A Playbook for Real Estate Brokerage Growth

RealTrends GameChanger brokerages lay out secrets to their success in the volatile 2019-2023 period

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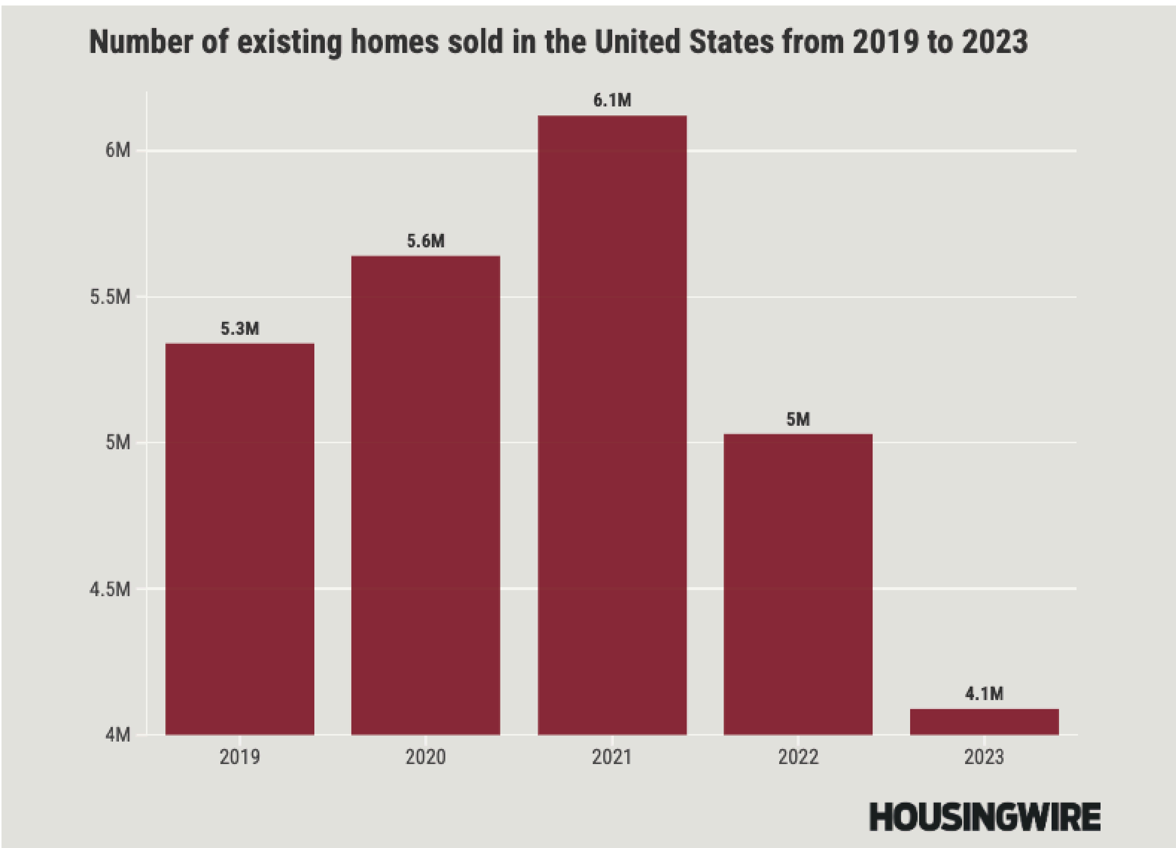
Report produced by HousingWire, leveraging data resources from RealTrends Verified brokerage rankings 2019-2023

Introduction

From the pandemic-fueled frenzy to the sobering reality of a post-pandemic slowdown,, real estate brokerages were locked in a relentless quest for growth—eager to expand market share while trimming operational fat. Yet, despite their best efforts, many found themselves thwarted by a perfect storm of low inventory and soaring interest rates, leaving their ambitions grounded.



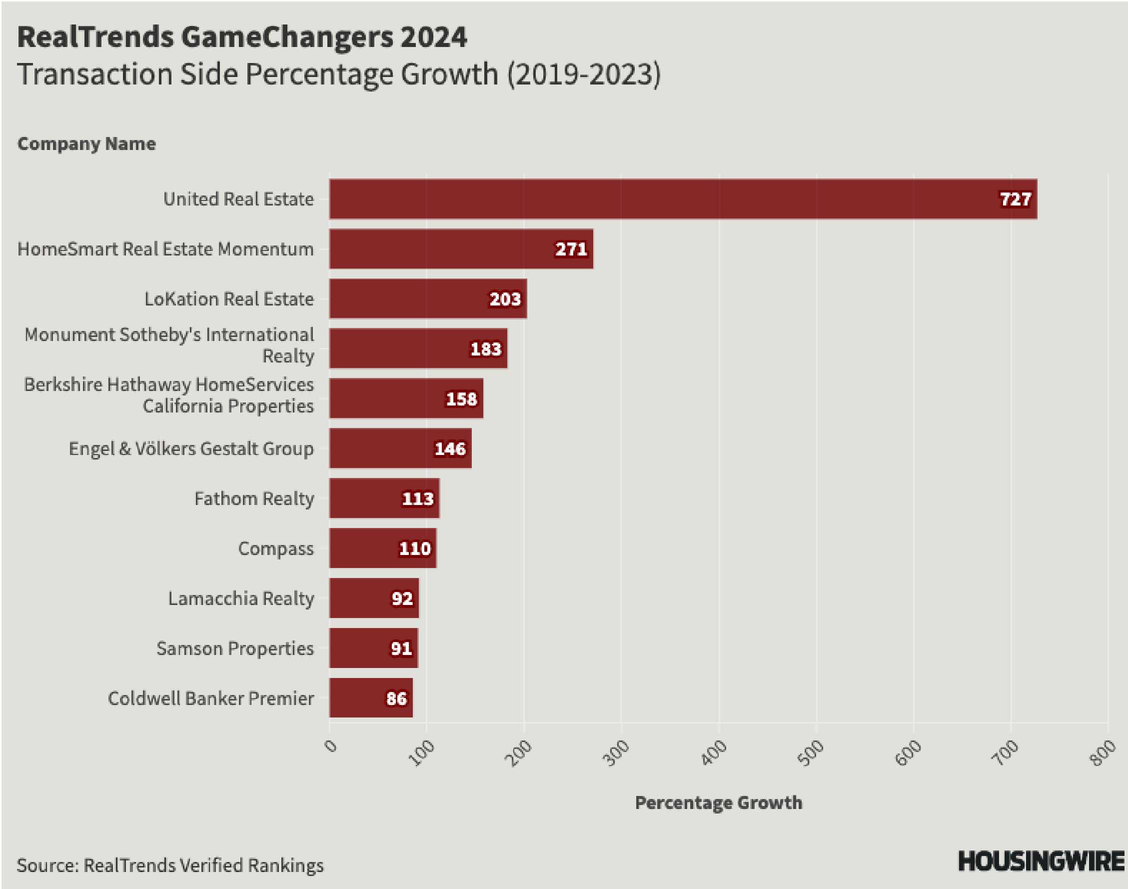
However, RealTrends GameChangers defied the odds and outperformed their peers. These brokerages grew their transaction sides significantly during the five-year span of 2019 to 2023, some by as much as 727% (United Real Estate). For this report, we looked at key performance metrics and interviewed owners and operators to find out the strategies that led to their growth. Some did a series of acquisitions in one or two of the years we looked at, others revamped their organic growth strategy to bring on a staggering number of new agents.

"We note that there is a mix of models in these GameChangers," said Steve Murray, senior advisor for HousingWire. "As such, the strategies and tactics of each model differ somewhat from others. The way that Monument Sotheby's has grown is different from the way Samson Properties or HomeSmart pursued growth. What is not different is each has a plan for growth that is at the heart of their every day activities.

"While many talk about the growth of lower-cost brokerage models, they are not the only ones growing. If recruiting and developing agents was only about low cost, most traditional models would be out of business, but they're not. This year's GameChangers show, even higher-cost, more traditional firms, are attractive to many agents. My thought is they will continue to be so," said Murray.

RealTrends Verified has been tracking key measurements in the residential real estate industry since 1987. The RealTrends Verified 500 is our annual ranking of the nation's largest residential brokerage firms ranked by both closed transaction sides and closed sales volume.

From that ranking, we identify companies that grew the most by transaction side percentage over a five-year period. In this case, 2019 to 2023 (the most current year for which we have data.) The 11 companies interviewed for this study are below.



We discovered many similarities between these 11 companies. "The results of these firms make it clear that it doesn't matter nearly as much what your model is, or what your brand is, or the region of the country you operate in," said Murray."What matters most is the drive, the discipline and the focus on growth that is the hallmark of top performing brokerage firms."

The report should serve as a playbook for real estate brokerages looking to grow in any market.

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5 factors that contribute to market growth success

The GameChanger firms are from all over, have different brand names, different business models and different markets. Size didn't matter, nor did model or affiliation. In fact, almost half of the firms were flat-fee or transaction-fee firms, while the others are traditional models. So what did they do that made a difference?

While there were differences between the tactics that each firm used, there were more similarities than differences. Here are six common factors we discovered in talking with the leaders of these firms.

1. **Strong Leadership and Vision**
   All 11 of the firms we spoke with had a year where they focused on building an intentional growth strategy. All of the companies discussed developing a clear vision and strategy to growth. In other words, they made growth a priority.

   Whether growing through mergers and acquisitions or organically through recruiting and per-agent productivity, leaders set a clear vision and strategy that aligned with the company's objectives. They also chose to reinvest profits into the business rather than prioritize short-term gains. This long-term perspective ensured sustained growth and stability, positioning the companies for future success.

   Many of the firms had one year where they shored up systems to allow them to scale and paused growth so they could ensure the foundation was strong.

   In each case, leaders shared what their allocation of time was, what actions they took and how frequently they involved themselves personally in growth activities. For instance, one leader talked about "x" number of calls a week while another taught "y" number of classes each week and a third spoke of visiting offices and meeting with their agents on a regular, scheduled basis.

2. **Adaptability and Resilience**
   Effective leaders demonstrated adaptability by responding swiftly to market changes and challenges. Whether it was adapting to the virtual workplace during the pandemic or halting acquisitions when the market was overheated, these leaders turned obstacles into opportunities for growth.

   They were quick to try new things, but, more importantly, they were quick to discard practices that weren't getting them results.

   In addition, they had a positive attitude, which continues to benefit them in this market.They told us that recent policy and business changes regarding compensation provide opportunity and they are positive that they will be growing for years to come.

3. **Personal Involvement and Accessibility**
   Leaders maintained personal connections with agents and employees, fostering a sense of community and support. Regular engagement through office visits, personal check-ins, and direct communication helped build trust and loyalty, making agents feel valued and supported.

   These brokerage leaders fostered a supportive, collaborative work environment that encouraged high morale and retention. By prioritizing strong relationships, celebrating milestones, and maintaining a positive company culture, they created workplaces where agents and employees felt motivated and engaged.

   This was key not only in recruiting and retention but also in avoiding breakage with M&A transactions.

4. **A Focus on Agent Development and Support**
   A key to retaining agents and boosting per-agent productivity was agent development and support. This included providing extensive training

programs, investing in technology to enhance productivity, and creating robust support systems. Leaders ensured that agents had the resources and tools necessary to succeed, which in turn drove the company's growth.

Most of these firms completed acquisitions — many of them small roll-ins with smaller firms. But, it was clear that most grew through a mix of organic talent attraction and retention, and mergers and acquisitions.

5. **Commitment to Long-Term Growth**
   Across the board, brokerage leaders showed a commitment to reinvesting profits into the business rather than prioritizing short-term gains. This long-term perspective ensured sustained growth and stability, positioning the companies for future success.
   Not only did they have a commitment to growth, but they had an intense focus on growth.

   While each firm is different in the way they generated growth, they were clearly focused. Growth is not accidental for these firms. It’s a part of their culture and a big part of who they are as leaders.

As we’ve noted, in many instances, growth was not a straightforward, upward trajectory. But, these firms adjusted quickly, reinvested in the growth of the company and have an intense focus on making appropriate changes.

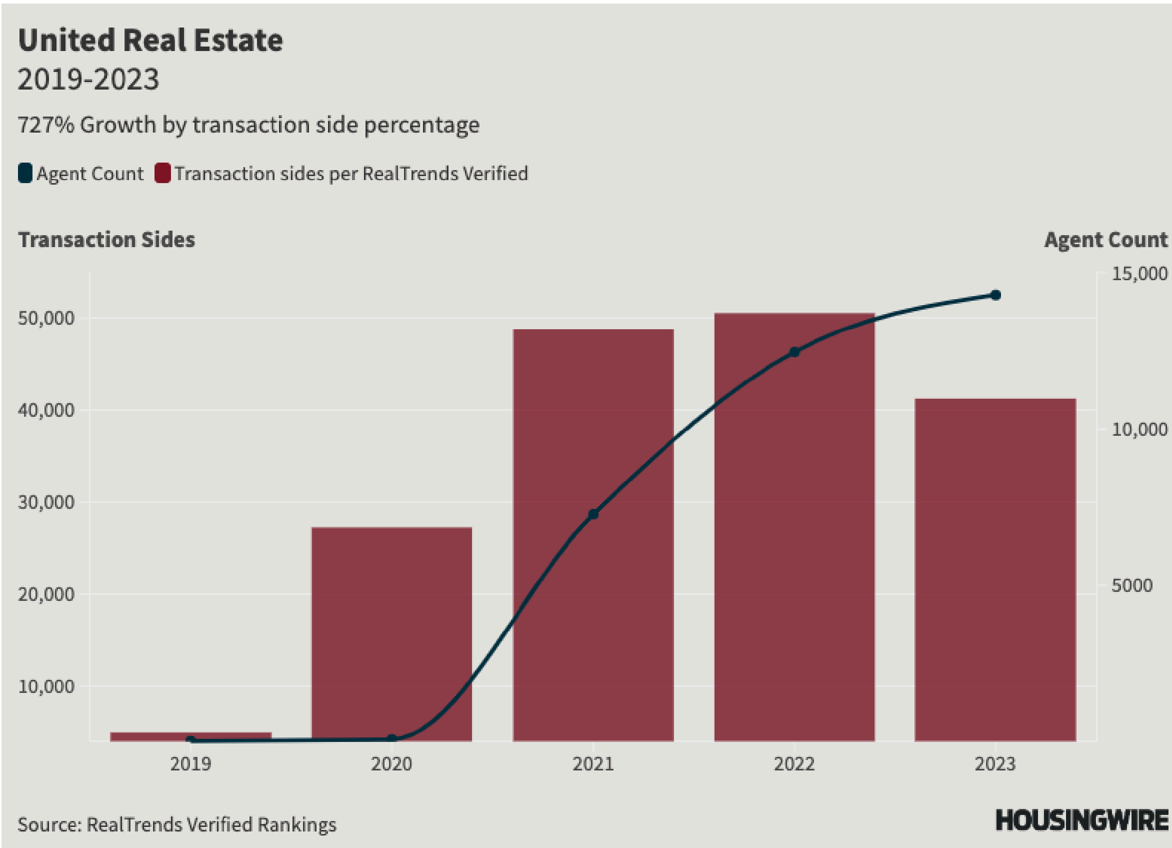
By the numbers: Yearly breakdown of growth (2019-2023)

Here's a look at how each company grew year by year. About half of these companies had a strong M&A plan, but still had a focus on organic growth. What you'll notice is that growth is rarely a straight, upward path.

Many times, the data shows the company had a few well-executed acquisitions that impacted growth for a few years before a solid agent retention and attraction strategy kicked in. Sometimes, leaders changed and their focus shifted. Others plateaued, dropped and then rose again once they got their footing. Of course, the larger housing market conditions had an impact, as well.

Despite the ups and downs, these firms found ways to grow that put them at the top of the RealTrends Verified brokerage rankings for five-year, transaction side percentage growth, an admirable feat during five years of a boom then bust housing market.

United Real Estate



2019: United Real Estate closed one major M&A transaction in Fort Lauderdale, adding approximately 800-850 agents.

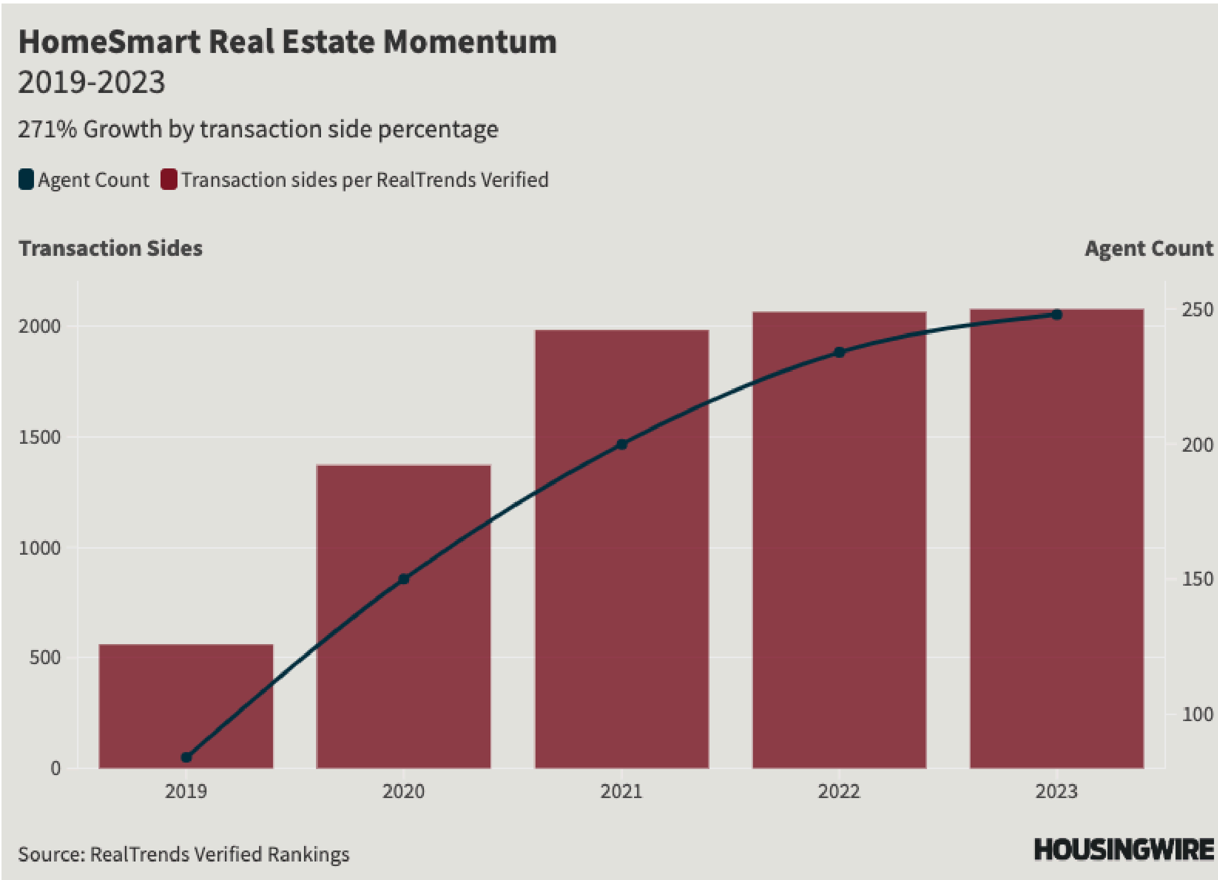
2020: In December 2020, United Real Estate completed two significant acquisitions, including VPR and Benchmark.

2021: Continued growth with multiple acquisitions, contributing to an expanding agent base.

2022: Finalized acquisitions in July, including Pearson Smith, bringing the total acquisitions to nine since 2019.

2023: Two acquisitions and one franchise affiliation. Focused on organic growth and strategic tuck-ins, emphasizing walkovers and integrating new agents into the company structure.

HomeSmart Real Estate Momentum



2019: Marianne Drenik and Greg Pernus decided to dissolve their teams and founded HomeSmart in 2018. 2019 was a foundational year with a focus on setting up the brokerage.

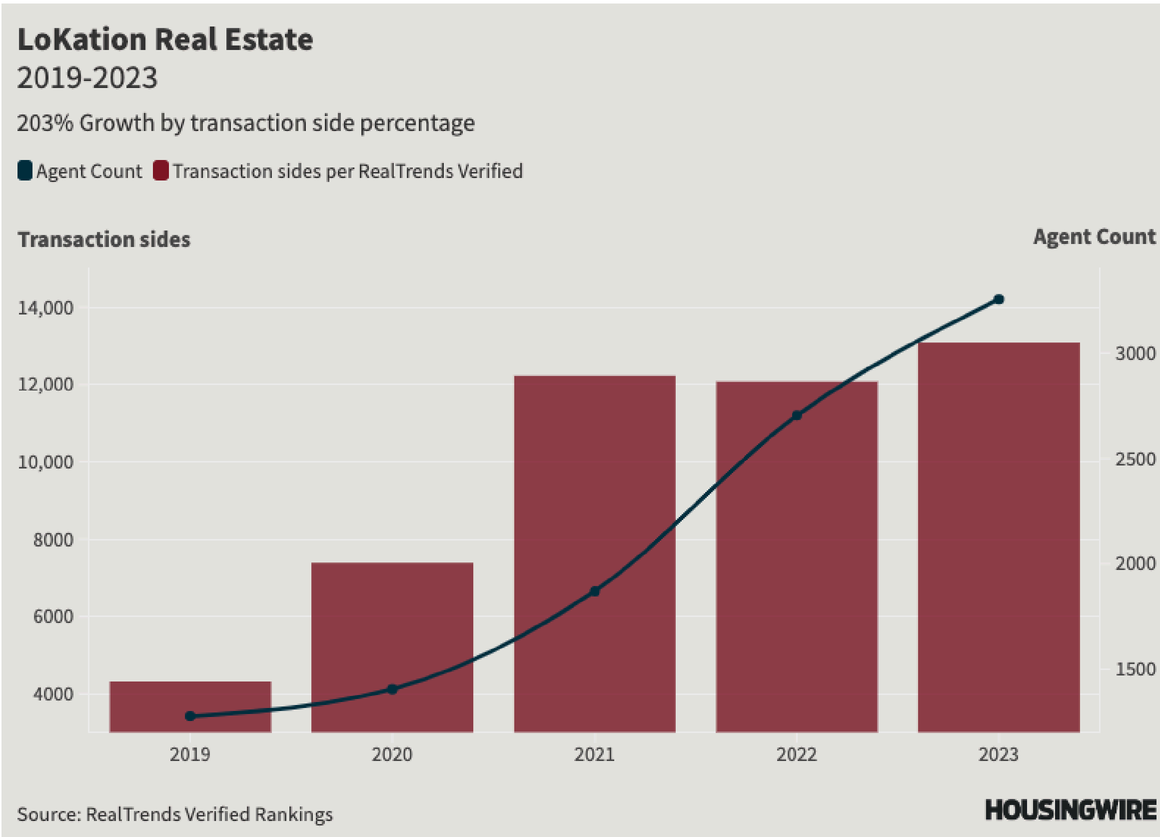
2020: Rapid growth in agent numbers, reaching 150 agents. Focused on building the Sphere of Influence (SOI) rather than leads.

2021: Expanded locations to four drop-in service centers and headquarters. Continued recruitment strategy with phone calls and DRIP campaigns to agents from other firms who were already managing their SOI.

2022: Evolved business platform to facilitate agent operations with emphasis on technology.

2023: Continued growth through recruitment. Reinforced the agent-centric model.

LoKation Real Estate



2019: Acquisition of approximately 200 agents.

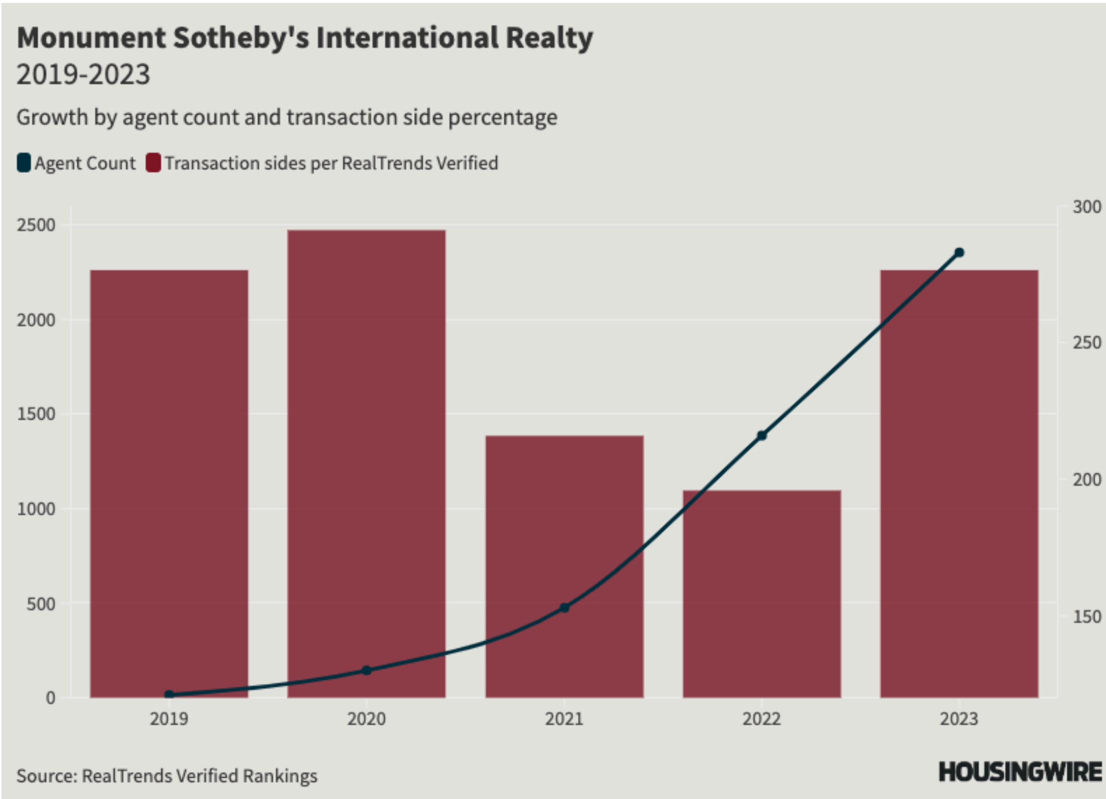
2020: LoKation's prior setup for virtual operations allowed them to continue business without interruption during pandemic.. This year's growth was entirely organic.

2021: Continued organic growth, adding up to 90 agents per month. Marketing campaigns and personal relationships contributed to high retention rates and new agent acquisitions.

2022: Ramped up recruitment efforts, with the company averaging up to 125 new agents per month. Outsourced administrative tasks to virtual assistants and automated processes through proprietary software.

2023: The company continued to grow organically in established markets like Florida and Atlanta while exploring mergers and acquisitions in smaller markets to accelerate growth.

Monument Sotheby's International Realty



2019: Monument Sotheby's International Realty, already established as a startup in the core Baltimore, Maryland market, was awarded the BHHS franchise. Began with high-end development sales and marketing, particularly at Ritz Carlton and Four Seasons Inner Harbor.

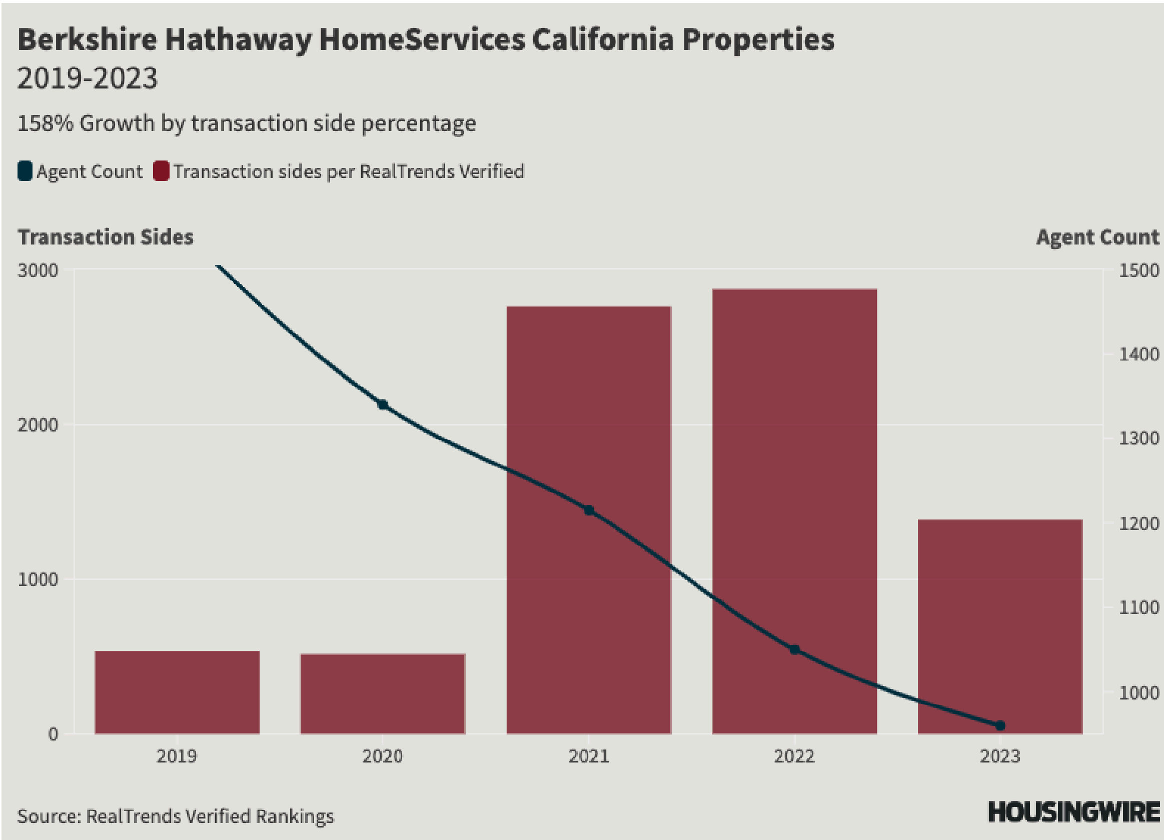
2020: Continued focus on recruiting agents, leveraging high-end development assignments to attract the desired talent.

2021: Acquisition of Brandywine Properties. Expanded into the Wilmington, Delaware area, adding significant agent growth and market presence.

2022: Merger with Ocean Properties Sotheby's. Extended reach to the Delaware coast, further increasing agent numbers and market share.

2023: Expanded into Pennsylvania, now operating 15 offices with approximately 400 agents.

Berkshire Hathaway HomeServices California Properties



2019: Significant effort to maintain agent relationships. Two acquisitions: Chino Hills and Huntington Beach, totaling 80+ agents.

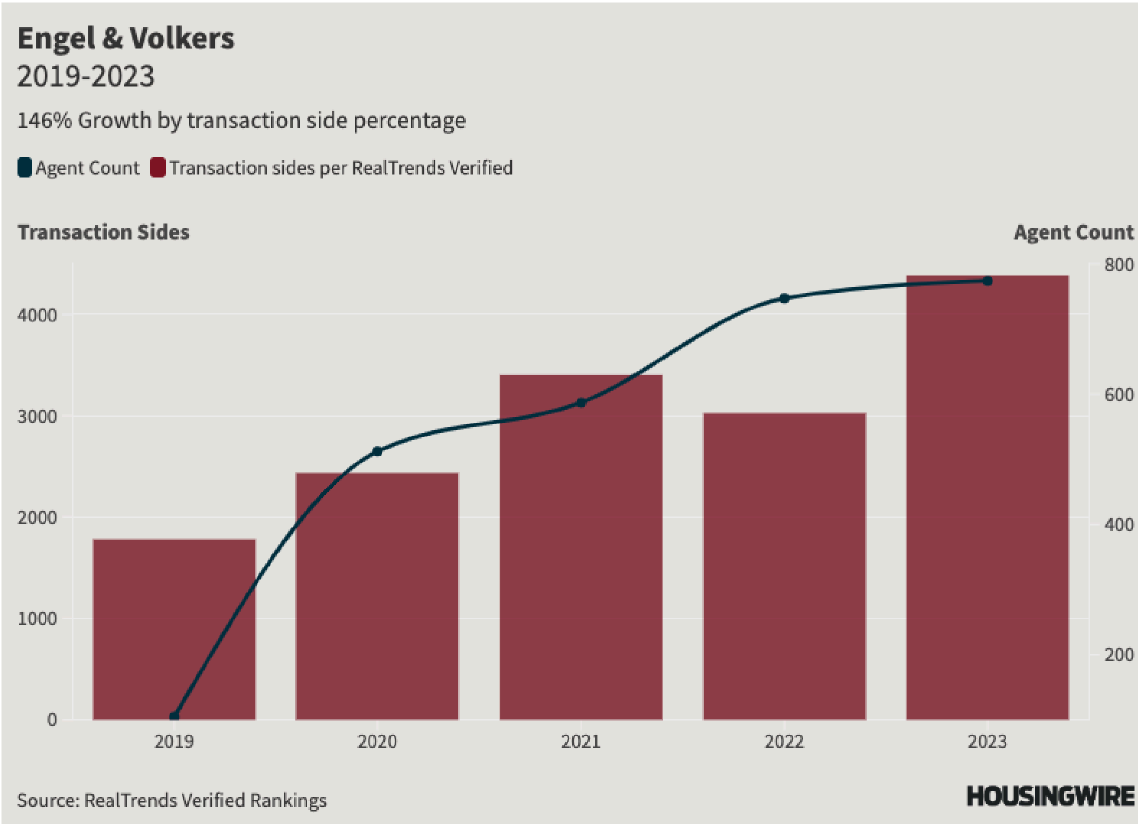
2020: Provided incentives for agents to refer others. One acquisition. Increased involvement of tech and marketing teams with agents.

2021: Continued focus on recruiting and building relationships to strengthen agent loyalty.

2022: Emphasized leadership and personal development. Leadership focused on helping agents increase per-agent productivity.

2023: Raised standards for real estate professionals. Focused on per-agent productivity rather than number of agents. Continued to engage more broadly with the real estate community.

Engel & Völkers Gestalt Group



2019: Focused on perfecting systems and hiring leadership to prioritize growth, substantial investment in technology for transaction and back-end management.

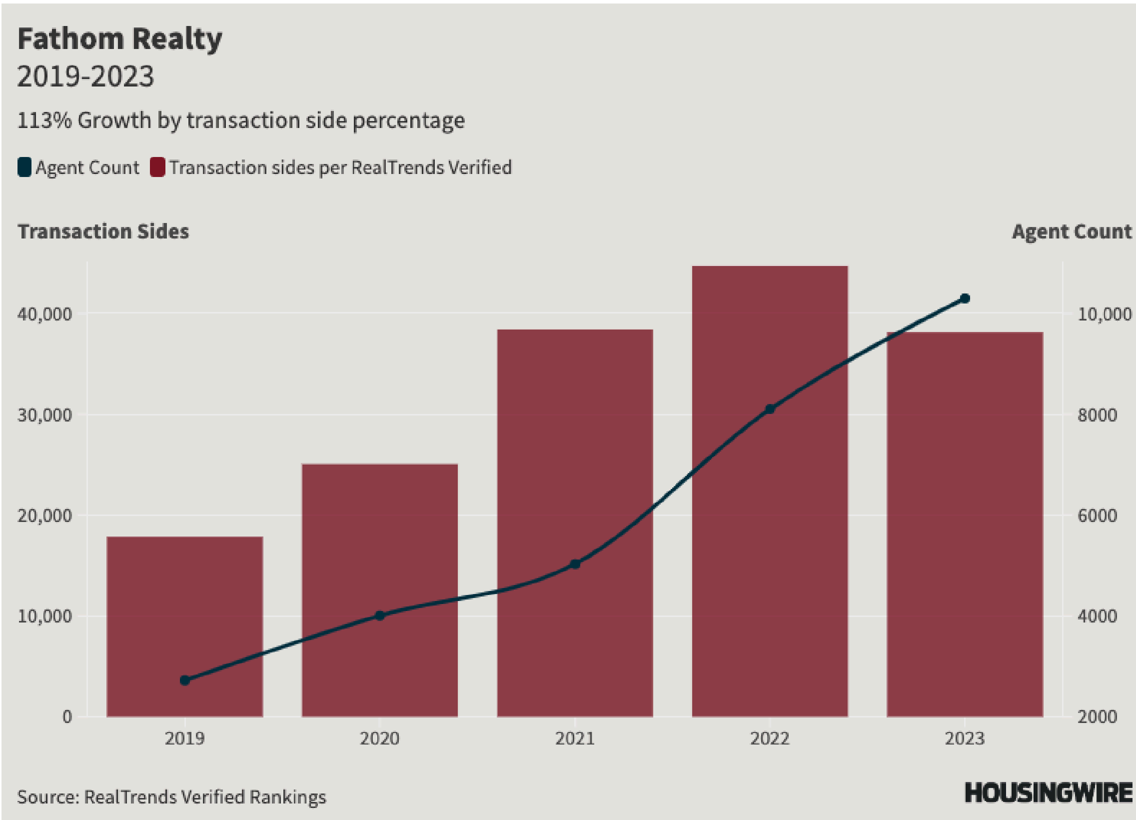
2020: Emphasized strong organizational culture and support during pandemic. Quickly adapted to a virtual workplace, with frequent check-ups and support for agents and clients.

2021: Significant growth due to attracting advisors (agents) by emphasizing collaboration, marketing, and networking, leading to an influx of like-minded advisors.

2022: Recognized the need for more coaching and support due to market shifts and technological changes.

2023: Undertook significant M&A activities to sustain and enhance growth, tripling agent base in key regions. Combined multiple locations and staff.

Fathom Realty



2019: Early adoption of strategies to attract and retain agents through a strong support system and attractive incentives began taking shape.

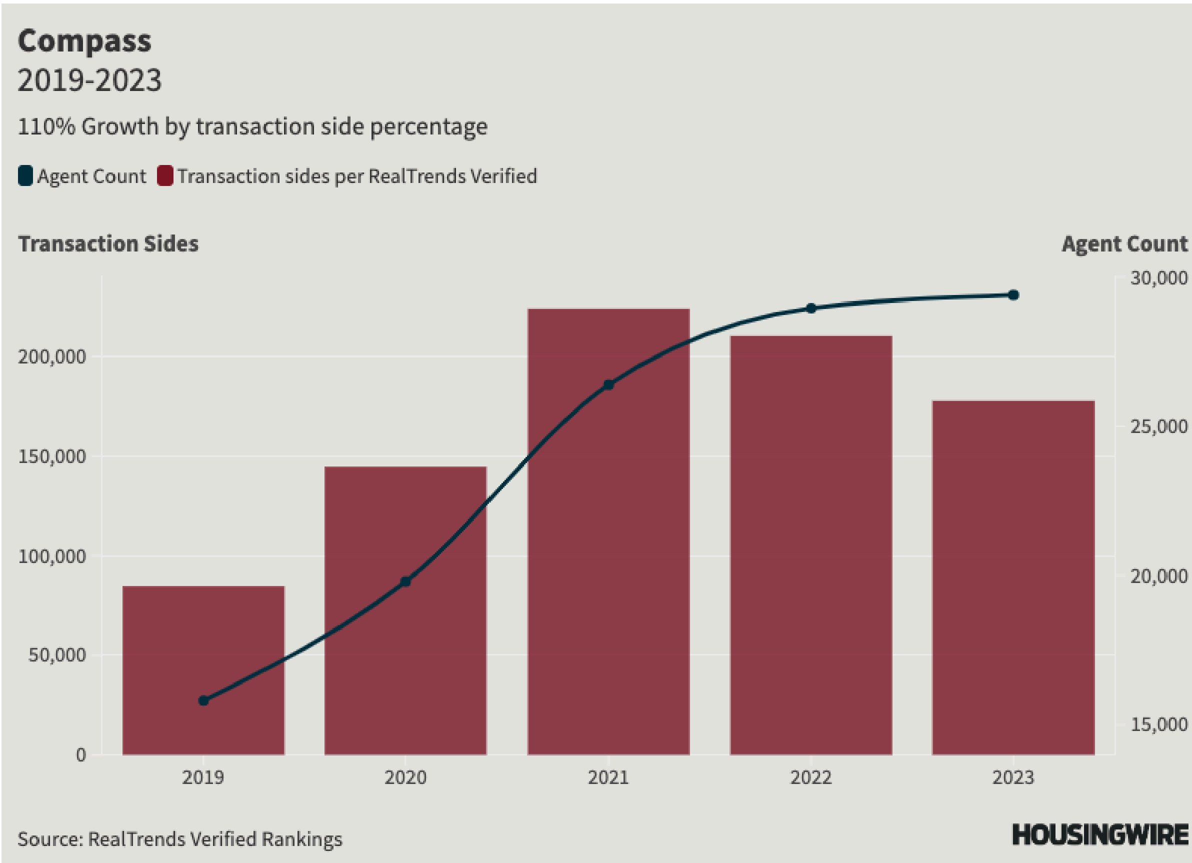
2020: Allocated more resources to marketing and agent development, including "Air Cover" strategies like email campaigns and social media outreach to attract a larger pool of potential agents.

2021: Built a dedicated team of agent service representatives, called "Ground Cover strategies." Grew the team handling inquiries to 30-40 representatives.

2022: Strong push towards in-person meetings with interested agents. Increased reliance on direct referrals from existing agents and field staff.

2023: Ongoing improvements in both "Air Cover" and "Ground Cover" strategies ensured a steady influx of interested agents and successful conversions.

Compass



2019: Acquired two companies.. Vetted agents based on in-house recommendations, focusing on trusted agents with strong market followings.

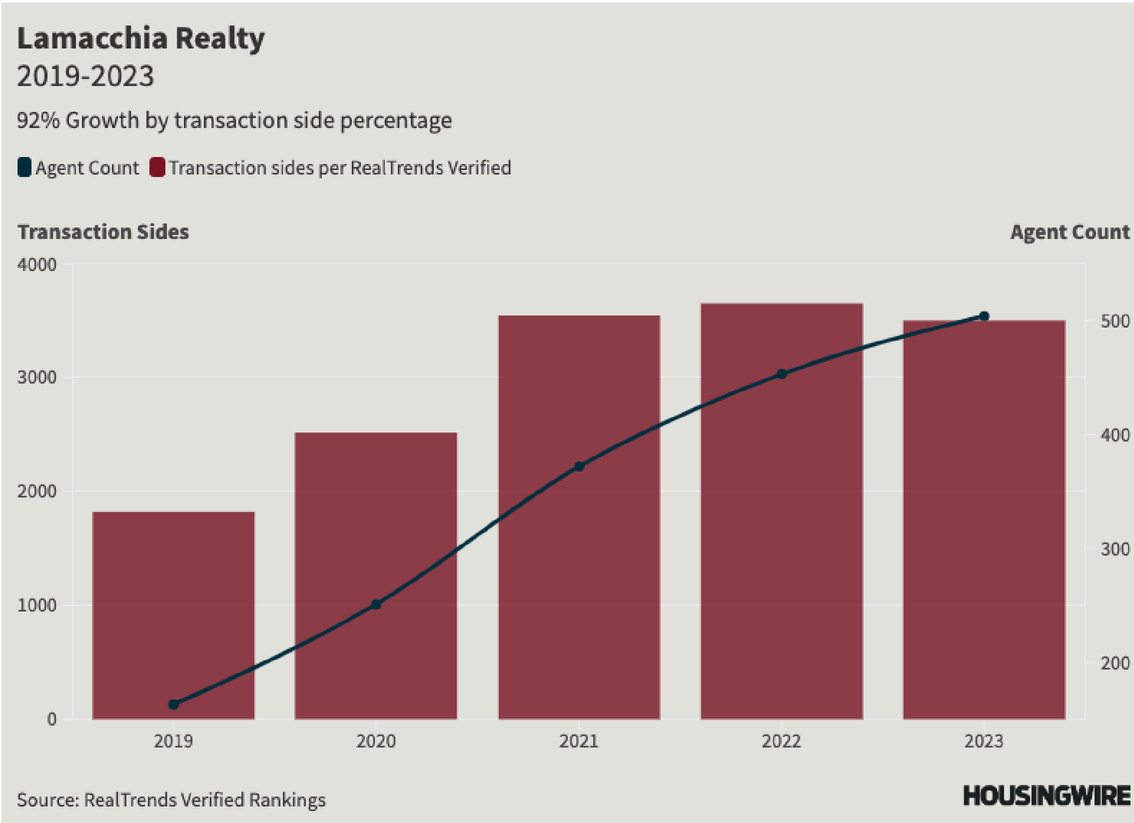
2020: Continued to build a dedicated recruiting team, separating the responsibility for recruiting from sales management. Invested heavily in training sales teams and consultants.

2021: Acquired Lila Delman, Kinlin Grover, Keefe, and Jackson Hole Real Estate.Introduced AI tools like "Likely to Sell" to assist agents in identifying potential sellers in their CRM.

2022: Continued to focus on providing tools and resources to help agents grow their business. Maintained a high level of investment in growth even during downturn.

2023: Acquired Realty Austin and DPP. Continued investment in training and development of agents, with a strong emphasis on agent experience and onboarding.

Lamacchia Realty



2019: Emphasized recruiting both experienced and new agents. Used videos on YouTube channel, Crush It in Real Estate, to attract attention and educate potential recruits.

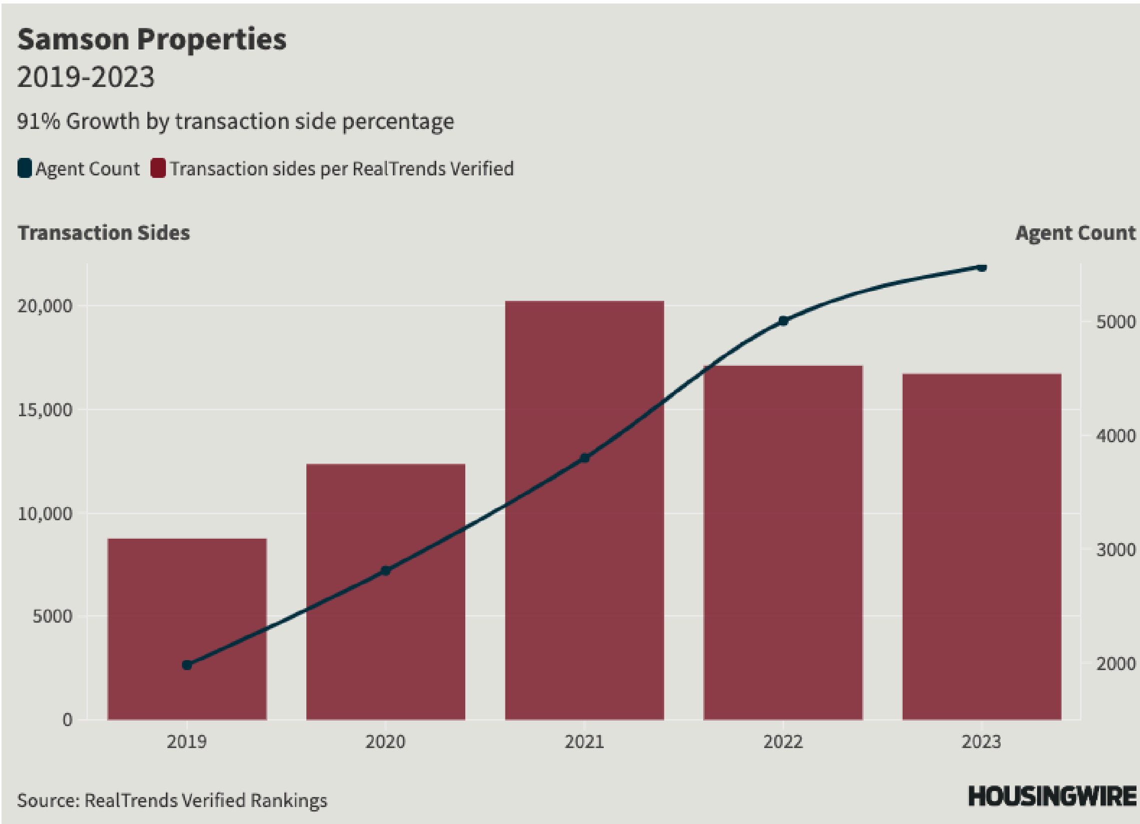
2020: Leveraged social media platforms, leading to significant recruiting growth. Conducted two acquisitions but then halted further acquisitions due to an overheated market.

2021: Continued organic recruitment with a focus on newer agents.

2022: Recognized an opportunity for acquisitions as interest rates rose and market conditions shifted. Spent the year contacting potential acquisition targets.

2023: Successfully acquired multiple companies across Massachusetts and on the border with Rhode Island. Then, implemented a temporary pause on acquisitions to regroup and manage growth effectively.

Samson Properties



2019: Focused on organic growth. Implemented a dedicated agent experience team. Began regular visits to offices for teaching and coaching.

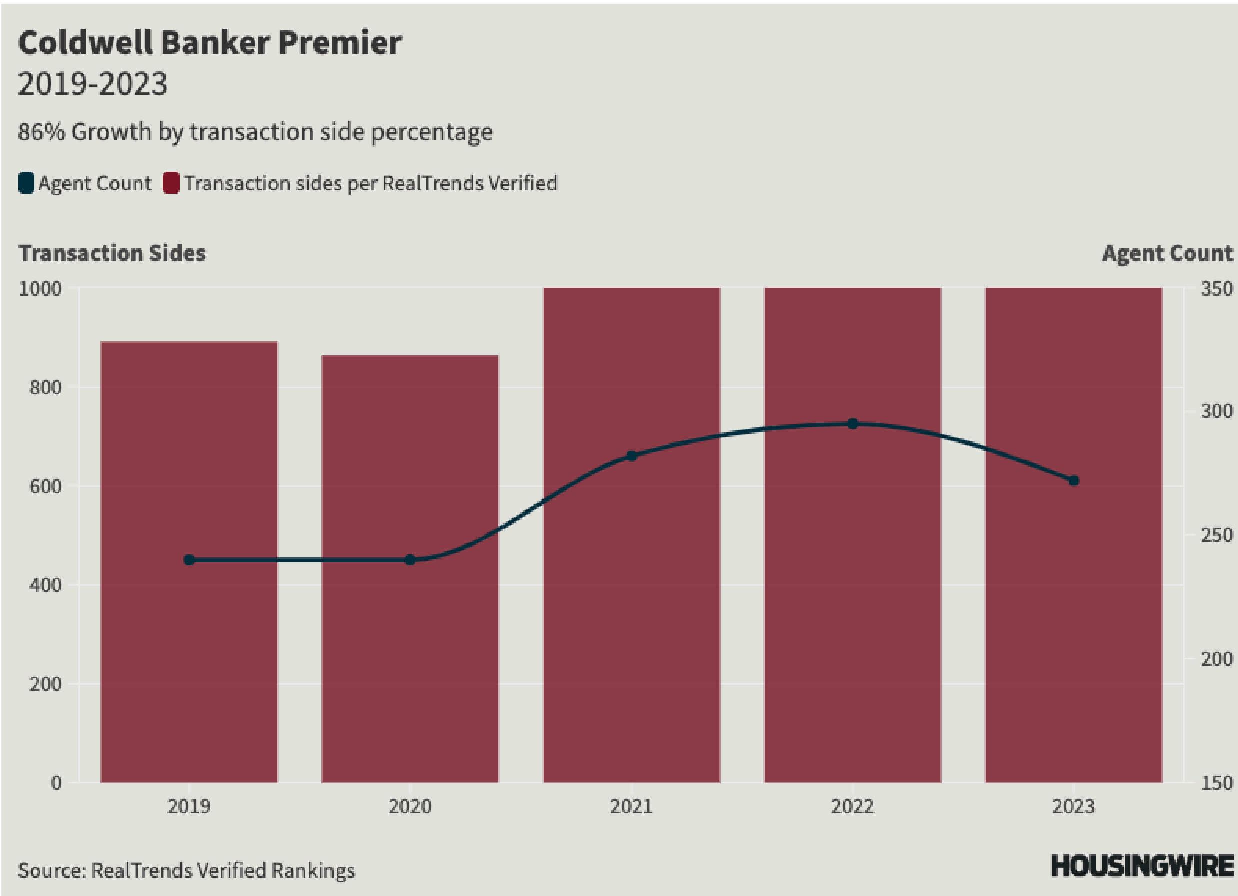
2020: Increased recruitment efforts by hiring a full-time recruiter. Conducted lunch-and-learn events 50 weeks a year. Recruited an average of 100 agents per month. Four mergers, maintaining brand identity while reducing costs.

2021: Continued weekly market trend videos, company activities. Strengthened the company's online presence and outreach efforts.

2022: Focused on non-intrusive communication methods. Maintained a strong emphasis on building relationships and culture.

2023: Expanded geographically into West Virginia to expand reach with 37 offices and 6,000 agents across Virginia, Maryland, and West Virginia.

Coldwell Banker Premier



2019: Stable year with regular recruiting, no mergers or significant growth activities.

2020: Initiated a merger with another Coldwell Banker franchise. Pandemic led to a revamp of onboarding and recruiting processes to improve efficiency.

2021: Focused on relationship building with potential acquisition targets. Several Letters of Intent were signed by mid-year, setting the stage for mergers in 2022.

2022: A major acquisition in January doubled the company's size. Additional mergers followed in February, March and October, expanding the company's footprint and market share.

2023: Continued growth through acquisitions, including a strategic merger initiated by an exiting franchise owner.

Conclusion

The period from 2019 to 2023 was marked by significant market fluctuations, driven by the pandemic boom and the subsequent adjustments in the real estate market. While many brokerages struggled to maintain or grow their market share, the RealTrends GameChangers not only weathered the storm but also achieved remarkable growth.

By examining the key performance metrics and strategies employed by these successful brokerages, we identified several common threads that contributed to their impressive expansion.

The GameChangers demonstrated that success is not confined to a specific business model or market size. Instead, their growth was driven by strong leadership and vision, adaptability and resilience, personal involvement and accessibility, a focus on agent development and support, and a commitment to long-term growth. These elements formed the foundation of their strategies, allowing them to thrive in a challenging market environment.

About HousingWire

HousingWire is an information services company that provides unique data and research, respected business journalism and must-attend events for housing leaders to use to advance their understanding and business outcomes. Our vision is a world in which housing leaders have a complete view of the housing market, and a broad community of peers with whom they can connect.

We are committed to delivering the data, analytics, media, and events that advance this vision. Because housing is too important for narrow perspectives and missed connections.Informed housing leaders are better housing leaders. A connected housing industry is a better housing industry. And the full picture always reveals new opportunities.