Will Things Ever Be the Same?

@GlennKelman
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How We Found Agents to Survey

○ Fielded October 2021 via Qualtrics
○ 400+ respondents, 60+ metro areas
○ Email addresses sourced from MLS
○ $50 gift card for participation
○ Anonymous and unbranded
72% of Respondents: 4+ Year of Experience

How long have you been a real estate agent?

- More than 10 years: 72%
- 7-10 years
- 4-6 years
- 2-3 years
- 12-23 months
- Less than 12 months
72% of Respondents: 4+ Year of Experience

How long have you been a real estate agent?

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- 2-3 years:
- 12-23 months:
- Less than 12 months:

Youth movement
The Life of An Agent
The Rich Get Richer

How many sales did you close between August 2020 and August 2021?

- 0-6 Sales: 39% (2019), 40% (2021)
- 7-12 Sales: 26% (2019), 24% (2021)
- 13-21 Sales: 22% (2019), 18% (2021)
- 22+ Sales: 13% (2019), 19% (2021)
50% Earn Less than $50K

What was your approximate real-estate income between August 2020 and August 2021, after work-related expenses, including any health-insurance costs?
~2 in 5 Agents Have a Second Job

Did you work other jobs in the past 12 months to supplement your income as an agent?

Yes: 38%
No: 62%
Good Work-Life Balance

Was the balance between your work and personal life sustainable over the past 12 months?

- Yes: 73%
- Sort of: 23%
- No: 4%
Low Career Satisfaction

How likely would you be to recommend your current career as a real estate agent to others?
The Good: Independence, Customer Relationships

What do you like about being a real estate agent? (major benefit)

- Entrepreneurial independence: 88%
- Relationships with customers: 79%
- Helping people whose lives are in transition: 77%
- Love of real estate: 65%
- Ability to generate significant wealth: 60%
- Art of the deal: 51%
- The thrill of the hunt: finding clients, closing sales: 44%
The Bad: Unpredictable Income

What do you dislike about being a real estate agent? (major issue)

- Unpredictability of income: 30%
- Difficulty of finding customers: 29%
- Dealing with other agents who are rude, unprofessional: 28%
- Difficulty closing deals in competitive market: 20%
- Being always on call: 18%
- Working evenings and weekends: 14%
- Unreasonable or abusive customers: 13%
- Absolute amount of income: 10%
What New Agents Want

What support did your brokerage give you to launch your real estate career? (agents with 3 years experience or less)

<table>
<thead>
<tr>
<th>Support Provided</th>
<th>Percentage</th>
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<td>Training on how to price &amp; sell homes, write offers, handle inspections</td>
<td>70%</td>
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<tr>
<td>Training on how to meet new customers &amp; develop relationships</td>
<td>64%</td>
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<tr>
<td>Customer introductions</td>
<td>63%</td>
</tr>
<tr>
<td>Technology to track customers &amp; support their home search</td>
<td>59%</td>
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<tr>
<td>Support staff to handle paperwork or tours</td>
<td>51%</td>
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<tr>
<td>Modest financial support until I earned first commissions</td>
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# What New Agents Want vs. What They Get

What support did your brokerage give you to launch your real estate career?  
(agents with 3 years experience or less)

<table>
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<th>Support Provided</th>
<th>Highly Desirable</th>
<th>Brokerage Provided Major Support</th>
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<tbody>
<tr>
<td>Training on how to price &amp; sell homes, write offers, handle inspections</td>
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- Customer introductions: Highly Desirable 63%, Brokerage Provided Major Support 20%
- Technology to track customers & support their home search: Highly Desirable 52%, Brokerage Provided Major Support 59%
- Support staff to handle paperwork or tours: Highly Desirable 51%, Brokerage Provided Major Support 39%
- Modest financial support until I earned first commissions: Highly Desirable 14%, Brokerage Provided Major Support 34%
What All Agents Want: The Schism

In general, what would you prefer that your brokerage do: (agents with 4+ years of experience)

- Invest more in tech, training & marketing, even if that makes my commission split or desk fee slightly worse
- Invest less in tech, training & marketing, in order to make my commission split or desk fee better

50%  50%
Favorable splits, so agents can pay portals
Favorable splits, so agents can pay portals

Tech, brand investments; $ to compete with portals
The Housing Market
Top Agent Concern: Affordability & Inventory

In your opinion, what are the challenges facing agents in the next five years?
(major concern)

- Affordability for buyers: 56%
- Ongoing lack of inventory: 54%
- Competition from portals: 49%
- Competition from low-fee brokerages: 41%
- Declining commissions: 41%
- Erosion of the MLS as source of inventory: 34%
- Competition from iBuyers: 31%
- Lack of consumer trust in agents: 27%
- Industry consolidation: 20%
- Increase in pocket listings: 19%
- Class action or DOJ lawsuits: 19%
Pocket Listings Rising

How has the frequency of pocket listings changed in your market compared to two years ago?

- Increased: 43%
- Same: 28%
- Decreased: 10%
Pocket Listings Usually Bad for Customers

In your opinion, are pocket listings in the best interest of the seller?

- Almost Always/Often: 6%
- Sometimes: 37%
- Rarely/Almost Never: 58%
To what extent do you agree with the following statements? (strongly agree or agree)

- Many agents make unconscious presumptions about minority customers: 41% (Minority Agents), 34% (White Agents)
- Minority customers are by and large treated fairly: 48% (Minority Agents), 58% (White Agents)
- Agents have a responsibility to serve minority populations that have historically been underserved: 76% (Minority Agents), 69% (White Agents)
Competitive Dynamics
Agents Foresee Significant iBuyer Share

Buyers like Opendoor, Offerpad, RedfinNow and Zillow Offers now make instant offers on homes. Thinking about 5 years from now, how many homes do you think will be sold this way?

<table>
<thead>
<tr>
<th>iBuyer Share of Home Sales</th>
<th>Response Percentage</th>
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</thead>
<tbody>
<tr>
<td>Less than 5%</td>
<td>15%</td>
</tr>
<tr>
<td>5% - 10%</td>
<td>31%</td>
</tr>
<tr>
<td>10% - 25%</td>
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</tr>
<tr>
<td>25% - 50%</td>
<td>15%</td>
</tr>
<tr>
<td>More than 50%</td>
<td>9%</td>
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Disintermediation

Buyers Agent Commission Offered by iBuyers

- 2017: 3.0%
- 2018: (value not visible)
- 2019: (value not visible)
- 2020: (value not visible)
- 2021: 2.4%
Disintermediation

Buyers Agent Commission Offered by iBuyers

- 3.0% in 2017
- 2.4% in 2021
Are consumers more or less likely to negotiate commissions or request refunds now compared to 5 years ago? (agents with 4+ years of experience)

- More Likely to Negotiate: 49%
- About the Same: 44%
- Less Likely: 7%
From 2016 to now, how do you perceive that commission rates have changed? (agents with 4+ years of experience)

- Increased: 8%
- Stayed the Same: 53%
- Decreased: 32%
If buyers instead of sellers paid the buyers’ agent commission, in your opinion, would more or fewer people hire a buyer’s agent?

- More: 9%
- About the Same: 15%
- Fewer: 77%
Longer-Term Trends
Online Presence: More Important Than Ever

% of Americans Moving Somewhere New Each Year

- 1950: 7%
- 2010: 4%
- 2020: 8%
Online Presence: More Important Than Ever

% of Americans Moving Somewhere New Each Year

- 1950: 7%
- 2010: 4%
- 2020: 8%

2019 - 2021: Online Searches for Realtor Up 24%
Why Brokers Need to Run Portals

% of Online Contacts Who Close in 180 Days

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>2016</td>
<td>4.4%</td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
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<td></td>
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<td>2020</td>
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<td>2021</td>
<td>2.1%</td>
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Zillow Group to raise nearly $1B through stock and debt offerings to help support real estate business.

Opendoor raises billions to buy thousands of homes.

SoftBank-Backed Compass IPO Raises $450 Million at Low End.

iBuyer bonds attracting Wall Street capital

Redfin prices $575M of convertible debt offering.

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2020: $24 Billion in Venture Capital Invested in Property Technology
War for Support Talent

Support Pay

2021

2022

+50%
Three Quarters of Agents Say There May Be or Is a Housing Bubble

Do you think there is currently a bubble in housing prices in the U.S.?

- 45% Yes
- 30% Maybe
- 25% No
The Choice: Hunt
The Choice: Hunt

I'm hungry!

Hunting
The Choice: Hunt or Farm?
The Choice: Hunt or Farm?

Hunting

Farming

I’m tired!
The Hybrid Agent
Redfin Farmers Become Hunters

New Redfin Agents

- Equity
- Loyalty customers
- Online customers
- Events + other bonuses
- Base salary

$60,000

Principal Agents

- Equity
- Loyalty customers
- Online customers
- Events + other bonuses
- Base salary

$194,000
More Customer Value, More Money for All

1% vs. 3%

Brokerage
More Customer Value, More Money for All

1% vs. 3%

2022: Refinancings ↓ 70%
More Customer Value, More Money for All

1% vs. 3%

2022: Refinancings ↓ 70%

Brokerage

Lender

Title Company

iBuyer
More Customer Value, More Money for All

1% vs. 3%

2022: Refinancings ↓ 70%

Brokerage
Lender
Title Company
iBuyer

Employees of One Company
More Customer Value, More Money for All

1% vs. 3%

2022: Refinancings ↓ 70%

A Customer’s Worth More Than Ever

Employees of One Company
Thank You!

@glennkelman