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OCTOBER 2020 NEWSLETTER

CONTENTS

BROKERAGE BENCHMARKING

INTERESTING PRODUCTIVITY FIGURES

Insights from REAL Trends brokerage performance benchmark report.

By Steve Murray, president

REAL Trends benchmarks brokerage performance in a variety of categories, such as the ratio of revenues to expenses, agent contribution to Gross Margin, and Earnings Before Interest, Taxes, Depreciation, and Amoritization (EBITDA), and more.

Recently, we looked at some national brand data to see the relationship between agents and employees, and closed transactions per employee. We used calendar year data from the REAL Trends 500 and the Nation's Best Brokerage Firms (1,770 total brokerage firms) as the basis for our study.

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7501 Village Square Drive, Ste. 200
Castle Rock, CO 80108
Phone: 303-741-1000
Email: realtrends@realtrends.com
Web: realtrends.com

President:
Steve Murray - smurray@realtrends.com

Publisher:
Tracey Velt - tvelt@realtrends.com

REAL Trends Team:
Amy Falko - afalko@realtrends.com
Bo Frize - bfrize@realtrends.com
Brent Driggers - bdriggers@realtrends.com
Cooper Murray - cmurray@realtrends.com
Liz Smith - lsmith@realtrends.com
Peter Gilmour - pgilmour@realtrends.com
Scott Wright - swright@realtrends.com

Here is what we found:

- For all brands, Leading Real Estate Companies of the World (Leading RE) members and other independent brokerage firms, the national average was 13.4 agents per employee and 119.4 closed transactions per employee.
- Among national brands, HomeSmart had the highest productivity in both categories with one employee per 67.6 agents, and one employee for each 332.2 closed transactions.
- The national network at the lower end of the scale for agents per employee was Leading RE members with 7.4 agents per employee.
- For national brands, Coldwell Banker firms had 8.8 agents per employee.
- Looking at transactions per employee, we found Sotheby's affiliates averaged 57.6 transactions per employee followed by Leading RE member firms at 63.7 and Berkshire Hathaway HomeServices affiliates with 69.2.

We weren't surprised about the HomeSmart data as they are prominent among lower cost, highly efficient brokerage firms. Nor were we surprised about the data for Berkshire Hathaway HomeServices, Coldwell Banker, Leading RE and Sotheby's—as the firms we looked at are in higher-average home price markets.

In our next issue, we will look at the same data based on the total sales volume per employee.

2020 REAL Facts Employee Productivity Analysis

Brand/Network	Agents per employee	Sides per employee
HomeSmart	67.6	332.2
Keller Williams	35.2	227.1
RE/MAX	12.5	154.5
Independents (Non-Leading RE)	24.6	154.1
BH&G	13.4	134.3
Century 21	21.4	119.4
ERA	14.8	104.4
Coldwell Banker	8.8	85.8
BHHS	10.1	69.2
Leading RE	7.4	63.7
Sothebys	9.5	57.6
Realogy brands except Sothebys	*14.6*	*111.0*

LISTING SERVICES

iBUYERS TO OFFER BROADER SERVICES

iBuyers want to capture more business volume. Here's how they hope to do it.

By Steve Murray, president

The move by Opendoor, Offerpad and Zillow to offer listing services alongside their iBuying services caused quite a bit of comment over the summer. Obviously, they hope to capture more business volume by listing homes through their own agent-partners or agent networks. It seems logical that in the areas where they are generating interest in their services, and where a homeowner may not like their offer to purchase, they can pick up more business by referring these sellers for a portion of the listing commission.

SUCCESSFUL ENDEAVOR?

The one thing that inhibits great success with this strategy, at least thus far in the maturation of our industry, is the housing consumer's behavior of choosing agents to represent them. From our Harris Insights studies in 2014 and 2018, there was little movement away from consumers choosing an agent based on some kind of relationship. Approximately two-thirds of all consumers still choose to work with someone they know or have heard of.

That means that one-third of all consumers use other means to choose an agent—this is a huge segment of the market. As Redfin discovered, having a strong website and offering significantly lower commission costs, does not overcome consumers' desire to *know* their agent. Some of our own employees raved about Redfin's website and used it, only to choose their own agent through relationship channels.

When Offerpad, Opendoor and Zillow extend their relationship with consumers to refer those sellers who don't want to exercise a sale to these firms, it doesn't mean that a large percentage will use their preferred agents. Some will, as we know that, again, one-third of housing consumers don't use a relationship to choose their agent.

Will this change? Just because it hasn't over the past 30 to 40 years doesn't mean it won't change. Our belief is that it will change as more firms, like those mentioned above, continue to offer more consumer-facing services to entice housing consumers to engage with them in the sale or purchase process. The only question we consider is how fast and how far will it change?

As Redfin discovered, having a strong website and offering significantly lower commission costs, does not overcome consumers' desire to *know* their agent.

TECHNOLOGY, CHANGE AND INCLUSION

There's a lot going on in the world, and it all impacts real estate in major ways. | By Tracey C. Velt, publisher

Since travel isn't much of an option right now, I've taken the virtual route and joined real estate leaders during their annual sales meetings and conferences. The pandemic has profoundly changed almost every aspect of our lives.

1. **Speed of technology.** The pandemic has "collapsed the speed of disruption," says Gary Keller, founder of Keller Williams Realty. Literally overnight, agents migrated to a digital world. "What was going to take another five or six years to organically get adoption has literally happened overnight," says Keller. Guy Gal, founder of SIDE Real Estate also mentioned that. "We live in a world that was changing before shelter-in-place [orders were called]. While the pandemic was the cause of the change, it accelerated it," he says.

2. **Participating in change.** The adoption of virtual technology tools is just one change we're seeing in this market. Due to crime, civil unrest and a lack of outdoor space, people are leaving the cities and seeking more suburban and rural areas. Many people who had plans to move upon retirement are finding that they can move now due to work-from-home flexibility. "Use the change to your advantage to put yourself in a position to be successful," says Gal. There is opportunity out there, you just have to find it.

3. **Diversity and Inclusion.** Coldwell Banker CEO Ryan Gorman's session at Coldwell Banker's Gen Blue General Session addressed fair housing, diversity and inclusion. "Education is a foundation, but it's certainly not the end. Even if we had the highest level of financial literacy for every American, we wouldn't necessarily have the homeownership rate that we seek because we need action behind that," says Gorman. "The single best way to positively impact homeownership in any community is to ensure that members of that community have access to people who partner with them and help them carve a path toward homeownership. Real estate agents are the best possible partner."

So much is happening in the world right now, it can be easy to keep the status quo. However, now is not the time to do that. Seek out opportunities, fine-tune recruiting strategies, streamline your financials and prepare your company to withstand any trend, challenge or change that comes your way.

It can be easy to keep the status quo. However, now is not the time to do that.

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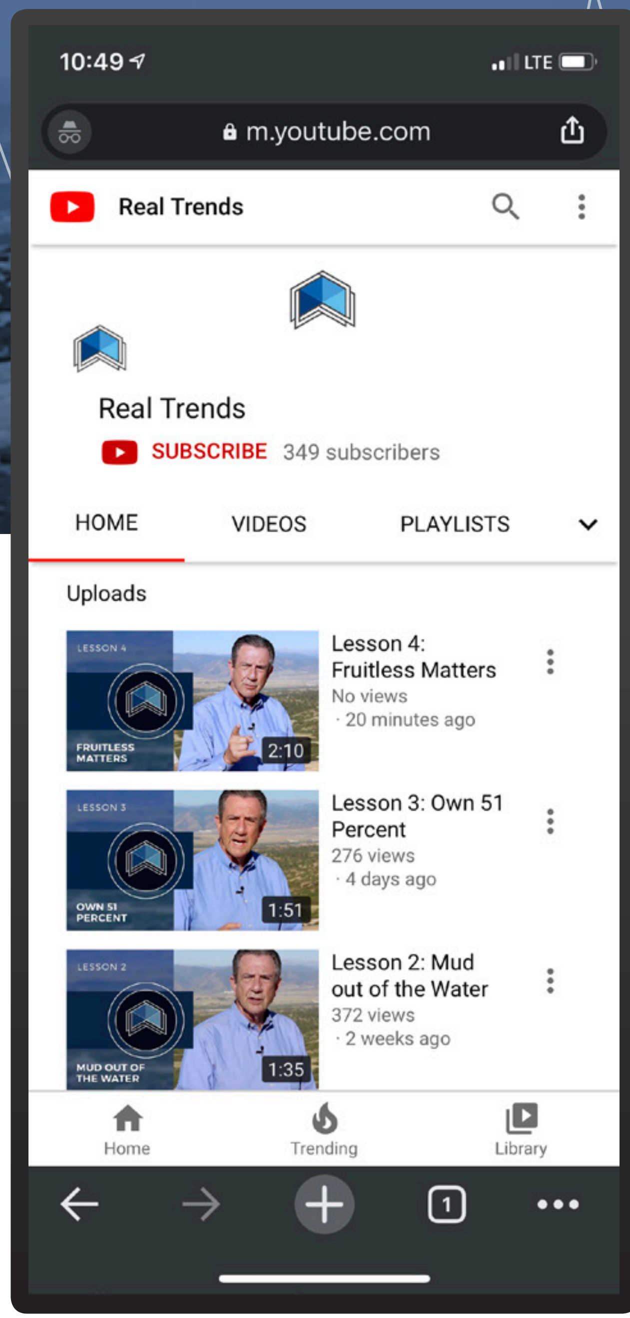
LESSONS LEARNED: A ROUNDUP OF ADVICE FOR BROKERAGE LEADERS

Steve Murray, president of REAL Trends, shares his top lessons learned from coaches, brokerage leaders and more in this series. You'll find great nuggets of information and takeaways to implement in your own business.

WATCH NOW



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The Need for Human Connection

Are you losing connection with your associates?

By Larry Kendall, author of "Ninja Selling"

When the pandemic required lockdown in March, many leaders turned to Zoom (or similar digital platforms) to connect and communicate with their associates. This was an important and critical move as many associates were afraid and confused. Electronic meetings brought them together and attendance soared. Many leaders commented, "Zoom meetings may be the new *abnormal* going forward. We are getting a much higher attendance rate with virtual meetings. We may not return to live meetings."

Fast forward four months and some leaders report attendance dropping to as low as 25%—and that assumes their associates are really there. How do you know when their video is turned off? As one leader said, "Zoom worked early on, but now I feel our people are Zoomed out. We are losing connection, communication and our culture."

THE NEED FOR HUMAN CONNECTION

Psychologists report that over 40% of Americans are suffering from loneliness —a severe lack of human connection. Zoom is not a substitute. A *Fortune* magazine article (Humans Are Underrated) says that an increase in electronic communication results in a reduction of empathy, which is the ability to understand and appreciate the feelings of another human.

Is there a need for a return to live meetings? Psychologists say, "Yes." Will associates feel safe meeting in groups again? An indication is our live Ninja classes are selling out in 90 minutes compared to the usual two weeks. People are craving human connection, even if they have to wear a mask and stay six feet apart. As one student in a recent class said to me, "I may still be afraid of dying, but I'm no longer afraid to live!"

THE ROLE OF LEADERSHIP AND CONNECTION

A study in *Forbes* magazine asked 4,000 leaders what areas they were focusing on for personal improvement. A better understanding of finance and technology were the top two areas reported. The study then asked the associates working for those leaders, what areas did they feel their leaders needed to concentrate on for improvement. Here's their response:

1. **Leadership.** *"Where are you taking me?"*
2. **Emotional Intelligence.** *"How are you treating me?"*
   Associates want to feel:
   a. **Valued.** *"I notice you matter."*
   b. **Inspired.** *"Here's where we are going together."*
   c. **Empowered.** *"I trust you to help us get there."*

For an excellent leadership video on this, watch Craig Groeschel's keynote speech at the Global Leadership Summit HERE.

Leadership is a live contact sport. Connection, communication and culture building happen best face-to-face. Zoom is a way to communicate information but a poor substitute for human connection and culture building. Leaders need to do more.

Recognizing the limits of his electronic meetings, a CEO told me how he started scheduling live breakfasts or lunches twice a week with seven associates. His commitment to meaningful, personal, face-to-face connection with 56 of his associates every month (over 600 each year) has yielded amazing results. "I saw a huge shift in our entire organization the very first month I started doing it. Word spread that I care and that I notice how much our people matter. Our culture supercharged immediately. This is the single best use of my time. I now have our managers doing it. It's a process we will install forever. Live eats Zoom for lunch!"

People are craving human connection, even if they have to wear a mask and stay six feet apart.

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HOME PRICES ON THE RISE

During the first six months of the pandemic, Radian Home Price Index revealed that prices are up.

Home prices across the United States continued to climb in August, rising at an annualized 8.6% from the prior month, the second-highest month-over-month rate of 2020, according to Radian Home Price Index (HPI) data released by Red Bell Real Estate, LLC, a Radian Group Inc. company (NYSE: RDN).

The Radian HPI has risen at an annualized rate of 6.9% over the last six months (February 2020 to August 2020), which was slightly higher than the increase of 6.3% recorded during the six-month period ending in July. These annualized increases represent the continuation of the general upward trend in home price gains. The Radian HPI is calculated based on the estimated values of more than 70 million unique addresses each month, covering all single-family property types and geographies.

"Concerns of broad-based home price collapse as a result of COVID-19 have been overshadowed by the realities of changing borrower demands for housing, temporary government intervention, low mortgage rates and a substantial shortage of supply, resulting in strong appreciation in most parts of the country," noted Steve Gaenzler, SVP of Data and Analytics. Gaenzler added that "six months into the official U.S. pandemic, the median estimated home prices have actually risen more than 3.4%, or 6.9% when annualized, providing a completely unexpected boon for homeowners."

NATIONAL DATA AND TRENDS

- Median estimated home price in the U.S. rose to $260,062
- Lower-priced homes appreciating faster than those in middle- or higher-priced tiers

Nationally, the median estimated price for single-family and condominium homes rose to $260,062. Since the onset of the U.S. pandemic six months ago, homes across the U.S. rose 6.9%, a slight decrease from the 7.4% rise in the prior six-month period ending in March 2020.

The slight deceleration was due, in part, to changes in the ability and desire to transact real estate. Property sales in the first three months of the year outpaced the same period of 2019 by nearly 10%. However, pandemic

Six months into the official U.S. pandemic, the median estimated home prices have actually risen more than 3.4%, or 6.9% when annualized, providing a completely unexpected boon for homeowners.

lockdowns drastically hindered sales in the second quarter causing an elimination of this outperformance and leaving the count of total sales through June to fall 6.3% below the total from a year prior. Moving toward the end of the third quarter, total sales counts in 2020 are running just 2.0% below 2019's pace and, based on current trends, it is anticipated that 2020 totals will surpass 2019 totals before year end—an impressive performance given the headwinds.

Nationally, home price appreciation for lower-priced homes remains higher than those of higher-priced homes. Homes priced below $150,000 appreciated over the last year at around 7.5% while the middle tier (150k-500k) and upper tier (>500k) increased by approximately 4.5% and 3.0%, respectively.

REGIONAL DATA AND TRENDS

- All Regions continue to grow
- Northeast accelerates in August while other Regions decelerate

In August, all six of our Regional indices recorded positive annual home price appreciation rates. While home-price appreciation slowed in five regions, the Northeast appreciated to its strongest annual gain of 2020.

Months of Supply, which represents the current month's active listings and under-contract listings divided by last month's sales, is 3.55 months. This was down from 4.28 months in June of last year, and also represented a decrease from May. In general, tight supply continues to support pricing power for sellers. The average length of time a property actively listed has been on the market set another record low in August at 116 days, while the average length of time properties that sold in the month of August were listed prior to sale was also near an all-time low at 100 days.

METROPOLITAN AREA DATA AND TRENDS

- Most large cities had slow appreciation in August
- Large cities appreciating at a faster rate than before the pandemic

Among the 20-largest metro areas of the U.S, all recorded positive annual price appreciation in August; however, only three (Phoenix, Miami, Boston) increased their annual appreciation rates. The remaining 17 cities all slowed slightly. Some data indicate that larger cities, where high-density housing is more prevalent, are witnessing a renewed interest in moving out of cities into less-dense areas, which is a benefit for the single family, owner-occupied suburban areas of these metros.

Since the start of the pandemic, all but three of the largest metro areas are now growing at a faster rate than in the six months prior. The three laggards, New York, Baltimore and Washington, D.C., while still showing positive home-price appreciation, are growing slower than their pre-pandemic levels. The strongest included Minnea-polis, St. Louis and Detroit, all with greater than 8% annualized home-price appreciation since the start of March.

Source: https://radian.com/news-and-knowledge/news?id=21016

Based on current trends, it is anticipated that 2020 totals will surpass 2019 totals before year end—an impressive performance given the headwinds.

HOME SHOWINGS CONTINUE AT A TORRID PACE

Showings Increased 73.7 Percent Year Over Year in the Northeast Region, the Biggest Gain in the U.S.

KEY POINTS:

- August showing traffic increased 61.9 percent year over year nationwide, the largest jump during the current four-month surge in activity
- The Northeast Region's 73.7 percent increase was the largest of the four regions tracked by the ShowingTime Showing Index®

The summer housing market ended much as it began, as buyers again turned out in droves in August, according to data from the ShowingTime Showing Index®. The 61.9 percent year-over-year increase in nationwide showing activity is the largest recorded during the current four-month surge in demand.

Coupled with a lack of inventory and growing buyer demand, there was a marked increase in the average number of showings per listing. The sustained surge has reached historic heights, aided by continued adoption of virtual showings.

"The trends we've been observing the past few months have continued, with buyers competing for fewer listings," said ShowingTime Chief Analytics Officer Daniil Cherkasskiy. "Normally, real estate activity begins to slow down in the late summer, but this year it peaked in July, August and into September. Only in late September did we begin seeing signs of a seasonal decline."

The Northeast Region saw the largest gain for the third consecutive month, with a 73.7 percent increase in traffic. The West's 55.1 percent year-over-year increase came next, followed by the Midwest's 54.9 percent increase and the South's 51.9 percent climb.

"If there was any question about the vitality of the market, August's numbers provide a definitive answer," said ShowingTime President Michael Lane. "It's gratifying to know agents, teams and offices using our services have been able to manage this historic demand."

The ShowingTime Showing Index is compiled using data from more than six million property showings scheduled across the country each month on listings using ShowingTime products and services. The Showing Index tracks the average number of appointments received on active listings during the month.

"If there was any question about the vitality of the market, August's numbers provide a definitive answer. It's gratifying to know agents, teams and offices using our services have been able to manage this historic demand." – ShowingTime President Michael Lane

ShowingTime® Showing Index – August 2020

The ShowingTime Showing Index tracks the average number of buyer showings on active residential properties on a monthly basis, a highly reliable indicator of current and future demand trends.

Methodology: The ShowingTime Showing Index® measures showing traffic per residential property for sale by agents and brokers utilizing ShowingTime solutions for property-access management. A higher number means that an average home receives more buyer visits in a given month. All index values are scaled relative to initial index value set to 100 for January 2014.

ABOUT SHOWINGTIME

ShowingTime is the residential real estate industry's leading showing management and market stats technology provider, with more than 1.7 million active listings subscribed to its services. Its products are used in 370 MLSs representing one million real estate professionals across the U.S. and Canada. Contact us at research@showingtime.com.

WHY IS THE CONCENTRATION OF SALES IMPORTANT?

There are many factors that affect marketability and must be considered when performing brokerage valuations. An important factor is concentration of sales.

By Scott Wright, vice president

In residential real estate, the concentration of sales is simply how spread out listing and selling activity is among active agents. Why is this important? The simple answer is that it allows you to hedge risk.

Residential real estate is a unique business where a firm's primary asset is its people. Since these people are independent contractors who have no contractual commitment to the company where they hang their licenses, it's important to understand the impact each agent has to the bottom line and how it would affect the firm if they departed.

REVIEWING AGENT PRODUCTIVITY REPORTS

In order to perform a proper analysis on this, it's imperative to review agent productivity reports. Since brokerage valuation is based on the last 12 months of financial performance, we pay particularly close attention to this period.

To illustrate, let's look at a firm with 100 active agents. In a perfect world, these 100 agents are each responsible for 1% of Company Dollar. The concentration of sales is equally distributed among all agents, which would provide the lowest possible risk profile. Losing any single agent or a handful of agents would have what we'd consider to be an immaterial impact on the company (our general rule of thumb on being material is 10%+).

HOW CONCENTRATED ARE SALES?

As we all know, perfect worlds do not exist, especially on the sales concentration side of things. As is standard for most firms, top agents and teams naturally carry a heavier load. For this reason, we need to understand just how concentrated sales are at the top.

For example, a firm with 10% of its agents responsible for 75% of production is going to have a much higher risk profile than a firm with 10% of its agents responsible for 35% of production.

The firm with the higher concentration is more at risk if they lose a top agent or two. This firm might see a lower multiple and more buyer-friendly transaction terms.

Supplemental to productivity data, we also request In/Out reports as part of our valuation analysis. Before we ding a firm for concentration issues, we want to wrap our minds around churn. Since agent churn is commonplace in running a residential brokerage firm, it's important to understand the *in* concurrent with the *out*. If it appears as though newly recruited agents will replace all or most of what the departed agents were responsible for, then a ding would not be necessary.

The bottom line is that there are numerous factors that are considered as part of a brokerage valuation. Concentration of sales is one that can be very impactful, especially for smaller firms. Contact us today to find out more about our valuation services!

WATCH THIS!
Update on 2020 Q3 Trends in Real Estate M&A and Valuations

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REAL Trends has been the trusted leader in valuation services for over 32 years. Our team has performed over 3,500 valuations for brokerage firms of all sizes across the country.

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HOUSING ISSUES

HOW A BIDEN PRESIDENCY COULD IMPACT HOUSING

Kristina Blokhin - stock.adobe.com

By Sue Johnson, strategic alliance consultant

Presidential hopeful Joe Biden has offered insight into what his presidency might mean to housing. Here's a rundown.

What would a Biden presidency mean for the residential housing industry? While housing issues haven't received much national press attention in the presidential race, some information can be gleaned from the Obama presidency's housing record and from Biden's $640 billion housing plan unveiled by his campaign during the Democratic primaries. Here are some ways that a Biden win could affect homebuyers and homeowners:

AFFORDABLE HOUSING

- **A First-Time Homebuyer Tax Credit:** The Biden housing plan aims to give families buying their first homes a downpayment tax credit of up to $15,000. Homebuyers would receive the tax credit when they make the purchase instead of waiting to receive the assistance when they file taxes the following year.
- **Housing Benefits for Public School Teachers, First Responders and other Public Service Workers:** Under the housing plan, eligible homebuyers would receive downpayment assistance and discounted home prices if they buy and move into homes either in struggling, lower-income neighborhoods or in pricier communities that don't offer more reasonably-priced housing.

FANNIE MAE AND FREDDIE MAC (THE GSES)

- **An End to Privatization Plans:** President Trump's plan for Fannie Mae and Freddie Mac to rebuild capital, leave government conservatorship and level the playing field between government-sponsored enterprises (GSEs) and the private-label securitization market likely would not survive in a Biden administration. Instead, Fannie and Freddie would remain under government control with an expanded affordable housing mandate.

FAIR LENDING AND RACIAL DISCRIMINATION

- **A Return to the Disparate Impact Theory:** The Trump administration has been rolling back the Obama administration's extensive use of the disparate impact theory in housing and financial services enforcement, under which a policy or program can be found to be discriminatory if it has a disproportionate *effect* on a protected class even if the defendant did not *intend* to discriminate. The Trump administration's changes would likely be reversed in a Biden administration.
- **A New Public Credit Reporting Agency:** Biden's plan would create a new public credit reporting agency within the Consumer Financial Protection Bureau (CFPB) to provide a government credit reporting option that seeks to minimize racial disparities by accepting non-traditional sources of data like rental history and utility bills.
- **An Expanded Community Reinvestment Act:** The plan would expand the Community Reinvestment Act to apply to mortgage and insurance companies and add a requirement for financial services institutions to provide a statement outlining their commitment to the public interest.
- **A Reinstated Affirmatively Furthering Fair Housing Rule:** The Trump administration terminated the Obama administration's Affirmatively Furthering Fair Housing Rule, which required communities receiving federal funding to create plans to identify and eliminate housing discrimination in their localities and to encourage the building of more affordable single-family housing and apartment buildings. Biden has promised to reinstate the rule if elected.

chrisdorney - stock.adobe.com

While housing issues haven't received much national press attention in the presidential race, some information can be gleaned from the Obama presidency's housing record and from Biden's $640 billion housing plan unveiled by his campaign during the Democratic primaries.

- **A National Standard for Housing Appraisers:** Biden's campaign has said that he would create a national standard for housing appraisals, to ensure that appraisers do not hold implicit biases due to a lack of community understanding and to make it harder for financial institutions to pressure appraisers to their benefit. It points to a 2018 Brookings Institution study finding that homes of similar quality and with similar amenities were appraised for 23% less in majority-black neighborhoods than in neighborhoods with few black residents.

STATE AND LOCAL TAXES

- **Increased or Eliminated Cap on Deductions:** House Democrats have sought to either increase or eliminate the $10,000 cap on deductions of state and local taxes imposed in the Tax Cuts and Jobs Act of 2017. In a Democratic-controlled Congress and presidency, one or the other would likely be accomplished.

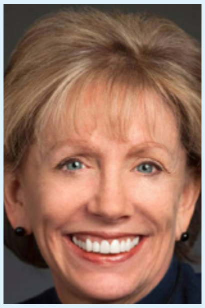
THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

- **A New CFPB Director:** In light of the U.S. Supreme Court's recent ruling in *Seila Law v. CFPB* that the CFPB's single-director leadership structure is unconstitutional because the president can only remove the director for cause, Biden would be expected to replace current CFPB Director Kathy Kraninger with his own director before her five-year term expires in December 2023.
- **CFPB Enforcement:** Former CFPB Director Richard Cordray, an Obama appointee, was known for capturing headlines with his aggressive enforcement of federal consumer protection statutes. While current Director Kathy Kraninger has not been reluctant to pursue clear-cut violations of the law, legal observers anticipate a return to well-publicized enforcement actions involving large civil money penalties if Biden wins the election.

SUMMARY

Some of Biden's housing initiatives could be accomplished through executive actions, while others would involve congressional passage and funding—so the fruition of many of his proposals not only depends on the outcome of the presidential election, but on whether the Democrats can gain control over both houses of Congress.

For a look at the Democratic platform on independent contractors and franchiser-franchisee business relationship, **CLICK HERE.**



Sue Johnson is the former executive director of RESPRO, the Real Estate Services Providers Council Inc. She retired in 2015 and is now a strategic alliance consultant.

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GLOBAL COVID-19

ARE CONTAINER HOMES THE SOLUTION TO HOMEOWNERSHIP?

Will lifestyle changes have people looking at new and innovative homes?

By Peter Gilmour, chief foreign correspondent

The world is facing a massive unemployment problem as COVID-19 impacts both developed and third-world countries. Many jobs may not come back as industries around the world struggle to reinvent themselves and new companies seize the opportunities that were not there 12 months ago.

Container homes have grown in popularity in many countries due to their affordability and the promotion of and alignment with living a more sustainable, conscious and minimalistic lifestyle. Because of their size, container homes are low maintenance and eco-friendly, given the use of gas and solar power as well as rainwater harvesting. We've all experienced big lifestyle changes brought about by the virus, including sheltering at home, curfews, travel restrictions and more. This has led to many people cutting ties with some of the clutter and unhealthy behaviors and life patterns they previously enjoyed.

TRENDS

There are more than 14 million out-of-service shipping containers around the world and some are currently being used to construct residential houses, social housing developments, student accommodations, shopping malls and apartment complexes. The container-home market is dominated by the United States with about 40% market share followed by Asia Pacific, Europe, Latin America and Southern Africa, according to a market report by the Business Research Company. Container homes can be fixed or moveable; and every country regulates the construction, zoning and standards of construction, which can be very complex. Regulations can include the type of formation to be used, the square foot requirements of each room, minimum insulation required and the steel framing requirements needed if you are building a second floor. These homes can be built on-site or factory-built which has led to many major players in the market emerging in the last five years, such as Container Homes USA, Shipping Container Homes Australia and Tempohousing in Amsterdam.

From examples like the View Tube in London, Ron Steven House in New Zealand, Redondo Bench Container Home in California to the 1,000-container student village in Amsterdam called Wenckehof—the largest development of its kind in the world—container homes are a growing phenomenon. The cost of container homes ranges from a low of $25,000 up to $300,000. Generally, the cost per square foot is substantially lower than conventional housing.

Market Watch in Australia predicts container homes will have a global compound annual growth of over 6.5% in the next 5 years, but this may well be exceeded in the post COVID-19 world.

Peter Gilmour is REAL Trends chief foreign correspondent and Chairman Emeritus and co-founder of RE/MAX of Southern Africa.

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