THE TEAMS REPORT

Foreword

We are pleased to contribute our commentary and insights to this inaugural Teams Report, authored by our esteemed colleagues at RealScout and Tom Ferry International. As the real estate industry continues to evolve, teams have emerged as a driving force of innovation and productivity. This report provides valuable data and analysis on the current state of real estate teams, shedding light on their diverse structures, operational strategies, and outlook for the future.

The findings presented here validate many best practices we have observed in our consulting work with top-performing teams across the country. At the same time, the data reveals intriguing trends and raises thought-provoking questions about team dynamics, economics, and growth strategies. We were struck by the operational diversity among teams, the willingness of larger teams to invest heavily in growth, and the industry-wide opportunity to improve sphere-of-influence marketing.

As the real estate landscape continues to shift, driven by market forces, technological advances, and regulatory changes, teams will undoubtedly play a pivotal role in shaping the future of our industry. The insights in this report provide a foundation for understanding where teams stand today and the opportunities that lie ahead.

We commend RealScout and Tom Ferry International for spearheading this important research initiative. The Teams Report represents a significant contribution to our collective knowledge and will serve as a valuable resource for team leaders, brokers, and industry observers alike. We look forward to seeing how the trends identified here evolve in the coming years and to continuing our collaboration in advancing the understanding of real estate teams.

Jack Miller
President and CEO, T3 Sixty

Introduction

Thank you for your participation in the inaugural Team Report Survey! We're excited to present our initial report to you. In this report, we've compiled the results of the survey, and we'll share both our key findings with deeper analysis commentary, as well as the results themselves.

As any good investigation does, this survey inspires more questions than it answers, and we're going to keep the ball rolling. This is just the first report for our first-ever survey - we'll continue sharing insights as we collect additional responses over the coming months and plan to repeat the survey in 2025 to see how things evolve.

Here are a few important things to keep in mind when reading this report:

- Respondents were not chosen randomly but self-identified through various distribution channels. This means that this survey does not capture a representative sample of teams as a whole but only those who decided to participate. You shouldn't interpret the results as being indicative of how all teams operate in general.

- Similarly, we believe we had a relatively high response rate from specific communities, such as coaching networks, CRM users, and brokerages. This means teams from these communities are likely over-represented in the results, introducing bias.

- Although we conducted a thorough initial data clean-up, we did not independently verify each team's response. Given their internal consistency and the distributions shown in the responses, we believe the vast majority of sanitized responses were not fabricated. However, it is probable that some responses in part or in whole are not entirely accurate and, therefore, introduce noise in the results.

- Not all questions have the same number of respondents. This is due to a variety of factors such as: 1) some questions not being required, 2) questions that were not applicable to respondents that responded to prior questions in a certain way, 3) unclear, invalid, or erroneous answers that were discarded. You can check the response rate for each answer in the (RR=x%) label on each question. For this initial report, the total valid response count (RR=100%) was 350.

The net effect of these considerations is that this report should be interpreted as survey results, and not as a broader scientific study. While we will offer possible explanations and interpretations of the results, these insights are by no means conclusive, and only act as a voice in a broader discussion about how teams are changing the real estate landscape.

This all said, we hope that this report is an interesting window into how real estate teams operate, and we look forward to hearing your reactions and feedback on the report!

Arthur Kaneko
CEO, RealScout, Principal Author

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Note: Distribution partners do not have access to personally identifiable information from The Teams Report survey responses.

Key Takeaways

1. Bigger teams spend more money to make more money. Per transaction economics may be worse at larger teams, and bigger teams may be willing to trade smaller margins for top line growth.
2. Teams are organized in complex and diverse ways. There is no one-size-fits-all way a team should be organized, as there are multiple paths to success.
3. SOI (Sphere of Influence) is by far the most important acquisition channel for most teams, regardless of size. However, teams are underinvested in and unhappy with their nurture solutions.
4. Teams are optimistic about the near to midterm future despite potential disruptors in the market.

1. Spending for Growth

Comparing the spending patterns of big and small teams, an interesting trend emerges beyond simple team size. It tells a story about how larger teams may be pursuing a more aggressive strategy of "spend more to grow more," trading off unit economics in order to drive growth.

While there are important open questions about what motivates this type of strategy, and how operational differences factor into their calculus, it once again sheds light on the variation in how teams operate.

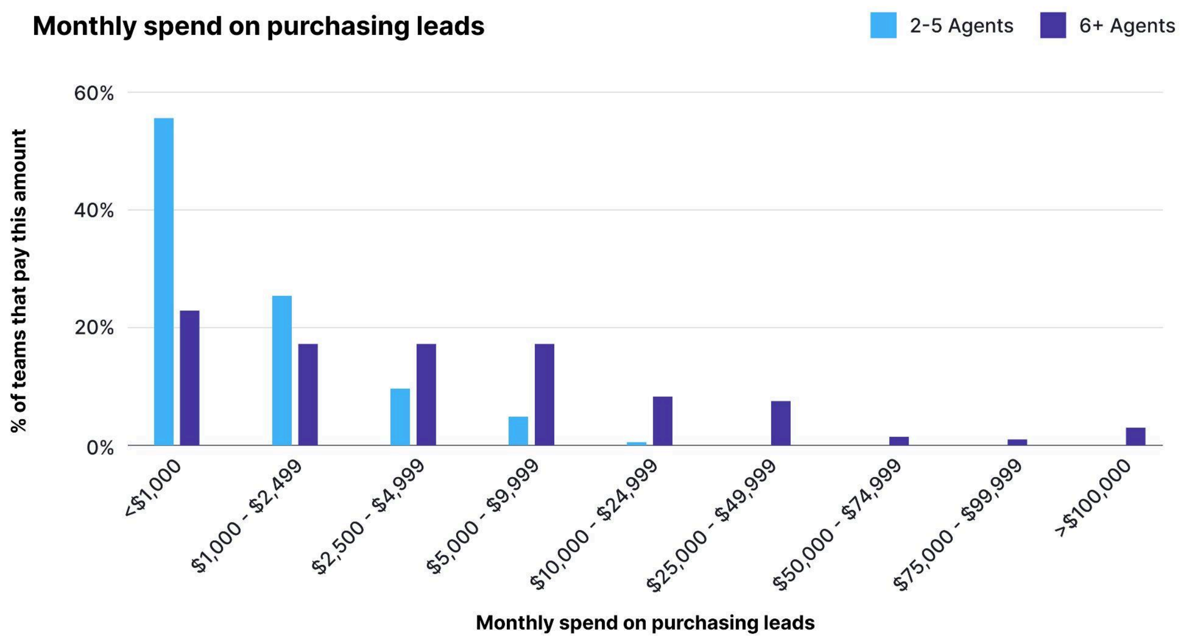
Further, while speculative, given the importance of especially larger teams in lead-gen, it's possible that this is a hint at what's to come in the future of paid customer acquisition in general.

Lead-Gen Spend

There is a clear trend that larger teams (6+ licensed agents) spend more on lead-gen than smaller teams (2-5 agents). In fact, the majority of small teams spend less than $1,000 per month on lead-gen, whereas the median large team spends between $2,500 and $4,999 per month.

At a basic level, this isn't particularly surprising given that this divide can likely be explained, in part, by the fact that bigger teams with more agents are willing and able to spend more on lead-gen. But as suggested in the data below, the story is more complex.

Fundamentally, the key question here is whether this is a classic chicken-and-egg situation: Are large teams spending big on lead-gen because they're big, or are they big because they spend big on lead-gen?



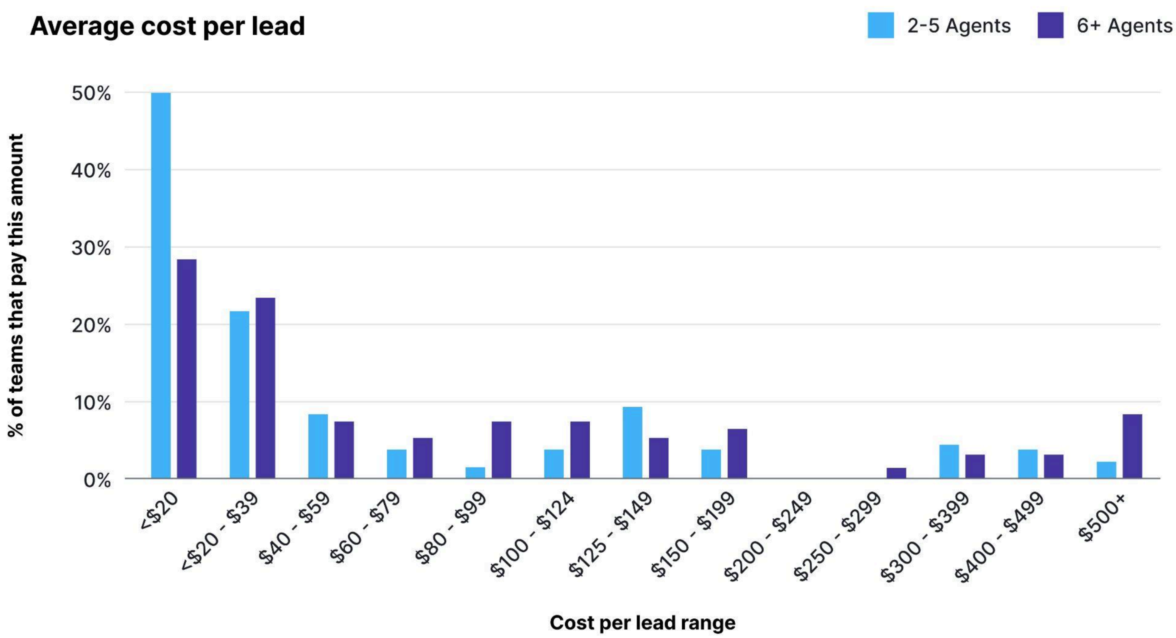
(RR:100%)

Cost-Per-Lead (CPL)

Not only do larger teams spend more on lead-gen in aggregate, they also spend more on a per lead basis. While 50% of small teams said their average CPL was sub $20, many larger teams spend far more per lead.

There are likely multiple factors at play here: 1) a larger team's bigger budget allows them to afford high cost leads in the first place 2) the higher price is offset by the leads' higher conversion quality, and 3) these higher quality leads are worked more efficiently and effectively by the larger teams.

These possible explanations paint a picture where larger teams are better equipped to manage a higher-cost customer acquisition funnel, through careful planning and bigger team resources. There may be factors inherently challenging for smaller teams, such as access to capital, ability to deal with volume, and general risk tolerance, that make it difficult to reach for higher cost leads.



(2-5 RR:60% 6+ RR:73%)

T3 Sixty Commentary

Lead costs vary significantly in the industry, as the source, quality, housing price range, and availability serve as significant factors influencing the cost of the lead.

Most small teams are more likely to be highly dependent on singular sources, and are thus often sensitive to price and program changes. It takes more effort to properly manage leads from multiple sources, and generally as teams grow in size, their capability to handle leads from a diverse set of lead providers increases with their technology and administrative capacity.

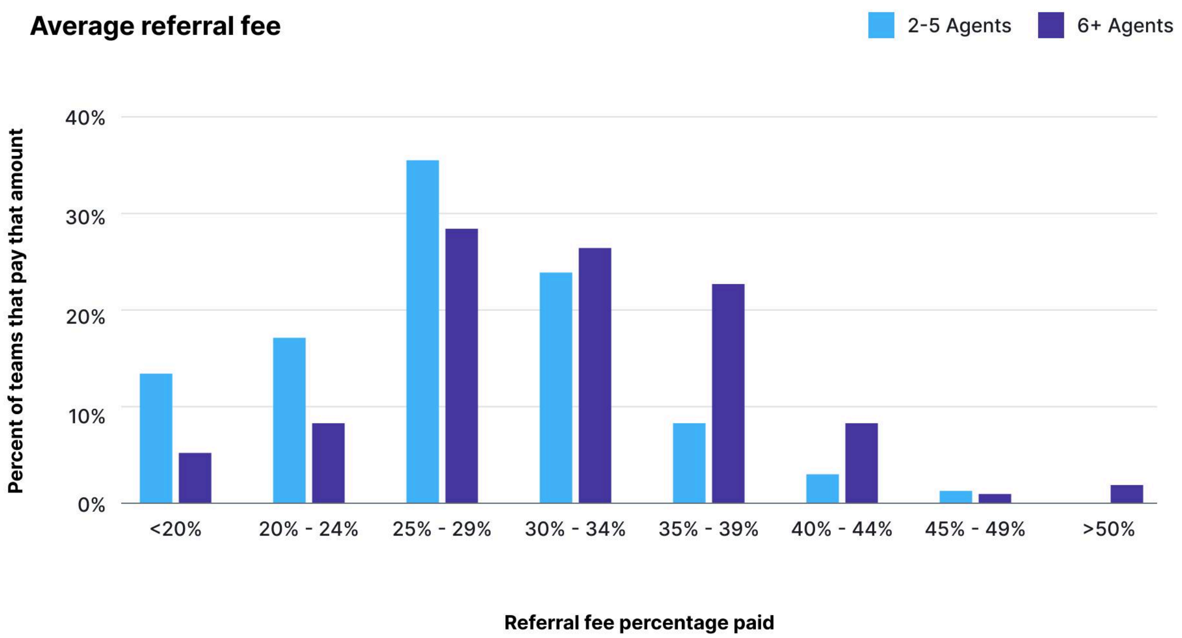
Referral Fees

While the CPL data tells a story about the advantages of larger teams, the referral fee data here suggests a deeper explanation of why larger teams spend more money on customer acquisition.

The data shows a clear trend of larger teams willing to pay a higher referral fee percentage compared to smaller teams: 30-34% for large teams and 25-29% for small teams. Given that there was minimal difference in the average transaction price between large and small teams, the data here shows that large teams may be making less margin per completed transaction than smaller teams.

There are many possible explanations for why this is the case, including factors like operational efficiency, ancillary revenue, and economies of scale. However, one key explanation may be that larger teams are simply willing to accept lower margins if it means they can complete more transactions. A bigger topline likely correlates directly to compensation, and with access to more working capital, this may be a strategy that many larger team leaders pursue.

In fact, higher CPL in the section above may also be explained, in part, by this phenomenon.



(2-5 RR:58%   6+ RR:79%)

T3 Sixty Commentary

Referral fee costs have generally crept up from traditional referral sources, such as relocation, but the free market for pay-at-close leads appears to be keeping referral fees in the 25-34% range in this survey.

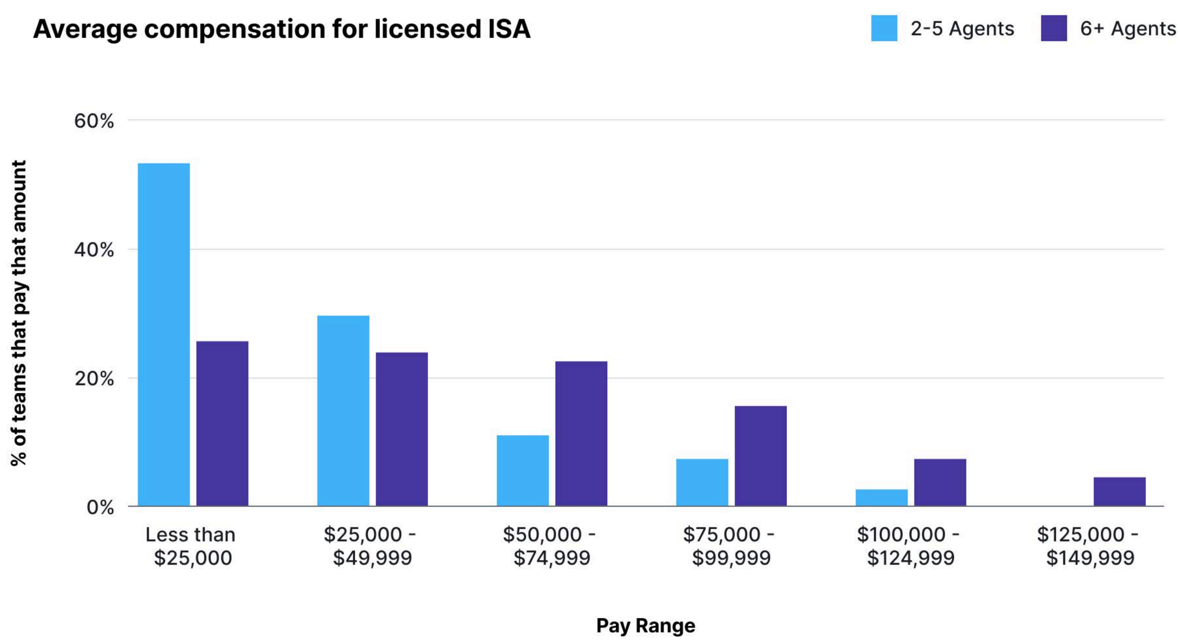
Well-proven referral sources can often charge a premium for their referral business, as the ability to consistently generate referrals is a competitive pricing advantage. for these sources.

There is still a significant opportunity in generating business via pay-at-close referral companies, and in a capital light industry during a significantly challenged market, it is no surprise these options remain popular and competitive. This survey shows that shopping around for lower fees, especially if an agent's or team's current sources are asking more than 40%, may be worthwhile.

Team Member Compensation

Given the higher absolute and unit costs of customer acquisition among larger teams, it would be fair to speculate that those costs are offset by lower personnel costs. However, the survey results show the exact opposite. Larger teams reported higher compensation for agents, licenced ISAs, and unlicensed ISAs, than their smaller counterparts.

Again, a possible key explanation for this is the larger team's willingness to spend more money to make more money. Assuming higher compensation correlates to higher quality talent and longer retention, larger teams may find that this ROI is well worth the higher expense.

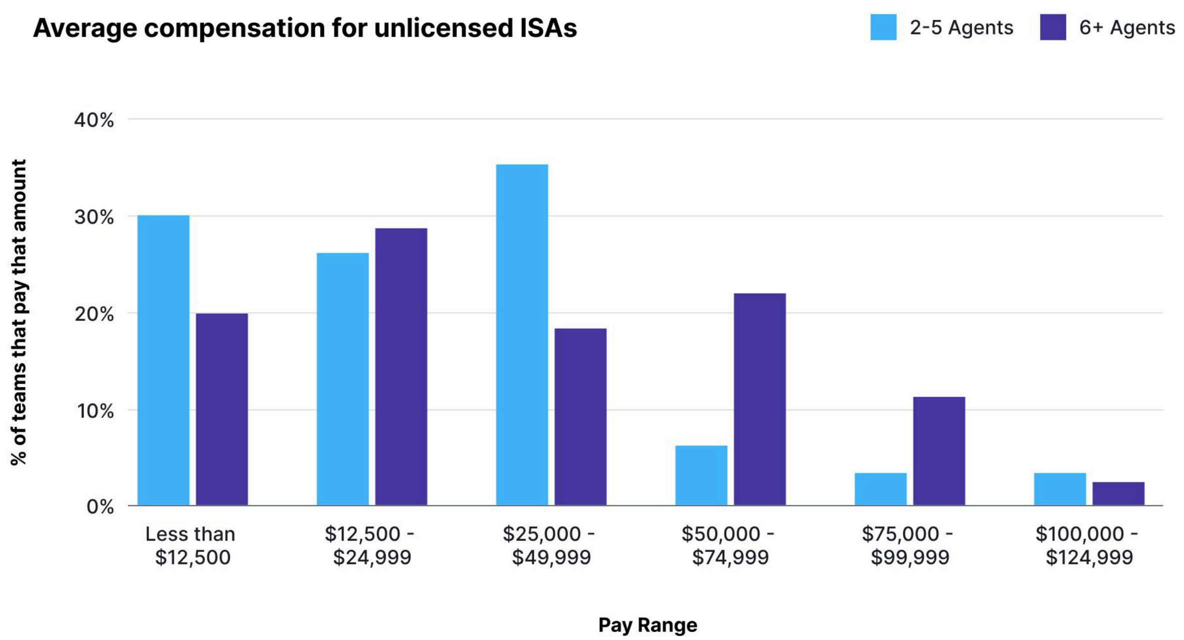


(2-5 RR:24% 6+ RR:38%)

T3 Sixty Commentary

Licensed inside sales agents (ISAs) are usually US-based and can be either employees or independent contractors. The role for in-house licensed ISAs can be quite varied, with the majority (62%) making less than $50K a year. Many licensed ISAs are effectively part time, or may supplement their income by occasionally doing their own transactions.

A small set of ISAs (20%) make more than the median licensed agent on a team, implying that they either have a dual role doing both agent activity and ISA work, or that they are a full time ISA with a generous compensation program.

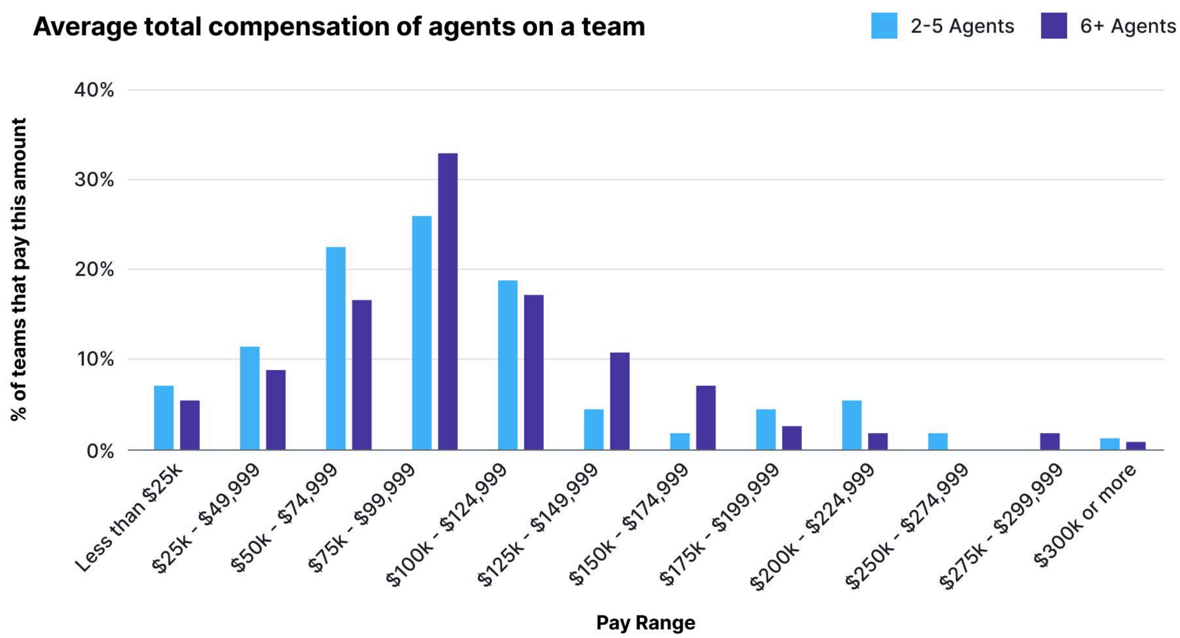


(2-5 RR:28% 6+ RR:41%)

T3 Sixty Commentary

Unlicensed ISAs make substantially less than their licensed counterparts, and are often remote resources or located overseas. There are a number of companies that supply full-time ISAs from the Philippines or Latin America for a fraction of North American-based resources, and these options have become popular for many teams. The median unlicensed ISA is making $12.5K-$25.5K and is in line with the typical costs for these types of resources.

Like ISAs, larger teams responded that they generally pay a higher total compensation to their average licensed agents. This may be a reflection of multiple factors including higher per agent productivity, higher quality of agents, or again, simply a willingness to spend more money to make more money.



(2-5 RR:97%   6+ RR:98%)

T3 Sixty Commentary

Median compensation for members of teams skews significantly higher than industry average for Realtors, with $75-$99K being the most frequent range. According to the National Association of Realtors, the median gross income for Realtors in 2023 was $55,800.

The Future of the Lead-Gen Market

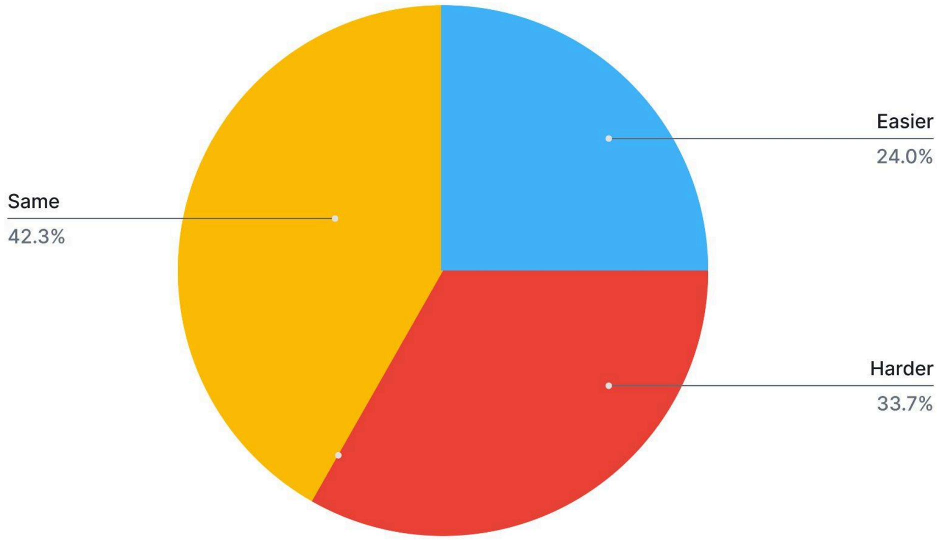
Although speculative, the insights coming from this survey may be a sign of things to come in the real estate lead-gen ecosystem. For some time, there's been a trend of rising paid user acquisition costs both in CPL, and especially in the proliferation and increased fees associated with referral based models.

Again, while there are likely many factors that contribute to this trend, the growth of highly sophisticated, high performance teams willing to trade-off customer acquisition cost for growth, may be a significant contributing factor. If a bidder in the lead-gen market is willing to accept lower margins downstream, they are able to vacuum up a larger proportion of leads, while simultaneously creating upward pricing pressure.

Of course, this trend cannot continue indefinitely, but the question is, how much more efficiencies can teams achieve, and much more more can they compress margins for the sake of growth? In many markets, the answer is likely "a lot more" meaning we may continue to see real estate lead-gen prices appreciate as the growth of real estate teams continue.

At least for the surveyed teams, these dynamics may explain why the outlook for ease of customer acquisition was mixed.

Next 12 months outlook on customer acquisition difficulty



(RR:100%)

T3 Sixty Commentary

Based on this survey, the minds of team leaders are mixed about the difficulty of acquiring customers.

Changes to buy-side business, due to the NAR settlement agreement, have caused some new friction in the buyer business that did not exist before, and some uncertainty about buyer lead flow.

2. Organizational Diversity

Unlike the term “agent” or “brokerage,” the term “team” is extremely ill defined. There’s no consistent legal definition, a standard business definition, or even a reliable expectation of what a consumer should anticipate when working with a team.

While it would have been great to uncover a hidden truth about how teams are organized, the survey results confirm the reality that teams cannot be cleanly defined or categorized via their organizational structure.

Ultimately, most of the teams we surveyed are running successful and often growing businesses. While it’s likely that the way teams are organized, especially in relation to their market conditions, is an important factor to their success, there are many paths to success - good news for pros and consumers alike.

Team Size & Composition

The median team size in 2024 was 6 licensed agents, meaning 50%+ of responding teams had 6 or fewer agents. In fact, the most common team size among respondents was 2, and fewer and fewer teams had larger agent counts, as seen in the histogram below. Two 750-plus agent mega teams were excluded from the histogram.

The average team size is affected by the inception of mega teams in 2023 among respondents, and therefore isn’t an indication that team sizes are increasing over time.

	EoY 2022	EoY 2023	In 2024
Median	5.0	6.0	6.0
Average	11.0	26.0	26.7

(RR:100%)

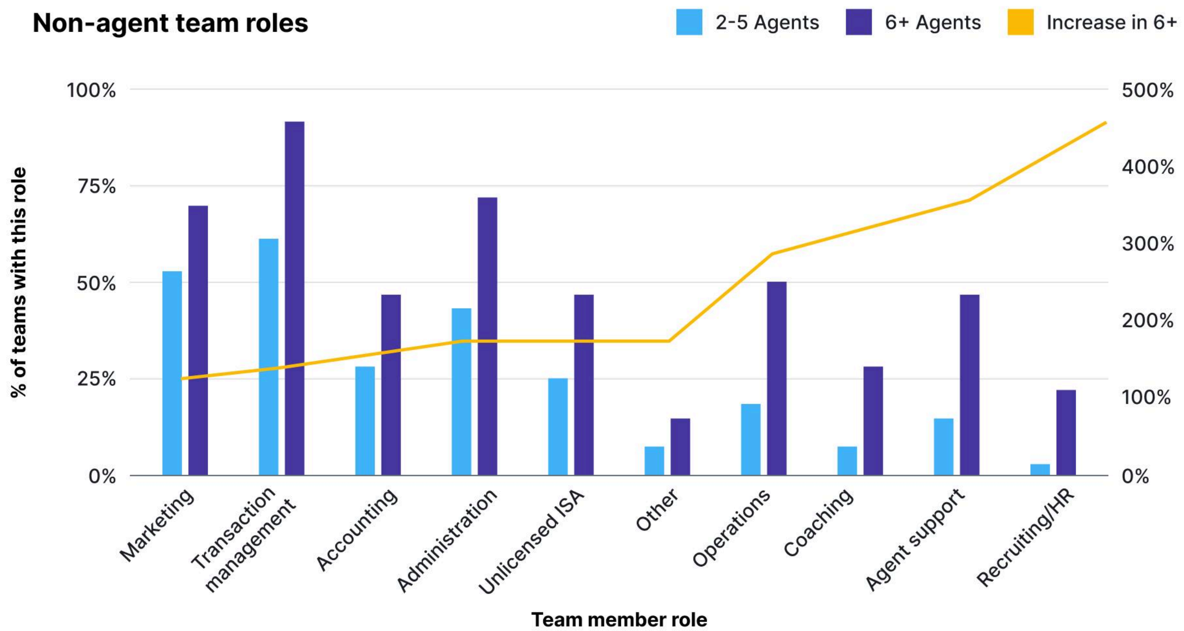
T3 Sixty Commentary

The definition of "team" in real estate spans a very broad range and lacks formal standardization. There are teams that consist of two or more individuals that simply market under a team name, but have no real operational overlap; some teams are simply cooperatives for resources such as shared transaction coordination, marketing resource, or admin; some teams are a husband and wife that work together and who effectively act as one "agent", performing all the sales and admin via a division of labor; and then you have some teams that have created more formal operational and sales roles, and operate more like a small business with well defined marketing, admin, transaction coordination, and buyer and seller agent roles.

The median in this survey is significantly more meaningful than the average, as it appears to indicate that the ordinary team tends to be more than just the husband and wife teams of the past, and likely incorporates some level of administrative or other resources to support the team, as well as likely more than two agents.

Beyond licensed agents, 91% of teams have at least one non-agent in their organization. Among all teams, the most common roles were marketing, transaction management, and administration, showing that these non-agent roles are the most immediately valuable in any size team. In other words, being able to share these support resources may be a strong motivation to form a team in the first place.

Examining the difference between smaller (2-5 licensed agents) and larger (6+) teams, larger teams tended to have more support personnel in general, and a broader variety of them. Roles such as ISA (inside sales agents), accounting, operations, and sales support are much more common among the larger teams, pointing to their value as teams grow in size.



(RR:100%)

T3 Sixty Commentary

Decades of sales coaching, and well known books such as Gary Keller's the "Millionaire Real Estate Agent," have instilled in professional agents the concept of using administrative or other resources so the agents themselves can focus on sales. Many brokerages, as they have instituted compensation plans that give more of overall compensation to agents, have pulled back admin resources, thus causing teams to hire their own staff to handle transactions and other duties.

The most common roles are roles that involve either administrative duties or specialized tasks, such as marketing. The most common are transaction management, marketing, and general administrative roles.

In this survey, it is notable that the median number of staff is four, implying that the teams responding to the survey are more staffed up than might have been expected. This tells you that more teams are taking seriously using staff leverage to increase their sales production.

Team Organization

One of the useful ways to categorize teams is to understand how they manage their customer acquisition funnel(s). Some teams operate as a collective of individual agents who each manage their own marketing funnels independently. Others operate under a single funnel with unified lead-gen, nurture, lead-assignment, etc. Yet others run smaller sub teams with smaller sub funnels, and some operate a hybrid of these methods.

The survey results show that indeed, there is a broad mix of organizational methods. The hybrid category in particular contains even more variation, where many teams ask their agents to work both their individual funnels and the pooled team funnel.

As an aspiring team leader or team member, understanding your teams' organizational structure is critical in assessing fit and long-term success. Do you want a tight-knit organization that champions collaboration, perhaps at the expense of autonomy? Or do you want an organization that maintains a high level of autonomy, but doesn't provide as much economies of scale?

(RR:100%)

T3 Sixty Commentary

There is a schism in how teams operate that is present in the survey data from this year's report, clearly showing two different management approaches and styles of teams.

The dominant team style is a team that collaboratively works together, and operates to collectively serve clients in an organized fashion. In this style, clients are considered as belonging to the "team" itself. In this format, there is often a singular marketing and sales funnel, and prospects and clients are managed collectively. These teams also often spend heavily on developing business for the team, and have incorporated the costs of lead generation into their team model. T3 Sixty refers to this style of sales team as a "Unified Sales Team."

In the second style, the agents utilize the team more for shared services, such as marketing, transaction management, and technology, but essentially work their own databases and lead sources, while making use of the team resources as part of their business arrangement with the team. There may be leads that come from the team, and these are handled as internal referrals, but are often considered the extra business from being part of the team vs. a primary source. T3 Sixty refers to this style of sales team as a cooperative sales team, due to the cooperation around shared resources.

The larger teams in some cases feature hybrids of these, where there are sub-teams that operate together on the shared resources of the team and work a singular sales and marketing funnel; these are rarer, and exist primarily in the largest of the teams surveyed.

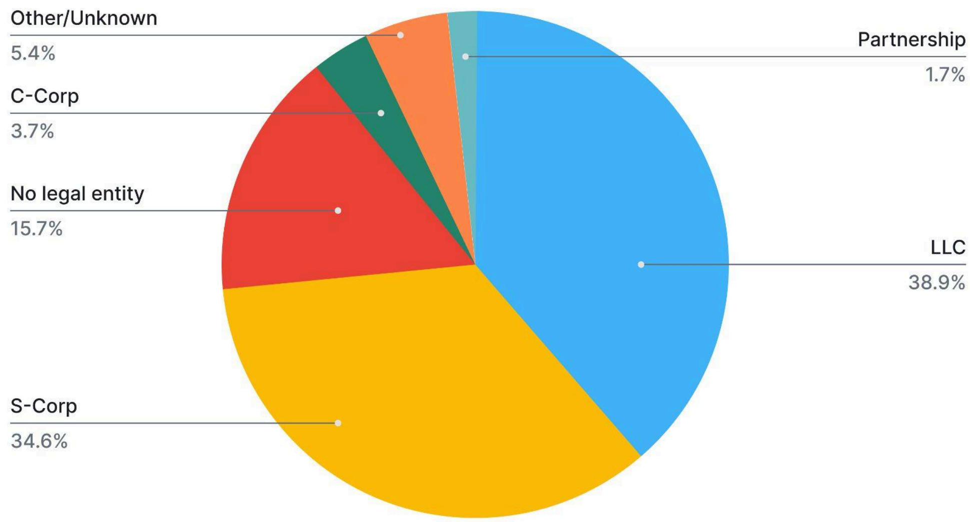
Team Legal Structure

The trend of team diversity continues into the topic of how the team itself it set-up as an entity. Around 85% of teams have a legal entity in place, while 15% are ad hoc teams without formal organization. Of the 85%, the LLC and S-Corps are the most common entity types.

It's likely that the specific tax circumstances for a team's leadership and owners are what dictate the choice for entity type, yet it's interesting to see that even here, there's no consensus in approach.

It would also be interesting to further investigate how ad hoc teams operate. How are decisions made? Are policies and economic arrangements documented? How are conflicts managed?

Legal entity for teams



(RR:100%)

T3 Sixty Commentary

Organizational structure is usually tax-related, and as most entities are small it is unsurprising that S-Corps and LLCs are the most popular structures. The relatively high number of “no legal entity” is also unsurprising as the industry is largely composed of independent contractors and even many that describe themselves as teams are actually paid individually as independent contractors by their broker.

No One Recipe for Success

Teams are, by nature, a product of changing market dynamics. By coming together as multiple agents and by adding support personnel — without the responsibilities of a brokerage — teams are able to achieve efficiencies and synergies that traditional selling methods cannot accomplish.

This also means that depending on geography, the trajectory of the market, and the competition, any one team's optimal strategy may differ from the rest. As seen in the data, there is no consensus model of how teams should operate. Instead, the perhaps inconvenient lesson is that the hard work of market research, business model crafting, and team building are unavoidable elements of running a successful team.

The good news is, with the rapid growth of both teams and brokerages specifically designed to support teams, joining and/or starting a team has never been easier. Even if there isn't a single formula for team success, the opportunity for experimentation and innovation has never been bigger.

3. Underinvesting in SOI

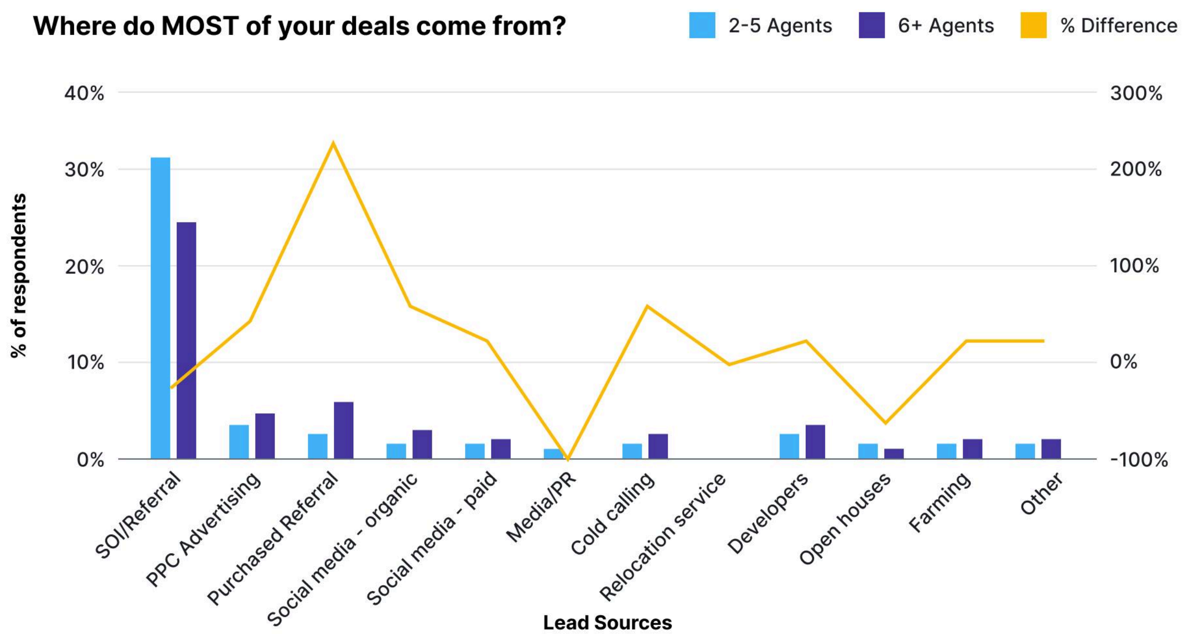
As seen in the first key finding, paid lead-gen is one of the defining differences between large and small teams. However, organic methods of generating business are still critical to all teams, especially SOI marketing, which is by far the most important channel for all responding teams.

Yet, SOI marketing seems to be an area of underinvestment and imperfect solutions. Wouldn't it stand to reason that the most important marketing channel garners the most attention and resources?

Lead-Source for Closed Transactions

Nearly 80% of both large and small teams said they originate "most" or "many" of their transactions from SOI/Referral Sources. The next highest categories were paid leads and paid referrals at around 30% for larger teams, but otherwise, no other channels come close to the importance of SOI.

The clear picture this paints is that despite the energy, money and analysis that goes into paid channels, the "traditional" business of nurturing an agent or teams network is still the bread and butter of most teams.


Where do MOST of your deals come from?
2-5 Agents
6+ Agents
% Difference
40%
30%
20%
10%
0%
300%
200%
100%
0%
-100%
% of respondents
SOI/Referral
PPC Advertising
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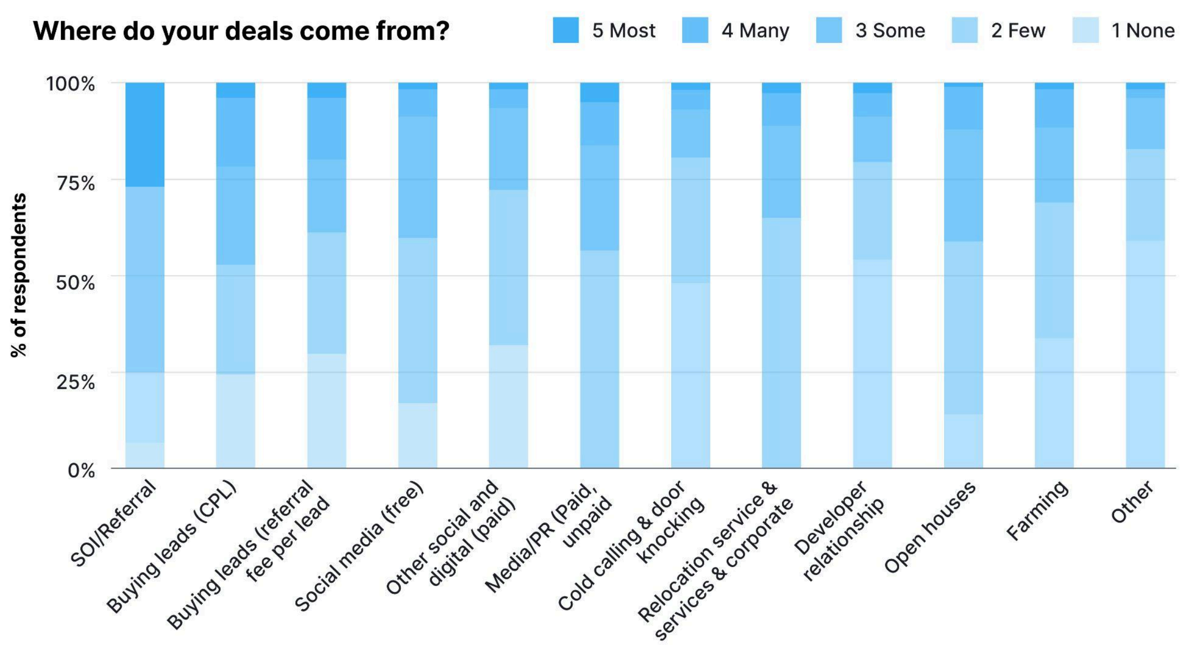
Social media - paid
Media/PR
Cold calling
Relocation service
Developers
Open houses
Farming
Other
Lead Sources

(RR:100%)


Where do your deals come from?
5 Most
4 Many
3 Some
2 Few
1 None
100%
75%
50%
25%
0%
% of respondents
SOI/Referral
Buying leads (CPL)
Buying leads (referral fee per lead
Social media (free)
Other social and digital (paid)
Media/PR (Paid, unpaid
Cold calling & door knocking
Relocation service & services & corporate
Developer relationship
Open houses
Farming
Other

(RR:100%)

T3 Sixty Commentary

Sphere of influence dominates in business generation for agents. For most teams, especially smaller teams, the sphere of influence is still the mainstay of the business, with lead generation playing a secondary role.

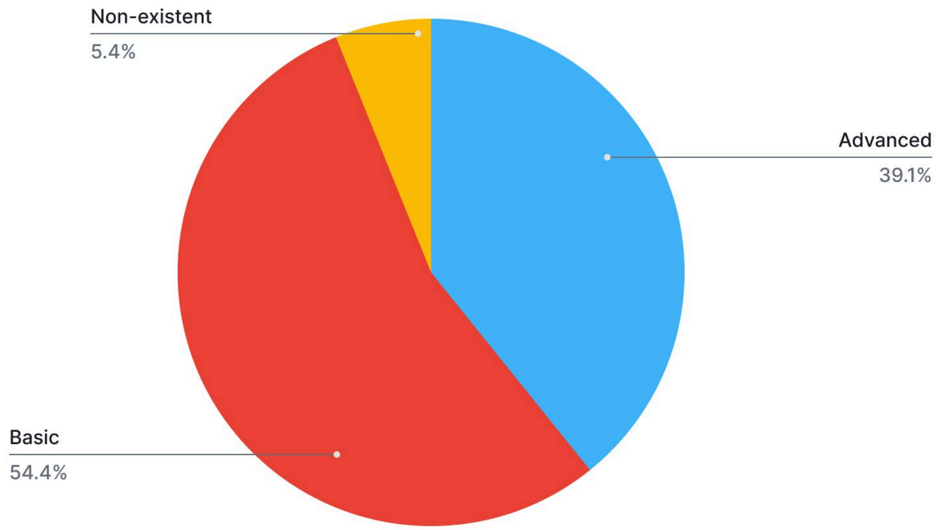
Examining the long tail of responses, many teams also named several traditional types of business generation methods as important: buying leads, pay-at-close referral leads, open houses and farming.

Long-Term Nurture System

SOI marketing is, perhaps even more so than other marketing channels, a game of consistency and patience. It's not immediately evident when a consumer in a SOI will convert to a transaction, but it's the marketer's job to identify and support that conversion. This is the reason why a long-term nurture system, both human and technologically driven, is a must for anyone engaged in SOI marketing.

The survey results however, show that only a minority of teams believe they have an Advanced Nurture system in place, with 5% saying they don't have anything in place at all. Even taking these results at face value (since the question did not define the difference between advanced and basic), despite 80% of teams saying that they get most or many of their transactions via SOI, many of them are doing so with what they consider only a basic or non-existing nurture system.

How teams describe their long-term nurture systems?



(RR:100%)

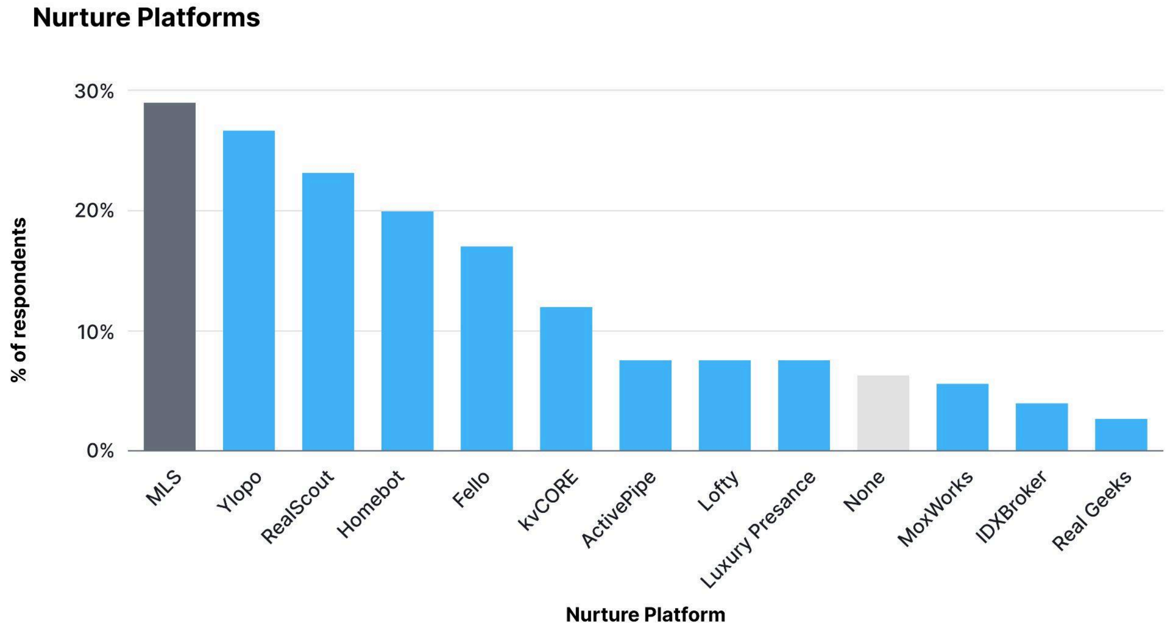
T3 Sixty Commentary

Longer-term nurture of leads is often a significant challenge for an industry that is known for its short attention span.

The majority of respondents to this survey indicated that they had basic, or no long term nurture of leads in place. Most basic nurture consists of email drip marketing, such as market information, newsletters, or a property drip; improvements to these systems would include personalization, relevant and localized property alerts or market data, SMS messaging, and appropriate personal outreach by an ISA when certain behavioral performance indicators are met.

In T3 Sixty's consulting experience, even with larger and more sophisticated sales teams, long-term nurture remains a substantial challenge and an opportunity.

Close to 30% of responding teams pointed to the MLS as a (non-exclusive) lead nurture platform. After that, Ylopo, RealScout, and Homebot are the most utilized. 6% of respondents said they don't use a nurture platform. Given the specific distribution channels of this survey, as noted in the introduction, this result is especially likely NOT to reflect the general team landscape.

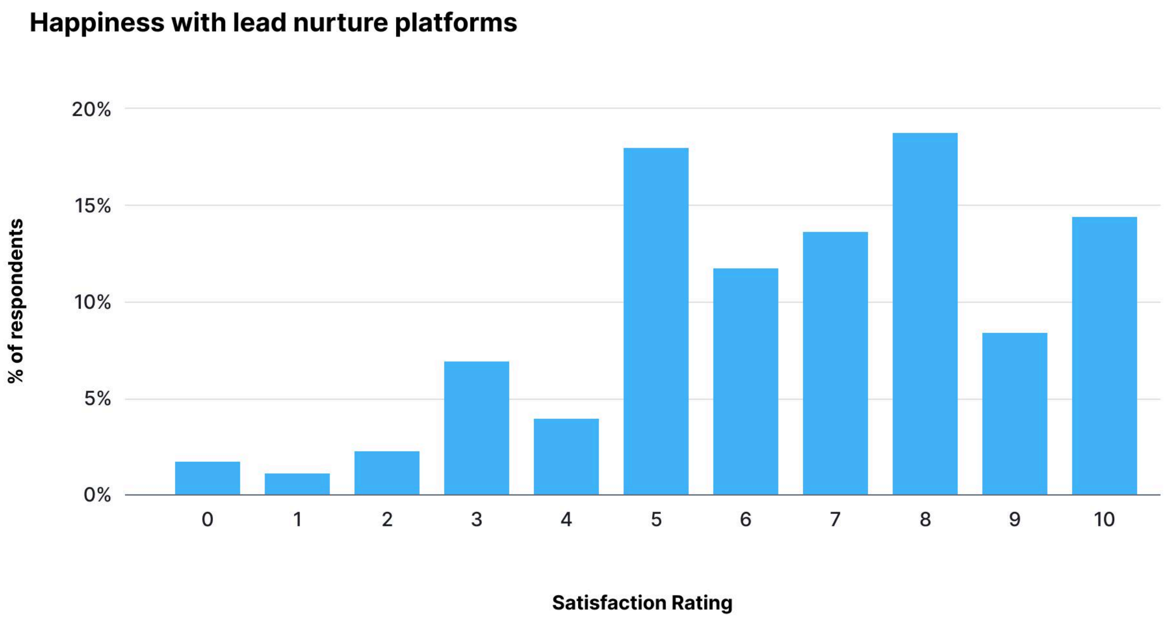


(RR:100%)

T3 Sixty Commentary
The use of property data, either directly from the MLS, or from sources that use MLS data, dominate the lead nurturance category in this survey. Tools that use market data for market reports or insights also are notably present.

Satisfaction with Nurture Systems

Diving deeper, when teams were asked how happy they were with their current Nurture System, a third answered 5 or below, and only 24% gave a 9 or a 10. At the minimum, these results show that many teams have plenty of room for improvement when it comes to shoring up the Nurture Systems.



(RR:99%)

T3 Sixty Commentary

Results to this question indicate a substantial opportunity for improvement in nurture platforms, as many teams rated their satisfaction with nurturance tools less than eight out of ten.

The industry has spent billions of dollars collectively solving the “lead” problem; perhaps now is the time to spend the same level of effort on nurture and prospect conversion.

Doubling Down Can Be Hard

It's human nature to underinvest in what's working. With our in-built fear of loss, our instinct is to fix what's broken, not to pour fuel on the fire. But as any seasoned professional logically understands, the highest ROI investments are usually in areas where things are already going well.

While each team's situations will inevitably differ, given the overwhelming importance of SOI as a channel that drives transactions, SOI nurture systems deserve more attention and investment. This certainly doesn't have to mean that budgets have to be turned upside down to hard pivot towards a SOI-only strategy, but it does mean treating it with the same respect and rigor and care that paid channels often receive.

And while technology is only a component of an effective SOI strategy, especially in the context of teams, it can be a huge amplifier of productivity and conversion. Set-up in conjunction with a flexible CRM, the right nurture platform can make a world of difference.

4. Optimistic Teams

These past few years have, by any measure, been some of the most volatile times for the real estate industry in decades. One constant, however, has been the rise of teams. As their importance grows in the broader ecosystem, how teams are feeling will have a direct effect on how the rest of the industry reacts and performs.

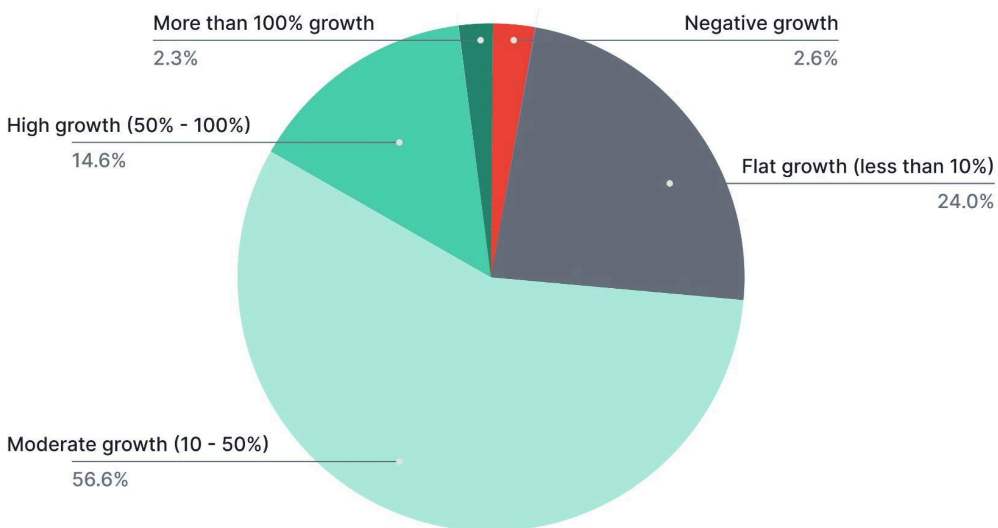
Overwhelmingly, the surveyed teams are optimistic about the year ahead, despite many ingredients for uncertainty. We can't know for sure where this optimism comes from, but one contributing factor is likely the straightforward success of the team model itself, relative to the rest of the industry.

As it stands today, there doesn't seem to be anything standing in the way for the continued proliferation of teams in the industry, both in number and perhaps in size. And the positive outlook of the surveyed teams supports that view.

Growth Expectations

Teams are very optimistic about the next 12 months. 74% said they will see greater than 10% YoY growth, with only 2.5% saying they expect negative growth. Given that the underlying market isn't growing by 10% per year in most markets, this means that at least a portion of this growth is coming at the expense of their competitors. During sustained down markets, teams and experienced producers tend to do well as less experienced agents get out of the market, growing market share.

Revenue growth forecast over the next 12 months



(RR:100%)

T3 Sixty Commentary

Existing home sales fell 2.5% between July and August 2024 to a seasonally adjusted annual rate of 3.86 million — down 4.2% compared to a year ago, according to the National Association of Realtors. This is down from a peak of nearly 6.1 million transactions completed during 2021.

This represents a historically low unit count, and there is a very reasonable case for the statement "it can only go up from here." Team leaders are probably correct in thinking that the market will return; the question is, will it be next year?

Only time will tell.

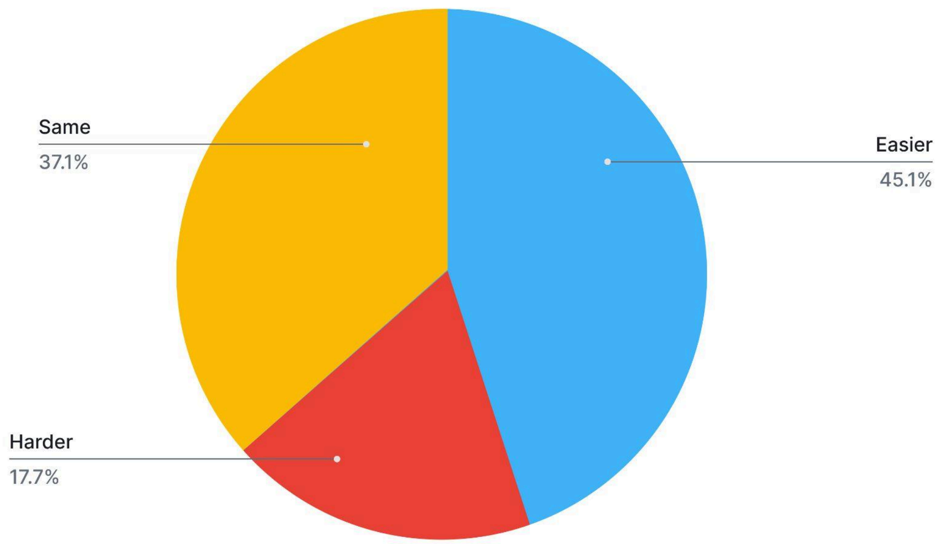
Ease of Recruiting

Although less clear cut than their optimism in growth expectations, almost half of the surveyed teams believe recruiting will be easier over the next 12 months. This result isn't surprising given that real estate teams have been at the center of attention for a few years, and certain market forces like the NAR settlement will likely increase the appeal of joining a team - more on that below.

More fundamentally too, as seen in the compensation data above, for many agents, joining a team may be a clear path to a pay bump, not to mention the additional benefits of experience, collaboration, and support.

On the other hand, longer term, competition among teams for recruiting the best talent will likely heat-up, leading to a tighter recruiting environment in especially crowded markets. As with most economic trends, there is a finite period of time in which changes happen easily and quickly. We are likely still very much within the gold rush era of teams, but perhaps the end of easy success is on the horizon.

Outlook on the ease of recruiting



(RR:100%)

T3 Sixty Commentary

The background of a slow market, NAR post-settlement practice changes, uncertainty of the buy-side of the market, and the value proposition that teams offer, lends some credibility towards the assessment that agents may find joining a team especially attractive today.

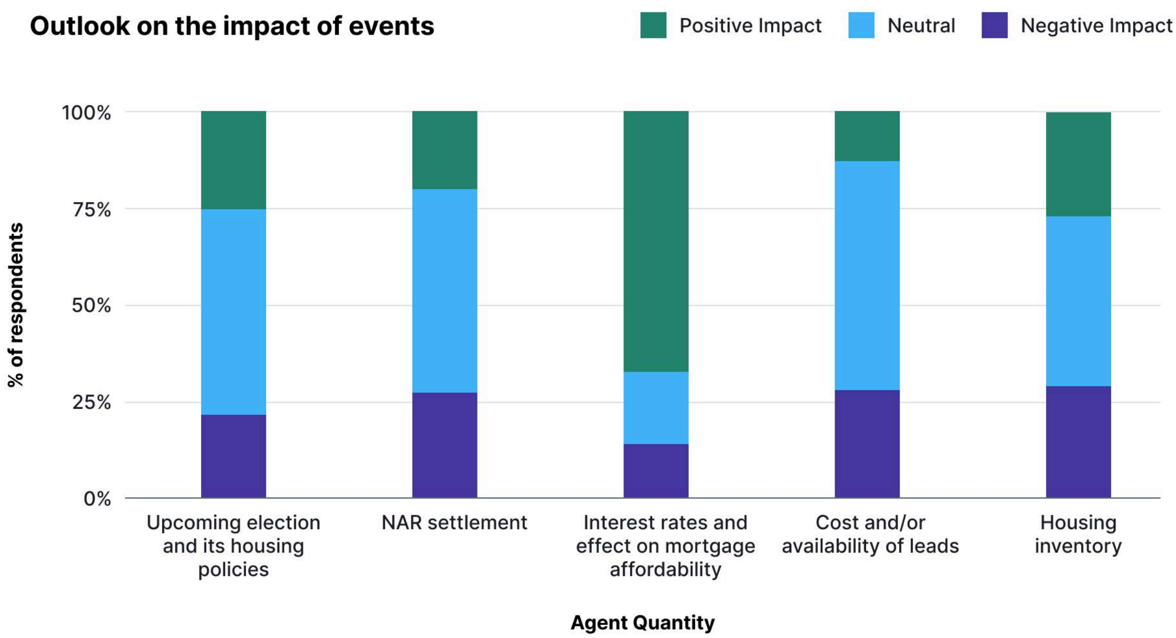
Also, with the interest rate reductions (which had been telegraphed at the time of the survey) it is not surprising for there to be some well justified optimism in the market.

Impact of Industry Events and Trends

Despite the real estate industry's susceptibility to external factors, for the most part, teams believe that they will either benefit, or will be unaffected by key events and trends. Most clear and unsurprising, is the predicted benefit of falling interest rates, which should raise the tide industry wide. The other end of the spectrum is housing inventory, which saw the least amount of optimism.

The NAR settlement offers an interesting opportunity for teams, which may have the capacity of solving key pain points for individual agents. Compliance and administration is one area where access to support staff may be a significant workflow upgrade for agents dealing with newly mandatory buyer agreements. Another would be the ability for agents, during compensation negotiations, to tout the value propositions of their team, in addition to their brokerage's and their own as an agent.

These benefits may ultimately outweigh the downsides of the settlement, leading results below leaning neutral to positive.



(RR:98%)

T3 Sixty Commentary

Team leaders indicated that interest rates and affordability are the biggest factors that may impact the business positively.

In negative sentiments, the NAR settlement and housing inventory were deemed the largest cause of headwinds, with cost and availability of leads trailing as the third-most likely challenge.

Is this optimism unique?

These results would be most informative if compared against similar questions asked to individual agents and brokerage leaders.

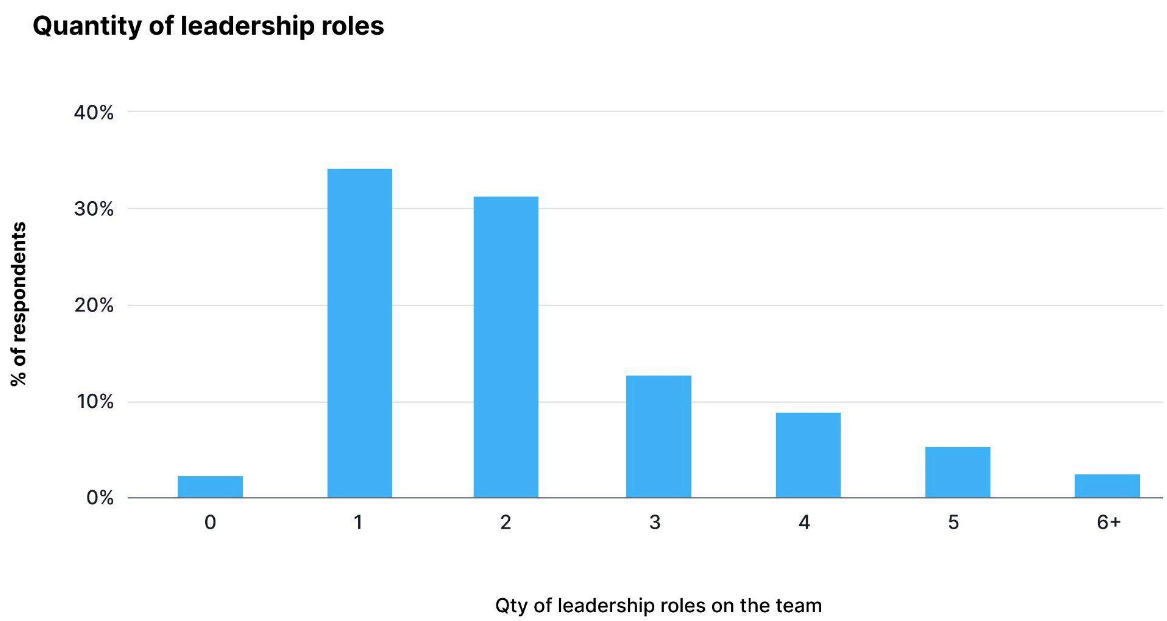
Real estate, especially given the overall stagnant market in recent years, and potential buy-side margin compression coming as a result of the NAR settlement, can feel like a zero-sum game. Given this context, one of the key questions that surrounds the success of teams in recent years is: who loses when teams succeed?

Although without conducting an additional survey with individual agents and brokers we won't know with any degree of certainty, it wouldn't be surprising to see that teams are uniquely optimistic in their outlook.

As discussed above, teams are a product of changing market circumstances, and we are likely experiencing the golden age of teams. As the market evolves over time, it's always possible that the "team model" may not be the winning solution forever. However, given the rapid expansion and diversification of the business model, not to mention the confidence shown in the survey results, it would be unwise to bet against the future of teams.

Additional Data

Team Leadership Composition



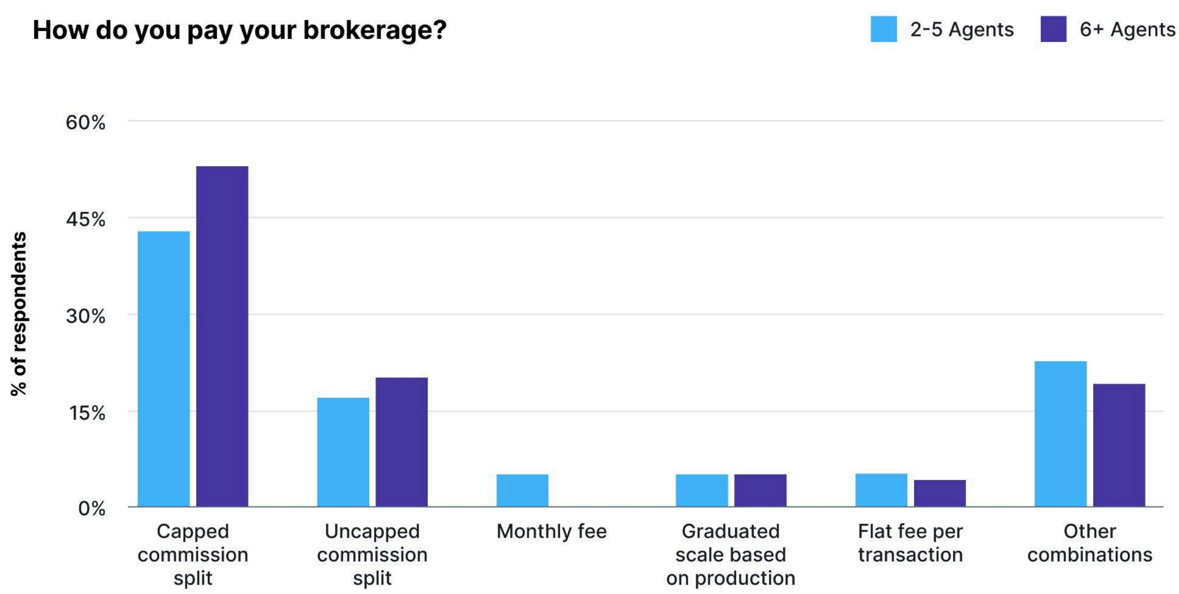
(RR:100%)

T3 Sixty Commentary

The two most prevalent types of teams in the market have been "rainmaker teams" in which a single high-producer and brand drives the team's business and "partnership teams" composed of a husband and wife or a highly productive duo who work well together. The results of this year’s survey bear this out, with most teams having one or two team leads.

As teams have become larger and more sophisticated, some of their internal staff have become part of the leadership and management of the teams, and it is not unusual to have team members with director-type titles, such as director of operations or specialized leadership titles, such as chief operating officer, director of marketing, or other roles. These allow for the ownership of the team to focus on the areas that are most productive for them, and to allow the team to support a larger cadre of agents.

Brokerage Splits/Fees

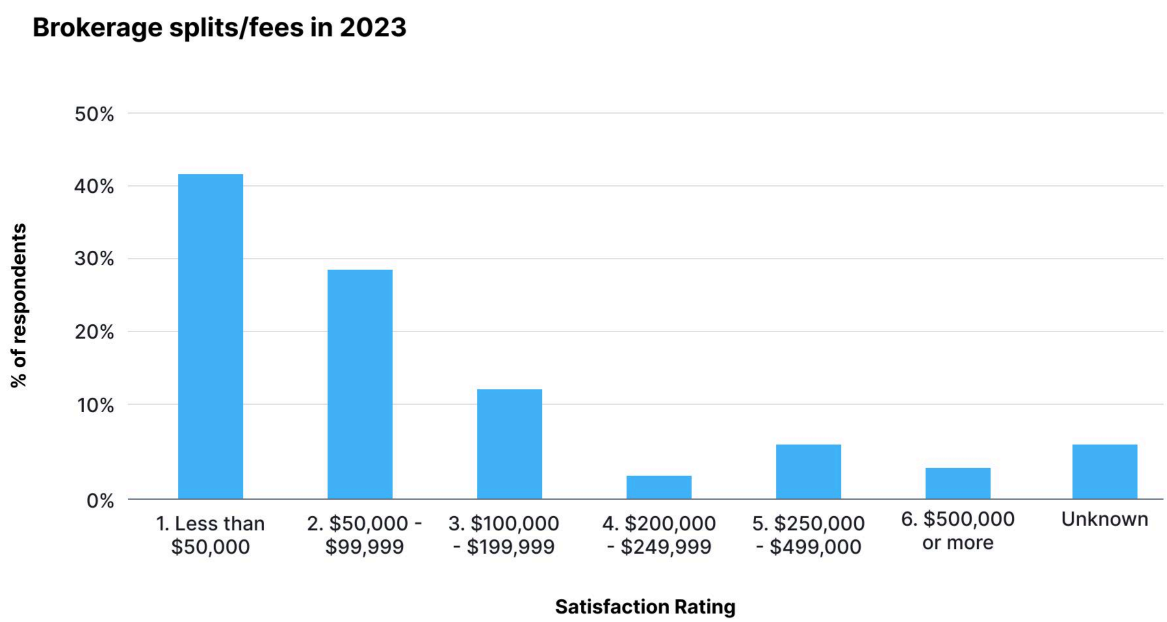


(2-5 RR:73% 6+ RR:65%)

T3 Sixty Commentary

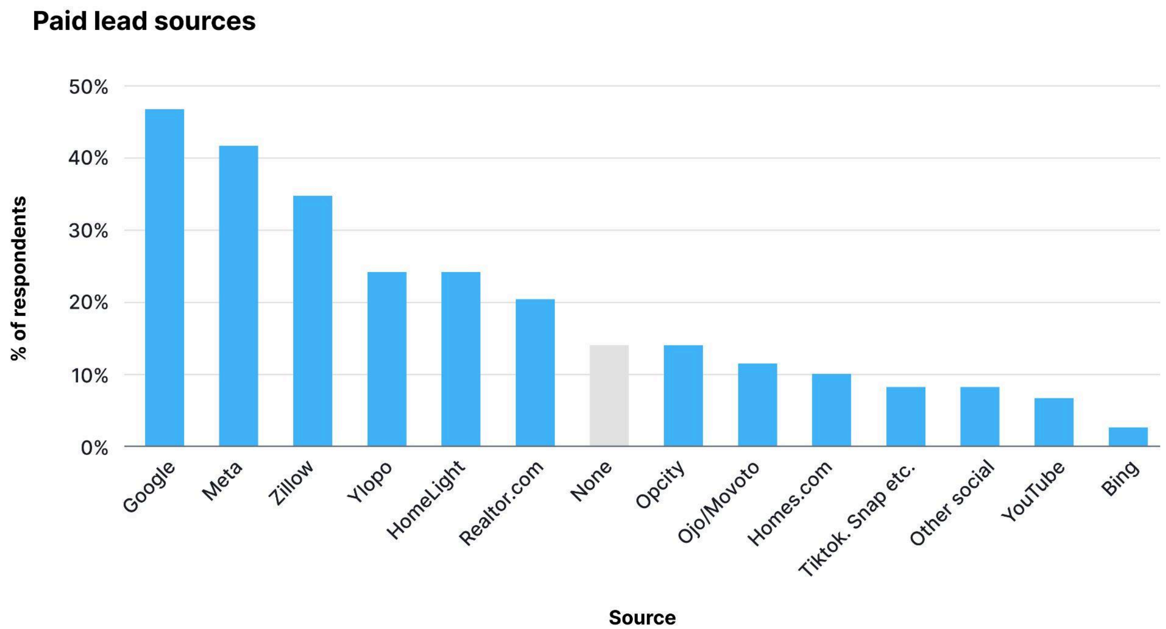
These results mirror T3 Sixty's findings in brokerage model studies, reflected in the 2024 Swanepoel Trends Report chapter "Analyzing the Four Primary Brokerage Business Models". The largest four brokerages and franchise networks that use this model are eXp Realty, Keller Williams, and The Real Brokerage. Of the top 100 brokerages, 22% utilized a capped commission model, and from 2017 to 2022, growth in sales volume of these models was 346%, the highest level of growth of all four models; the other three models being traditional, fee-based, and company controlled business generation models such as Redfin.

The capped commission model results in this survey likely reflects the demography of brokerage opportunities for teams, and where they can best receive a balance of support and financial opportunity at the moment.



Customer Acquisition

Google, Meta and Zillow are the top three most commonly used paid lead sources. Realtor.com combined with Opcity rival Zillow. Around 15% of teams indicated that they do not engage in paid lead-gen. Percentages add up to >100% since respondents were able to add more than 1 answer.



(RR:100%)

<u>T3 Sixty Commentary</u>

The lead sources, Google, Meta and Zillow exist in a class of their own, representing the heavyweights of lead generation for many real estate teams. Google and Meta in particular are leveraged by many if not most of the lead generation products that agents utilize, so their influence over consumer lead generation cannot be understated.

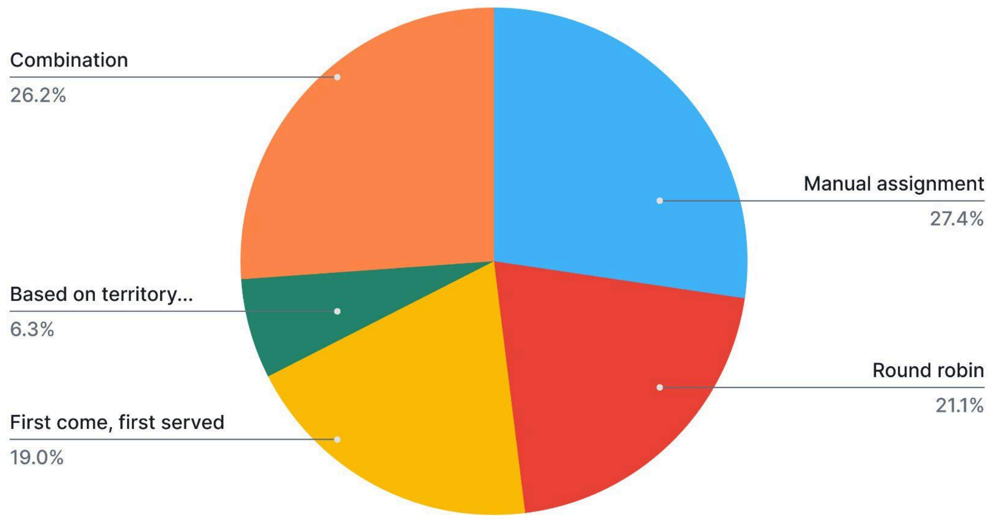
In the portal game, despite the heavy spending by Homes.com to acquire market share, Realtor.com and Zillow still show as the top preferences for teams for lead acquisition.

Notable in this survey sample set are the results for Ylopo and HomeLight, who outperform other stand-alone solutions and the other two portals.

Lead Assignment Process

Only a minority of teams utilize non-licensed agents for initial lead contact and engagement (12%), even fewer than those who use an automated system (16%).

How do inbound leads get assigned?



(RR:95%)

T3 Sixty Commentary

The results for this question likely reflect the demography of the teams, as the teams at or smaller than the median size of six can likely only handle a relatively small number of leads per month, and so manually assigning leads is more manageable.

Larger teams often require more sophisticated lead management, or in many cases move to a first-come-first-serve model that allows for agents that are hungry to actively pursue leads.

This particular area of teams operations, especially for mid-sized and large teams that handle large volumes of leads, have significant opportunities for improvement in lead management, as assigning leads to the agents most likely to convert will lead to improved returns.

Also worth noting is that in some states, only licensed agents are able to answer more in-depth questions about real estate.

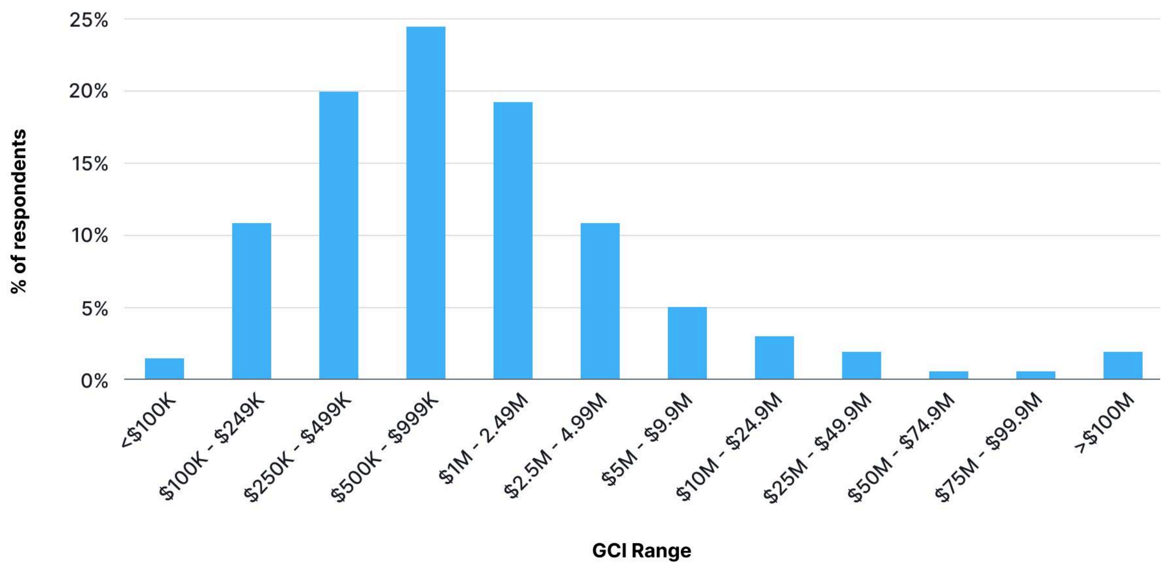
Production

There are no major surprises in the production data. Teams in general, and larger teams in particular, lean slightly towards closing more buy-side transactions, likely due to the wider availability of paid buy-side leads.

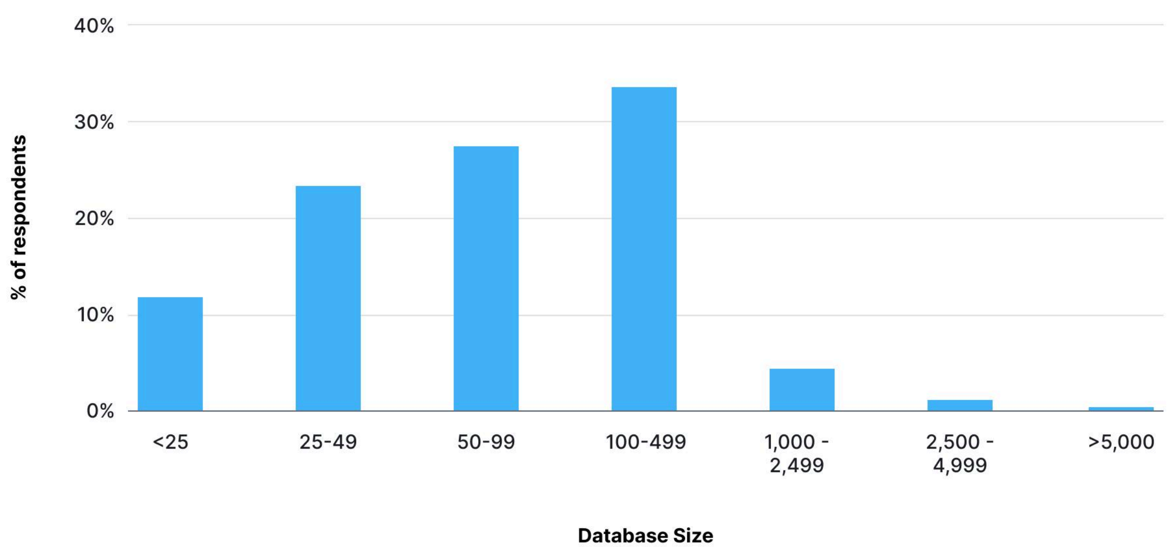
Note that for the first two charts, bin sizes increase as numbers increase, leading to what looks like deviations from a standard distribution. These are artifacts of the questionnaire design.

Continued next page

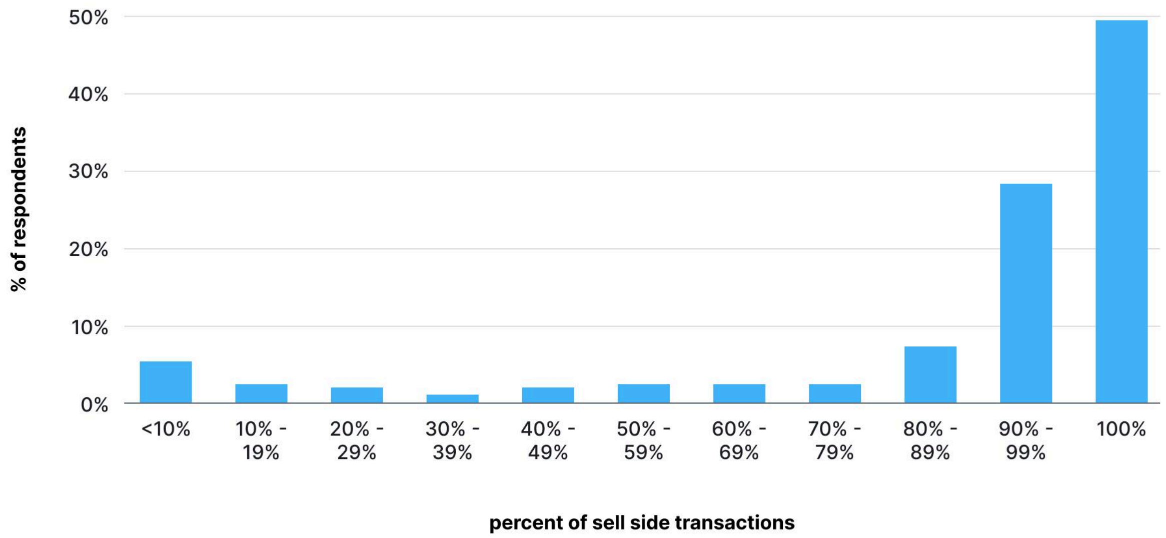
Gross Commission Income (GCI) 2023



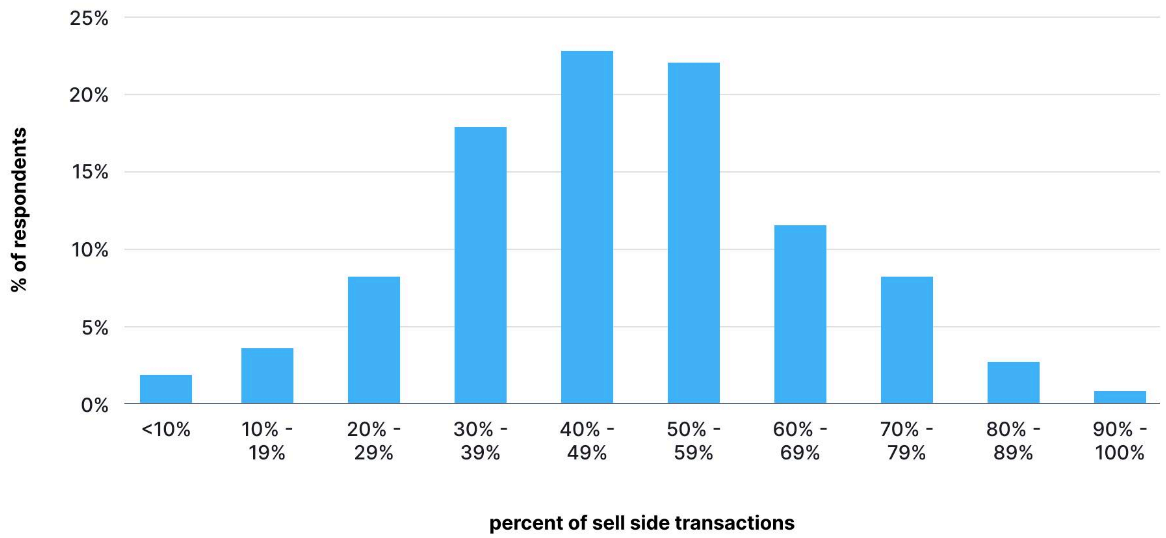
Amount of sides in 2023



Percent of team's transactions that are sales vs leasing

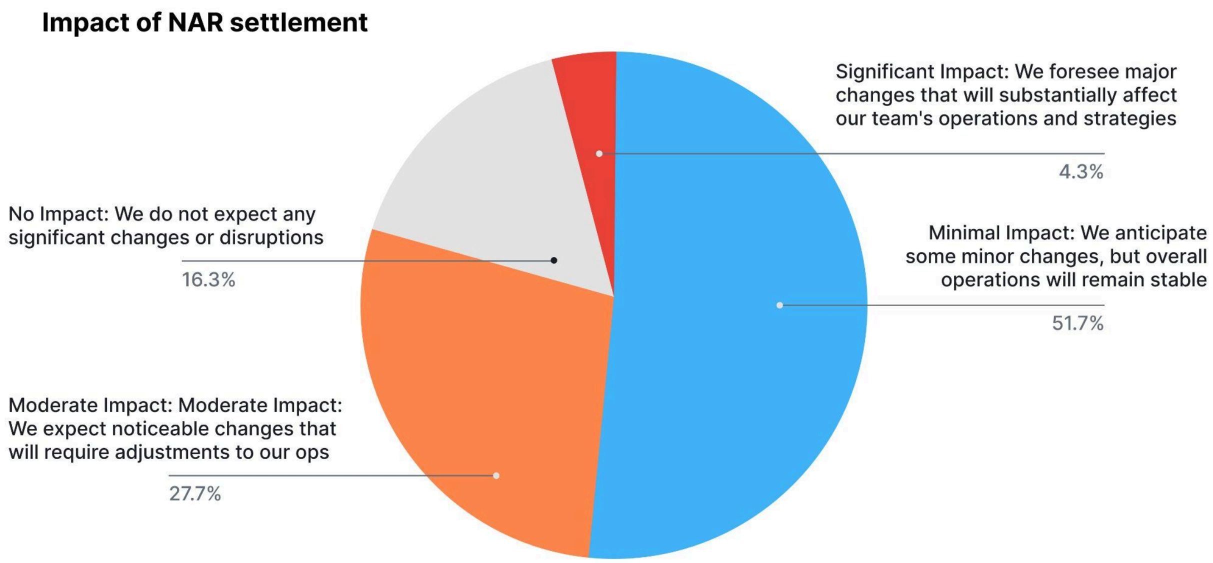


Percent of team's transactions were sell-side (listings) vs buy-side



NAR Settlement Impact

Most teams anticipate minimal or less impact from the NAR settlement (68%). Only 4% of teams foresee significant impact due to the settlement.



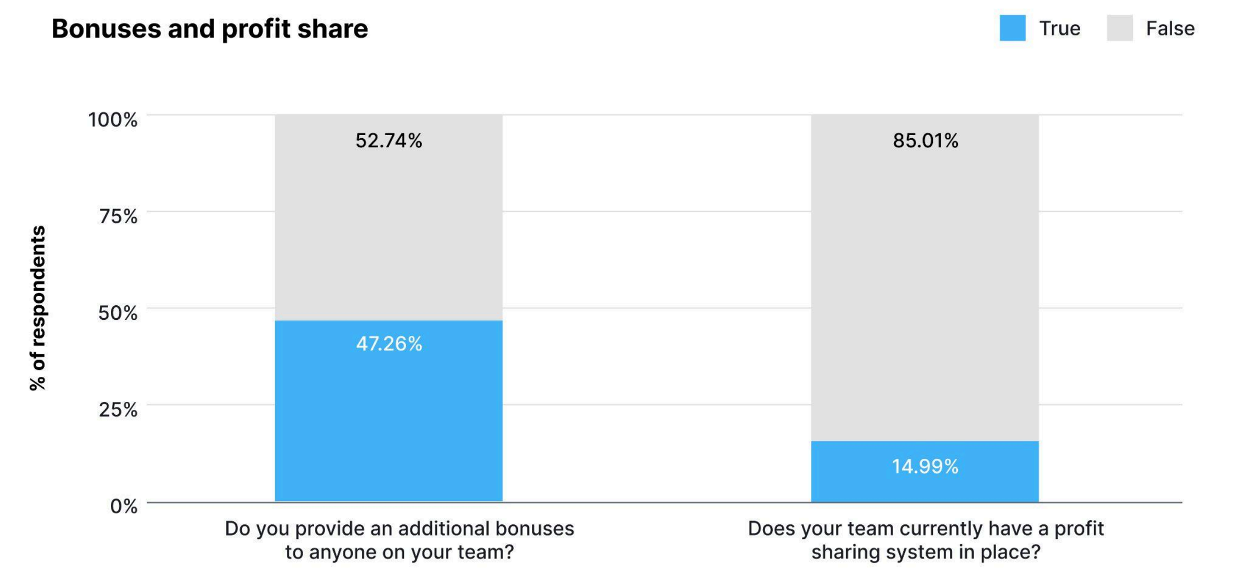
(RR:100%)

<u>T3 Sixty Commentary - NAR Settlement</u>

The majority of team leaders responding indicated that the NAR settlement would have no impact – 16.3% or minimal impact – 51.7% said minimal impact. Teams historically are more able to adjust practices quickly, and to train their team members on new practices, so their ability to adapt to the new rules likely leads to this more optimistic assessment.

Bonuses and Profit Share

Nearly half of the teams have a bonus program in place (47%), but a much smaller proportion of 15% have a profit sharing program.



(RR:100%)

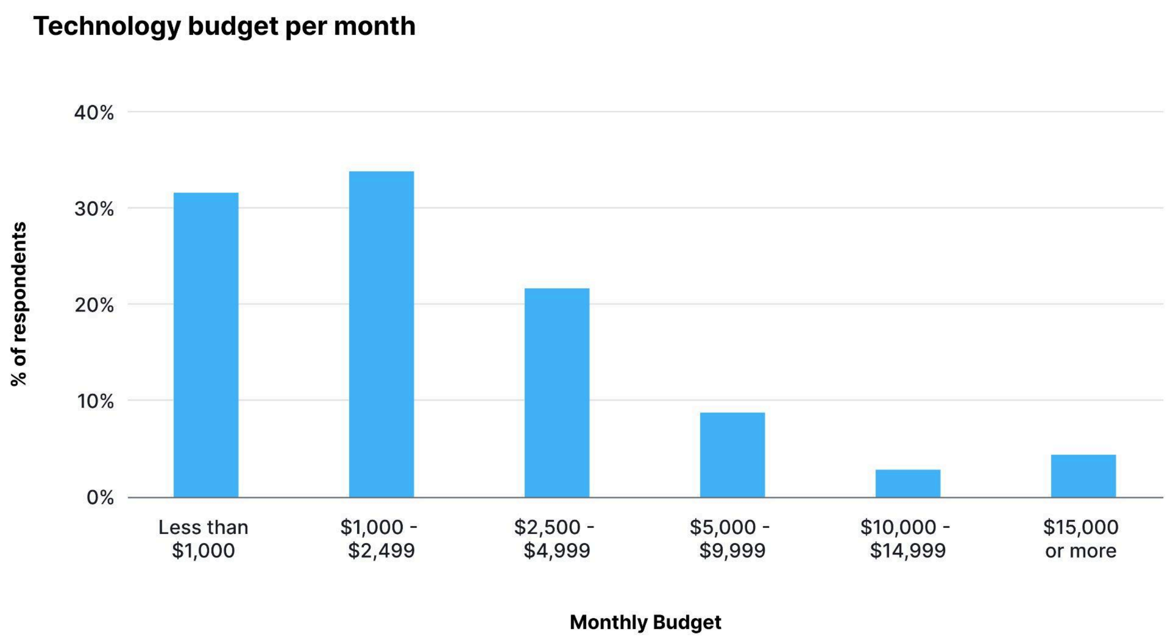
T3 Sixty Commentary

Performance bonus structures are a regular compensation mechanism for some roles on real estate teams, including bonuses offered for staff or ISAs based on overall performance.

Profit sharing programs are significantly less common, as they are more complex and often require more effort to implement. Bonuses tied to individual performance are easier and more predictable to administer for most teams.

Technology Budget

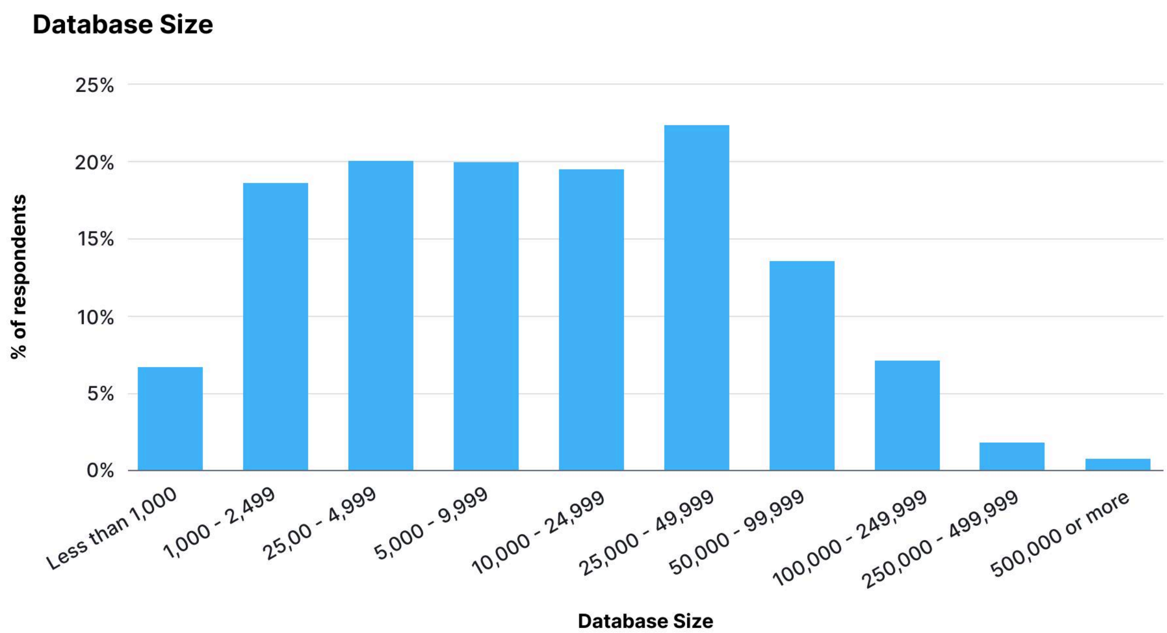
The median team said they spend $1,000 - $2,499 per month on technology.



(RR:95%)

Database Size

The median team has 5k-10k contacts with their database.



(RR:100%)