

HOW HYBRID BROKERAGES ARE CHANGING REAL ESTATE

An Inman Select Special Report

Hybrid brokerages provide an alternative to the traditional broker commission and service model, offering everything from discounted listing fees and buyer rebates to innovative technology and salaried agents.



Inman did a deep dive into this burgeoning segment of the industry to get a fix on their prospects for success and how they work inside and outside the traditional brokermodel. Our extensive report also offers insights into how agents and brokers might compete with or work with these new business models.



Many agents say the latest hybrid brokerages are destined to bite the dust, arguing that they look no different from discount brokerages that have faltered in the past, according to a new Inman survey.



Yet a meaningful share also said that hybrid brokerages are on the rise, and stand a better shot at succeeding than past industry upstarts.

A large California real estate broker was recently on a listing presentation for a multi-million home when the seller said, “Now let’s talk about your commission. You just aren’t worth \$350,000.”

The veteran and respected broker woefully thought to himself, “He is right. I am not.”

Commission compression is common in a seller’s market, but something else may be at work as the Internet makes consumers smarter and emboldens them to challenge almost every aspect of a real estate transaction.

Further muddling the picture for the traditional brokers is a horde of new hybrid brokerages, which expressly offer lower commissions as part of their business models.

“The noise doesn’t help,” said the broker.

Hybrid brokerages provide an alternative to the traditional broker commission and service model, offering everything from discounted listing fees and buyer rebates to innovative technology and salaried agents.

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As consumers continue to find real estate information online, hybrid brokerages use discounts, technology and new business practices to grab more market share than their predecessors.

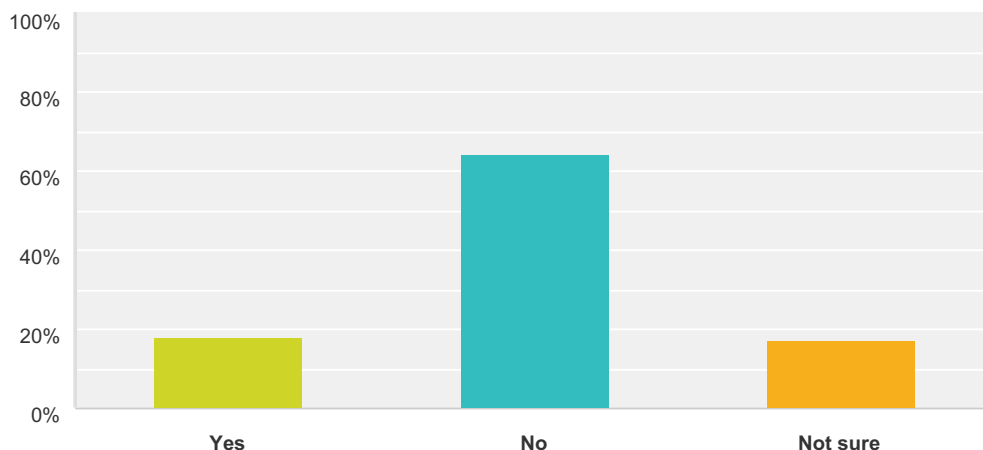
The most successful hybrid brokerages, like Redfin, seem to end up embracing some traditional practices — like providing hands-on agent service and rewarding agents for productivity. Likewise, many traditional brokerages have thrived, in part, by adopting technology and business practices from hybrids.

The new hybrids may be where the twain meet for the new and old real estate industry. These new broker models use agents, though often in a different capacity. And older brokerages are quickly adopting technology and reorganizing their people resources, such as using teams to become more efficient.

“I look at them [hybrids] for ideas that I can incorporate into my traditional brokerage to enhance

Q4 Have you lost a potential client to a hybrid brokerage?

Answered: 379 Skipped: 0



our productivity and customer service,” said one survey respondent about hybrid brokerages. “In a way, they are the R&D division of the real estate industry. I will use the good ideas and ignore the bad ones.”

Indeed, the relationship between hybrid and traditional brokerages may be more symbiotic than adversarial: The two types of brokerages are feeding off each other, breeding new business models that offer something from both worlds. Until some breakthrough technology is unleashed, do-it-yourself for-sale-by-owner (FSBO) models are not getting

traction — but some of the hybrids may have legs.

Even the rhetoric has toned down. Once an industry trash talker, Redfin’s CEO Glenn Kelman now says, “The market needs Redfin and it needs Coldwell Banker; neither are going away.”

Last month, Realogy hosted its FWD Innovation Summit where it picked 15 emerging technology companies and selected three finalists — including SOLOpro, a new online marketplace that connects homebuyers with buy-side agents offering unbundled services and a buyer rebate, which equates to discount commission.

	Full w/ MLS	Full, no MLS	À la carte	Limited service	Contingent on sale	In advance	Discount fee	Recommended commission offer to buyer's brokers	Salaried agents	In house	Referrals	Buyer rebate
Traditional Brokerages	•				•			Market rate		•		
Redfin	•				•		(1.5%)	Market rate	•	•	•	(15 to 45%)
ForSaleByOwner	•		•	•		•	(\$0 to \$899)	Varies			•	
Xome	•				•		(2% or less)	Varies			•	(2% or less)
Owners.com	•		•	•		•	(\$0 to \$695)	Varies	•	•	•	(half of buyer's broker commission split)
Help-U-Sell	•				•		(*\$4,477)	Market rate		•		Varies
Quill Realty		•			•	(\$500)	(1% to \$500)	\$0		•		•
Foxtons (before business model changes)		•			•		(2%)	\$0		•		
À la carte Brokers (e.g. Continental Real Estate Group)	•		•	•		•	Varies	Varies		•	•	
Surefield	•						(1.5% to \$2,000)	\$2,000	•	•		
Trelora	•				•		(\$2,100)	\$3,000	•	•		(Commission split - \$3,000)
SQFTx				•	•		(1%)	2% or less		•	•	
Redefy (franchisor)	•				•		(\$2,500)	Market rate	•	•		
Virgent Realty	•				•		(\$5,000)	Market rate	•			

“We are business model-agnostic. We don’t tell you how to cook the fries; there is room for everyone,” said Alex Perriello, president and CEO, Realty Franchise Group. But the relationship between hybrid brokerages and their traditional counterparts can still be fraught.

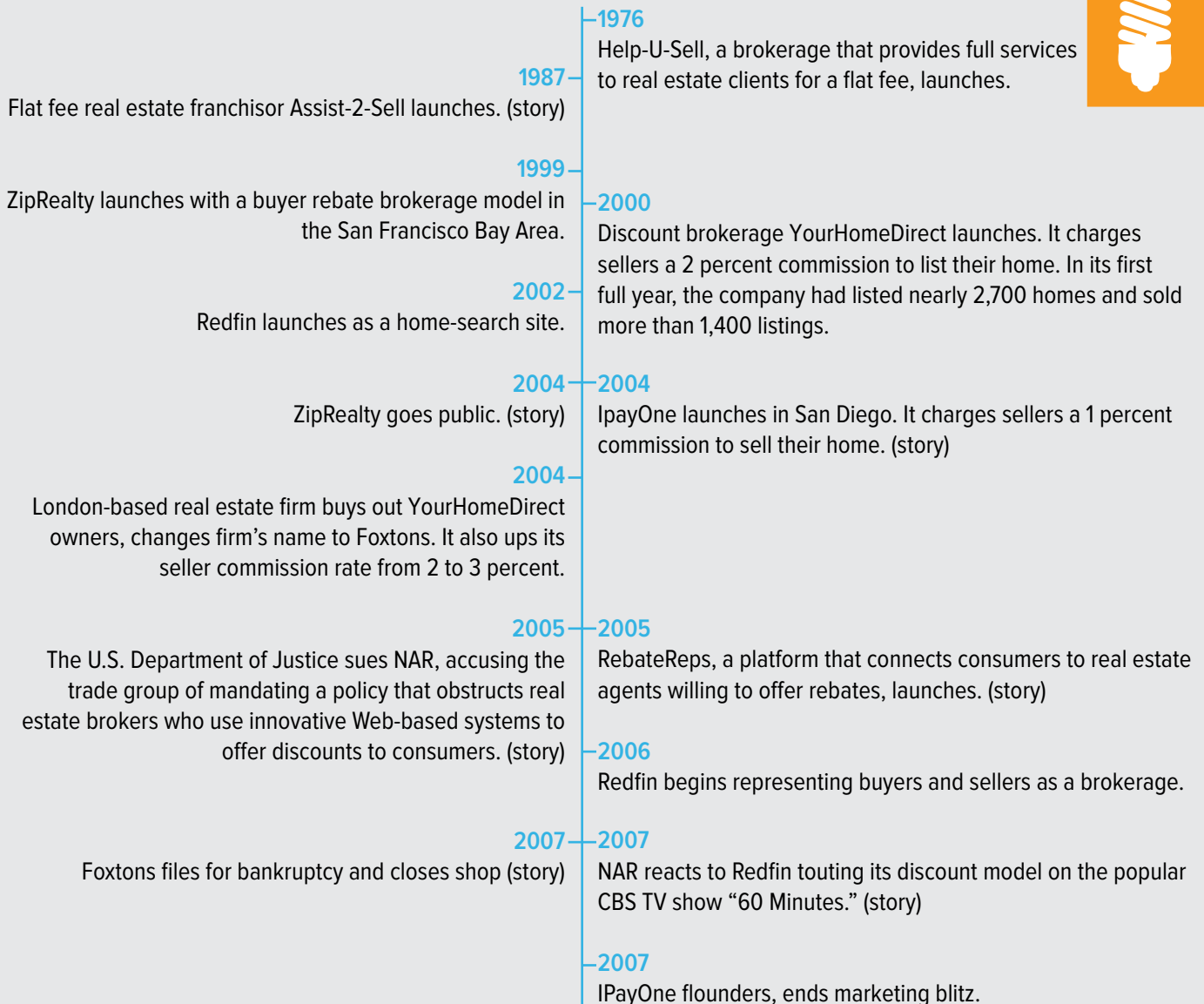
Survey respondents said that hybrid brokerages put downward pressure on commissions and force traditional agents to do more than their fair share of work in a transaction. This was one reason why

agents commonly discriminate against hybrid brokerages, respondents reported.

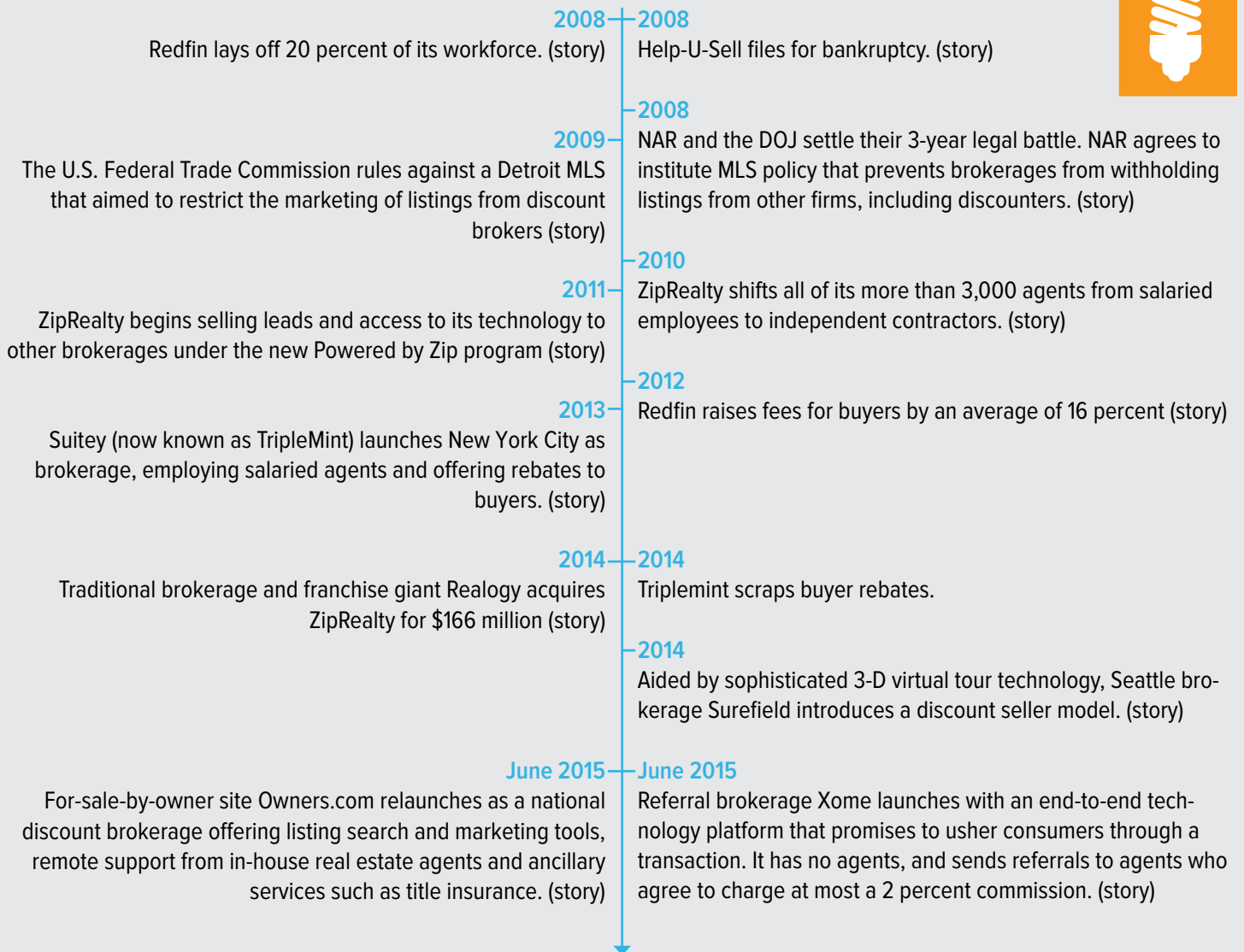
Kelman says a new crop of hybrid brokerages “are a growing segment of the industry.” They represent his new competition, not traditional brokers.

The 10-year-old company is the leader of the hybrid brokerage pack, operating in 72 markets. Its real estate agents earn bonuses based partly on customer satisfaction, not just commission. The firm also gives part of the buyer’s broker’s commission

A 30-year history of hybrid brokerages



A 30-year history of hybrid brokerages



split back to the buyer in the form of a refund.

Redfin charges sellers a listing fee of 1.5 percent, instead of the typical 2.5 to 3 percent, and advises clients to offer a standard commission split (also typically 2.5 to 3 percent) to brokers for bringing a buyer to a sale. So sellers who work with Redfin usually pay 4 to 4.5 percent in commission, compared with the going rate of 5 to 6 percent.

Redfin's cutting-edge technology helps it offer these discounts. That's generally true for other hybrid brokerages, which often build their business models

from the ground up around technology. But savvy traditional brokerages are also snatching up much of the technology that powers hybrid brokerages.

Some technologies that are increasing the efficiency of traditional and hybrid brokerages and empowering consumers include:

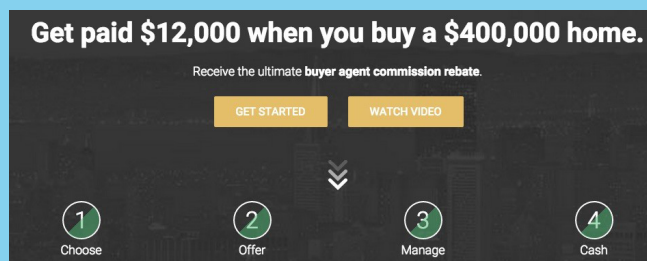
Property and neighborhood search websites, transaction, task and contact management systems, instant-offer and showing-scheduling tools, 3-D home tours, property search websites, online lead generation, automated valuation and comparative

SOLOpro connects homebuyers with fee-for-service agents



On SOLOpro, real estate agents set what a la carte services they want to offer, when they're available and how much they charge for each task.

When consumers visit the site, they enter a home address and then are presented with a list of agents, the services each provides, how much they charge and when they're available.



The firm has 250 agents now on its platform in North Carolina and is looking to partner with brokerages and brands.

Even though agents deliver and charge for their services in piecemeal fashion through SOLOpro, their brokerage commission splits can remain intact, founder Tommy Sowers told the judges in June at Realogy's third annual real estate pitch competition, "FWD," where his firm was named a finalist.

Solo handles all payments and charges agents a 10 percent processing fee for their work. Solo pays its partner agents' brokerages on a monthly basis, and brokerages then pay the agents based on their split.

Because SOLOpro is not a brokerage, it has the ability to scale quickly, according to Sowers.

Sowers pitched his firm's swift growth potential to venture capital firms as he hunted for funding earlier this year. In June, the firm announced a \$1 million funding round.

market analysis (CMA) tools, digital lockboxes and education resources.

Nearly half of respondents to Inman's survey said that hybrid brokerages aren't on the rise, with close to 65 percent saying they've never closed a transaction with a hybrid brokerage and about the same share claiming to have never lost a potential client to a hybrid brokerage.

Just a fad?

Brokerages that charge discount commissions typically nibble away at the business of traditional brokerages during upswings, but they tend to disappear once the market slumps, respondents say.

"Right now we are in a seller's market. When the pendulum swings the other way, as we all know it will, there will be more [customers] who believe the commission paid to their agent belongs to them," said Minnesota agent and Inman contributor Teresa Boardman.

The latest batch of hybrid brokerages will suffer the same fate, according to some critics. That's because, skeptics say, they are mostly just rehashing the discount business model.

Only 2 out of 10 respondents said that the latest hybrid brokerages use business models that are substantially different from old alternative brokerage models. Agents also note that hybrid brokerages are only a "slice of pizza in a large pie, there is enough business for everyone," according to one respondent.

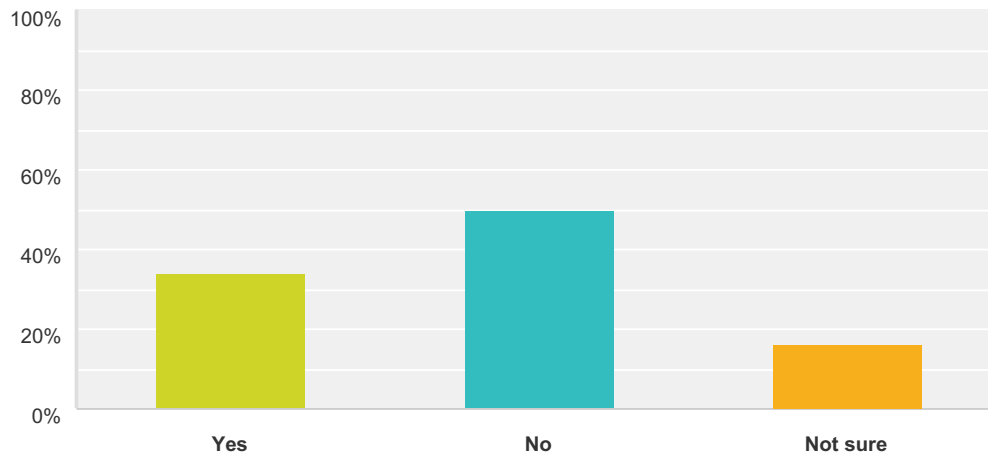
But to dismiss hybrid brokerages might be a mistake. A significant share of respondents (34 percent) said that hybrid brokerages are on the rise, while large shares of respondents expressed uncertainty over whether hybrid brokerages were making inroads or pioneering new business models.

Today's market conditions work in favor of hybrid listing brokerages.

"Sellers are realizing that almost anywhere in the country, we've got a really hot seller's market," said Jude Rasmus, a top-rated 25-year real estate vet who recently co-founded the hybrid brokerage Virgent Realty. "It's a great time to launch a brokerage like this."

Q2 Are hybrid brokerages on the rise in your market?

Answered: 379 Skipped: 0



Virgent Realty is the type of hybrid brokerage that respondents say is most likely to excel: It offers a typical commission split to buyer's brokers, not a below-average split, like some other hybrid brokerages that many see as less promising.

Critics of hybrid brokerages abound, but many agents also see a silver lining to their emergence. About 35 percent say hybrid brokerages will push traditional agents to provide a higher level of service, and close to half (46 percent) say they will

Remember Your Home Direct, the hybrid broker that crashed and burned?



Fifteen years ago this summer, a young and brash New Jersey entrepreneur cornered me at the Real Estate Connect conference and said with memorable confidence, "You don't know me, but next year at this time you will, because I am going to change the real estate industry."

Indeed, though he fell short of revolutionizing the real estate industry, he did put a brief scare in the old guard. He started a controversial, tech-driven real estate discount firm, Your Home Direct (YHD), which started in New Jersey and later moved into New York City.

With an unapologetic discount mantra, Glenn Cohen's agents drove Mini Coopers, and his ads for lower commissions were plastered around the tri-state area, including on umbrellas in Manhattan over hot dog carts and newsstands. You could not miss the ads.

In its first full year, the company had listed nearly 2,700 homes and sold more than 1,400 listings. In one single week in March of 2001, the discount firm sold 71 homes and took in 91 listings. During that same month, the super-savvy Cohen raised a \$20 million investment from U.K. real estate firm Foxtons.

With a pile of new investment capital and significant market traction, the discounter was poised to take over the real estate world. YHD offered innovative technology for the time, including online pictures, virtual tours and CRM tech.

The company did \$40 million in revenue in 2004 but faltered after that as management changed and the original business model was adjusted.

In 2015, you can occasionally spot a tattered umbrella with the YHD ad. But that is all that is left of the short-lived real estate discounter. The firm filed for bankruptcy in 2007. Cohen now lives in Florida where he founded and runs a treatment center for alcoholics and drug addicts.

Today, a new crop of entrepreneurs are trying to "upend the real estate industry."

"Nothing is different today," said Cohen, who had a sell-side model and got his labor costs down to 30 percent, and had centralized lots of tasks including showing. "In a downturn, you are screwed because you have all of this overhead."

He does not believe a buy-side model will work. If anything will possibly work, Cohen believes it will be a sell-side discount model.



Left to right: Xi Li, Don Griffin, Jude Rasmus, Kenny Selmon and Kim Pope of Virgent Realty

A seller-focused discount cloud brokerage: just a business plan

Tiny Georgia-based brokerage Virgent Realty claims to be the “first and only cloud-based real estate group.” It has not closed any deals — the firm just launched this month — but a few sellers have signed up for the service.

What does that mean?

Focused on the home seller, Virgent doesn’t meet its clients in person.

After meeting online, the Virgent licensed agents conduct a home valuation using information from the homeowner, tax records and previous MLS data.

Using the firm’s online platform, clients then schedule a photographer, review their listing, schedule showings and, with the help of an agent, negotiate offers.

Sellers pay a flat fee of \$5,000 at closing. Virgent Realty pays all four of its agents a salary.

The firm focuses solely on sellers because they pay agents on both the list and buy side and thus have the largest incentive to save money and simplify the selling process, Virgent Realty’s founder, Ben Kubic, said.

A newly minted Harvard Business School grad, Kubic, 27, doesn’t have a background in real estate. His partner is Jude Rasmus, a broker with 25 years of real estate experience.

Kubic was inspired by his friends who were frustrated with the homebuying process.

“My generation expects to conduct transactions like this online, and they hate having to manually sign forms and call or visit an agent,” Kubic said. “They also feel that a percentage commission is totally unreasonable because it doesn’t cost an agent more to sell a more expensive house.”

spur agents to adopt innovative technology.

The reason why no hybrid brokerage has disrupted the industry so far may be because traditional brokerages have been adept at borrowing technology and business practices from hybrid brokerages.

For example, traditional brokerages may have neutralized the threat of hybrid brokerages in the mid-2000s by adopting the business practice that differentiated hybrid brokerages at the time: publishing MLS data online.

Just as some traditional brokerages have sharpened their competitive edge by cherry-picking business practices from hybrid brokerages, hybrid brokerages have also been able to improve their service models by taking cues from traditional brokerages.

Redfin has gradually drifted towards a more conventional business model, scaling back its rebates to buyers, rewarding agents more for their productivity and requiring full-time agents to spend more time working with clients in person.

Redfin CEO Glenn Kelman said he has learned over the years that consumers often need personalized, hands-on care to navigate the emotional twists and turns of many real estate transactions.

Many respondents said hybrid brokerages don’t address that need, which could account for why 6 out of 10 survey participants said hybrid brokerages could provide value to only a small minority of consumers.

Even though consumers will increasingly be drawn to buying and selling homes online, “There will still need to be an element of personal contact and relationship building,” one respondent said.

Compass, a New York City-based brokerage that has poured millions into developing proprietary technology for its agents and clients, is another example of a hybrid brokerage that has embraced traditional practices.

The brokerage stopped paying agents salaries and bonuses after executives realized that Compass could attract top talent only by paying agents commission.

And it stopped offering a discount listing fee after customers indicated that “that they preferred to work with experienced agents at market commission



A hybrid broker success story: Redfin

Redfin CEO Glenn Kelman talks about the real estate industry differently today than he did a few years ago when he was a harsh critic of the old guard, pummeling traditional brokers for not being customer-focused and for being welded to the 6 percent commission.

He still is very customer- and technology-focused, but he has softened when it comes to discussing others in the industry.

“The market needs Redfin and it needs Coldwell Banker — neither are going away,” said Kelman.

Redfin has a different business model than other real estate brokerages. Its real estate agents earn bonuses based on customer satisfaction, not just commission. The firm also gives part of the commission back to the buyer in the form of a refund. When they help someone sell a home, they charge a fee of 1.5 percent of the price of the home, instead of the typical 3 percent.

Kelman said a new crop of hybrid brokers “are a growing segment of the industry.” They represent his new competition, not traditional brokers.

Why?

Wall Street is keen on “on-demand” services, and it believes anyone who delivers them will disrupt old industries, according to Kelman. The motto of many hybrid brokers is “efficiency to deliver services fast at lower commissions.”

He also argues that a growing segment of the real estate consumer base is eager to have on-demand services. Redfin at one time believed that having a single point of contact with the same agent throughout the process was critical to delivering good customer service. But many younger buyers are not attached to the idea of a deep agent relationship.

The Seattle-based company has learned that some buyers are much more interested in seeing the house as quickly as they could and are unconcerned about who is showing them. On-demand services is about getting what you want now.

Redfin launched “Book It Now” last week, which promises to make booking a home tour as easy as ordering a car service. Uber for real estate? Not quite, but it includes features that look like Uber and other on-demand services.

Redfin services require a team approach to real estate sales, which is something franchise powerhouse Keller Williams has figured out. This approach is key to most of the hybrid broker startups, too. Efficiency trumps the soft touch and, along with technology, it is allegedly the reason hybrid

brokers say they can afford to discount commissions. Industry veterans question the reality of this logic because no deal is alike, and unexpected problems always arise.

Kelman said that “on-demand” services go beyond just showings. “I not only want to see the house now, but I want to make an offer now.”

He also sees a growing segment of the public willing to make decisions to buy a home without viewing the house. He said Redfin’s 3-D product from Matterport has been “a game changer,” helping to facilitate those types of transactions. 3-D technology is also a screening device so that time is not wasted visiting homes that a buyer would not buy.

Redfin’s success — which it reached by spending nearly \$100 million — would appear to legitimize the hybrid broker model because of its significant horizontal reach (it’s now in 31 states and Washington, D.C.) and market share in key cities. In its home market, Seattle, it has reached 3.5 percent of transactions this year. It is a long way from catching big rivals like Windermere, but it is growing.

Kelman said a more important measure of legitimacy is who is using Redfin to buy and sell homes. He said Redfin is doing more and more high-end luxury deals and influencers — a U.S. Ambassador and different Congressmen in D.C. have used Redfin. “Legitimacy is adoption,” he said.

The big opportunity is the millennial generation, which he said is pushing his type of model over the tipping point.

Like traditional brokers, Kelman says his challenge is to get more agents and more listings. “We can make up new rules once we have more listings. And the more agents we have, we can do different types of things,” he said.

Real estate is still local and you can’t solve the problems of a transaction with call centers in India, says Kelman. “How do we make the market move faster, it is people and technology.”

He is fond of the MLS: “It is a marketplace — I am not interested whatsoever in disrupting the MLS.”

He also likes the system of broker cooperation. “If you want to be the most consumer-friendly service, you must work with agents on two sides of the table — it underlies everything,” he said.

rates than inexperienced agents at discount rates,” Compass CEO Robert Reffkin told Inman.

New York City-based TripleMint hasn’t ditched its original compensation model. The hybrid brokerage pays agents salaries, equity and bonuses based on customer satisfaction. But it’s scrapped the rebates it used to offer to buyers.

“Given our higher-end brand and client base, anything we can do to help our clients buy apartments for less or sell them for more is more valuable than any rebate,” said TripleMint CEO David Walker.

“No one wants to wait through phone prompts to speak with someone overseas or in another state about a problem,” one respondent said about hybrid brokerages. “If you don’t have a dedicated agent, things will get lost in the process. Time kills deals.”

And forget that hogwash about millennials being more rational than their parents, added another.

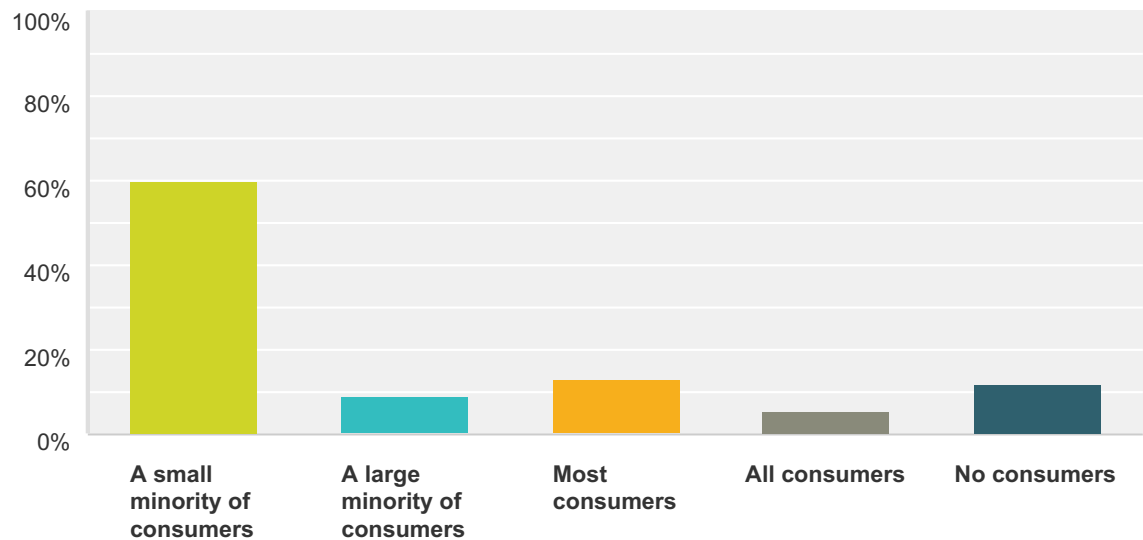
“I work with millennials on a regular basis and have been in business for over 30 years and I find

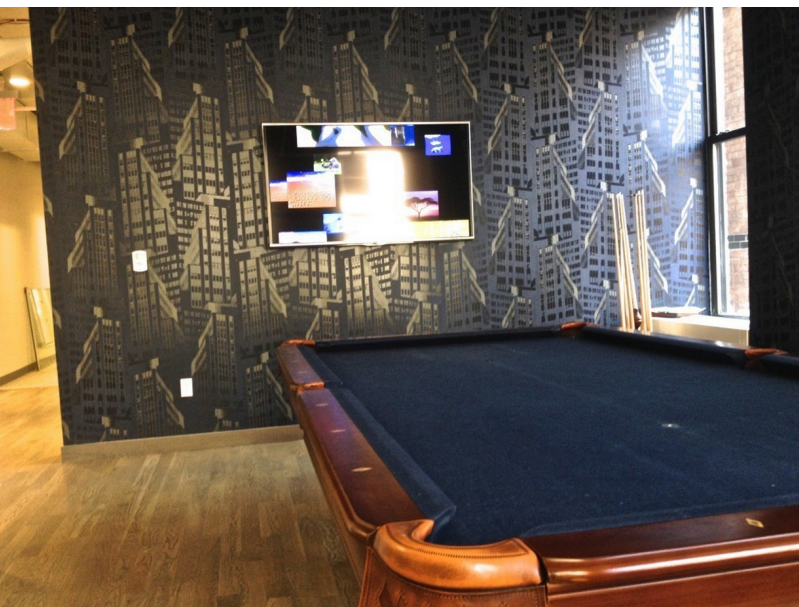
Redfin Bonus Sheet, January 2013	
Asking Price Bucket	Maximum Bonus
< \$100,000	\$0
\$100,000 to \$199,999	\$485
\$200,000 to \$249,999	\$685
\$250,000 to \$299,999	\$885
\$300,000 to \$424,999	\$1,085
\$425,000 to \$624,999	\$1,385
\$625,000 to \$824,999	\$1,685
\$825,000 to \$974,999	\$2,385
\$975,000 to \$1,274,999	\$2,885
\$1,275,000 to \$1,799,999	\$3,685
\$1,800,000 to \$2,199,999	\$7,885
> \$2,199,000	\$15,000

Source: 2013 numbers provided by a former Redfin employee. Redfin said it was not able to confirm the veracity of the numbers. Redfin told Inman News it increased its bonuses in 2014.

Q14 Hybrid brokerages can provide a valuable service to:

Answered: 379 Skipped: 0





Compass's lavish Manhattan office offers a wide array of amenities, including a pool table (pictured above), ping pong table and video game room.

millennials to be just as emotional about the process as any other generation and probably even more so," the respondent said.

But Redfin believes the market may be approaching a tipping point with hybrid brokers — not putting traditional brokers out of business, but getting meaningful share because of a new generation of consumers.

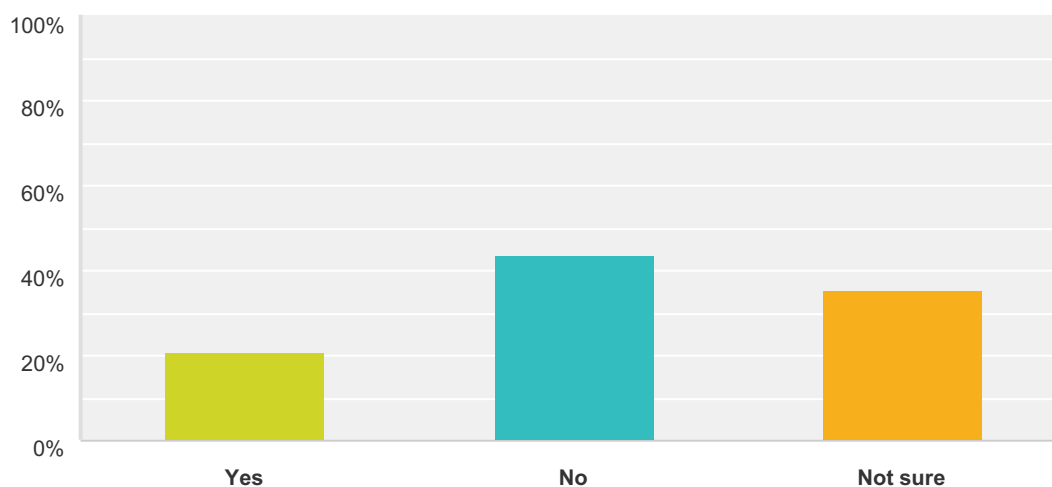
Although hybrid brokerages may not be keeping most agents up at night, around half of respondents said they believe hybrid brokerages will negatively impact traditional agents overall, put downward pressure on commissions and spur traditional agents to adopt new technology.

Hybrid chutzpah

David Eraker, a co-founder of Redfin, claims the real estate industry has been operating as a “quasi-cartel,” charging fees that dwarf those paid by consumers in many other countries.

Q9 Do any of the latest hybrid brokerages use business models that are substantially different from old alternative brokerage models? (If so, please specify the hybrid broker models that you think are different)

Answered: 379 Skipped: 0



Seattle brokerage firm Surefield plans to slash buyer's agents' commissions



David Eraker believes agent commissions are bloated. In November, the former Redfin CEO launched Surefield, a seller-focused brokerage designed to slice agent fees using cutting-edge, 3-D virtual tour technology.

The full-service Seattle-based firm charges sellers a 1.5 percent commission (with a minimum fee of \$7,500) and caps buyer's agents' compensation at \$2,000.

The brokerage is betting that the ubiquity of listings online and the virtual 3-D models it produces for all its listings can free sellers from "prepaying" a buyer's agent's commission.

Surefield has 25 listings and wouldn't disclose how many deals it has closed. All of its agents are salaried.

Surefield's home tour technology allows buyers to virtually walk through a home, giving them a realistic look of the space without having to visit in person. The digital models also include drone-like, aerial 3-D views outside the home.

Surefield asks prospective buyers to view the models before deciding whether to visit a home in person, which should reduce the number of home-visit requests.

Eraker co-founded Redfin in 2002 and ran the firm as CEO until 2006, when he left to pursue work outside of real estate. Surefield's co-founder and chief operating officer, Rob McGarty, worked as a Redfin agent and a director of its lender program from 2006 to 2010.

Surefield points to the real estate commission model in developed countries outside the U.S. and Canada — where sellers pay between 1 and 2.5 percent to agents to sell their home — as evidence that its model has a chance here.

"For the first time, sellers don't have to automatically pay for the services of buyer's agents; buyers can realistically tour homes 24/7, and home prices won't be artificially inflated to compensate commissions," Surefield said.

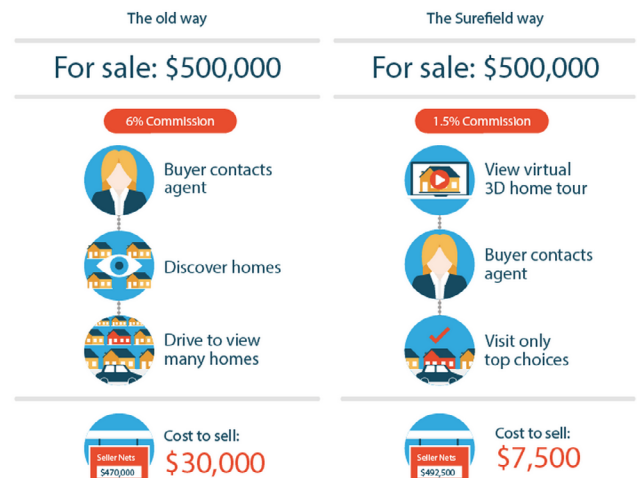
His brokerage, Surefield, prequalifies buyers by asking them to explore a virtual 3-D model of each of its listings before requesting a showing.

That results in cost savings that the brokerage passes on to clients in the form of a 1.5 percent listing fee, Eraker says.

The brokerage also offers just \$2,000 in compensation to brokers who bring a buyer to the closing table, claiming that the ubiquity of listings online and its 3-D models justify that offer.

Surefield has listed only 25 homes since launching in April 2014, and it might or might not succeed.

How it works



Surefield promotional graphic

But the firm embodies the chutzpah of the hybrid brokerages that industry veterans would be wise to recognize — if only for their rhetoric.

Ten years ago, San Diego discount broker iPayOne was flying high.

The firm promised to trim agent commissions to just 1 percent with a model that area agents say was built around making mortgage loans to consumers. Backed by loads of investor cash, it spent heavily on marketing, including a five-year, \$2.5 million contract in 2005 for naming rights to the San Diego Sports Arena.

In early 2007, the firm had 74 active listings of the 16,900 in the local multiple listing service and abruptly stopped taking on new business.

Small footprint, big funding

Hybrid brokerages haven't picked up much market share so far.

Two exceptions would be Redfin and Compass, the venture-backed New York City brokerage that has invested heavily in developing technology for its agents and clients.

Redfin says it employs more than 1,000 salaried agents in 72 markets.

Compass, which has largely morphed into a traditional brokerage and no longer offers a discount listing fee, said it's ranked sixth by listing volume in New York City and Washington, D.C. The brokerage is also setting up shop in Miami, Boston, Los Angeles, Chicago and San Francisco, according to CEO Robert Reffkin.

Investment capital is playing a big role in these new ventures.

Take Xome, for example. Nationstar Mortgage Holdings, a publicly traded company valued at \$1.9 billion, acquired another firm for \$18 million to render the asset into one of the many gears powering the end-to-end home-shopping platform.

Opendoor, which has been described as a "big data home flipper," has raised \$30 million in two rounds of funding. It only launched in December of 2014.

Redfin has spent \$100 million to carve out its national footprint.

And don't forget Compass.

Just a year after bursting on the real estate scene, the hybrid brokerage, which quickly scrapped some unconventional business practices in favor of traditional ones, had raised \$73 million at a valuation of \$360 million.

San Diego discount broker iPayOne lived large and then sputtered

Ten years ago, San Diego discount broker iPayOne was flying high.

The firm promised to trim agent commissions to 1 percent with a business model that local agents say was built around making mortgage loans to consumers.



To supplement its low commission fees, it looked to capture both sides of a transaction as well as feed consumers to its suite of ancillary offerings, including mortgage, appraisal, inspection, home warranty and insurance services.

iPayOne's offering of mortgage, title, real estate and ancillary services also could help to offset the low commissions, CEO Burke Smith said.

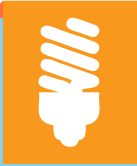
Backed by loads of investor cash, it spent heavily on marketing, including a \$2.5 million five-year contract in 2005 for naming rights to the San Diego Sports Arena, where San Diego's professional baseball team played and acts like singer Justin Timberlake toured.

iPayOne had a short life in the spotlight despite the prominence its outsized marketing suggested. The sports arena began looking for a new sponsor in 2007 when the firm reportedly began missing scheduled payments.

In early 2007, the firm had 74 active listings out of the 16,900 in the local MLS, and then abruptly stopped taking on new business. iPayOne has sputtered since then.



Xome built to cover the full spectrum of real estate services



Imagine an online platform that walks you through every step of the homebuying and selling process, a dashboard where all the resources and services needed to close a real estate transaction are at your fingertips.

Nationstar Mortgage Holdings promised it would introduce such a service shortly after acquiring real estate software firm Real Estate Digital in May 2014.

A little over a year later, the publicly traded company, valued at \$1.9 billion, delivered on that promise: It launched Xome, joining a handful of companies aiming to provide an end-to-end homebuying and selling experience online.



Xome lets buyers search more than 80 percent of MLS-listed properties across the country, connect with an agent, acquire a loan from Nationstar Mortgage Holdings' mortgage lending division and get title services from Nationstar's title services wing.

Agents in Xome's referral network agree to charge buyers no more than a 2 percent commission, compared with the going rate of between 2.5 and 3 percent. Licensed as a brokerage, Xome has no agents of its own.

Agents pay Xome a flat referral fee for deals they get through the platform, which vary based on home price.

Xome's concierge network is the engine that makes the 360-degree real estate transaction hum. Fifty full-time employees in Xome's Seattle office will do nothing but help consumers and agents bring deals to fruition.

The concierge network is part of the reason why agents may be willing to partner with Xome and charge a below-market commission: The network funnels "curated deals" to agents, not leads, said Xome CEO Kal Raman.

Hybrid brokerage types

Most hybrid brokerages claim to reduce costs by combining innovative technology and business practices, then passing those savings on to consumers in the form of reduced fees.

Common business models of hybrid brokerages include:

1. Discount buyer's brokerages These brokerages, typified by Redfin, refund a portion of their commission split to buyers.

2. Discount listing brokerages that recommend offering a typical commission split to buyer's brokers (for example, 2.5 to 3 percent) This type of hybrid brokerage, also exemplified by Redfin, charges a discount listing fee, but advises clients to offer a typical commission split to buyer's brokers.

3. Discount listing brokerages that recommend offering less than a typical commission split to buyer's brokers (for example, 1.5 percent or a flat rate of \$3,000) These discount listing brokerages advise seller clients to offer less compensation to buyer's brokers for bringing a buyer to the closing table. Your Home Direct, which made waves in the early 2000s, then was bought by Foxtons before going under when the market tanked, took this approach. Brassy discount brokerages Surefield and Trelora also employ this business model.

4. Online end-to-end home-shopping and selling platforms The newest breed of hybrid brokerage, these firms promise a wide range of real estate services online. They can provide in-house or partner agents, transaction management platforms and ancillary services including mortgage financing and title insurance.

Xome, Owners.com, Auction.com and Opendoor are among brokerages pioneering variations of this type of business model. (Many traditional brokers provide transaction management systems to clients and indirectly offer or connect consumers with ancillary services as well. The difference is that home shopping and selling platforms are trying to help consumers access those services seamlessly through a single dashboard.)

5. Agent-matching services These businesses don't act like brokerages, but they represent a relatively new and evolving type of real estate service. They typically get brokerage licenses to qualify for membership in the MLS, and then use MLS data, like agents' transaction histories, to match agents with consumers.

(Note: Inman Publisher Brad Inman founded an agent-matching service 15 years ago, which he sold to Classified Ventures in 2005.)

Listing side seen as most promising for hybrids

Hybrid brokerages that serve sellers stand the best shot at impacting the industry, according to Inman's survey.

More than two times the number of respondents said that hybrid brokerages are likely to succeed serving sellers than respondents who said hybrid

brokerages would succeed serving buyers.

Entrepreneurs have caught on: Agents reported seeing listing hybrid brokerages much more than buyer's hybrid brokerages.

One reason why listing hybrid brokerages are most likely to succeed, agents say, is because sellers are more commission-conscious than buyers. Unlike buyers, sellers pay commissions directly.

Another reason is that sellers don't need as much assistance as buyers, according to some agents.

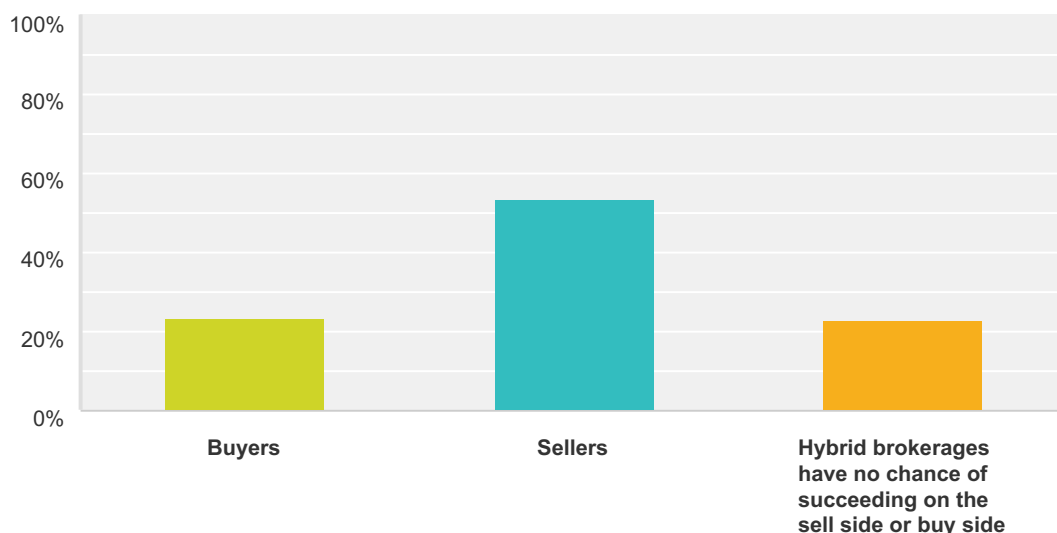
It's "much easier to do work behind a screen for a seller than a buyer," said one respondent.

Redfin's Kelman says, "For whatever reasons, homebuyers do not get the connection between the seller-paid commission and any costs that buyers might indirectly be paying for with the typical commission setup."

That is why Redfin is increasingly emphasizing its discount listing fee.

Q18 Hybrid brokerages are more likely to succeed serving:

Answered: 379 Skipped: 0



Hybrid staples: technology, teams and salaries

Virgent Realty charges sellers a flat fee of \$5,000.

Part of the reason why the brokerage says it can afford to charge that rate is because it uses proprietary software to maximize efficiency, according to Rasmus. The brokerage's pricing tool, for example, lets a seller set an initial price based on comparable homes and then finalize that price through a discussion with a Virgent Realty agent.

Other ways that Virgent Realty allegedly reduces business costs include paying agents salaries and using teams of two to process transactions.

The idea of employed agents as an efficiency strategy has been tried many times and has mixed results. For example, ZipRealty, a hybrid broker that launched in 1999 and was sold to Realogy last year, started out with employed agents and moved to

commission-based agents fairly quickly in its up-and-down history. However, Redfin still believes in the model of agent employees.

Plenty of other hybrid brokerages employ similar business practices, including Redfin and Denver-based Redefy. Many traditional brokers use these business practices and technology as well. They also could be bending their commissions without explicitly advertising that fact.

Another hybrid brokerage, SQFTx, is offering tech-based referral partnerships with some traditional brokerages to offer a limited-service option to sellers. Brokerages that have partnered with SQFTx offer sellers access to SQFTx's platform and a restricted set of traditional services for a listing fee of 1 percent. SQFTx and its partner brokerages split the fee evenly between themselves.

Despite Virgent Realty's promise of offering

Redefy targets sellers with a discount broker model

Redefy believes listing agents are overpaid. The Denver-based firm launched a seller-focused national real estate franchise model earlier this year that charges homeowners a flat fee for full service.

Spread across 12 major U.S. metros, the firm's franchisees have closed 417 transactions in the first half of this year.

The rise of popular real estate portals make it cheap and easy to market properties to homebuyers, according to Redefy founder Jordan Connett.

For homes priced under \$1 million, Redefy charges sellers a flat fee of \$2,500 for in-person consultation, professional photographs, home showings, online and multiple listing service marketing, contract negotiation, and management of the title and closing process.

The firm uses a mix of salaried and independent agents, along with administrative staff, organized so that each agent focuses on a specific role.

Salaried agents work in the office handling the digital paperwork and negotiating and closing deals.

Independent agents, who outnumber salaried counterparts by a ratio of 5-to-1, have just one job — secure listings.

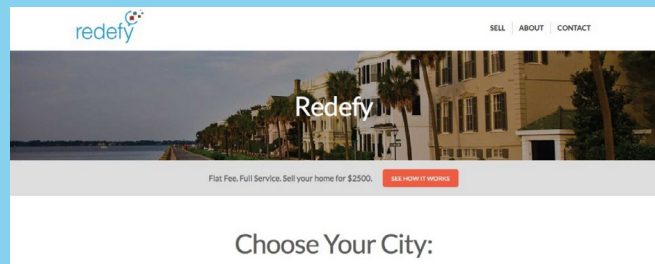
Redefy pays the independent agents, whom the firm calls "field" agents, a flat fee for every listing they bring in, and they collect a standard commission when they nab a buyer.

"We broke down the real estate agent's job into its basic com-

ponent tasks, organized teams who excel in these individual roles, and added technology to streamline every step of the real estate process, from inception to closing to follow-up," Connett said.

Connett and co-founder Chris Rediger are not real estate newbies. Connett managed a Keller Williams Real Estate brokerage for two years before leaving to found Redefy in 2011. (Redefy started as a brokerage, but it began franchising this year.)

Rediger was an investor in residential real estate before founding Redefy.



Redefy plans to open four new markets by the end of the year, and its founders are bullish on its future. Why?

"We've armed our teams with software created by real estate professionals, integrated with a proprietary process that eliminates all the hassles," Connett said.



savings to consumers, the brokerage still advises sellers to offer a typical commission split to buyer's brokers to attract agents and buyers on the other side.

Offering savings at buyer's brokers' expense

Discount brokerages like Denver-based Trelora, on the other hand, generally offer less generous commission splits to buyer's brokers. Such brokerages ranked as the third most likely type of hybrid brokerage to impact the industry, according to the Inman survey, behind end-to-end home-shopping and selling platforms.

End-to-end platforms

But end-to-end home-shopping and selling platforms are more likely to make a splash than listing brokers

like Trelora, according to survey respondents. Only discount listing brokerages that offer typical commission splits to buyer's brokers were deemed more likely to succeed.

Brokerages offering such platforms are not new, but they come with a new twist: a single point of entry to close. Xome, launched by Nationstar Mortgage Holdings, may have made the most headway so far.

Consumers can use the home shopping platform to search for a property, connect with an agent, acquire a loan from Nationstar's mortgage lending wing and get title services from the firm's title division.

Opendoor, which employs salaried listing agents, is tackling the end-to-end challenge from a different

SQFTx offers discount tools to brokers and sellers

As manager of a Sotheby's International Realty office in Colorado, James Simpson saw a change in the role of agents firsthand.

The rise of lockboxes allowed listing agents to forgo showings, and the introduction of e-signatures eliminated a lot of legwork. He also believed that a highly skilled transaction coordinator could process 400 deals per year.

That is why he started SQFTx (pronounced "square foot"), a tech platform that gives partner brokerages a ready-made, limited-service tool to offer their sellers. It launched in May and has closed 12 deals.

Denver-based SQFTx is licensed as a brokerage in Colorado and Texas. It also feeds seller leads to partner brokerages on a geographic-exclusive basis, as it does with Dallas brokerage REConcierges and seven other partner firms.

A homeowner downloads the SQFTx mobile app and creates a listing, which is verified by a licensed broker and uploaded to the MLS, Zillow and ListHub, and hundreds of other sites.

Buyers can download the app to schedule a showing. Buyers can either make offers directly through the app or through their agents.

Sellers can counter, reject or accept offers made through the app.

A contract is prepared by SQFTx and delivered for signatures. A transaction coordinator manages all post-contract deadlines and contingencies and shepherds the deal to closing.

Sellers pay a 1 percent commission on the list side. SQFTx and its partner broker split the fee.

Where SQFTx doesn't have a partner, it pockets the full 1 percent.

SQFTx offers its tools in 18 markets across the U.S., and it plans to expand to 100 markets by the end of this year.

Simpson, a third-generation real estate agent, sees a bright future for his discount brokerage startup. "Our technology works 24 hours a day, seven days a week, providing round-the-clock empowerment in an industry that has for too long kept buyers and sellers from owning the sale and purchase of their home."



angle. The startup generates instant offers for sellers based on automated home valuations and claims to be able to close transactions in as little as three days.

Opendoor's home shopping platform lets buyers make offers on its listings and visit them at anytime using a smartphone (see video below for demonstration of app). A natural next step for the company would be to offer financing to buyers through a partner lender, or even originate

mortgages for buyers itself. The firm's CEO told Inman that he's thinking those options over.

Opendoor CEO Eric Wu won't disclose the number of transactions Opendoor has completed, but he did say that the firm is buying and selling about two homes a day in Phoenix, Arizona. Opendoor displays 55 listings, pending listings and sold properties to buyers who visit its property search page, which shows only Opendoor listings. Like most of these

4 years in, Colorado flat-fee broker Trelora is going strong

After 18 years in the real estate business, Joshua Hunt came to the conclusion that home sellers pay too much money to agents on a transaction.

In 2011, he founded Trelora, a Denver-based brokerage that charges its clients flat fees of \$3,000 and \$2,100, respectively, to buy and list homes. The firm has closed over 1,000 deals.

How has it succeeded?

First, all 13 of its agents are salaried, full-time employees, which allows the brokerage to divvy up tasks and operate more efficiently, according to Hunt.

For example, a portion of its agents work outside of the office, handling showings and listing appointments.

The firm also has a proprietary technology platform that keeps agents and clients on the same page, which, Hunt said, helps minimize time-consuming interactions. Clients have 24/7 access to transaction details, plus logged communications with their agent and contracts through the system.

In February, Trelora began publishing MLS-sourced buyer's agent commission information next to listings on its search platform to highlight the savings that buyers would see if they chose the firm. It pulled the compensation data down soon after at the behest of its MLS.

Trelora agents may give up the opportunity to reap the fruits of their hustle as salaried employees, but they have perks traditional agents could only dream of: health benefits, a 401(k) employer-match plan and four weeks of paid vacation each year.

The firm's "field" agents also receive a company car and mobile phone.

Hunt, who managed a Keller Williams Realty office in Denver before founding Trelora, believes the time is ripe for his model.

"The real estate industry still functions inefficiently and has yet to surrender control to the customer, despite massive advancements in operating models and enabling technologies over the

last two decades," Hunt said. "As consumers continue taking control, real estate services will be forced to adapt to new market realities."

Offering below-average commission splits to buyer's brokers can reduce the commission fee that listing brokers charge sellers, but critics argue the practice can also limit a listing's exposure to potential buyers. Buyer's agents, they say, are less inclined to show listings that don't pay as much.

Your Home Direct, a brokerage that made waves in the early 2000s, showed that listing brokerages can still make inroads even if they thumb their noses at buyer's brokers. The brokerage, which originally offered no compensation to buyer's brokers whatsoever, had 5,000 listings in March 2003 before going bankrupt in 2007. (Your Home Direct's founder says the housing crash and the company's eventual decision to offer more compensation to buyer's brokers were its undoing.)



Trelora says its nine agents sold 464 homes in 2014. Charging a \$2,100 listing fee to sellers, Trelora said that 65 percent of seller clients followed its recommendation of offering only \$3,000 to buyer's brokers. So each of those sellers would have paid a total commission of \$5,100.





The ListingDoor team.

startups in the beginning, their transaction volume does not map to their fundraising success.

Wu said the firm has tentative plans to expand to Dallas and Portland this fall.

If there's any type of hybrid brokerage that could reshape the industry, it would likely be firms like Opendoor, some industry observers say.

Industry reaction

Sissy Lappin, broker-owner of Lappin Properties, a traditional brokerage, said she recently received "a voice mail just short of a death threat" from the CEO of a major real estate franchise.

Lappin said the CEO told her, "You need to stop this. The commission is already spiraling out of control. You're just making the situation worse; we all need to make a living."

The CEO is referring to ListingDoor, a for-sale-by-owner service recently launched by Lappin to help sellers price, list and market their homes without any help from real estate agents.

Lappin says that her traditional brokerage — which she will operate alongside ListingDoor and has been ranked No.1 in most expensive homes sold by the Houston Business Journal — will continue to offer value to homeowners who don't have time to sell

their homes independently.

But changes over the last five years have paved the way for hybrid brokerages to gain much more traction than alternative brokerages of the past, she said.

Many more consumers file their taxes, trade stocks and buy insurance online than before the housing recovery kicked into gear. "We are becoming accustomed to doing things on our own, and people are liking it," she said.

At least a handful of brokers and agents are looking at "joining instead of fighting" the hybrid broker model. Broker Rob Myers said, "The old business model needs to change; we just switched to a flat-fee listing service.

"We are providing a full-service experience, but with technology we save money, so why not pass that on to the consumer," he added. "Our industry needs to accept technology is changing everything — change with it or get left behind."

Further empowering consumers, the growth of listing portals and education resources have made it much easier for buyers and sellers to find all the information they need to buy or sell, Lappin said.

Many respondents shared that view: 59 percent said that hybrid brokerages might be on the rise because listing portals have given consumers more confidence that they can transact with less help or no help from agents.

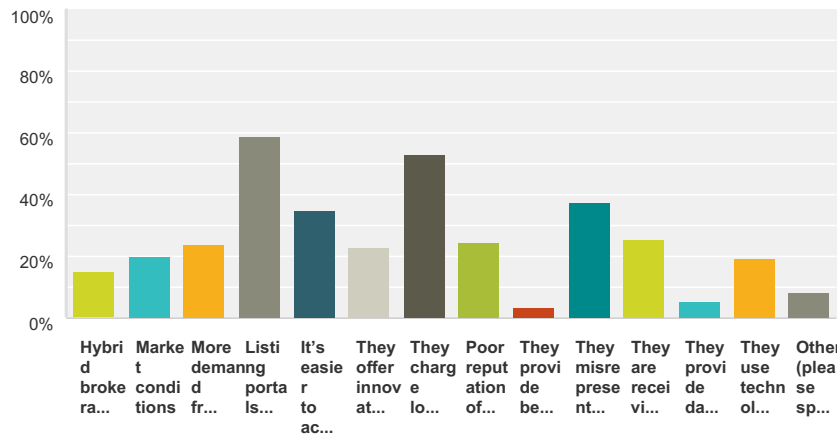
Another change that may favor today's hybrid brokerages is the shift in MLS data — it is easier to access and publish MLS data than in the past. Thirty-five percent of respondents cited this as a reason why hybrid brokerages may be on the rise.

This was in part made possible by a 2008 settlement of a lawsuit with the National Association of Realtors and the U.S. Justice Department, which freed up listing data to alternative business models.

The other top reasons cited for why hybrid brokerages may be gaining traction aren't rooted in changes but instead reflect some enduring perceptions of discount brokerages: that they attract business by charging lower fees (53 percent) and misrepresent the complexity of a real estate

Q21 If hybrid brokerages are on the rise, why do you suppose that is? (Check all that apply)

Answered: 379 Skipped: 0



Answer Choices	Responses	
Hybrid brokerages aren't on the rise	15.04%	57
Market conditions	19.79%	75
More demand from consumers for new real estate service models	24.01%	91
Listing portals have given more consumers the sense that they can buy or sell with less help or no help from agents	59.10%	224
It's easier to access and publish MLS listings than in the past	35.09%	133
They offer innovative technology to consumers	22.96%	87
They charge lower fees than traditional agents	52.77%	200
Poor reputation of traditional agents	24.54%	93
They provide better service	3.69%	14
They misrepresent the complexity of a real estate transaction	37.73%	143
They are receiving more funding from investors to build and market their services	25.33%	96
They provide data that traditional brokerages typically don't	5.28%	20
They use technology that lowers operational costs and makes agents more efficient	19.53%	74
Other (please specify)	8.44%	32
Total Respondents: 379		

transaction (38 percent).

Many hybrid brokerages say their technology sets them apart from mainstream competitors.

But few respondents think that technology could be driving growth of hybrid brokerages. Only

around 1 in 5 respondents said technology offered to consumers by hybrid brokerages and technology used by hybrid brokerages to increase efficiency might be fueling the rise of hybrid brokerages.

If hybrid brokerages are gaining steam, the survey

suggests, evolving consumer habits and online real estate information are the engines stoking that momentum.

Discrimination

Asked if hybrid brokerages would negatively affect traditional agents, 44 percent of respondents said they would, while 41 percent said they wouldn't. Sixteen percent said they weren't sure.

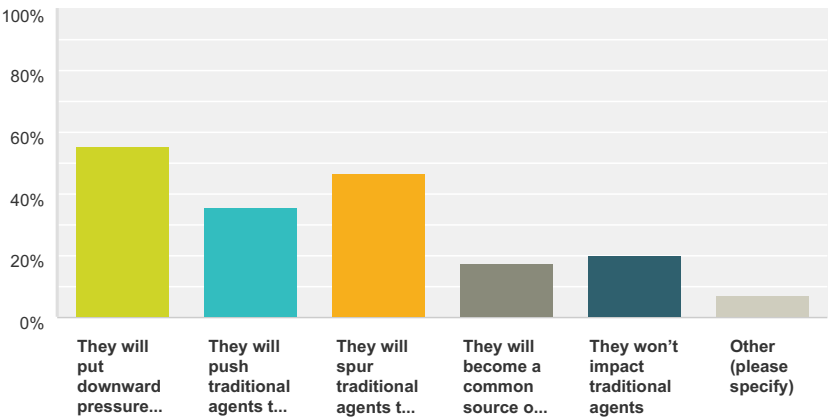
Though most agents say they neither worry about hybrid brokerages nor consider them to be a growing force in the market, a majority of respondents said (55 percent) that hybrid brokerages will put downward pressure on commissions by spurring more agents to compete on price.

Two explanations for those seemingly contradictory findings might be:

- 1. Even if hybrid brokerages don't gain significant market share, their relative growth would still expose more consumers to lower commission offers, potentially leading more consumers to seek lower fees from traditional agents. "Large-scale brokerages like Redfin at a minimum can change consumer expectations, even if the model may not have long-term positive [effects]," said one respondent. "I don't fear them but hate them for causing damage to incomes [because] they won't be around for too long to feel the downward pressure

Q19 How are hybrid brokerages likely to affect traditional agents? (Choose all that apply)

Answered: 379 Skipped: 0



Answer Choices	Responses	
They will put downward pressure on commissions (by spurring more agents to compete on price)	55.41%	210
They will push traditional agents to provide better service	35.36%	134
They will spur traditional agents to adopt more innovative technology	46.44%	176
They will become a common source of leads and referrals for traditional agents	17.68%	67
They won't impact traditional agents	19.79%	75
Other (please specify)	7.12%	27
Total Respondents: 379		

on commissions,” said another.

2. Hybrid brokerages, some of which tend to burst onto the scene with aggressive marketing campaigns, sometimes denigrate traditional agents in the process of promoting themselves.

“The consumer already thinks we don’t work,” said one respondent. Hybrid brokerages “will make it worse.” Hybrid brokerages “give the perception that we are overvalued and can do more for less,” said another.

The “constant devaluation of services,” by hybrid brokerages, one respondent added, “impacts all agents.”

Those are two reasons that may account for why 4 out of 10 respondents said they are generally less inclined to cooperate with a hybrid brokerage than a traditional brokerage, and why 56 percent said that many agents discriminate against hybrid brokerages.

Fewer (17 percent) respondents admitted to actually having advised a client against buying from or selling to another person represented by a hybrid brokerage.

Many agents also say they prefer not to work with hybrid brokerages because agents at such firms tend to saddle traditional agents with most of the work in a transaction.

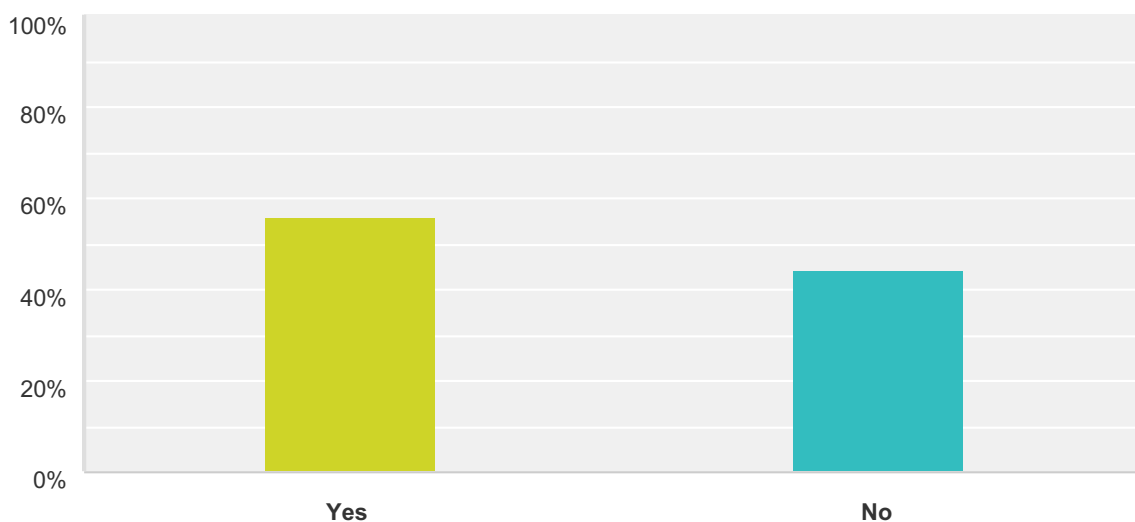
Some agents even worry that they risk inadvertently representing the interests of both the buyer and seller in a transaction involving a hybrid brokerage.

And of course, a turnoff to traditional buyer’s agents are the substandard commission splits offered by some hybrid brokerages that may not map to their workload.

I “don’t want to end up doing both ends of the transaction and get paid for one end,” said one survey participant.

Q20 Do you think many agents discriminate against hybrid brokerages? (Please explain your answer)

Answered: 379 Skipped: 0



Kelman said attitudes towards hybrid brokerages have improved over the years. And indeed, the industry may be more ripe for innovation compared to the early and mid-2000s before NAR's settlement with the DOJ.

Kelman argued that a growing segment of the consumer base for real estate is eager to have on-demand services. Redfin at one time believed that having a single point of contact with the same agent throughout the process was critical to delivering good

customer service. But many younger buyers are not attached to the idea of a deep agent relationship.

To respond to this need, he said brokerages must rethink how to organize resources. "We're learning how to do that to meet the need for on-demand, and traditional firms need to do it as well. It is about how we use all of these human resources in real estate."

And the success of fast-growing Keller Williams, with its emphasis on agents and organization around teams, represents a strategy that blends both worlds.

What should you do about the hybrid broker trend?



1. **If you are an agent who does not want to compromise your commission or experiment with new business models, position your service as superior to the hybrids.** High-touch, personal, hands on vs. algorithms and virtual assistants. Use all of the technology they use: digital docs, on-demand showings, 3-D and digital signatures to make your deals efficient.
2. **If you are a broker who wants to position yourself against hybrids,** hire the best agents you can: agents who get technology, who can talk to millennials, and provide ethical and complete full service to consumers. Make a stark contrast and advertise it.
3. **If you a broker who is willing to experiment,** consider trying a hybrid model that sits alongside your traditional model. Test, test, test and test is the mantra for these sorts of startup companies.
4. **If you face a hybrid on the other side of the table,** learn from them and figure out what they are doing that you can bring to your model. Also, get ready to carry more weight in the transaction than you would like if the hybrids do not employ experienced agents.
5. **Ask your local MLS for data on hybrids to understand what is working and what is not.** Your local MLS has so much information, and as a member you have the right to ask for it.
6. **Jump ship and join a hybrid or start a hybrid.** Risky, but if you are looking to shake up your business, this may be one way to go.
7. **Join or start a real estate team.** Allocation of people resources is one of the biggest changes to the traditional model with hybrids, making the brokerage more efficient but also responding more expeditiously to customers.
8. **Dismiss the hybrids and do not worry about them.** There is a good chance they will not get market share.
9. **Be careful not to engage in business practices that hurt your customers because you are biased against hybrids.**
10. **Recognize that the industry is fragmented and diverse, and there is room for everyone.**



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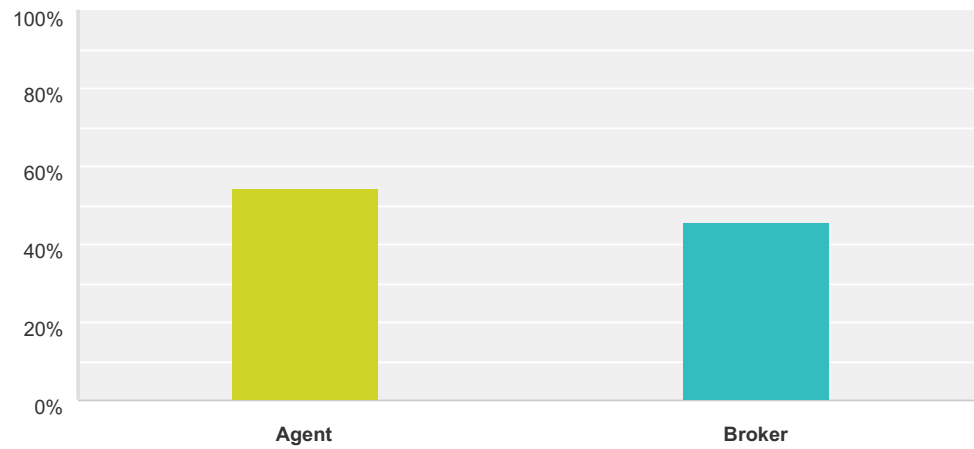
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Full Survey Results

Rise of the hybrid broker

Q1 I am a(an):

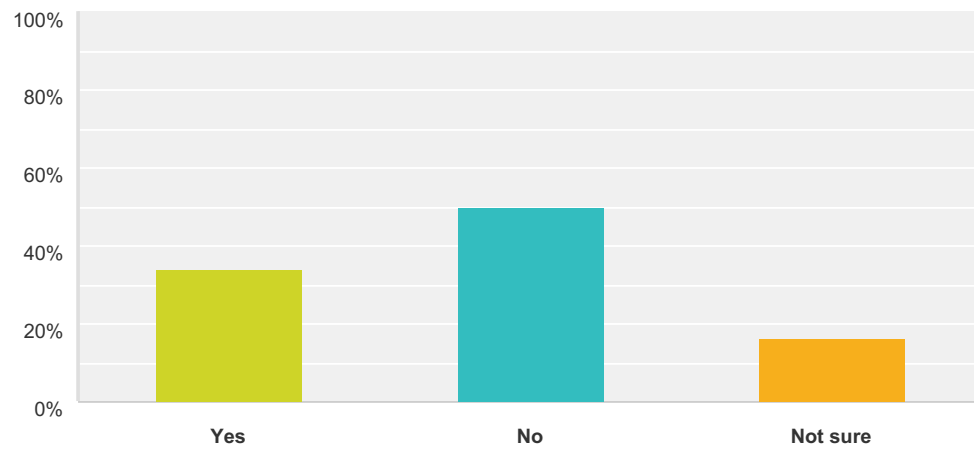
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Answer Choices	Responses
Agent	54.40%204
Broker	45.60%171
Total	375

Q2 Are hybrid brokerages on the rise in your market?

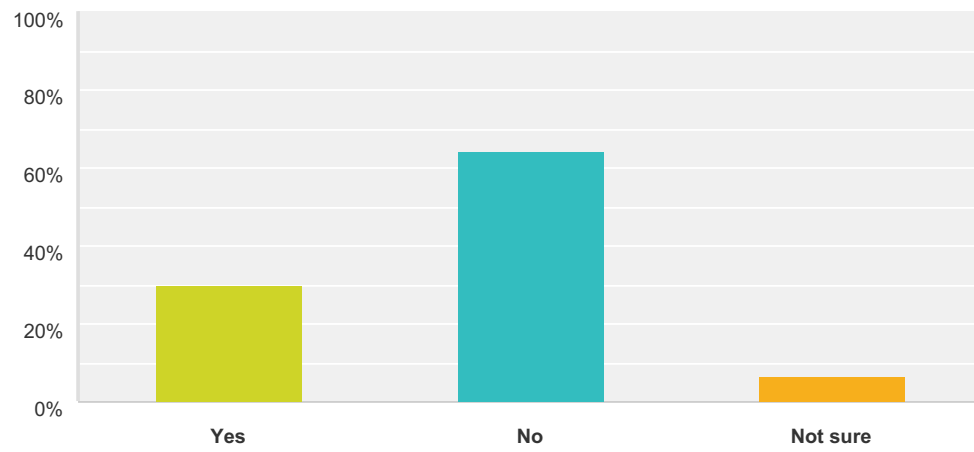
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Answer Choices	Responses	
Yes	34.04%	129
No	49.60%	188
Not sure	16.36%	62
Total		379

Q3 Have you closed a transaction with a hybrid brokerage?

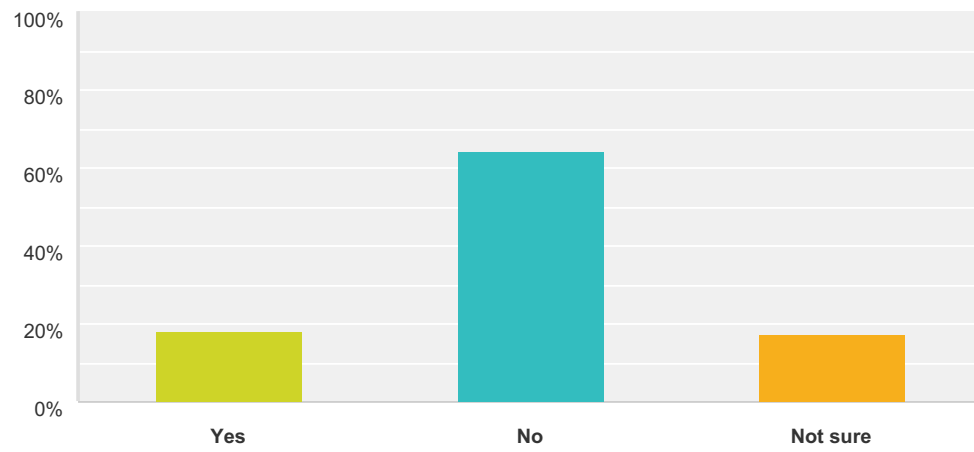
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	29.55%	112
No	64.12%	243
Not sure	6.33%	24
Total		379

Q4 Have you lost a potential client to a hybrid brokerage?

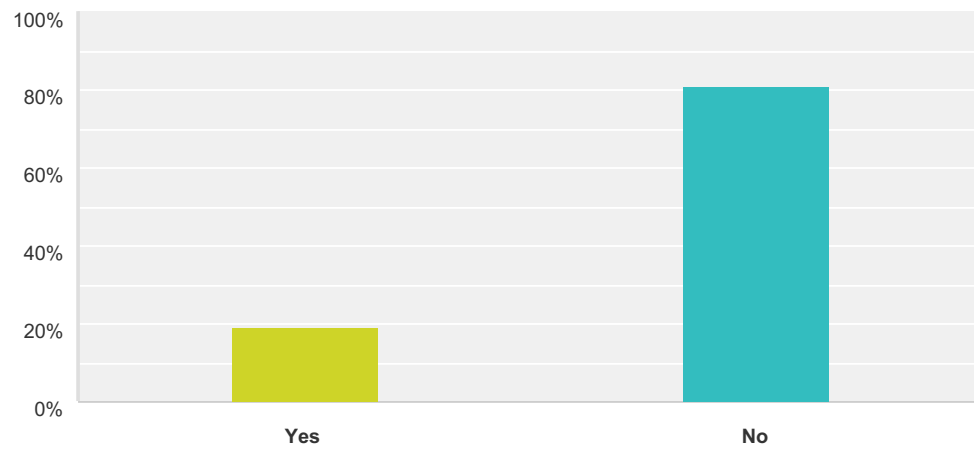
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Answer Choices	Responses	
Yes	18.21%	69
No	64.38%	244
Not sure	17.41%	66
Total		379

Q5 Do you fear or worry about hybrid brokerages?

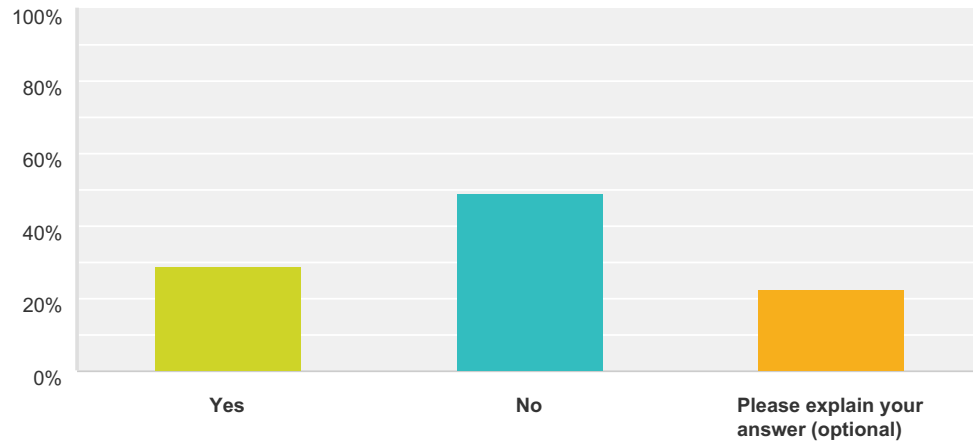
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	19.00%	72
No	81.00%	307
Total		379

Q6 Can an agent provide a high level of service to a client exclusively via email or telephone?

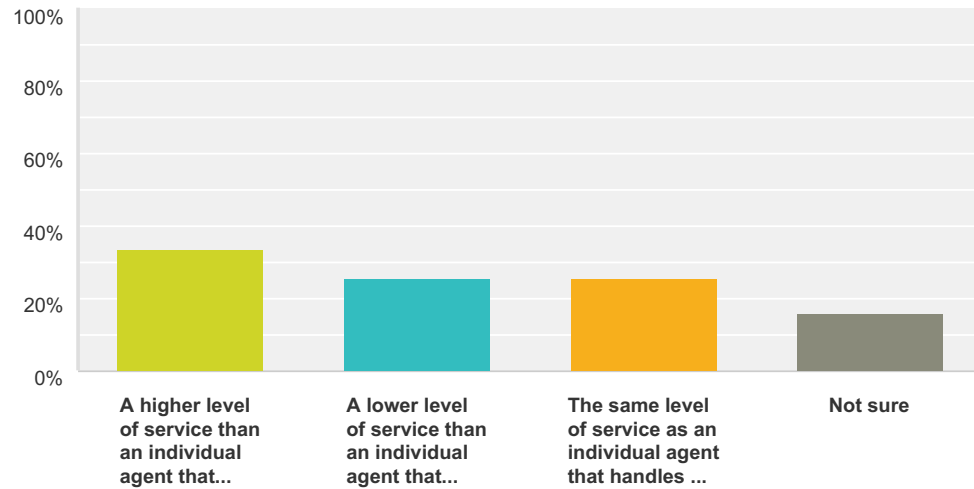
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	28.76%	109
No	48.81%	185
Please explain your answer (optional)	22.43%	85
Total		379

Q7 Teams of real estate professionals who handle different tasks for the same client generally provide:

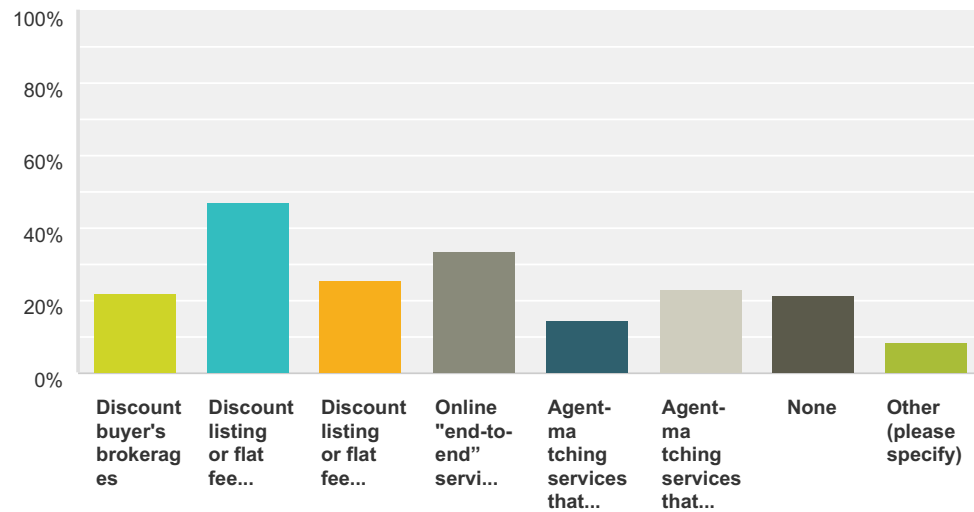
Answered: 379 Skipped: 0



Answer Choices	Responses	
A higher level of service than an individual agent that handles all tasks for a client	33.51%	127
A lower level of service than an individual agent that handles all tasks for a client	25.33%	96
The same level of service as an individual agent that handles all tasks for a client	25.33%	96
Not sure	15.83%	60
Total		379

Q8 What types of hybrid brokerage have any chance of significantly impacting the industry? (Choose all that apply)

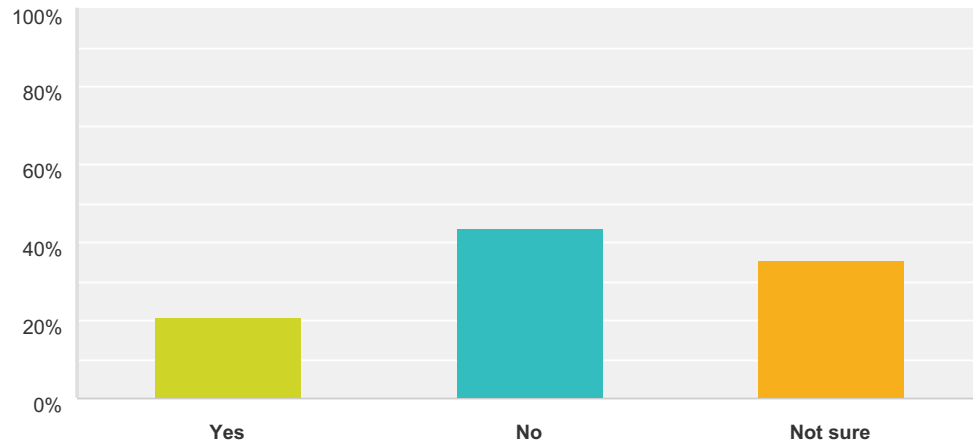
Answered: 379 Skipped: 0



Answer Choices	Responses
Discount buyer's brokerages	22.16% 84
Discount listing or flat fee brokerages that recommend offering a typical commission split to buyer's brokerages (e.g. 3 percent offer of compensation)	46.97% 178
Discount listing or flat fee brokerages that recommend offering less than a typical commission split to buyer's brokerages (e.g. 1.5 percent offer of compensation)	25.33% 96
Online "end-to-end" service platforms that employ or partner with agents, provide property search tools, and offer ancillary services, like title insurance and mortgage financing (e.g. Xome)	33.51% 127
Agent-matching services that co-list properties and co-represent buyers with agents	14.51% 55
Agent-matching services that earn referral fees from agents but don't co-list or co-represent with agents	23.22% 88
None	21.37% 81
Other (please specify)	8.44% 32
Total Respondents: 379	

Q9 Do any of the latest hybrid brokerages use business models that are substantially different from old alternative brokerage models? (If so, please specify the hybrid broker models that you think are different)

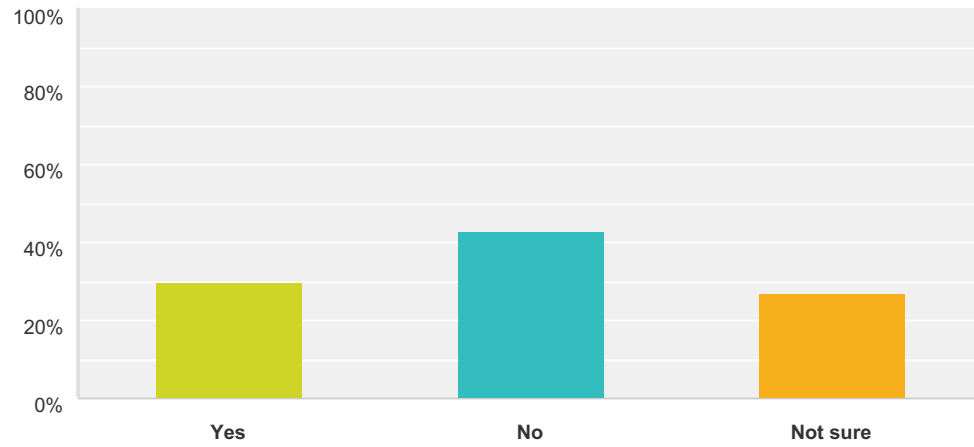
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Answer Choices	Responses	
Yes	21.11%	80
No	43.54%	165
Not sure	35.36%	134
Total		379

Q10 In general, do new hybrid brokerages have a better chance of succeeding than their predecessors?

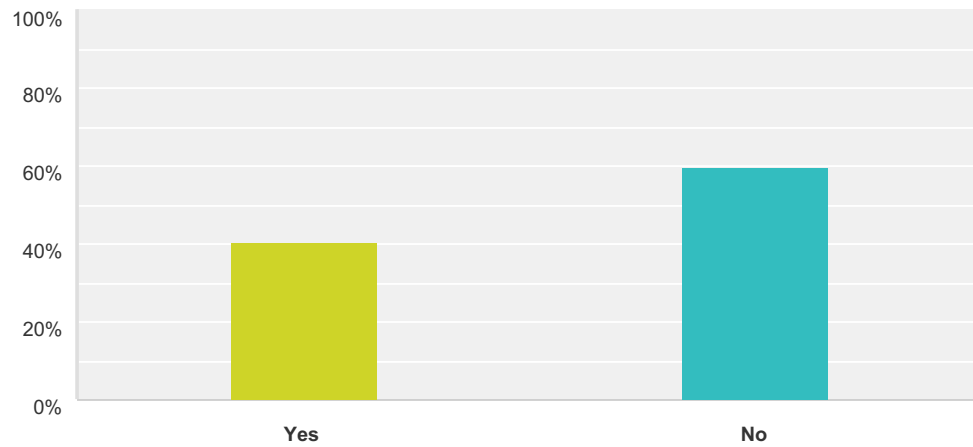
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	29.82%	113
No	43.01%	163
Not sure	27.18%	103
Total		379

Q11 Are you generally less inclined to cooperate with a hybrid brokerage than a traditional brokerage? (Please explain why or why not in the comment field)

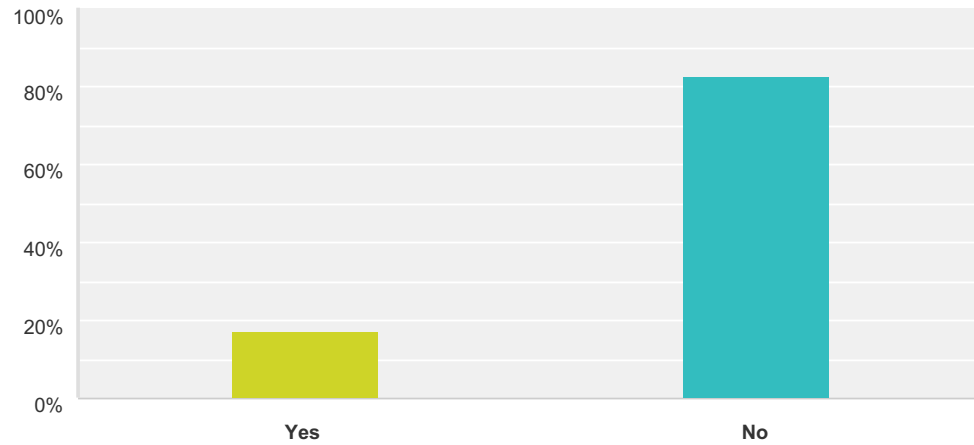
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	40.63%	154
No	59.37%	225
Total		379

Q12 Have you ever advised a client against selling to or buying from another person because that person was using a hybrid brokerage? (Please explain why or why not in the comment field)

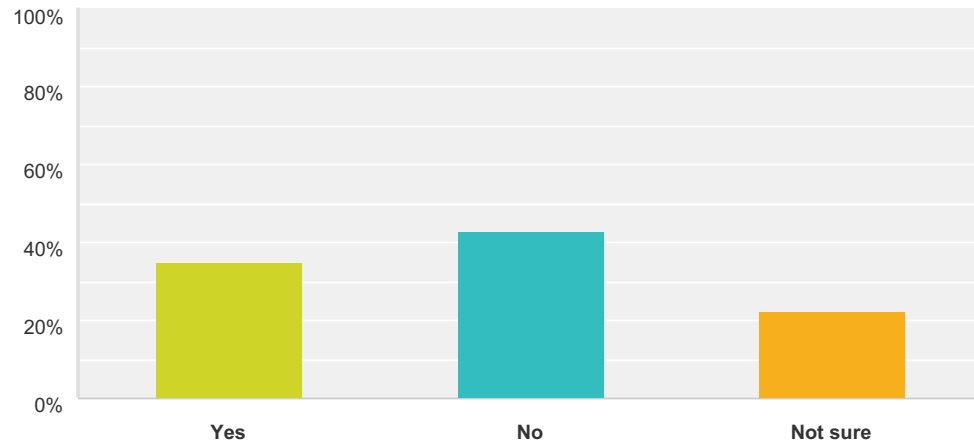
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	17.15%	65
No	82.85%	314
Total		379

Q13 Would you consider buying leads or accepting referrals from a hybrid brokerage?

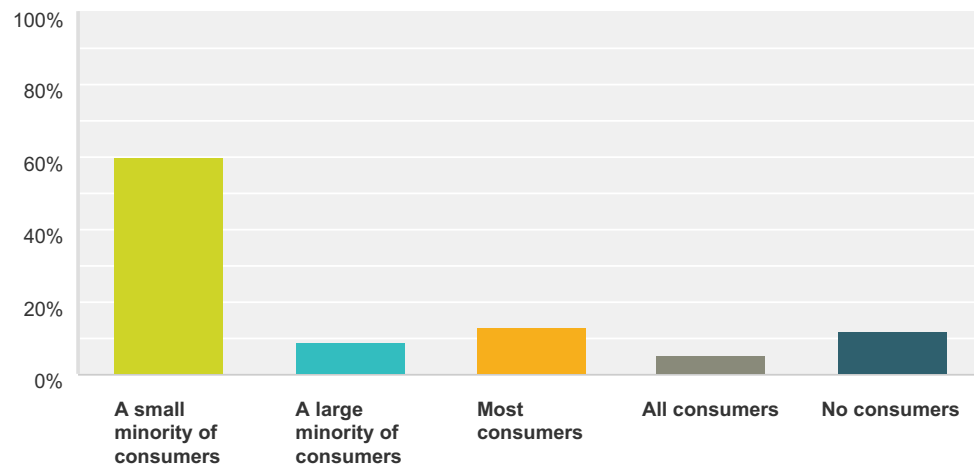
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	34.83%	132
No	43.01%	163
Not sure	22.16%	84
Total		379

Q14 Hybrid brokerages can provide a valuable service to:

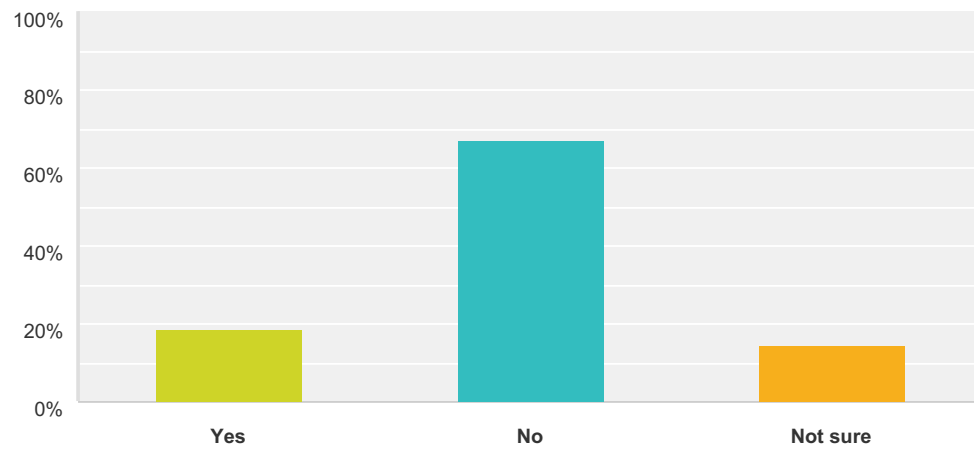
Answered: 379 Skipped: 0



Answer Choices	Responses	
A small minority of consumers	60.16%	228
A large minority of consumers	9.23%	35
Most consumers	13.19%	50
All consumers	5.28%	20
No consumers	12.14%	46
Total		379

Q15 Would you consider working for a hybrid brokerage?

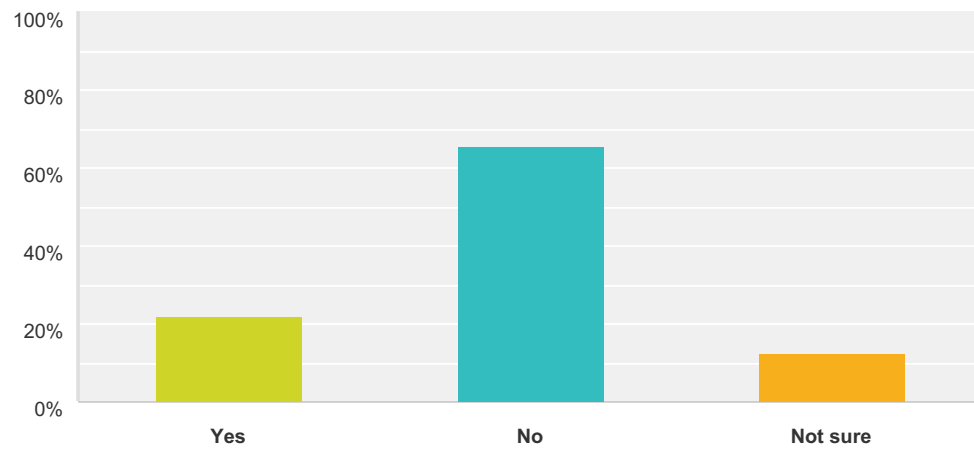
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	18.73%	71
No	67.02%	254
Not sure	14.25%	54
Total		379

Q16 Would you consider starting your own hybrid brokerage?

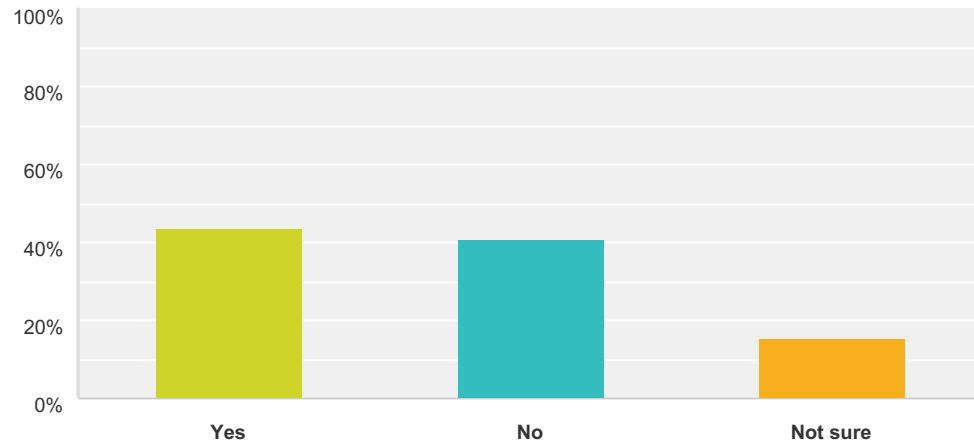
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	21.90%	83
No	65.44%	248
Not sure	12.66%	48
Total		379

Q17 Do you think hybrid brokerages will negatively affect traditional agents? (Please explain your answer)

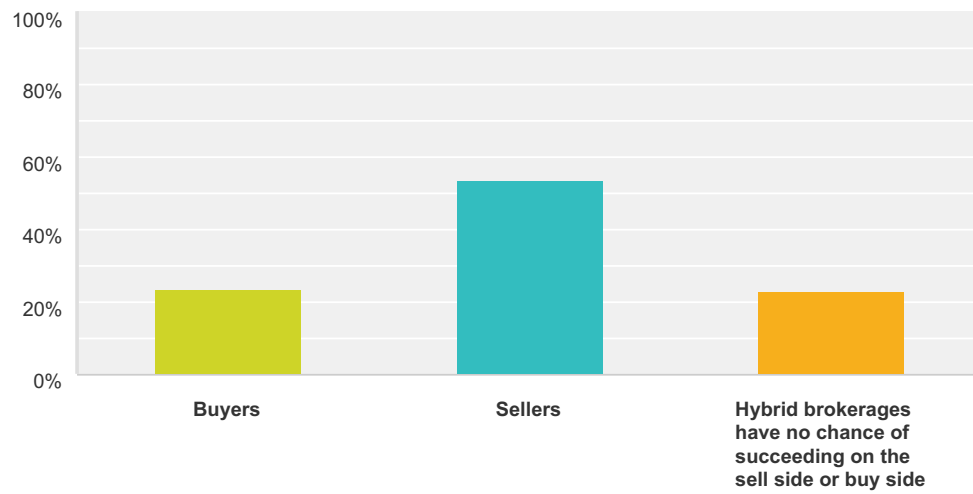
Answered: 379 Skipped: 0



Answer Choices	Responses	
Yes	43.54%	165
No	40.90%	155
Not sure	15.57%	59
Total		379

Q18 Hybrid brokerages are more likely to succeed serving:

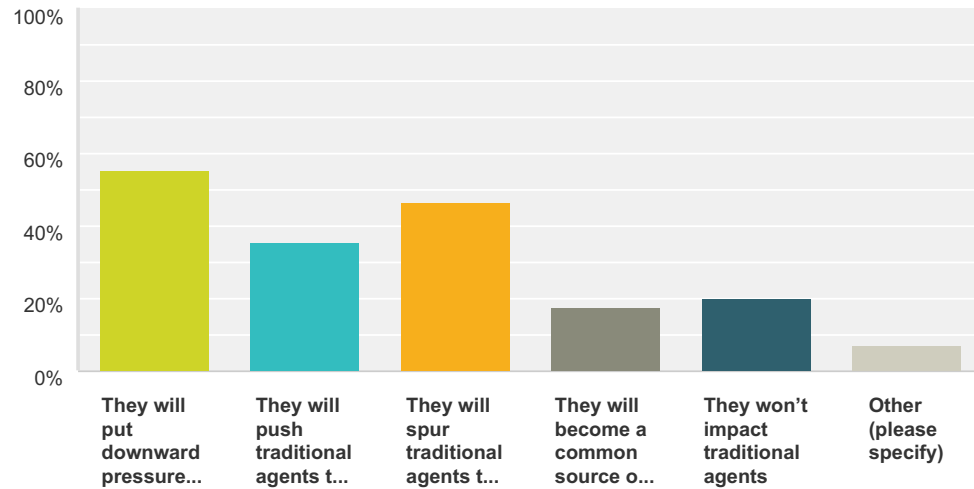
Answered: 379 Skipped: 0



Answer Choices	Responses	
Buyers	23.48%	89
Sellers	53.56%	203
Hybrid brokerages have no chance of succeeding on the sell side or buy side	22.96%	87
Total		379

Q19 How are hybrid brokerages likely to affect traditional agents? (Choose all that apply)

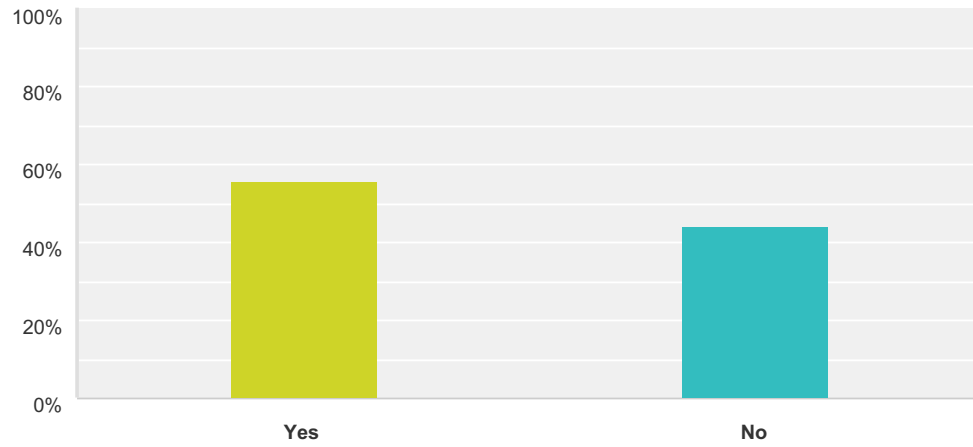
Answered: 379 Skipped: 0



Answer Choices	Responses	
They will put downward pressure on commissions (by spurring more agents to compete on price)	55.41%	210
They will push traditional agents to provide better service	35.36%	134
They will spur traditional agents to adopt more innovative technology	46.44%	176
They will become a common source of leads and referrals for traditional agents	17.68%	67
They won't impact traditional agents	19.79%	75
Other (please specify)	7.12%	27
Total Respondents: 379		

Q20 Do you think many agents discriminate against hybrid brokerages? (Please explain your answer)

Answered: 379 Skipped: 0

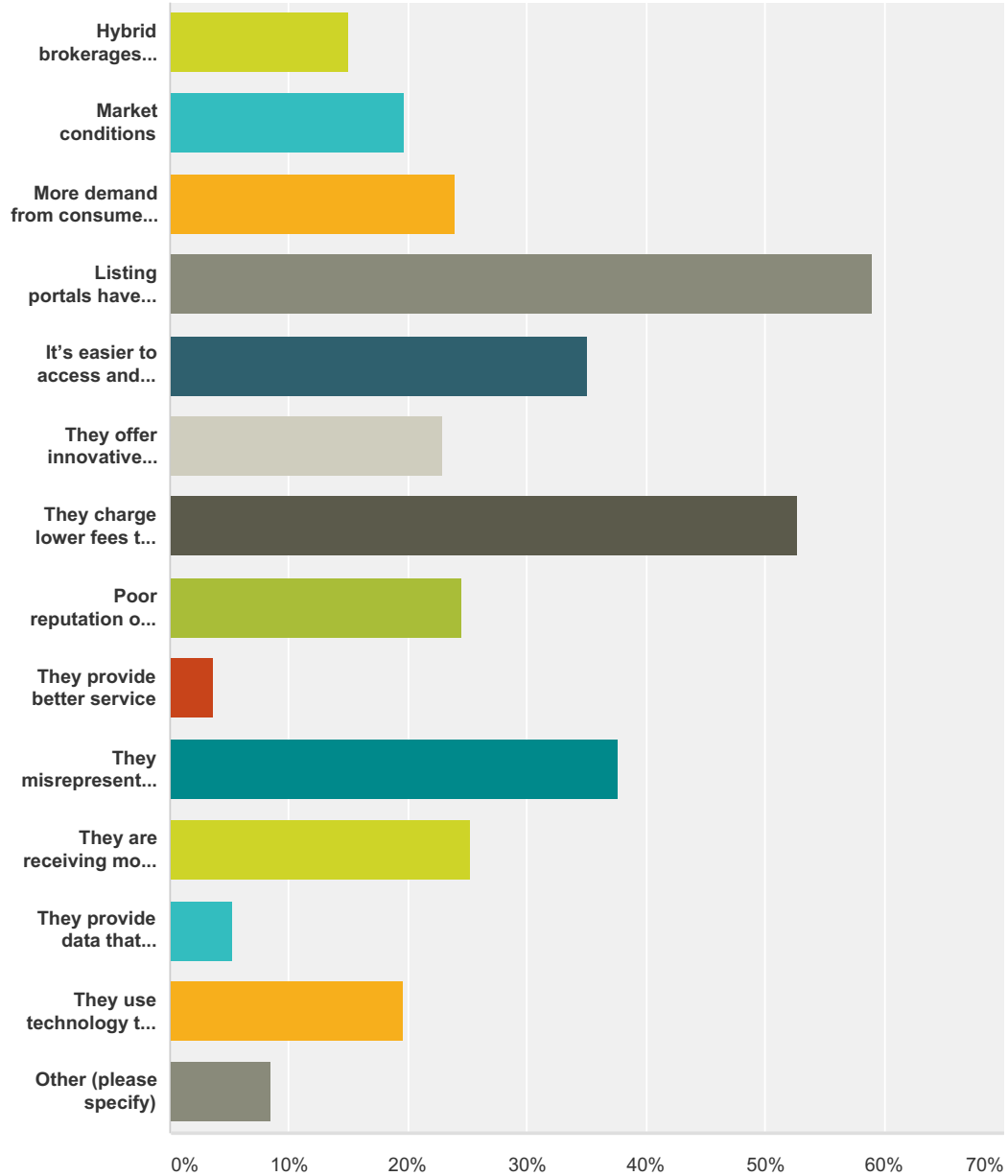


Answer Choices	Responses	
Yes	55.94%	212
No	44.06%	167
Total		379

Rise of the hybrid broker

Q21 If hybrid brokerages are on the rise, why do you suppose that is? (Check all that apply)

Answered: 379 Skipped: 0



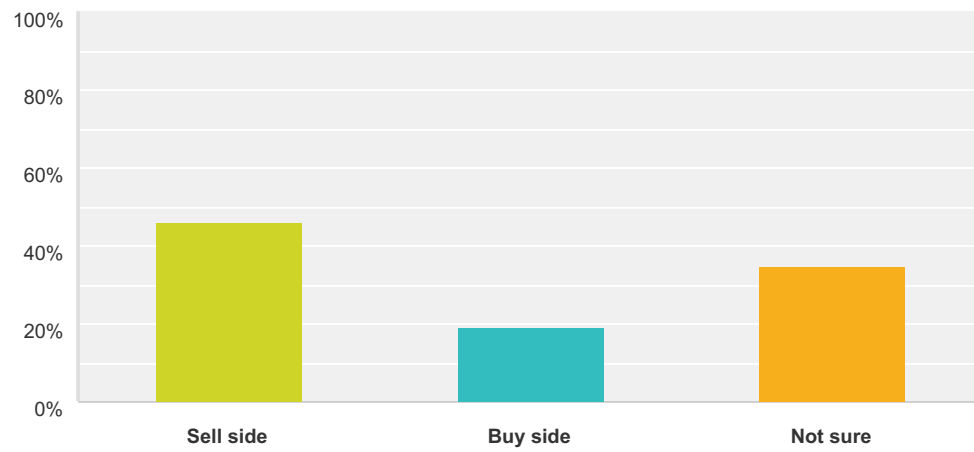
Answer Choices	Responses	
Hybrid brokerages aren't on the rise	15.04%	57
Market conditions	19.79%	75
More demand from consumers for new real estate service models	24.01%	91
Listing portals have given more consumers the sense that they can buy or sell with less help or no help from agents	59.10%	224

Rise of the hybrid broker

It's easier to access and publish MLS listings than in the past	35.09%	133
They offer innovative technology to consumers	22.96%	87
They charge lower fees than traditional agents	52.77%	200
Poor reputation of traditional agents	24.54%	93
They provide better service	3.69%	14
They misrepresent the complexity of a real estate transaction	37.73%	143
They are receiving more funding from investors to build and market their services	25.33%	96
They provide data that traditional brokerages typically don't	5.28%	20
They use technology that lowers operational costs and makes agents more efficient	19.53%	74
Other (please specify)	8.44%	32
Total Respondents: 379		

Q22 Do you see hybrid brokerages more often on the sell or buy side?

Answered: 379 Skipped: 0



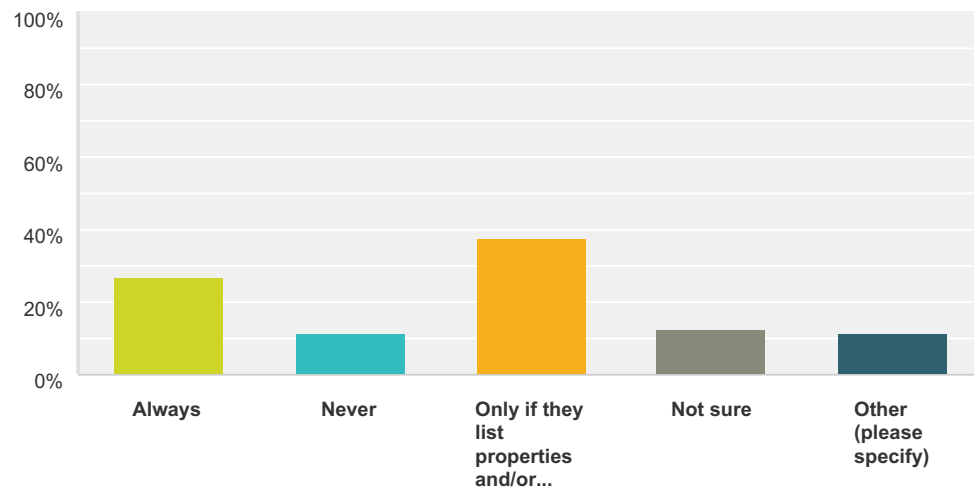
Answer Choices	Responses	
Sell side	46.17%	175
Buy side	19.00%	72
Not sure	34.83%	132
Total		379

Q23 Do you fear or worry about hybrid brokerages? (Please elaborate)

Answered: 379 Skipped: 0

Q24 Should hybrid brokerages qualify for MLS membership?

Answered: 379 Skipped: 0



Answer Choices	Responses	
Always	27.18%	103
Never	11.35%	43
Only if they list properties and/or represent buyers	37.73%	143
Not sure	12.40%	47
Other (please specify)	11.35%	43
Total		379