

S W A N E P O E L

TRENDS REPORT

Commercial

RPR

Franchising

2010

TOP 10 REAL ESTATE TRENDS

TRENDSETTERS *of the* YEAR 2009

TRENDSETTERS are those Companies that during the year set forth actions that were different and memorable that could have far reaching impact on the real estate industry in the years to come.

We salute you and thank you for your contribution toward making our industry a better place.

#10

Redfin

Launched in February 2006, Redfin is an interesting hybrid of a real estate company that, despite the last three difficult years, has been able to survive and expand. The company bills itself as an online real estate brokerage company providing a combination of employee agents and online real estate search. Redfin has one of the best websites in the real estate space and has often been the first to implement innovations such as IDX, AVMs, etc. Redfin reimburses roughly half of the buy-side real estate fee directly upon closing. It is also one of the lowest cost models in the industry today and is clearly a future model worth watching very closely.



#9

Metro Brokers

Metro Brokers was started with one office and a handful of sales associates in 1979 and in 2009 it was the world's largest GMAC Real Estate franchise. Under the leadership of Kevin Levent, who became president and CEO in 1996, the company has grown to nearly 2,000 sales associates. It is, however, its departure as a franchise from GMAC under a legal cloud of disagreement and the move across in December 2009 to the newly re-launched and still relatively small national franchise Better Homes & Gardens (BH&G) that makes Kevin one of the top 10 Newsmakers of the Year. Not only is this the largest franchisee switch ever but, ironically, Metro Brokers actually was a BH&G franchise two decades back before BH&G decided to exit from the residential real estate brokerage business.

#8

HomeServices of America

HomeServices may be the nation's second-largest full-service independent residential real estate brokerage firm, but that's not why we have decided to include it.

It's just that almost every time a crown jewel in real estate changes hands you can place a bet that HomeServices is on the receiving side. In September 2009 Koenig & Strey GMAC, as a result of the GMAC franchise acquisition by Canada-based Brookfield RPS, became available. Founded in 1961 Koenig & Strey has approximately 900 agents throughout 21 offices serving Chicago, the North Shore, Lake County and the western suburbs and was one of the leaders in Chicago with sales in 2008 of \$2.6 billion. No points for guessing who snagged this great company. It was the 21st such key acquisition for HomeServices, which now has more than 15,000 real estate professionals. Well done, Ron Peltier and Warren Buffet.



#7

Google

Many were surprised when we listed Google as a Newsmaker two years ago, and subsequently, many have thought that although it's a dynamic company, it is first and foremost a search engine and would never really go anywhere from there as a business. But I just don't see it that way. We have always loved Google and continue to feel that they are and will for a long time to come continue to be the single biggest outside driver on our industry. Remember the Google Maps API, Google Adwords, Google Mail, Google Apps, Street View and Google Chrome? The list goes on. Many of these initiatives have value and potential for the real estate industry. Brian Boero of 1000Watt Consulting brought to our attention only recently Google's move to include a real estate overlay on Google Maps, which puts listings smack-dab in front of millions of Google users. It is very likely that few in the industry had any idea that the company spent the last several years quietly aggregating this content. Furthermore, Google also includes a unique page for every listing that incorporates photos, a map (including Street View), property details, directions, transit information and more: basically a listing detail page. And this is not the end as there are hundreds of additional ways Google will still advance real estate innovation, directly and indirectly.

#6

@properties

In one of the hardest hit regions of the country Chicago real estate firm @properties is not only surviving, it's thriving. The company, which was established just 10 years ago as a boutique sales and marketing operation serving developers of new-construction condos, has grown into a mega brokerage. This year more than 200 experienced agents joined the company, catapulting it to the number-one spot in market share in Chicago. With more than \$1.5 billion in annual sales and 800 agents the company enjoys a 95% agent-retention rate and a much sought after image and market awareness.

@properties

#5

RE/MAX International

RE/MAX led the way in being the first national real estate company to aggregate and post all homes for sale, whether theirs or that of a competitor, on their website, remax.com. This was generally frowned upon by many in the industry and most large national franchises did not follow. As a matter of fact, companies such as Coldwell Banker and Century 21 in the Realogy stable went exactly the opposite way by posting only their listings. Then RE/MAX built a top 10 real estate website based on consumer traffic. Yes, the rankings fluctuated depending which rating and ranking system you used — or which month — but overall RE/MAX out ranked the three largest franchises (Century 21, Coldwell Banker and Keller Williams) consistently and comfortably. Unquestionably the extensive media and TV campaigns helped, but overall remax.com offered the consumer a better experience than any of the others. Well done.



#4

Brookfield Residential Property Services

Barely a year ago the real estate industry was stunned when Canada-based Brookfield RPS; a division of Brookfield Asset Management, Inc. (Brookfield) and owner of Royal LePage, one of the top two residential real estate franchises in Canada, acquired GMAC Real Estate. Then, in November 2009, the company announced its second major move when it acquired the Real Living Network Services, a subsidiary of Real Living Inc. By combining the two companies Brookfield has created one of America's leading residential real estate franchises with more than \$20 billion in annual home sales and an estimated 30,000 agents. Many of the GMAC franchises in the U.S. are expected to convert to the Real Living brand in 2010, and with an estimated 10,000 agents it will rank them close to the 10th largest in the U.S. based on agent count.

#3

Lending Processing Services

Lending Processing Services (LPS) became a newly independent and publicly traded company as a result of Fidelity Information Services spin off in 2008. That makes LPS the industry's number-one provider of mortgage processing services, settlement services and default solutions along with being the nation's leading provider of integrated data, servicing and technology solutions for mortgage lenders. In 2009 FNRES, including Cyberhomes, became a division of LPS and LPS is the company with whom the NAR signed a 10-year agreement to create the RPR (Realtors® Property Resource) and provide the data analytics for the RVM (Realtor® Valuation Model). These are two major projects that could very well shape the way real estate data is sourced in the future.

#2

National Association of Realtors®

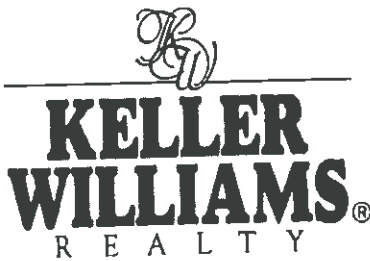
For the NAR, 2009 was not an average year. The Realtors® Federal Credit Union started its first full year in operation and with 3,000 members it's already larger than 60% of all credit unions in the U.S. The Realtor® Property Resource (RPR) is considered to be the ultimate member benefit, as well as an attempt to create the largest single source of real estate information in the world. HouseLogic was launched as a free source of information and tools for consumers with the stated goal of becoming one of the top 10 real estate websites. Game Changers was set in motion whereby 14 state and local associations are beta testing 14 different concepts and projects to reinvent the Realtor® association from the inside out. And then there is the Second Century Venture Fund that was formed and funded to acquire strategic equity stakes in key and important technology initiatives, the first of which — DocuSign — has already been made. Very impressive indeed.



The
TRENDSETTER
of the
YEAR 2009

Keller Williams International

Last year's inclusion of Keller Williams International as one of the top 10 Trendsetters was validated when Steve Murray announced in his REAL Trends survey in March that the company had surpassed RE/MAX to become the third largest real estate company in the country based on agent count. This accomplishment marks the first newcomer to the "Top 3" in two decades. This was followed by receiving the highest overall satisfaction rating by J.D. Powers & Associates. Then, in December 2009, Entrepreneur Magazine ranked Keller Williams as the #1 real estate franchise and our own survey of over 10,000 agents ranked Keller Williams as the most recognized real estate franchise brand as voted by the industry. In 2009 Keller Williams, against the general trend, out-performed other major franchises by adding more agents during a tough real estate recession than any other. Well done, Keller Williams International. You are the current crown prince of the Real Estate Brokerage Industry.



#1