractors — like [real estate agents](#). He liked the "if I help you and you help me, we will win the World Series" work ethic that he saw in the sport and brought it with him to his own company.

"Winning has left the real estate industry because people have become complacent and 'order-takers,'" said the broker. "They're just waiting for the phone to ring; they are not willing to go out there and grind and compete."

"Most franchises and other older independent real

estate companies are more traditional. There's nothing wrong with them, but I am extraordinarily competitive by nature.

"When I started my own company, I wanted to compete and have a team that wanted to compete rather than take orders."

Hiring is a multi-step process at the agency. Any potential recruit who meets with Holden then sits in front of the entire team.

All of Holden's agents come straight from real estate school and range in age from 22 to 55.

"We don't hire any existing agents; that's more geared toward the [traditional] brokerage model, where every man [and woman] is for themselves," he said.

He currently has 22 agents, plus four due to graduate from real

estate school soon. Three graphic designers, one videographer, one photographer and two coaches also make up the staff.

"We all share the understanding that we are taking care of clients first; we are not commission-focused," said Holden, who gives his agents a 70/30 percent split.



Jerry Holden

THE WHITE GLOVE SERVICE FACTOR

WHILE CULTURE DRAWS IN AGENTS, INDIE BROKERAGES POSITION THEMSELVES TO CONSUMERS AS OFFERING A HIGH LEVEL OF END-TO-END CUSTOMER SERVICE (45 PERCENT) AND AS EXPERTS IN THE LOCAL MARKET (29 PERCENT).

Anecdotally, survey participants discussed how the flexibility to provide a certain kind of service tailored to young homebuyers can also be an advantage.

“I work primarily with millennials,” said an independent Charlotte-based broker. “They want a personalized experience, where they do not feel like they are being sold, and they can interact solely via technology.

“When I worked for a big brand, I could not provide that type of service to them because the brand had expectations of what I would do. On my own, I can do whatever I want.”

An indie broker-owner from Pennsylvania added: “The collective marketing power of the franchise gives it a significantly better presence in the market; however, their suite of services is based on a business model that is old, tired and because of their size, less appealing to younger clients.”

Respondents indicated that older clientele may be disinclined to go with

a “no-name” company, while a newer generation of buyers and sellers is looking for the best agent, regardless of his or her ties to a specific brand.

“The older clientele can take a bit more education as they feel that the brands have some ‘extra’ something,” said a Houston-based indie broker. “Once we explain that we all have the same MLS and set of tools, it makes for an easy conversation.”

An independent Honolulu-based broker added that “innovation, originality and privacy are commonly aligned qualities of an independent. Customers are seeking expertise and negotiation skills from an independent, personalized and customized perspective.”

A number of respondents felt that sellers -- more than buyers -- were interested in working with a recognized brand “due to national marketing reach and exposure.”

Still, many top producers have a loyal client base who would follow them anywhere: “If they are coming from another market, they may feel more

attracted to a familiar brand, initially,” said the CEO of a Nashville-based indie brokerage. “However, as for repeat clients ... NAR statistics show that they only

“ Craft is cool right now whether it’s beer, coffee shops or real estate brokerages. We feel that consumers trust independent brokerages more.”

- Kentucky-based indie broker

remember their agent rather than the company the agent represented.”

A Keller Williams agent in Tennessee added, “In my market, the agent is more important than the firm. For example if I left my brokerage today, I believe I would retain at least 90 percent of my client base.”

One Chicago indie firm’s top producer thinks more and more people are shopping based on agent reviews and the individual agent’s sales experience rather than “the brand behind the agent.”

Infiltrating a niche community with local expertise

By Gill South

Sean Becker came to Portland, Oregon's South Waterfront area in 2004 when it was a "blank slate of raw ground." Today, it's where his growing indie brokerage has established deep roots.

In his first venture 13 years ago, he came with Realty Trust Group, which had an office there for four years.

No one understood the market then, said Becker, with a number of condo developments underway on the former brownfield site. But patience would pay. The locale blossomed into an in-demand neighborhood anchored by the presence of a university and its quarter-mile distance from downtown.

Realty Trust left the area in 2008 when the recession hit, and Becker worked from their office in The Pearl district.

But in 2014, the South Waterfront market had begun to bounce back from the downturn, and Becker recognized an opportunity to start his own brokerage in the area, Sean Z Becker Real Estate (SZBRE).

Becker built his steady firm on high-touch model and strong community ties. A tight inventory 2016 left Becker feeling like "a shoe salesman with no shoes," but SZBRE made it work with 43 percent share of the South Waterfront market that year, selling 28 of the 65 closed transactions recorded by the MLS and growing sales volume to \$60 million from 2014's \$35 million.

His experience shows that one way to truly master a real estate market is to become ensconced in an area when it's still brand new.



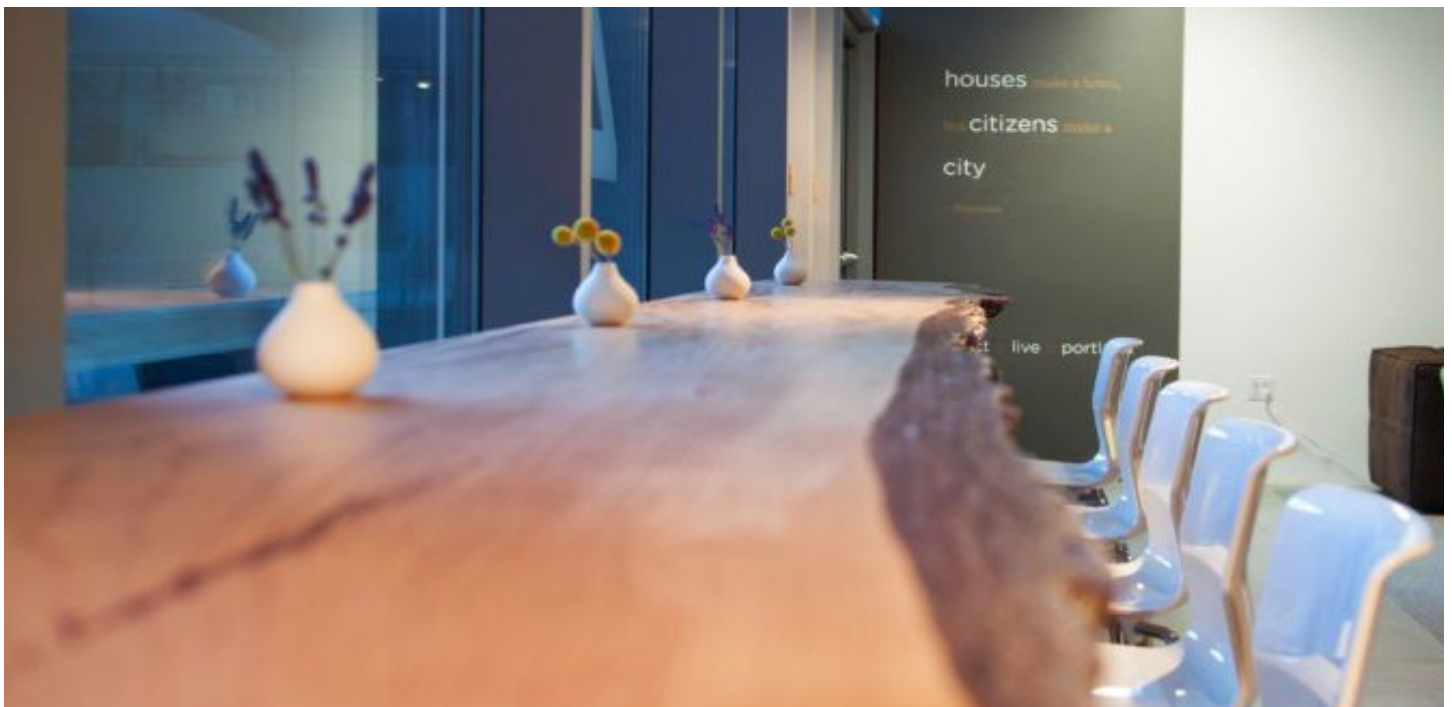
Sean Becker



SBZRE brokerage members

Becker estimates his marketing budget is 50 or 60 percent devoted to community involvement. The brokerage is a sponsor of South Waterfront's farmer's market, movies in the park and art programs in the area's four schools.

The SBZRE office is well-known to agents from other brokerages coming to do business in South Waterfront. They regularly pop in to borrow the printer or get the latest MLS listings. An espresso machine is always available for a coffee.



SBZRE office SBZRE office



SBZRE office

As an early business in the area, SZBRE become involved with community initiatives from the start. Becker and his team set up a retailer collective group.

“A lot of us in the neighborhood — from dentists to retailers — we were all sharing the same client; there was a lot of commonality, so the idea was let’s all develop a retailer identity in South Waterfront,” said Becker, who has since handed this initiative over to the local community relations association.

“We do continuing education classes for other agencies and brokerages about the neighborhood and condos,” said Becker.

His philosophy is if these agents go and do more business in South Waterfront, so can he and his team.

THE STRUGGLE IS REAL (ESTATE): INDIE AND FRANCHISOR CHALLENGES

BOTH FRANCHISE-AFFILIATED AND INDEPENDENT-AFFILIATED RESPONDENTS WERE ASKED WHAT AGENTS STRUGGLE WITH THE MOST AT THEIR BROKERAGES.

In parsing out responses between the two groups, Inman's survey revealed that among indie brokers, the two biggest challenges are a lack of planning (20 percent) and a lack of tech-savviness (16 percent).

Independents also specifically said they struggled with lead generation, brand recognition, strong competitors, a misconception that bigger brokerages offered more services and exposure, inventory, and the flood of new agents on the market. Meanwhile, franchise brokers and agents indicated that a lack of motivation and drive (23 percent) -- compared to only 10 percent of indies -- and a lack of tech-savviness (22 percent) are what their agents struggle with the most. The results indicate that indie brokers could perhaps address systems and planning as a priority, while franchisors have work to do on inspiring agent motivation.

Brokerages were also kept busy responding to downward pressure on retained company dollars thanks to rising commission splits and the growing number of discount brokerages.

One indie respondent reported being nervous about recruiting in the first year of opening: "We've just recently opened our indie shop and aren't recruiting yet, but I feel recruiting quality agents may be the difficult part. I'm not interested in any agent -- only quality agents."

How an 18-state virtual brokerage makes money

By Gill South

Fathom Realty founder and CEO Joshua Harley doesn't like to use the term "100-percent [commission brokerage](#)" to describe his fast-growing firm because these companies have reputations as simply "license warehouses," he says.

He prefers to describe Fathom, which started in Dallas-Fort Worth in 2010, as a [full-service brokerage](#) that offers the industry's best commission plans.

Harley had the idea to launch Fathom after being a [real estate agent](#) for a relatively short time in 2009 with [Keller Williams](#), followed by an underwhelming experience with a 100-percent commission brokerage.

The former marine received his broker's license shortly after his two-year anniversary as a [Realtor](#) and officially launched Fathom in January 2010. The idea was to provide everything the large traditional brokerage provided while charging a low commission split modeled on 100-percent commission companies.

"The 100 percent model wasn't new, but up to this point I had not found one who I felt was doing it right, and I was determined to fix that," he said.

Harley has kept the Fathom Realty business model very simple.

"We have a monthly fee and a simple transaction fee. That's it. E&O [errors and omissions insurance] is included. A lot of our 100-percent commission competitors tout low transaction fees and then add layers of other fees, effectively nickel-and-diming an agent to death."

Fathom offers everything that a traditional big box brokerage offers and is working on some big proprietary tech for 2017, he said.

What he doesn't provide is offices — and he doesn't apologize for this because they are rarely used by agents, in his experience.

"The truth is, technology has advanced so much that agents do not need the office space and if they could choose between a big office or better commission splits, they would almost always opt for better splits," he said.



Josh Harley

FATHOM REALTY'S THREE DIFFERENT PLAN OPTIONS

The Silver Plan	For dual-career agents, semi-retired agents or those who are just starting out (agents closing fewer than 3 transactions a year) who want to limit monthly expenses while ramping up.	\$25 monthly fee, 85/15 percent split on every sale, flat \$75 on leases
The Gold Plan	Most popular plan; for agents closing between 3 and 11 transactions per year.	\$99 monthly fee, flat \$350 transaction fee on every closing, \$75 on leases
The Platinum Plan	For high-producing agents and teams closing 12 or more transactions per year.	\$350 monthly fee; flat \$95 transaction fee on every closing; and \$75 on leases; team members pay a lower \$99 monthly fee and share the team leader's \$95 transaction fee.

While Harley believes there is room in the market for a number of brokerage models, he believes the 100-percent commission model will be no. 1.

Other players in the 100-percent commission, agent concierge space is San Diego-based Big Block Realty, [which came in at No. 26 on the 2016 Inc. 500](#) as the second-fastest growing private real estate company (and the highest-ranked brokerage) on the list, and JP & Associates Realtors in Texas, ranked in the 400s in the 2016 [Real Trends 500](#) by volume in 2015. Fathom has been featured in the Inc. 500 list for three consecutive years.

And as more and more competition comes in from new companies such as [GoldenKey](#) and [Opendoor](#),

who are knocking down the commission rate, agents will need to move to more 100-percent commission companies to be able to compete and make a living, Harley said.

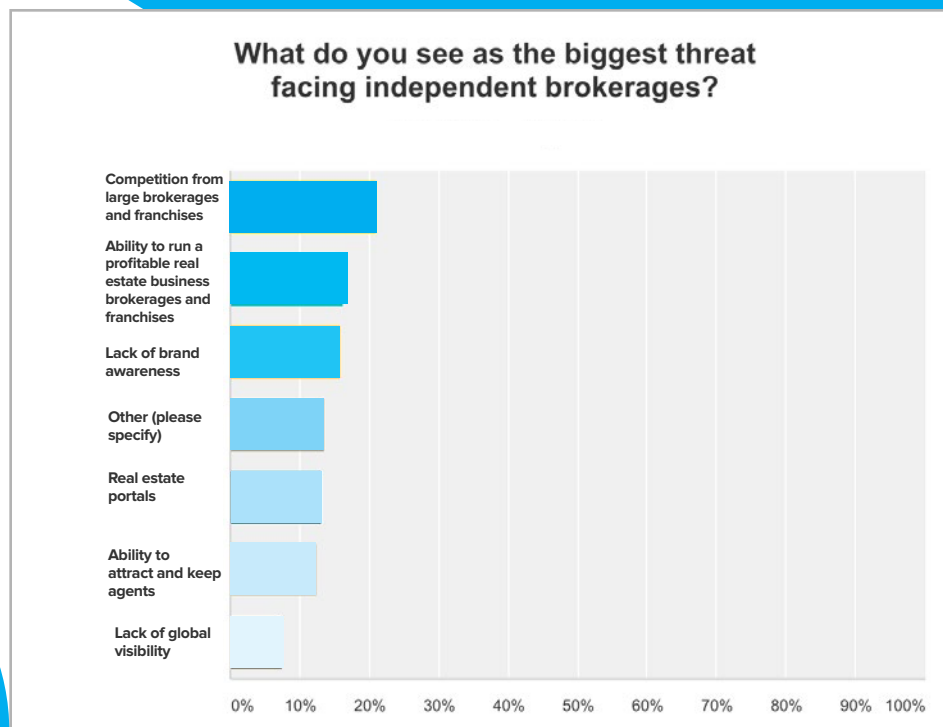
Fathom Realty has been featured in the Inc. 500 list of fast-growing companies every year since 2014 at numbers 457, 128 and 244 most recently.

The company is maintaining healthy margins by keeping expenses low and streamlining or centralizing services, said Harley.

In January this year, Harley also introduced equity ownership to all his agents.

DAVID THREATENED BY THE INDUSTRY GOLIATHS

INMAN'S SURVEY ASKED RESPONDENTS TO SHARE WHAT THEY THOUGHT WAS THE BIGGEST THREAT FACING INDEPENDENT BROKERAGES. Collectively, survey takers said that the ability to run a profitable business (22 percent) and competition from large brokerages and franchisors (19 percent) were the biggest threats.



But again, parsing out the results is interesting.

Independent agents and brokers said that the biggest threat to their own business model is competition from large brokerages and franchisors (21 percent), followed by profitability (16 percent).

That perception differs among franchisors, who cited profitability as indie brokers' biggest challenge (37 percent), followed by lack of brand awareness (18 percent).

Some smaller operations mentioned the replacement of aging agents as a concern. One independent Nevada-based broker with over 100 agents said he worried about the "consolidation threats of larger firms, new real estate models of limited services and flat fees paid to the broker from agents."

Another respondent was concerned that large corporate and franchise models would "embed in the agent pool" and consolidate further.

Large firms dominating industry policy was also a concern: "MLSs being

run by franchises creating rules that hurt independents is a threat," said one respondent.

A shift in the market could also be a threat, thought one California independent: "With a market like we have now -- when properties sell themselves and skills are not the differentiation -- low fee independents work. When markets shift and require visibility, skills and credibility, big franchises can outlast us," she said.

And the same threat that every small business faces also persists in real estate: Not all independent brokerage startups will survive. "Our area sees independent brokers come and go," said an Ohio-based broker affiliated with a franchise brand. Many indie brokers offer "deep discount fees" and don't provide agent support. Eventually, they price themselves out of the market, and those who "stay in business increase their fees and splits with agents to survive," he said.

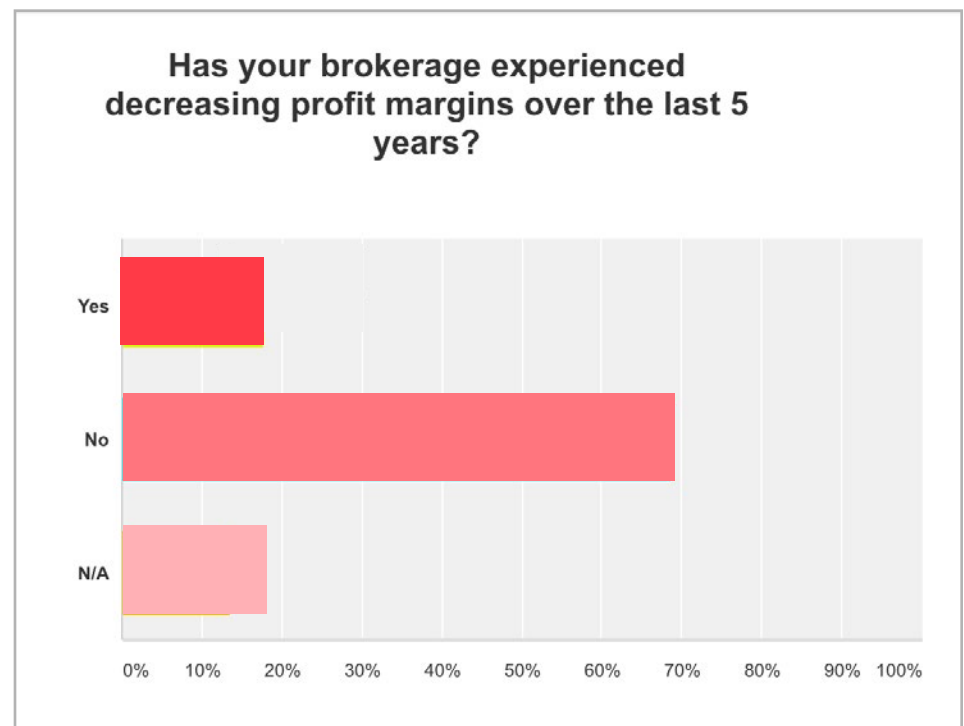
“Paying a big brokerage \$100K a year for a name doesn’t do anything for my business.”

- Indianapolis-based indie broker

STOP 'TRYING TO BE THE BROKER FOR ALL AGENTS'

THE MAJORITY (65 PERCENT) OF RESPONDENTS -- from both independent firms and franchises -- said they were not experiencing a decrease in profit margins. Only 23 percent said they were experiencing a decrease, and they are taking steps to improve margins.

The results also showed that indies are faring better than franchisors when it comes to profit -- 17 percent of indie brokers reported shrinking margins, compared to 30 percent of their franchise counterparts.



“Indie brokers believe their agents have a higher stake in the firm because they feel a sense of ownership.”

An independent brokerage in Oakland, California, is recruiting agents with the most growth potential, making agents more accountable for their charges and doing a complete inventory of their vendors: “We are confronting some, firing others, renegotiating contracts, challenging

invoices and thoroughly vetting any vendor before hiring,” the broker added.

One Nevada-based broker affiliated with a franchise brand said that the

company had to stop “trying to be the broker for all agents” and, instead, invest time and money into those who fit the company culture. For one independent, Oregon-based broker, it was about becoming hyperlocal, focusing on the largest community and marketing heavily in that area.

For some indie firms, leaving a franchise is what improved their margins: “We left a franchise and went independent over four years ago to retain and grow our profits,” said one Nevada-based company owner. Another Georgia-based broker left a franchise brand in December 2016 to open an independent team brokerage and has been more profitable in 2017. She said that “every expense is measured by return on investment.”

Manhattan broker never hires industry insiders

By Gill South

You won't see much of Michael Rossi at [real estate industry events](#). The entrepreneurial founder of [Manhattan](#) real estate brokerage [Elegran](#) is not big on mixing with other real estate people. He prefers to run his business at a slight arm's length so he can see problems — and solutions — more clearly.

"I've never mingled, never plugged myself in, never worked in another real estate firm," he said. "I don't have the habits."

There's a method behind this approach for Rossi. The former hedge-fund manager ran client service operations for a Wall Street brokerage before setting up Elegran with a college buddy and his brother-in-law in 2008.

"We have a willingness to change our mindset as the market changes, separating our talent, isolating them," he explained.

He likens it to an idea that came out of World War II, a movement called [Skunk Works](#).

Characterized by "small empowered teams, streamlined processes and the culture that values the lessons learned when you are bold enough to attempt something that hasn't been done before," this approach was founded by Lockheed Martin, the U.S. aircraft company that isolated and liberated teams to help develop new aircrafts to defeat the Nazis.

"It put them in a great position to solve problems," said Rossi, who studied at the London School of Economics.

This wartime concept has since been adopted by large organizations across industry and is working well at Elegran.

“When you are so busy, you become more on edge, so fear enters in,” he added. “It’s very hard to stay current and solve issues. It’s important to remove yourself from the day-to-day to see what is happening and not just be reactive.

“That’s been our biggest skill set — managing projects and finding pain points.”

As part of Rossi’s independent approach, he doesn’t hire from within the [real estate industry](#).

He likes to recruit high performers from finance, law or corporate sales, for instance.

“I’m a sucker for good quality kids out of college that might not get a break and might get trapped by the corporate ladder,” he added.

“In Manhattan, it’s different — in other parts of the U.S., people are more normal; here, people don’t want you to be normal. A Goldman Sachs banker who makes \$1 million a year, they expect that level of sophistication from the person in real estate, too. “Those most successful in this industry have had some high-level career and can relate to the client’s high-impact needs.”

“We invest a lot in our people — between \$35,000 and \$50,000 per agent in order to offer them the hands-on support, the technology platform and in order to generate leads,” he said. “We have built a lot of products to facilitate the business, allowing our agents the ability to spend their time building

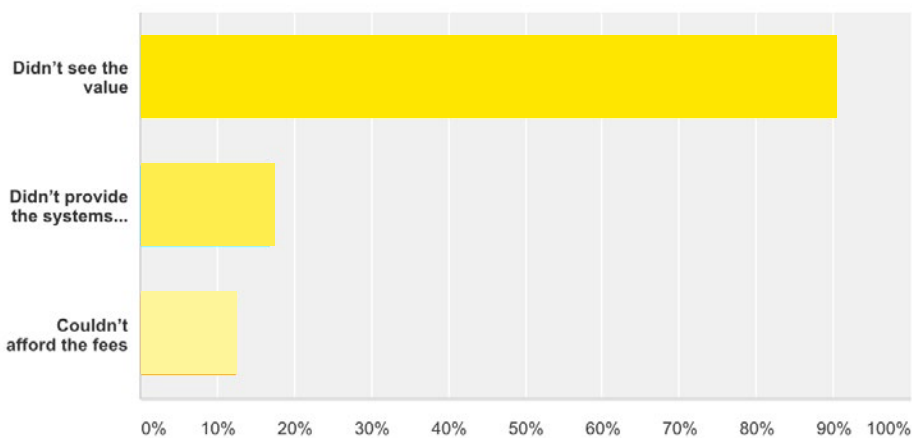


Michael Rossi

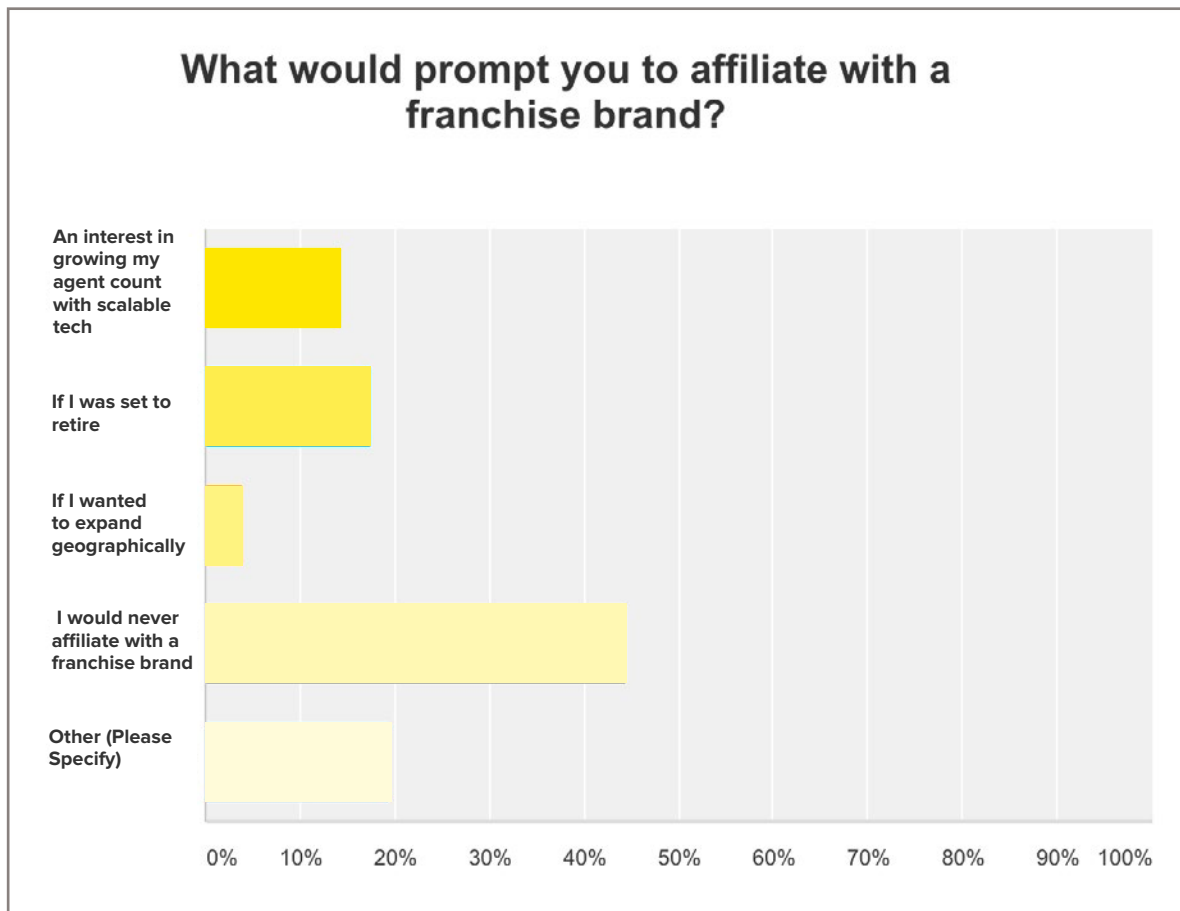
TEMPTED BY THE FORBIDDEN FRANCHISE?

TWENTY SEVEN PERCENT OF INDEPENDENT BROKERS AND AGENTS SAY THEY ARE COURTED MONTHLY BY FRANCHISE BRANDS; 22 percent are courted quarterly; and 11 percent are courted weekly. Even so, 91 percent of independent brokers aren't affiliated with a franchise brand because they "didn't see the value."

Why aren't you currently affiliated with a franchise brand? (Check all that apply).



We asked what it would take for an independent brokerage to consider affiliating with a franchise. While the survey revealed that 45 percent would never affiliate with a franchise brand, 18 percent said they would if they were set to retire and didn't have a leadership transition in place; and 15 percent claimed they'd consider affiliation if they had an interest in growing their agent count with scalable technology and other business tools. A handful of independent brokers said a 100-percent commission brokerage might tempt them.



The need for geographical expansion would convince 4 percent to consider a franchise's offer. Owners of independent companies find it more challenging to win business outside their network once they move into new territories, but they have no problem competing with franchises within their own market, said one independent Toronto-based broker.

A number of those surveyed said they tried the franchise route but did not enjoy the experience.

One Seattle independent broker was affiliated with a franchise for several years, but the alliance led to more financial burdens than gains. After that experience, the broker said future franchising would have to come with an annual option to leave, and the franchise would have to prove it was increasing revenue to the company rather than wasting money on fees and other expenses.

'MONEY TALKS AND BS WALKS'

WHAT COULD A FRANCHISE BRAND DO TO MAKE ITSELF MORE APPEALING TO AN INDIE FIRM?

"Nothing" was the most common response from independent players in the survey, but some elaborate: "Nothing would make a franchise brand more appealing to me personally," said one Georgia broker/owner. "Co-mingling my brand with a franchise brand only adds layers of bureaucracy and confusion for the consumer."

A Mississippi-based independent broker -- with a large firm -- who is courted regularly by brands explained why the franchise format doesn't work in real estate, in his opinion:

"A franchise is a packaged business that the owner can just plug in and rely on systems put in place. I think that works great for a restaurant. But not for real estate. It has been successful but I think it has been artificially so. The '80s and '90s were the times of franchises. Everything got franchised. I think real estate is inherently local and so the benefits of a franchise in this industry are minimal."

A number of other suggestions included lowering their costs, increasing their lead generation models, being quicker to change and offering more local control. An "honest to goodness CRM" was one plea, and another person suggested for franchises "not to be stuck in the last decade." One popular request was for franchises to have training programs that aren't so cookie cutter; another was to give agents more independence to decide what they charge and how they brand.

"Money talks and BS walks," said an independent Florida broker who gets frequent approaches from franchises that just want to offer an "override" on what your agents bring in. "Purchase my firm with actual money," he advised.

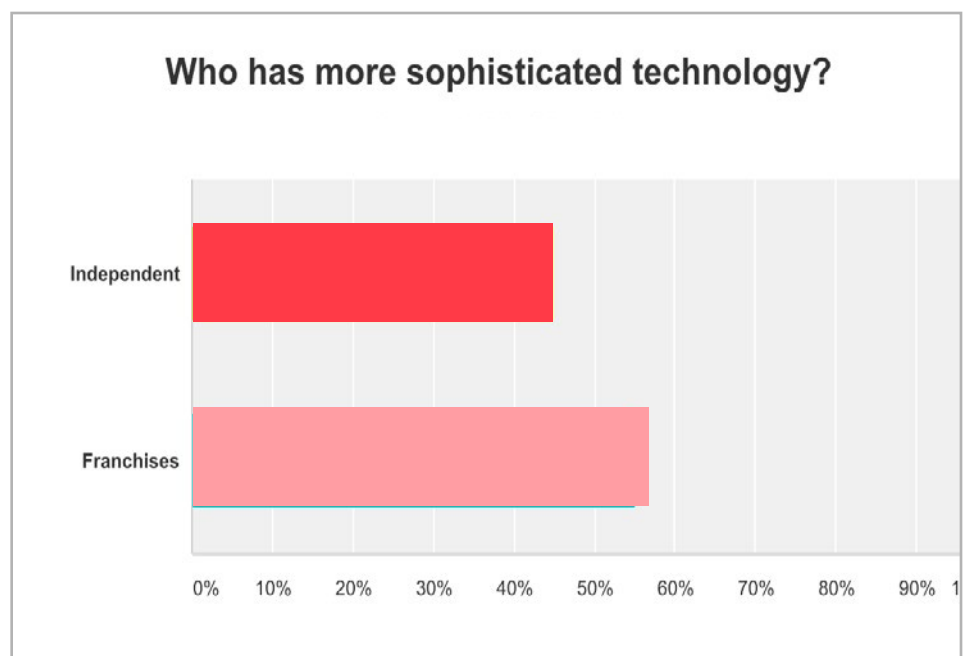
One independent Detroit broker said franchises would be smart to incorporate a human touch: "I would like to see them truly care about my business, our culture and the agents," he said. "Make it less of a money grab. Stop looking at agents as just a cap."

FRANCHISOR TECHNOLOGY: 'I'M SO FANCY'

THERE IS AN ASSUMPTION THAT THE TECH OFFERED AT FRANCHISE FIRMS IS BETTER THAN WHAT INDEPENDENTS CAN AFFORD.

Sixty five percent of survey takers said they believe franchises have more sophisticated technology, while 35 percent believe independent brokerages do.

Some indie brokers say these numbers shouldn't deter people from starting their own brokerages. One North Carolina-based agent affiliated with an indie broker said she not only has much better technology there than she did with the "big brand," but she has a much better command of it as well.



Another bonus of being affiliated with an independent brand is having the option to avoid sales meetings and time-blocking for cold calls and handwritten notes. If you're an agent who needs to do those things, you still can; but this self-proclaimed "one-woman band" dedicates her time to the referrals and past clients who make up her 90 percent lead conversion rate: "The only people I talk to are people who want to work with me and are ready to do it right now," she said.

An indie broker from Washington state said tech solutions need a focus on quality not quantity. Available technology is scalable but off the shelf, and large brokerages are "usually following tech, not creating it," said the broker.

“ A franchise is a packaged business that the owner can just plug in and rely on systems put in place. I think that works great for a restaurant. But not for real estate.”

-Mississippi-based indie broker

Some respondents argued that tech has made it less necessary for indies to join forces with franchises as it has leveled the playing field: "The game has changed -- the internet has allowed talent to trump brand," said an experienced Miami broker who has taken the independent route. Tech allows smaller firms to be more lithe and adapt to changes more quickly, said a broker affiliated with a franchise firm.

Agent turned media entrepreneur

By Gill South

Real estate agent Ben Hirsh just “wasn’t Buckhead enough” to snag a \$3 million listing in Atlanta’s affluent uptown district, known for its large single-family homes, top-notch shopping and the finest restaurants — all with dense forest views.

An inferior agent was appointed instead for her good social connections, he says.

But the lost battle was the impetus he needed to win the war in what’s sometimes called the Beverly Hills of the South.

“It ripped me apart. I hung up, devastated. I thought: ‘I need to get Buckhead.com,’” Hirsh said.

He sent another email to the developer who owned the domain, remade his last offer and he finally agreed.

Hirsh sealed the purchase two years ago — for a six-figure sum — then created an elegantly designed news website in the same name as the community he hoped to infiltrate.

“I’m 100-percent sure if I had that appointment today, I would get it,” said Hirsh.

The 32-year-old agent has been in the business for 12 years. The digital addition has been a great boost to his real estate business, Hirsh Real Estate, and to his standing in the market.



Ben Hirsh



Screen shot of Buckhead.com, displaying the “Buckhead crest.”

Hirsh, assisted by a team of part-time contract writers, posts around five to 10 big articles a month on Buckhead.com and is constantly adding neighborhood information.

The featured stories cover a wide range of topics. Celebrity listings and news of a Whole Foods Market coming to town grace the site. You could argue that what Buckhead.com has done for him is priceless. The young agent had no ties to this upmarket part of Atlanta when he arrived there in 2009 from the trendy area of Atlantic Station in midtown Atlanta.

Convinced as he was about Buckhead as a new home for him and his family, it wasn’t an easy place to blaze a trail as a newcomer.

“I came to Buckhead with no connections,” he said. “I was not born here. It’s a very old money type of place, everybody knows everybody, the top agents knew everybody.

“It had the lifestyle that I wanted, and the price points that I knew I could compete in. I simply chose the place I wanted to make my home,” he explained.

“I have 20 chickens; we live on a couple of acres. At the top of my property I can see the Atlanta skyline, and I’m 25 minutes from the world’s largest airport. The fact that we can have this setting within the city is what is so exceptional about Buckhead.”

Hirsh’s tech-savvy, energetic approach is appealing to incoming wealthy entre-preneurs and hedge-fund types he can talk to about local news while sharing stories of his young family.

THE WORD FROM INDIE EXPERTS

IF YOU ARE THINKING OF TAKING THE INDEPENDENT ROUTE, don't stress about leaving behind the franchise's tech support, says Becky Babcock, co-founder of Path & Post Real Estate, an independent brokerage based in North Atlanta.

Babcock's team at ERA Sunrise Realty was **no. 1** in the ERA franchise system until leaving in early 2016. When affiliated with the franchise brand, her team deviated from the franchise-offered technology, **which was one** sign that they were ready to move on.

Babcock is thoroughly enjoying the experience of being independent. "Being locally owned and operated -- we have the freedom to innovate and the agility to react," she said, adding that it's difficult to turn a franchise cruise ship around when you want to make changes.

Independent-affiliated survey respondents also cited the following technologies as having the biggest return on investment for their firm:

- Facebook
- Matterport (creator of 3-D virtual tours)
- DocuSign (e-signature and digital transaction software)
- BoomTown (CRM and lead generation)
- Contactually (CRM)
- Top Producer (CRM)
- Realtors Property Resource (real estate database)
- Follow Up Boss (lead management software)



Becky Babcock



Vanessa Bergmark

When it came to the top platforms for tracking production and revenue for their business -- both at the broker and agent level -- many indie respondents mentioned QuickBooks and BrokerWolf.

There are some small brokerages that feel they need support with branding, legal aspects or lead generation marketing; however, many independent brokerages have strong systems in place that put them on par with franchises operating at very high levels.

Vanessa Bergmark, owner of fast-growing California independent brokerage Red Oak Realty, based in Oakland and Berkeley, sees indie brokers leading industry innovation.

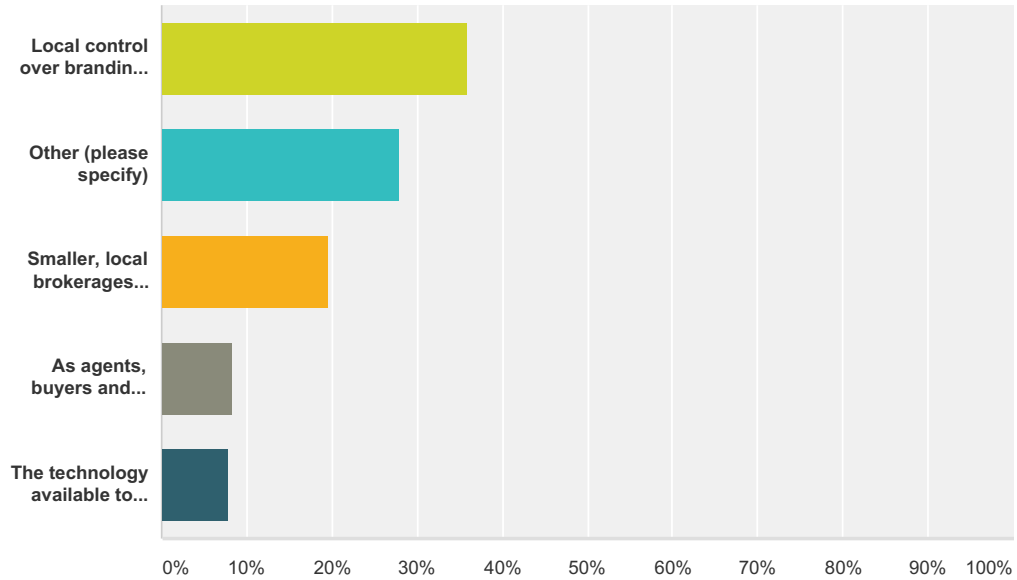
Everyone should be prepared for shifts and thorny transitions; but many franchise leaders don't expect change, Bergmark said, asking: "Why would you if you've been at the top of the food chain for so long?"

"It'll be the next group of agents who are going to come in and make a difference," she said. And some indies have plans to venture into franchise land.

"Why go somewhere else?" said a Pennsylvania-based independent broker when asked if he would ever move to a franchise. "We believe our business model is so unique that we will become a franchise brand in the future."

Q2 What's the appeal of independent brokerages in 2017?

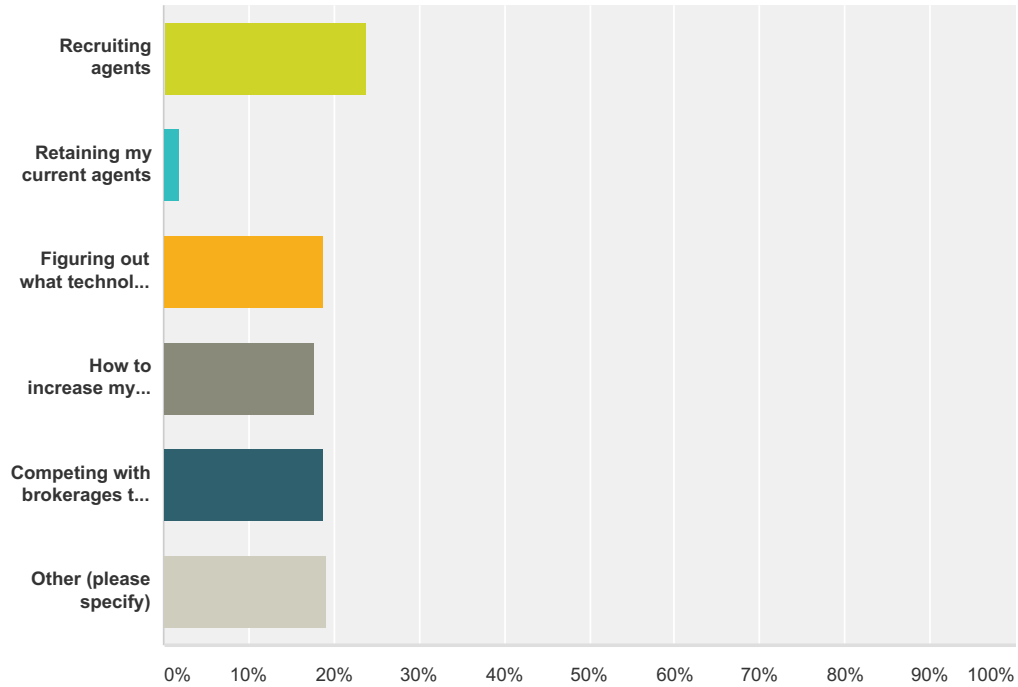
Answered: 214 Skipped: 0



Answer Choices	Responses
Local control over branding and technology gives brokers and agents a greater sense of ownership.	35.98% 77
Other (please specify)	28.04% 60
Smaller, local brokerages typically have better local market expertise than firms affiliated with a franchise brand.	19.63% 42
As agents, buyers and sellers become younger (think millennials), these type of brokerages appeal to those demographics.	8.41% 18
The technology available to streamline operations at a smaller scale.	7.94% 17
Total	214

Q3 What's the biggest challenge facing your business?

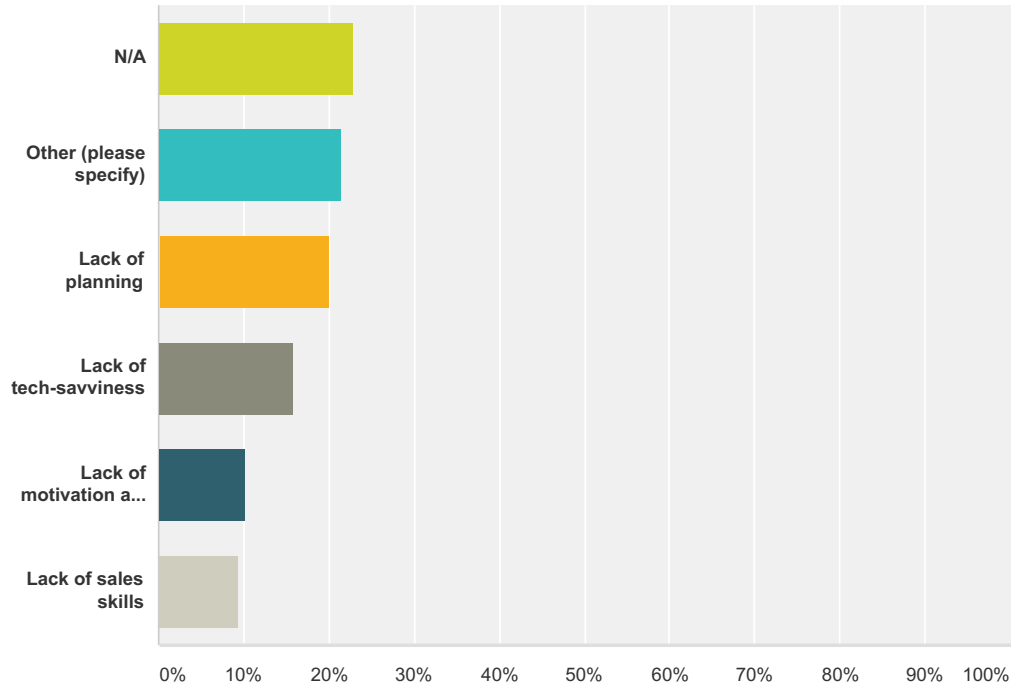
Answered: 214 Skipped: 0



Answer Choices	Responses
Recruiting agents	23.83% 51
Retaining my current agents	1.87% 4
Figuring out what technology to use	18.69% 40
How to increase my agents' sales	17.76% 38
Competing with brokerages that are affiliated with franchise brands	18.69% 40
Other (please specify)	19.16% 41
Total	214

Q4 What do agents at your brokerage struggle with the most?

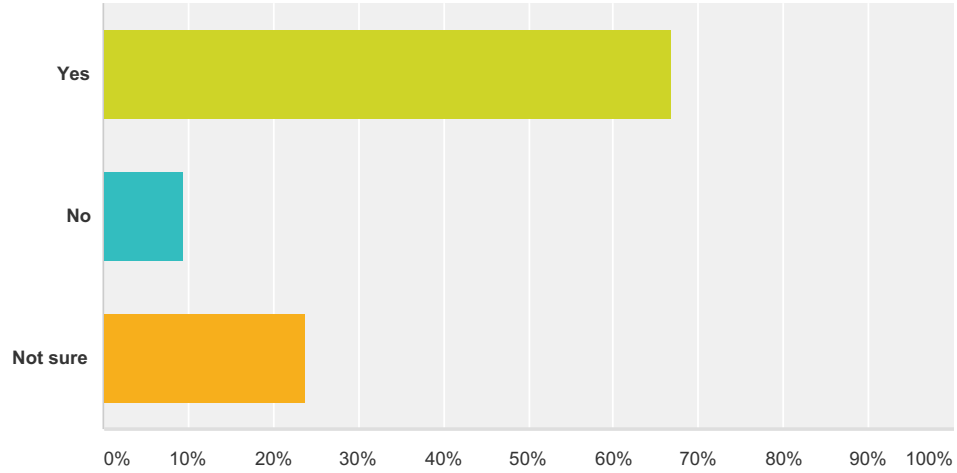
Answered: 214 Skipped: 0



Answer Choices	Responses	Count
N/A	22.90%	49
Other (please specify)	21.50%	46
Lack of planning	20.09%	43
Lack of tech-savviness	15.89%	34
Lack of motivation and drive	10.28%	22
Lack of sales skills	9.35%	20
Total		214

Q5 Do you think independent brokerages are becoming more popular among real estate agents?

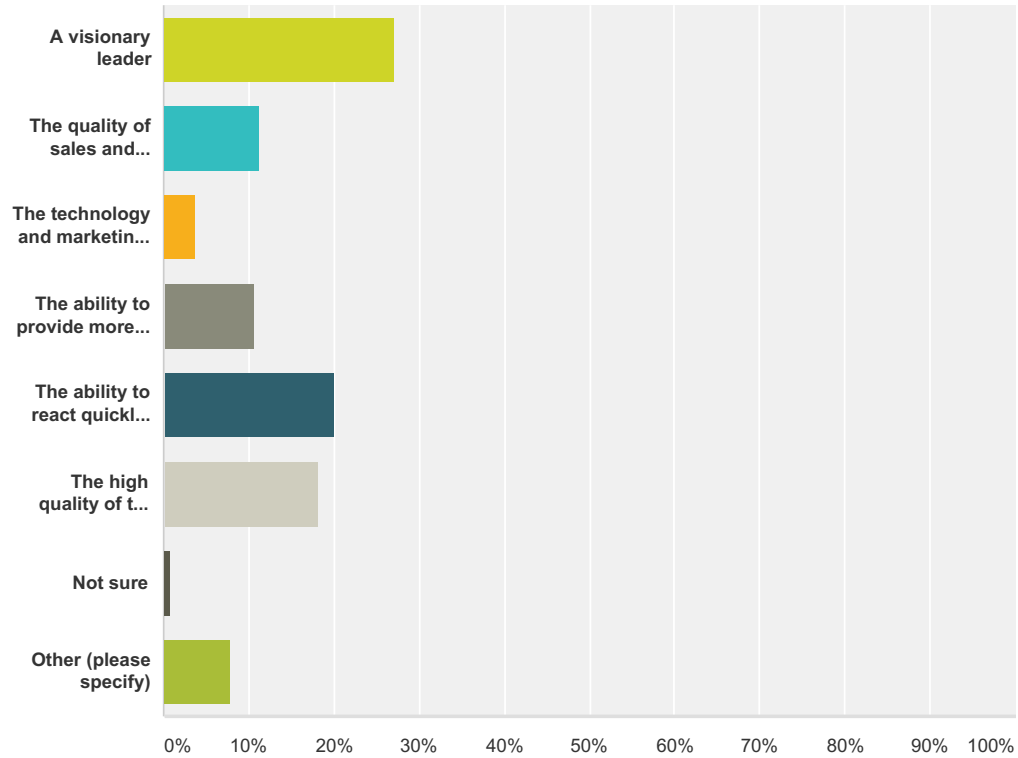
Answered: 214 Skipped: 0



Answer Choices	Responses
Yes	66.82% 143
No	9.35% 20
Not sure	23.83% 51
Total	214

Q6 What is the most important driver of success for independent brokerages?

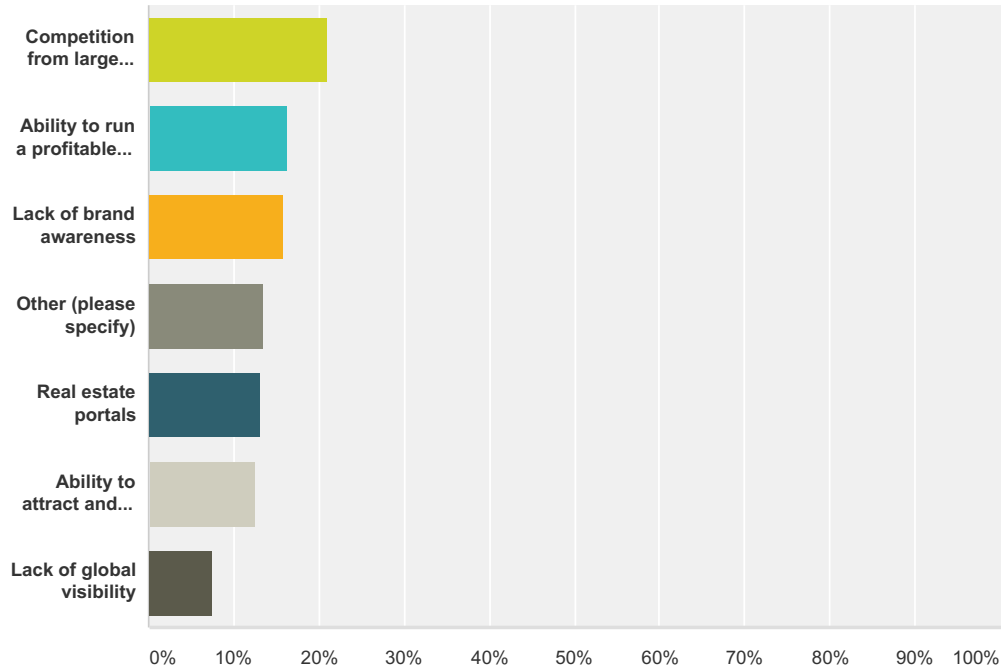
Answered: 214 Skipped: 0



Answer Choices	Responses
A visionary leader	27.10% 58
The quality of sales and management team	11.21% 24
The technology and marketing offered	3.74% 8
The ability to provide more hands-on training for its agents	10.75% 23
The ability to react quickly to changing market conditions	20.09% 43
The high quality of the agents it has recruited and retained	18.22% 39
Not sure	0.93% 2
Other (please specify)	7.94% 17
Total	214

Q7 What do you see as the biggest threat facing independent brokerages?

Answered: 214 Skipped: 0



Answer Choices	Responses
Competition from large brokerages and franchises	21.03% 45
Ability to run a profitable real estate business	16.36% 35
Lack of brand awareness	15.89% 34
Other (please specify)	13.55% 29
Real estate portals	13.08% 28
Ability to attract and keep agents	12.62% 27
Lack of global visibility	7.48% 16
Total	214

Inman Indie Brokerage Survey 2017

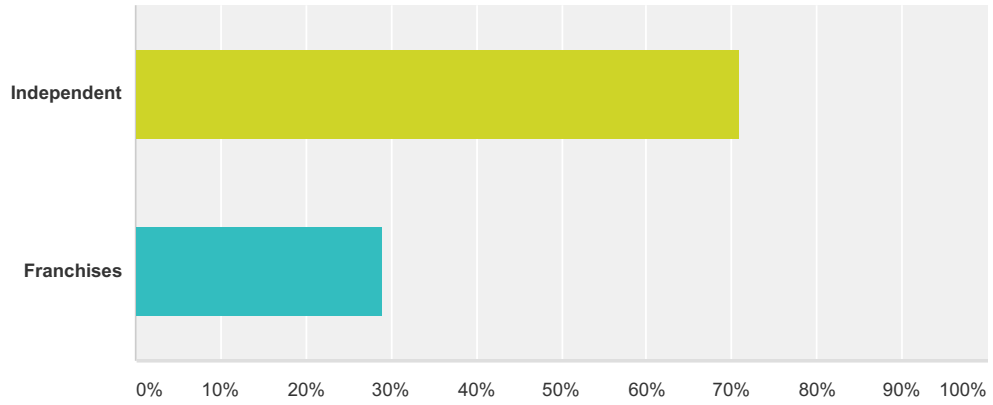
Q8 How many hours per week do you work?

Answered: 214 Skipped: 0

#	Responses	Date
1	50	6/13/2017 10:39 AM
2	35 to 40	6/13/2017 10:35 AM
3	50+	6/13/2017 10:22 AM
4	45-50	6/13/2017 9:50 AM
5	60	6/13/2017 9:34 AM
6	50	6/13/2017 8:42 AM
7	50	6/13/2017 7:30 AM
8	50	6/13/2017 7:05 AM
9	40	6/13/2017 6:46 AM
10	60	6/13/2017 6:43 AM
11	45	6/12/2017 9:21 PM
12	60	6/12/2017 8:46 PM
13	60	6/12/2017 8:31 PM
14	55	6/12/2017 8:10 PM
15	50	6/12/2017 7:10 PM
16	65	6/12/2017 6:47 PM
17	44	6/12/2017 6:37 PM
18	45	6/12/2017 6:19 PM
19	80	6/12/2017 6:12 PM
20	55-60	6/12/2017 6:01 PM
21	60	6/12/2017 5:32 PM
22	50	6/12/2017 4:48 PM
23	60	6/12/2017 4:40 PM
24	55	6/12/2017 4:37 PM
25	50	6/12/2017 4:25 PM
26	50+	6/12/2017 4:22 PM
27	40-50	6/12/2017 4:02 PM
28	50	6/12/2017 3:53 PM
29	40	6/12/2017 3:44 PM
30	50	6/12/2017 3:42 PM

Q9 Who distributes more leads to their agents?

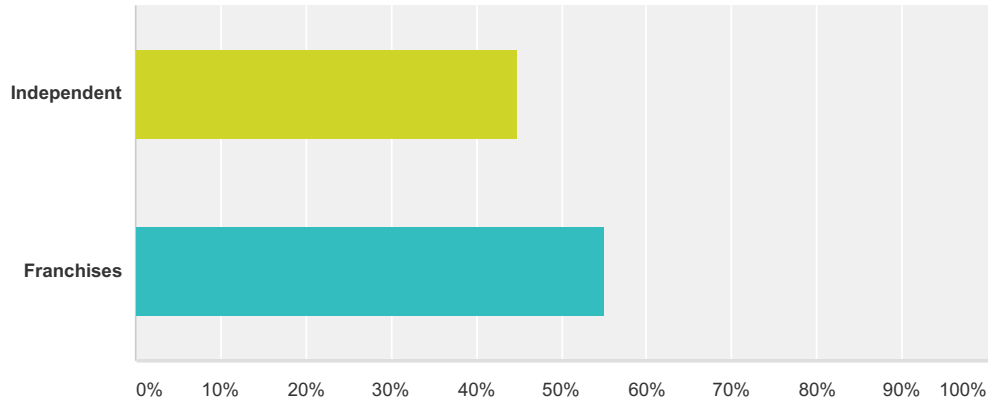
Answered: 214 Skipped: 0



Answer Choices	Responses
Independent	71.03% 152
Franchises	28.97% 62
Total	214

Q10 Who has more sophisticated technology?

Answered: 214 Skipped: 0



Answer Choices	Responses
Independent	44.86% 96
Franchises	55.14% 118
Total	214

Inman Indie Brokerage Survey 2017

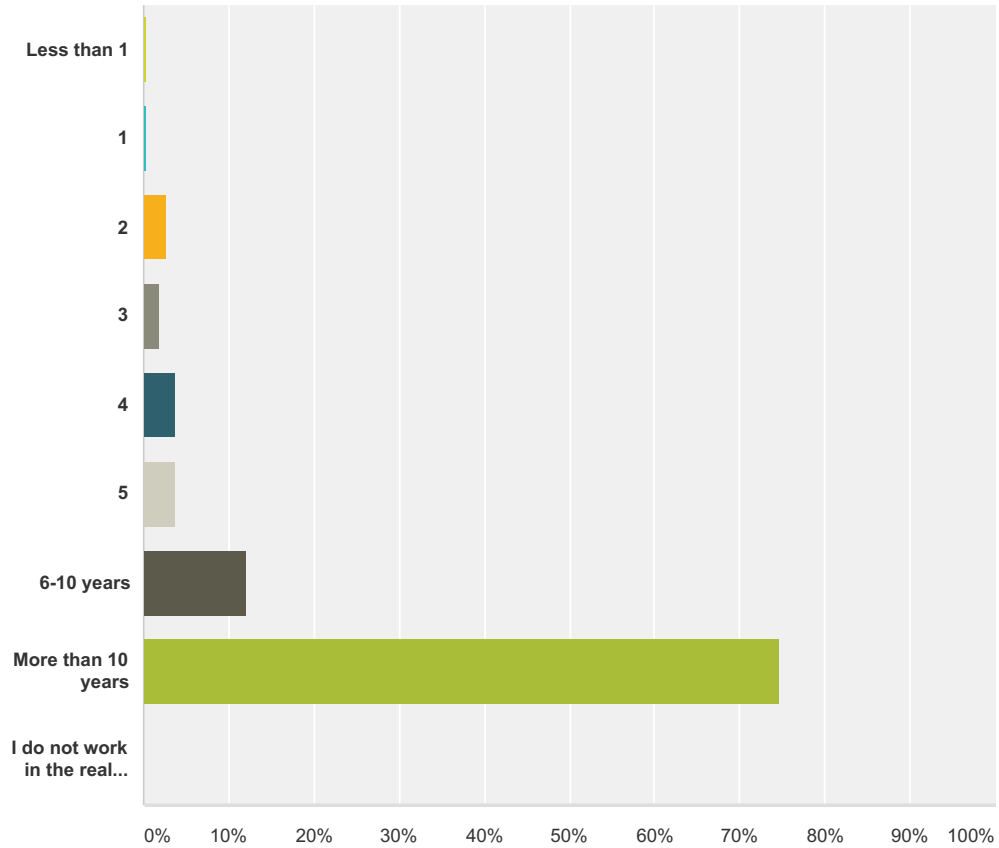
Q11 What's your real estate market? (City and state)

Answered: 214 Skipped: 0

#	Responses	Date
1	Osceola, MO	6/13/2017 10:39 AM
2	San Antonio Texas	6/13/2017 10:35 AM
3	Costa Mesa CA	6/13/2017 10:22 AM
4	Canton, MI	6/13/2017 9:50 AM
5	Oakland, CA	6/13/2017 9:34 AM
6	Orlando, FL	6/13/2017 8:42 AM
7	Baltimore MD	6/13/2017 7:30 AM
8	Charlotte, NC	6/13/2017 7:05 AM
9	Miami, Florida	6/13/2017 6:46 AM
10	Reno,NV	6/13/2017 6:43 AM
11	Myrtle Beach SC	6/12/2017 9:21 PM
12	Kailua Kona, HI	6/12/2017 8:46 PM
13	Kohala Coast Big Island of Hawaii	6/12/2017 8:31 PM
14	Providence, RI	6/12/2017 8:10 PM
15	Fort Lauderdale, FL	6/12/2017 7:10 PM
16	Columbia, SC	6/12/2017 6:47 PM
17	Denver, CO	6/12/2017 6:37 PM
18	Breckenridge, CO	6/12/2017 6:19 PM
19	st. andrew jamaica	6/12/2017 6:12 PM
20	long beach ca	6/12/2017 6:01 PM
21	Syracuse NY	6/12/2017 5:32 PM
22	sarasota, florida	6/12/2017 4:48 PM
23	Columbus ohio	6/12/2017 4:40 PM
24	Breckenridge-Frisco : Colorado	6/12/2017 4:37 PM
25	Dallas-ForthWorth - Texas	6/12/2017 4:25 PM
26	Cape Coral Florida	6/12/2017 4:22 PM
27	lake ozark osage beach mo	6/12/2017 4:02 PM
28	Boston, MA	6/12/2017 3:53 PM
29	Danbury, CT	6/12/2017 3:44 PM
30	Carlsbad, CA	6/12/2017 3:42 PM
31	Long Island, NY	6/12/2017 3:41 PM
32	Philadelphia, Pa.	6/12/2017 3:36 PM
33	Minneapolis Minnesota	6/12/2017 3:34 PM
34	Kansas City, Missouri/Kansas	6/12/2017 3:09 PM
35	Charlottesville Virginia	6/12/2017 3:02 PM

Q12 How many years have you worked in real estate?

Answered: 214 Skipped: 0



Answer Choices	Responses
Less than 1	0.47% 1
1	0.47% 1
2	2.80% 6
3	1.87% 4
4	3.74% 8
5	3.74% 8
6-10 years	12.15% 26
More than 10 years	74.77% 160
I do not work in the real estate industry	0.00% 0
Total	214

Inman Indie Brokerage Survey 2017

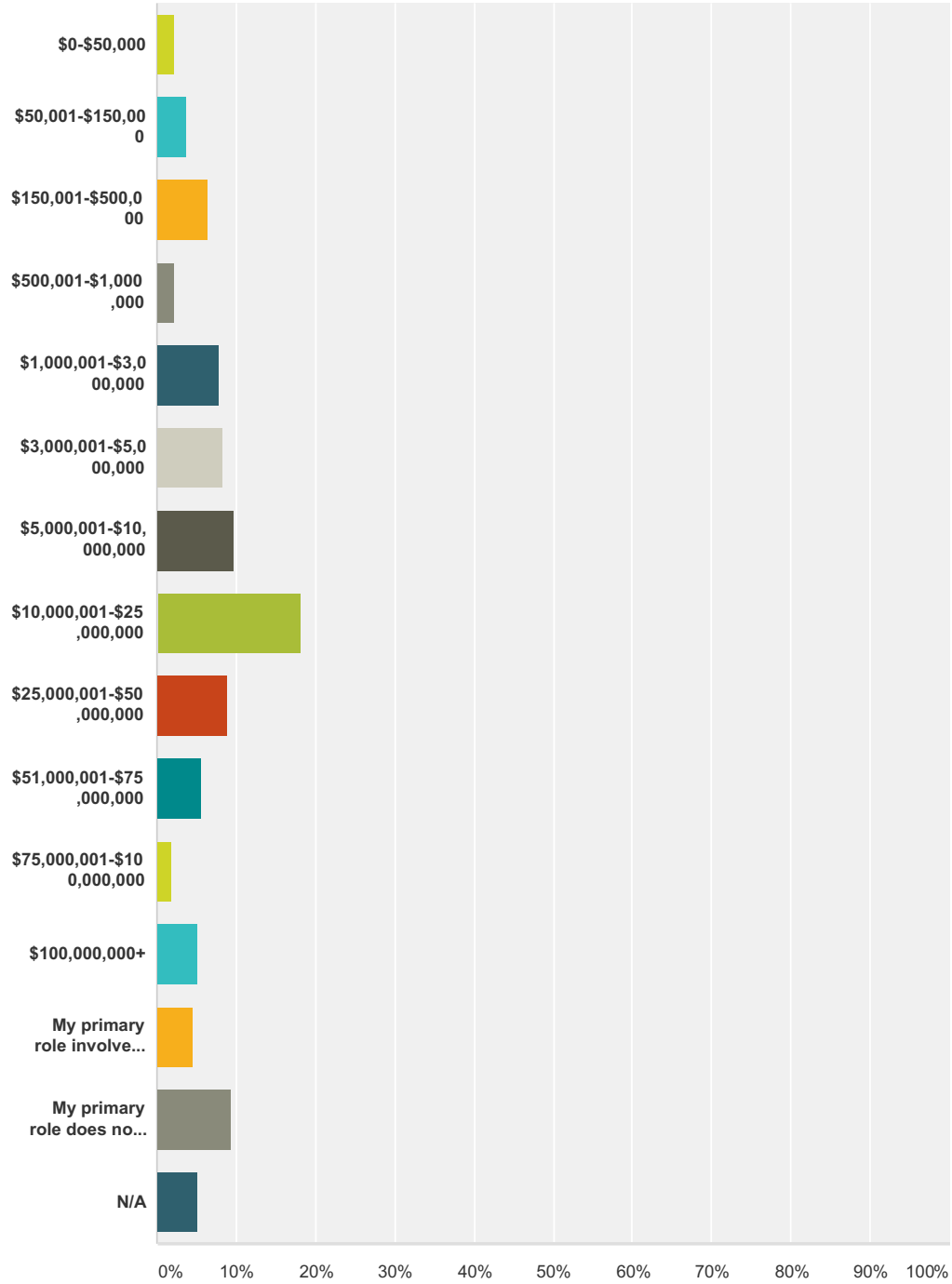
Q13 Do consumers see a difference between independent brokerages and franchises? Please explain.

Answered: 214 Skipped: 0

#	Responses	Date
1	Yes. Sometimes the big name attract buyer not realizing that we have the same technology available.	6/13/2017 10:39 AM
2	They see the franchise name and immediately assume they are getting top notch agents	6/13/2017 10:35 AM
3	Not really..the connection is between how comfortable the clients feel with the agent	6/13/2017 10:22 AM
4	Not really. They do in that they will say "I have never heard of your company." But then have they heard of the specific franchise down the street or just the brand? But once they get past that initial comment there is no perception difference.	6/13/2017 9:50 AM
5	They say so. They like the local knowledge, customized service, and the diversity of our agents.	6/13/2017 9:34 AM
6	Yes. It can be positive or negative based on their previous experience. Once the consumer is educated on the independent brokerages, they are usually more comfortable working with them.	6/13/2017 8:42 AM
7	No	6/13/2017 7:30 AM
8	Only slightly - franchises have the advantage but only until the independent creates a name for itself	6/13/2017 7:05 AM
9	No they notice the agent.	6/13/2017 6:46 AM
10	They do. Mainly in brand awareness.	6/13/2017 6:43 AM
11	Buyers not so much. Some sellers want to list with a "National Name Brand"	6/12/2017 9:21 PM
12	Here the franchises have market share but it doesn't seem to be important to buyers or sellers to have their name recognition in the transaction. Small brokerages abound here.	6/12/2017 8:46 PM
13	Not really	6/12/2017 8:31 PM
14	Yes, I feel being a local broker appeals to a large portion of buyers and sellers. We've been a local broker in the 2nd largest city in the state, are on to our 3rd generation and have adapted to the times.	6/12/2017 8:10 PM
15	They may or may not? They see the Realtor working with them.	6/12/2017 7:10 PM
16	Yes, less commission fees. More creative marketing and fee structures.	6/12/2017 6:47 PM
17	Yes, either the consumer wants a big corporate name or they want a locally owned company	6/12/2017 6:37 PM
18	Not sure	6/12/2017 6:19 PM
19	no	6/12/2017 6:12 PM
20	its all in the presentation	6/12/2017 6:01 PM
21	consumers see the agent so they don't really know or care much about the company be it indie or franchise.	6/12/2017 5:32 PM
22	yes-we have the flexibility to operate "out of the box"	6/12/2017 4:48 PM
23	Other than a name, not that I'm aware of.	6/12/2017 4:40 PM
24	Yes. Once you explain it to them, they see it.	6/12/2017 4:37 PM
25	I don't believe so. I think independent spends more time educating consumers on the benefits of using them as opposed to franchises.	6/12/2017 4:25 PM
26	Depends on the brokerages. We can still provide a very client customized service and it shows	6/12/2017 4:22 PM
27	Independents give more personal attention to each customer.	6/12/2017 4:02 PM
28	Yes, independent brokerages are seen as more boutique specialists able to cater to a clients special needs. While franchise brokerages are seen as volume brokers providing a more standard service to the masses.	6/12/2017 3:53 PM
29	they are easily confused by advice from friends (that don't know what they are talking about)	6/12/2017 3:44 PM

Q14 If your primary role is to sell real estate, what was your/your team's overall production in 2016?

Answered: 214 Skipped: 0



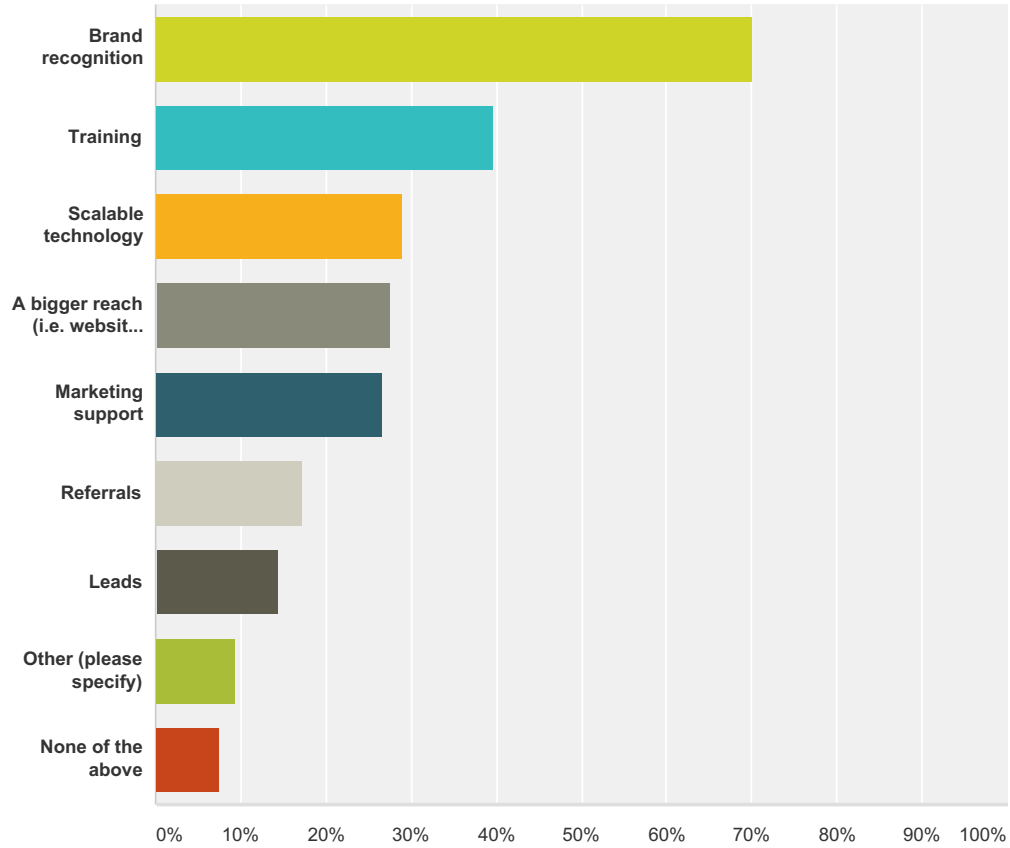
Answer Choices	Responses
\$0-\$50,000	2.34% 5

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\$50,001-\$150,000	3.74%	8
\$150,001-\$500,000	6.54%	14
\$500,001-\$1,000,000	2.34%	5
\$1,000,001-\$3,000,000	7.94%	17
\$3,000,001-\$5,000,000	8.41%	18
\$5,000,001-\$10,000,000	9.81%	21
\$10,000,001-\$25,000,000	18.22%	39
\$25,000,001-\$50,000,000	8.88%	19
\$51,000,001-\$75,000,000	5.61%	12
\$75,000,001-\$100,000,000	1.87%	4
\$100,000,000+	5.14%	11
My primary role involves real estate sales, but I was not selling actively in 2016	4.67%	10
My primary role does not involve real estate sales	9.35%	20
N/A	5.14%	11
Total		214

Q15 What advantages do brokerages that affiliate with a franchise brand typically have over independents? (Check all that apply.)

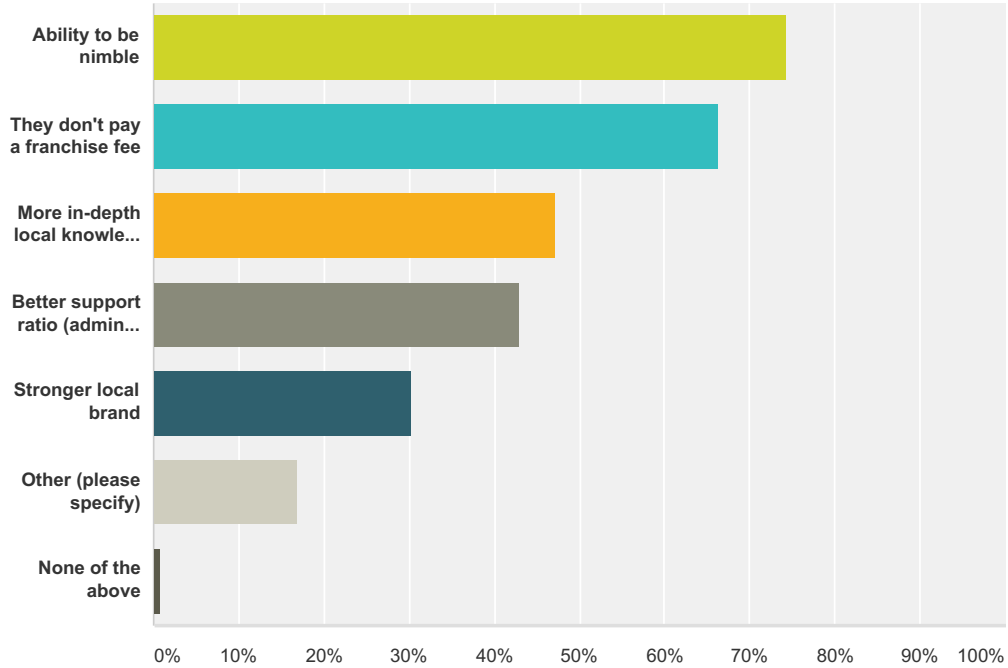
Answered: 214 Skipped: 0



Answer Choices	Responses	Count
Brand recognition	70.09%	150
Training	39.72%	85
Scalable technology	28.97%	62
A bigger reach (i.e. website, network)	27.57%	59
Marketing support	26.64%	57
Referrals	17.29%	37
Leads	14.49%	31
Other (please specify)	9.35%	20
None of the above	7.48%	16
Total Respondents: 214		

Q16 What advantages do indie brokerages have over brokerages affiliated with a franchise brand? (Check all that apply.)

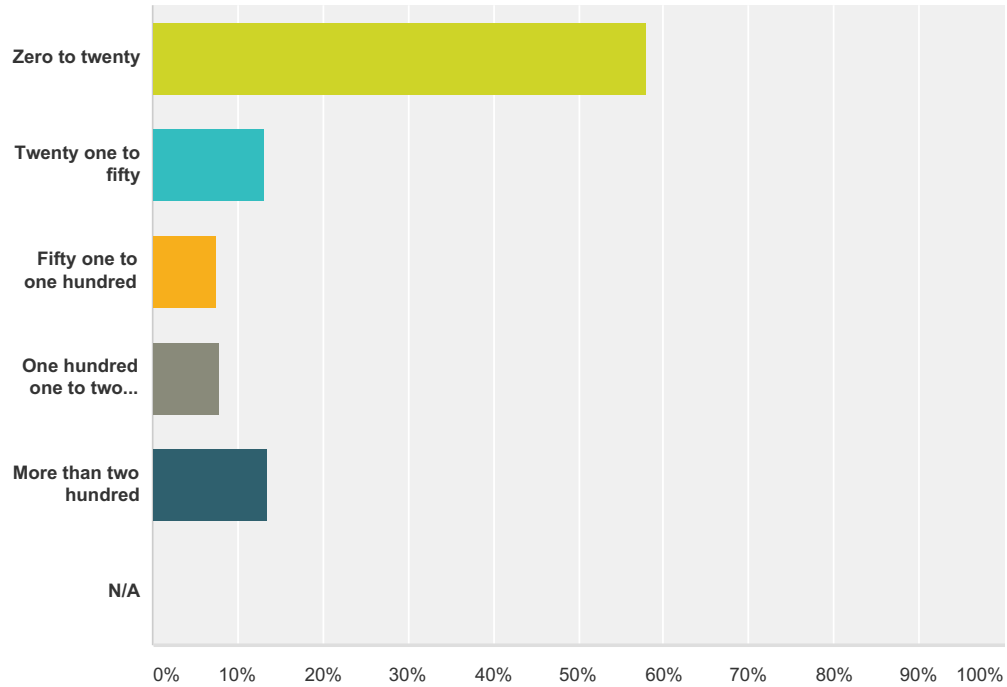
Answered: 214 Skipped: 0



Answer Choices	Responses
Ability to be nimble	74.30% 159
They don't pay a franchise fee	66.36% 142
More in-depth local knowledge	47.20% 101
Better support ratio (admin, marketing, tech)	42.99% 92
Stronger local brand	30.37% 65
Other (please specify)	16.82% 36
None of the above	0.93% 2
Total Respondents: 214	

Q17 How many agents are in your brokerage?

Answered: 214 Skipped: 0



Answer Choices	Responses
Zero to twenty	57.94% 124
Twenty one to fifty	13.08% 28
Fifty one to one hundred	7.48% 16
One hundred one to two hundred	7.94% 17
More than two hundred	13.55% 29
N/A	0.00% 0
Total	214

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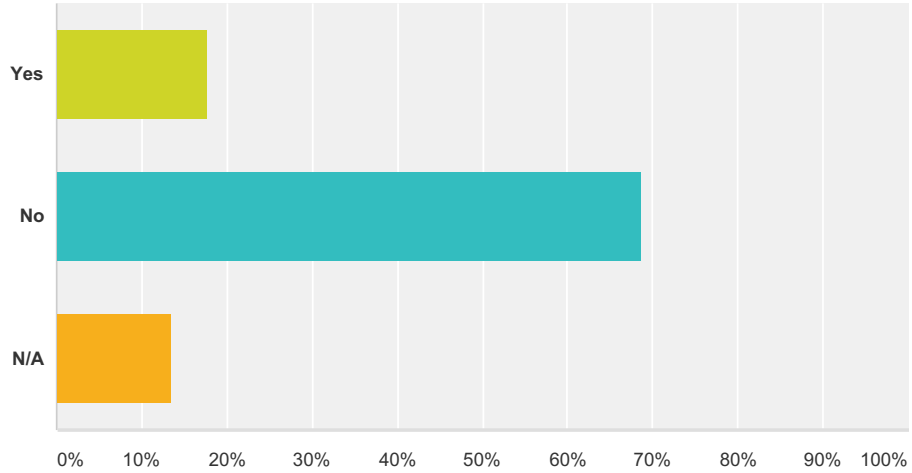
Q18 What was your brokerage's 2016 sales volume?

Answered: 214 Skipped: 0

#	Responses	Date
1	3 million	6/13/2017 10:39 AM
2	3 million	6/13/2017 10:35 AM
3	About 100 mill	6/13/2017 10:22 AM
4	\$78 Million	6/13/2017 9:50 AM
5	\$900,000,000	6/13/2017 9:34 AM
6	\$140 million	6/13/2017 8:42 AM
7	\$10m	6/13/2017 7:30 AM
8	I just started it this year	6/13/2017 7:05 AM
9	220 Million	6/13/2017 6:46 AM
10	Not sure.	6/13/2017 6:43 AM
11	12000000	6/12/2017 9:21 PM
12	\$10 million	6/12/2017 8:46 PM
13	\$18M	6/12/2017 8:31 PM
14	30,000,000	6/12/2017 8:10 PM
15	\$690k	6/12/2017 7:10 PM
16	38 million	6/12/2017 6:47 PM
17	\$295,398,634.00	6/12/2017 6:37 PM
18	7M	6/12/2017 6:19 PM
19	n/a	6/12/2017 6:12 PM
20	78,000,000	6/12/2017 6:01 PM
21	77500000	6/12/2017 5:32 PM
22	15,000,000+	6/12/2017 4:48 PM
23	35 million	6/12/2017 4:40 PM
24	1.9 Billion	6/12/2017 4:37 PM
25	\$7Million	6/12/2017 4:25 PM
26	N/A	6/12/2017 4:22 PM
27	1 mil	6/12/2017 4:02 PM
28	\$37,697,000	6/12/2017 3:53 PM
29	n/a, brand new 2017	6/12/2017 3:44 PM
30	\$65 millon	6/12/2017 3:42 PM
31	\$1.3-billion	6/12/2017 3:41 PM
32	xxxx	6/12/2017 3:36 PM
33	\$85M	6/12/2017 3:34 PM
34	\$3,200,000	6/12/2017 3:09 PM
35	approx. \$5,000,000	6/12/2017 3:02 PM

Q20 Has your brokerage experienced decreasing profit margins over the last 5 years?

Answered: 214 Skipped: 0



Answer Choices	Responses
Yes	17.76% 38
No	68.69% 147
N/A	13.55% 29
Total	214

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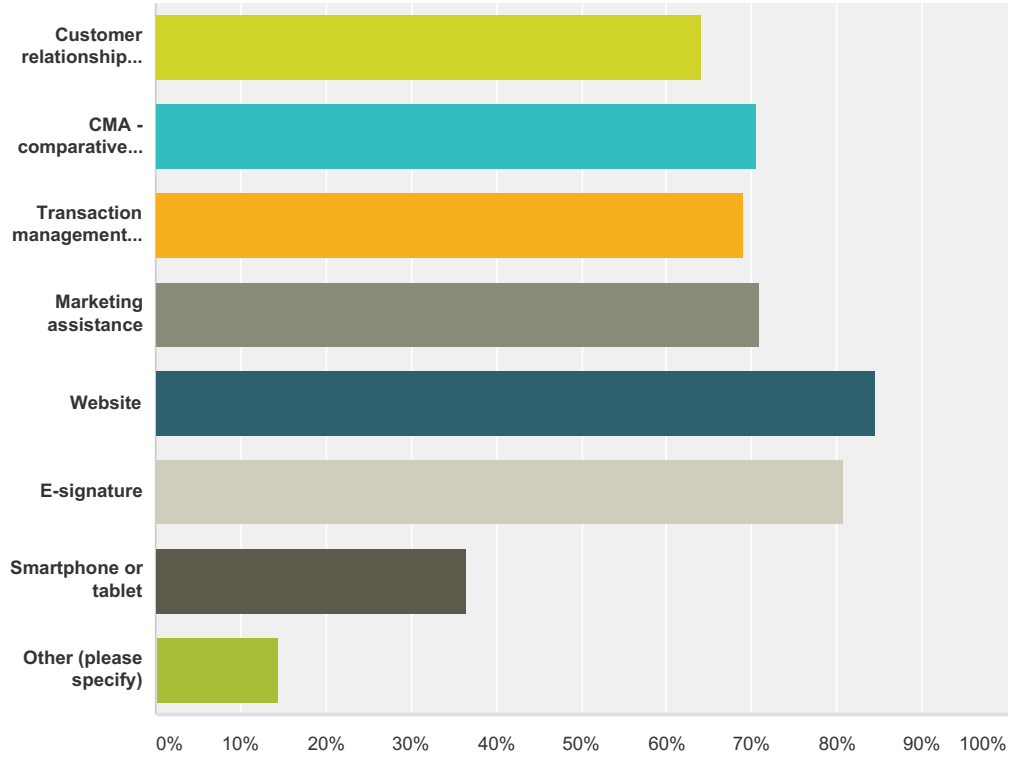
Q21 If you answered yes to the question above, what steps have you taken to improve margins, if any?

Answered: 50 Skipped: 164

#	Responses	Date
1	1. Recruiting agents with the most growth potential. 2. Making agents more accountable for their charges. We no longer carry balances for them. 3. Doing a complete inventory of our vendors. Confronting some, firing others, renegotiating contracts, challenging invoices, and thoroughly vetting any vendor before hiring. Making staff more accountable for reimbursed expenses and paid time off.	6/13/2017 9:34 AM
2	Minimized some expenses while increasing outreach.	6/12/2017 7:10 PM
3	Beefed up our training and recruiting systems	6/12/2017 6:37 PM
4	reduced print ads, reduced unused technology	6/12/2017 5:32 PM
5	Hiring and selling more real estate	6/12/2017 4:40 PM
6	In a resort area---market is coming back	6/12/2017 4:02 PM
7	Focus on the performers. Have more accountability for leads	6/12/2017 3:42 PM
8	Improve Profit in regards to retained company dollar: evaluate, improve and revamp commission schedules. Increase the number of new agents. Increase overall market share. Improve profit in regards to EBITA: manage all costs - salaries, tech spend, marketing dollars, etc, etc.	6/12/2017 3:41 PM
9	Very little print advertising.	6/12/2017 3:02 PM
10	Reduce costs - streamline	6/12/2017 2:31 PM
11	we focused in on our largest community and really marketed our team in that area, localizing our reach	6/12/2017 11:22 AM
12	sell a few more properties personally as an agent	6/12/2017 11:20 AM
13	Hired a CFO	6/12/2017 11:10 AM
14	Reducing Zillow, Trulia market spend	6/12/2017 10:50 AM
15	Back to Basics on Leads - reduce online (generic) recruiting for Buyers	6/12/2017 10:46 AM
16	cuts in spending	6/12/2017 10:43 AM
17	Increase production. Reduce marketing costs that do not have a good ROI.	6/12/2017 10:23 AM
18	As a dynamic company, we are constantly taking steps to improve margins.	6/12/2017 9:39 AM
19	cut excess spending	6/12/2017 9:01 AM
20	N/A	6/12/2017 8:46 AM
21	Change commission structure	6/12/2017 8:23 AM
22	Reduced company overhead	6/12/2017 7:07 AM
23	international Expo's. Social Media exposure,	6/11/2017 11:46 PM
24	Dnd	6/11/2017 8:17 PM
25	Training in lead follow up	6/11/2017 8:03 PM
26	We have actually gone in the other direction. I've spent more money than ever on recruiting, retention, lead generation.	6/11/2017 7:36 PM
27	Not sure- I have cut out 'fat' and streamilined tech tools that we subscribe to.	6/11/2017 7:03 PM
28	not sure	6/11/2017 6:58 PM
29	reduced costs	6/11/2017 5:36 PM

Q23 Which of the following technologies is offered at your brokerage? Check all that apply.

Answered: 214 Skipped: 0



Answer Choices	Responses
Customer relationship management platform	64.02% 137
CMA - comparative market analysis tool	70.56% 151
Transaction management platform	69.16% 148
Marketing assistance	71.03% 152
Website	84.58% 181
E-signature	80.84% 173
Smartphone or tablet	36.45% 78
Other (please specify)	14.49% 31
Total Respondents: 214	

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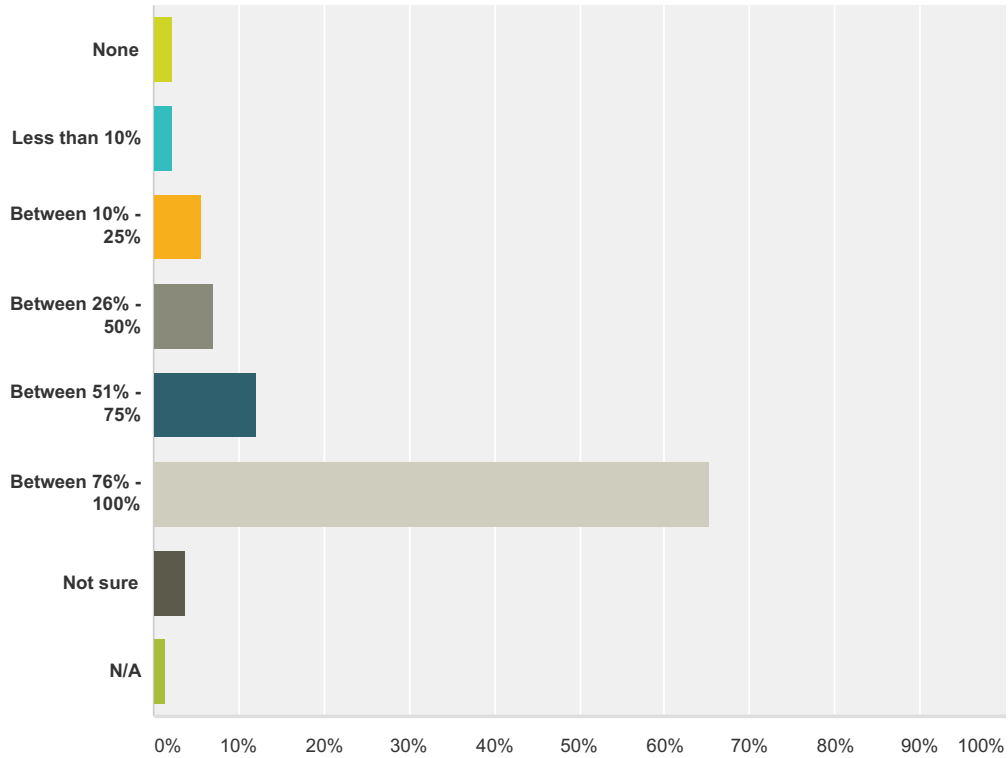
Q24 Which technology platforms (specific brands) have had the biggest return on investment for your brokerage?

Answered: 214 Skipped: 0

#	Responses	Date
1	Digital signatures, website, MLS portal and syndication	6/13/2017 10:39 AM
2	DocuSign e-signatures, Reaching Neighbors Marketing packages	6/13/2017 10:35 AM
3	Doc u sign	6/13/2017 10:22 AM
4	The problem with this question a little bit is that our local MLS provides much of the technology mentioned in the previous question. Even transaction management is mostly provided by the MLS. We just provide what most would call broker transaction management through Skyslope. I guess that would be the one that provides the best ROI.	6/13/2017 9:50 AM
5	Real Scout, Contactually.	6/13/2017 9:34 AM
6	Follow-up Boss	6/13/2017 8:42 AM
7	Na	6/13/2017 7:30 AM
8	Top Produce, MarketSnapshot	6/13/2017 7:05 AM
9	Google apps and facebook workplace	6/13/2017 6:46 AM
10	Facebook	6/13/2017 6:43 AM
11	Open source	6/12/2017 9:21 PM
12	ACT for database... huge for us Zipforms... couldn't live without it DocuSign...	6/12/2017 8:46 PM
13	Facebook	6/12/2017 8:31 PM
14	CINC	6/12/2017 8:10 PM
15	None	6/12/2017 7:10 PM
16	Kunversion	6/12/2017 6:47 PM
17	na	6/12/2017 6:37 PM
18	Redfiin Partner Program (normal commission rates)	6/12/2017 6:19 PM
19	mls	6/12/2017 6:12 PM
20	zillow	6/12/2017 6:01 PM
21	none	6/12/2017 5:32 PM
22	our web page	6/12/2017 4:48 PM
23	Facebook and social media marketing	6/12/2017 4:40 PM
24	A mix	6/12/2017 4:37 PM
25	transaction management platform	6/12/2017 4:25 PM
26	Realvolve, zapper, gmail, DocuSign, Evernote	6/12/2017 4:22 PM
27	n/a	6/12/2017 4:02 PM
28	Toolkit CMA, Follow-up Boss crm, OneDrive storage	6/12/2017 3:53 PM
29	Listingbook	6/12/2017 3:44 PM
30	Realtor.com, Zillow	6/12/2017 3:42 PM
31	outbound marketing and lead gen	6/12/2017 3:41 PM
32	xxx	6/12/2017 3:36 PM

Q26 What percentage of agents use the technology at your brokerage?

Answered: 214 Skipped: 0



Answer Choices	Responses
None	2.34% 5
Less than 10%	2.34% 5
Between 10% - 25%	5.61% 12
Between 26% - 50%	7.01% 15
Between 51% - 75%	12.15% 26
Between 76% - 100%	65.42% 140
Not sure	3.74% 8
N/A	1.40% 3
Total	214