

Industry Overview

The residential real estate brokerage and management industry is largely driven by population growth. Profitability of this industry is dependent upon the demand for properties and, subsequently, the volume of transactions handled. These factors are typically higher during periods of strong economic growth and can suffer from a recession or too much new construction.

Major services in the industry include real estate brokerage, leasing of residential units and property management. As a part of their marketing strategy, real estate brokers typically incorporate local print ads, online media, direct mail and multiple listing services (MLS). More and more so, the Internet is proving essential as a marketing tool for residential real estate brokers, investors and companies. For instance, online visitors are able to take virtual tours of properties for sale or rent and examine properties whenever or wherever it is most convenient for them.

Business Challenges

Similar to many industries, the real estate sector is often faced with difficulties posed by the delicate economic climate and new tool developments.

- **Competing Technological Tools:** Increasingly so, customers seek to access real estate listings themselves, completely bypassing the MLS business model. This poses some significant competition for real estate brokers. Because of Internet-based listing services like Yahoo! Real Estate or Zillow, the need for traditional brokers may be eventually eliminated.
- **Profitability and Economic Cycles:** In this industry, returns on investments fluctuate along with the strength of the economy. Should markets drop (as they did in recent years) and demand and consumer spending power decline, the end result may be an excess in supply and a suppression of home values. Subsequently, when the economy is strong, consumer confidence rises and the demand and home prices increase.
- **Competitive Constraints:** These constraints are independent of the economic climate. In a strong economy, newly constructed properties typically relegate older properties to second-class status. Likewise, a weaker economy creates difficulty in selling homes, causing properties to be placed on the rental market and compete with existing rental properties.

Industry Opportunities

Both technological trends and developments have a significant impact in future opportunities of the real estate industry.

- **Technology Upgrades:** Technological enhancements in property management allows for real estate companies to save a considerable amount of money as well as enhance the quality of customer service. State of the art technology applications enable property managers to undertake leasing and maintenance decisions while maximizing revenue.

- **Additional Revenue Sources:** Property owners and managers have learned to boost revenue by offering additional services. These include concierge service, laundry service and professional cleaning. Additional service offerings become increasingly more important during difficult economic conditions, a time when rental rates are typically low.
- **Acquisitions:** Real estate investment trusts (REITs) companies, or those looking to expand their business can strategically build capital during periods of economic growth. Essentially this is used in acquisitions during economic downturns. Well-timed acquisitions enable these companies to enter new markets or purchase properties below the previous market's values.

Digital Marketing Trends

Social Media Uses for Business Information

The majority of real estate and construction companies in North America use social media in their businesses to read user ratings and reviews for products and services (according to 69% of respondents). Sixty-three percent of respondents said they visit company or product profile pages on social media sites. On the other hand, 61% of companies in the real estate and construction industry attend webinars or listen to podcasts online. Reaching and downloading business-related content on third-party content-sharing sites was ranked as the 4th most common social media activity among those in the real estate and construction industry (59% of respondents).

Another popular social media activity among real estate and construction companies is visiting company blogs (54%), while 48% of respondents said they use social media to ask questions on Q&A sites like Yahoo! Answers and LinkedIn forums. Other reasons that companies in the real estate and construction industry use social media for business information include: participating in online business communities, conducting searches for information, subscribing to RSS feeds of business-related news or information sites, participating in discussions on third-party sites, saving business-related links on social bookmarking sites and using Twitter to find or request business-related information.

Social Media Used for Business Information According to Real Estate and Construction Companies in North America, September 2009 (% of respondents)



Note: n=196; all companies in study use social media for business
 Source: Business.com, "2009 B2B Social Media Benchmarking Study," November 16, 2009



INDUSTRY FACTSHEET

Email Marketing Open Rates Worldwide for Select Industries, 2010



Source: MailerMailer, "Email Marketing Metrics Report," July 19, 2011
 130097 www.eMarketer.com

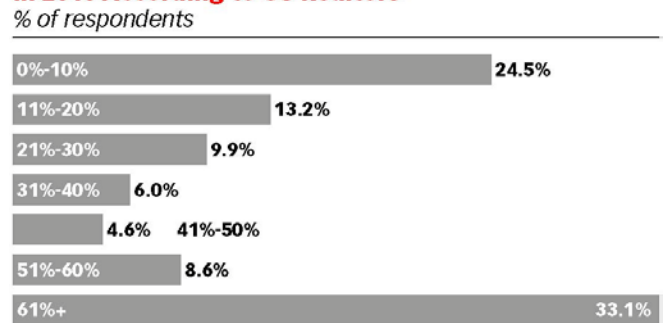
Email Marketing Open Rates

When it comes to email marketing open rates worldwide, we see that the real estate industry is among the top 7 industries in the world in terms of highest email open rates. According to eMarketer, the real estate industry experienced an open rate of approximately 14% in 2010. Other industries with high email marketing open rates include government (14.3%), large businesses (14.4%), consulting (14.9%), nonprofit (15.2%) and transportation (17.6%).

Online Advertising Spending

Statistics indicate that a fair share of total advertising spending in the real estate industry is allocated toward online advertising. In 2010, 33.1% of US realtors said that 61% or more of their total advertising dollars are used to market their business online. Meanwhile, 8.6% of respondents said they dedicated more than half (between 51-60%) of their total advertising spend to Internet marketing in 2010. Internet advertising took a 21-30% share of total advertising dollars in 2010, according to 9.9% of respondents. About a quarter (24.5%) of realtors said they allocate up to 10% of their total advertising budget to online advertising.

Online Ad Spending as a Percent of Total Ad Spending in 2010 According to US Realtors



Note: numbers may not add up to 100% due to rounding
 Source: ThinkEquity LLC, "Online Real Estate Survey," March 23, 2011
 127340 www.eMarketer.com

Value of Print and Online Advertising According to US Realtors, by Objective, Feb 2011

% of respondents

	High value	Value	Some value	Little value	No value
Print advertising					
Classified listings	6%	2%	23%	25%	43%
Lead generation	9%	10%	20%	22%	38%
Brand building	17%	19%	25%	18%	21%
Online advertising					
Classified listings	50%	14%	19%	11%	7%
Lead generation	50%	23%	15%	4%	7%
Brand building	47%	24%	19%	6%	4%

Note: numbers may not add up to 100% due to rounding
 Source: ThinkEquity LLC, "Online Real Estate Survey," March 23, 2011
 127339 www.eMarketer.com

Value of Print and Online Advertising

When comparing which advertising medium (print versus online) brings more value to realtors, we see that online advertising dominates. According to eMarketer, 50% of US realtors said using online advertising for lead generation purposes brought high value to their business, while 47% said the same about using the Internet to build their brands. On the other hand, half of all respondents said they find a lot of value in using online advertising for classified listings. Only 6-17% of respondents said print advertising brought them high value for the above mentioned purposes (classified listings, lead generation and brand building).



Digital Marketing Opportunities

Immediate Areas of Focus for Social and Mobile

When we look at the latest digital marketing opportunities of social media and mobile for businesses in the real estate industry, their main considerations and focus should be on how they can use these technologies to provide potential buyers with information on property listings and help enable agents to better connect with their clients. On the social front, real estate companies are leveraging social technologies like Facebook, Twitter and LinkedIn to connect with colleagues and buyers to better amplify property listings and open houses. They are also using blogs to provide local resources and real estate information to their clients and YouTube to provide enhanced online property tours.

On the mobile front, companies in the real estate industry are mostly concerned with how they can better connect with their clients and prospective buyers as well as help their clients receive real-time listing details based on their location. When it comes to social technologies and mobile marketing, below is where we see the majority of real estate companies making considerations from a strategy standpoint.

Social Technologies								
Blog	Facebook	Twitter	LinkedIn	YouTube	News Feeds/ Social Alerts	Social Bookmarking	Forums	Review Sites
✓	✓	✓	✓	✓				

Mobile Marketing

Mobile Site	Mobile Local Search	Mobile Ads/ Text	Mobile Apps
✓	✓		

Popular Pay-Per-Click Keywords

Keyword	Advertiser Competition	Global Monthly Searches	Estimated Cost per Click
real estate	0.25	1220000	0.44
mls	0.11	1500000	0.28
houses for sale	0.7	368000	0.93
homes for sale	0.84	246000	1.53
mls listings	0.47	135000	0.37
real estate listings	0.75	74000	0.9
commercial real estate	0.54	74000	1.26
domain real estate	0.17	40500	0.19
sotheby s real estate	0.14	27100	0.2
elders real estate	0.13	27100	0.23
real estate agent	0.51	22200	2.58
professionals real estate	0.11	22200	0.53
real estate one	0.35	22200	0.77
real estate for sale	0.61	22200	0.93
luxury real estate	0.38	18100	1.52
real estate agents	0.55	18100	1.4
real estate license	0.87	14800	4.24
real estate news	0.35	14800	1.24
google real estate	0.16	12100	0.61
real estate websites	0.85	12100	3.85