



The 2001 NATIONAL ASSOCIATION OF REALTORS® Profile of Residential Real Estate Brokerages

The Research Group of
THE NATIONAL ASSOCIATION OF REALTORS®

© 2001 NATIONAL ASSOCIATION OF REALTORS®
Reproduction, reprinting, or retransmission in any form is prohibited without written permission.



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®



**The 2001
NATIONAL ASSOCIATION
OF REALTORS®
Profile of Residential
Real Estate Brokerages**

Kevin Roth, Principal Author
Wannasiri Chompoopet, Research Survey Analyst
Kate Anderson, Editor

NATIONAL ASSOCIATION OF REALTORS®
Research Group
700 11TH Street NW
Washington DC 20001

Item: 186-13-01

The 2001 NATIONAL ASSOCIATION OF REALTORS® Profile of Residential Real Estate Brokerages

There is no one type of residential real estate brokerage firm. A firm may be a single office operation with a sales force of just one agent, or a firm with hundreds of sales agents and brokers. Some firms offer a wide menu of real estate related goods and services, participate in affinity arrangements, have a relocation department, and have a high profile Internet presence. Other firms offer just a few homeownership services.

The diversity of real estate brokerages is understandable, considering the complexity of the homebuying and selling process and differences among housing consumers. Some buyers seek high priced homes located in suburban locations. Others want a resort condominium. Some housing consumers are under extreme time pressures to find a new home as they sell their current property, while for others the housing transaction is not as urgent. Homebuyers may want their real estate professional and brokerage to help them at every step of the real estate transaction, while others seek a more basic level of service for a lower cost.

While there is great diversity in the characteristics of today's real estate brokerages, recent survey results indicate that the typical residential real estate firm:

- Is a single office operation.
- Has been in business for ten years.
- Has a sales force of four agents who are independent contractors.
- Is not affiliated with a franchise and operates as a corporation.
- Operates a Web site and places the brokerage's listings on a number of Web sites, such as Realtor.com® and the firm's own Web site.
- Generates at least one percent of its business from the Internet.
- Has a policy that its sales force be accessible by E-mail.

The diversity of real estate firms is most apparent by firm size:

- Eighty-five percent of residential brokerages have a single office, while four percent have four or more offices.
- Sixty-seven percent of residential brokerages have a sales force of five or fewer agents; three percent have a sales force of 50 agents or more.
- Large residential brokerages—those with at least 200 salespeople—have been in the real estate brokerage business for more than twice as long as small brokerages with 20 or fewer salespeople.
- Two thirds of large residential brokerages are engaged in mortgage lending compared to 16 percent of smaller brokerages.
- Two thirds of large residential brokerages are affiliated with a franchise organization, while ten percent of small residential brokerages are franchise operations.

Compared to smaller residential brokerages, larger brokerages are more likely to:

- Offer health benefits to their sales force (even though firms do not contribute to the premiums).

- Be a member of a relocation/referral network.
- Have a Web presence and place their listings on the Internet.
- Generate business from the Internet.
- Provide real estate related goods and services like mortgage and title services.
- Participate in affinity arrangements.

Notes to the 2001 NATIONAL ASSOCIATION OF REALTORS® Profile of Residential Real Estate Brokerages

During the spring of 2001, the Research Group of the NATIONAL ASSOCIATION OF REALTORS® mailed a four-page questionnaire to 9,321 real estate firms. Historically, large residential real estate brokerages have had lower response rates to NAR surveys. Extra surveys were sent to medium (11-200 licensees) and larger sized firms (more than 200 licensees) to ensure a representative response to this survey. A total of 2,792 usable surveys were returned, providing a 30 percent response rate. Responses were weighted as per the membership rolls provided by the National REALTOR® Database System (NRDS).

This report highlights the real estate firms that focus primarily on residential brokerages. Those respondents that generate at least 50 percent of their business from residential brokerage are included in this report. This survey features 2,483 responses that meet this definition of a residential brokerage.

Due to rounding, some detail may not add to 100 percent.

A note of caution: It is difficult to define the typical real estate firm. Firm size varies dramatically. There are large firms with hundreds—even thousands—of sales agents, and at the same time there are numerous firms with a sales force of just one or two agents. Consequently, reporting one figure as representative of the entire industry would be inaccurate and misleading. Therefore, most results in this report are presented with several cross-tabulations to represent different firm types. Along with survey results for all residential real estate firms, there are additional cross-tabulations for residential real estate brokerages with 1-20 agents, those with 21-200 agents, and those with more than 200 agents.

Due to both the stratified sampling used in this survey along with the weighting of the results, the findings of this survey **are not comparable to those found in The 1999 NATIONAL ASSOCIATION OF REALTORS® Profile of Real Estate Firms** and other prior profiles of real estate firms by the Research Division of the NATIONAL ASSOCIATION OF REALTORS®.

***The 2001 NATIONAL
ASSOCIATION
OF REALTORS®
Profile of Residential
Real Estate Brokerages***

To purchase a copy of the complete **2001 NATIONAL ASSOCIATION OF REALTORS® Profile of Residential Real Estate Brokerages**, call NAR's Customer Service at 1-800-874-6500. Ask for Item #186-13-01. Cost is \$35 for NAR Members; \$50 for nonmembers.

The NATIONAL ASSOCIATION OF REALTORS®, "The Voice for Real Estate," is the nation's largest professional association, representing more than 860,000 members involved in all aspects of the real estate industry.

REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® are registered membership marks that identify, and may be used only by, real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.

For more information about the NATIONAL ASSOCIATION OF REALTORS® and its network of strategic partners, visit NAR's web site at <http://www.REALTOR.org>.

About NAR's Research Division

The Research Division of the NATIONAL ASSOCIATION OF REALTORS® produces the premiere measurement of residential real estate activity – the existing home sales series – and analyzes how changes in the economy can impact the real estate business. It also examines trends in real estate practices, and how NAR members are adapting technology in their business operations. NAR Research looks at recent regulatory and legislative policy proposals and how those policies could affect REALTORS® and their clients, America's property owners. To find out about other products from NAR's Research Division, visit our web site at <http://www.realtor.org/research>.

You can reach NAR Research via email at eresearch@realtors.org, or call us at 202-383-7510

NAR Research Staff

David A. Lereah, Ph.D., *Senior Vice President and Chief Economist*
Ellen P. Roche, Ph.D., *Vice President, Research*

Thomas M. Beers, *Research Economist*
Paul C. Bishop, Ph.D., *Senior Business Policy Economist*
Wannasiri Chompoopet, *Research Survey Analyst*
Keunwon Chung, *Data Research Analyst*
Ken Fears, *Economist*
Sigrid Z. Fennemore, *Senior Commercial Markets Analyst*
Shonda Hightower, *Research Survey Analyst*
Michael Hyman, *Research Assistant*
Steve Kim, *Business Analyst*
Carter W. Murdoch, Ph.D., *Principal Economist*
Marcia Rawley, *Administrative Assistant*
Cassandra M. Sims, *Senior Executive Assistant*
Kevin J. Thorpe, *Research Economist*
Hristina Toshkova, *Research Assistant*
Lawrence Yun, Ph.D., *Senior Forecast Economist*

