UPDATE ON COMMERCIAL SPECIALTY & BUSINESS IMPLEMENTATION

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DISCUSSION TOPICS

RECAP OF COMMERCIAL SPECIALTY REPORT

- Total commercial members in the database and their subgroups

RELEVANT NEW FINDINGS

- Geographical location of members, market analysis, and retention of subgroups

UPDATE SINCE ANNUAL 2019

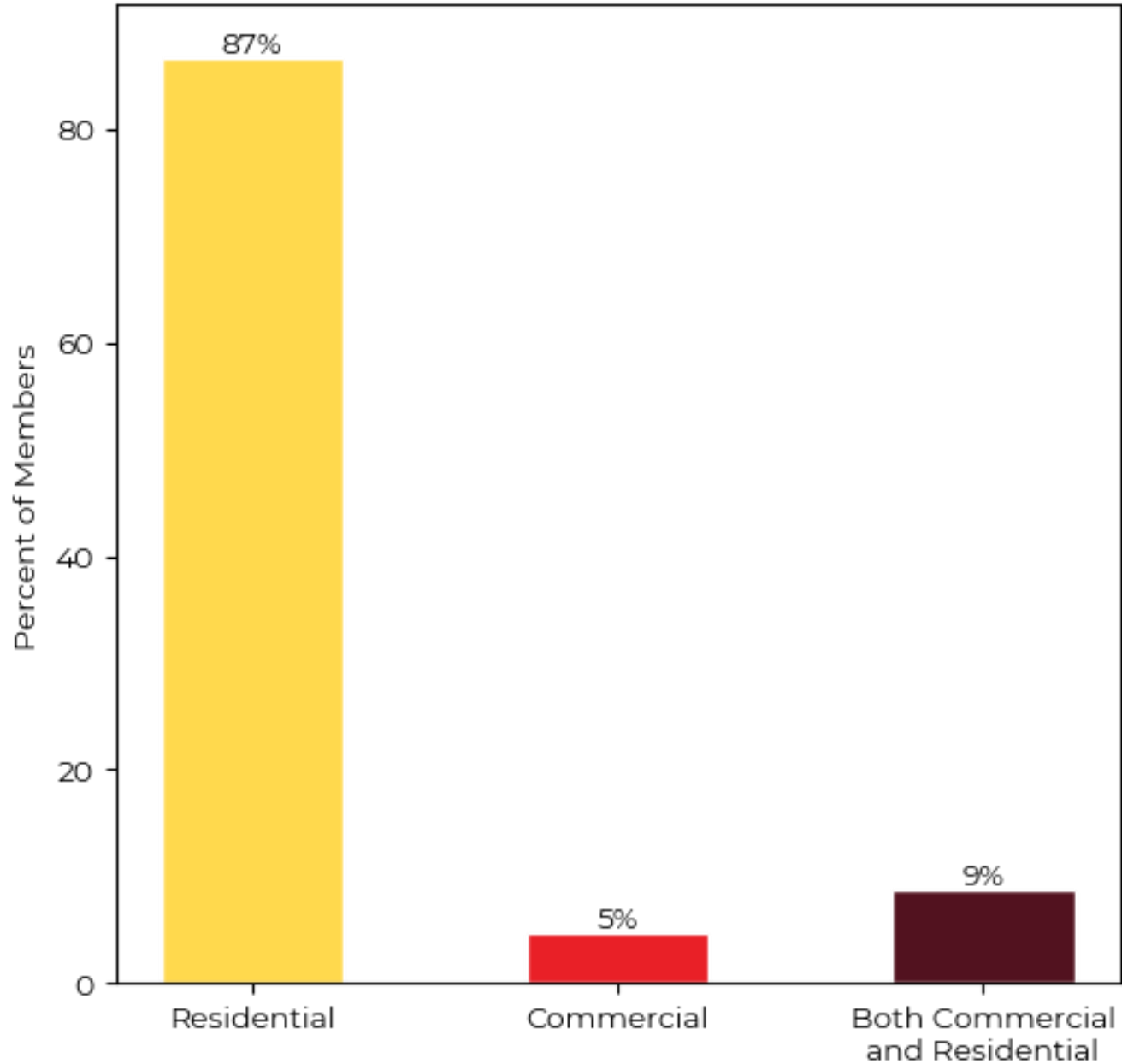- Requests from this advisory board, how we sought to answer them, and important findings

BUSINESS IMPLEMENTATION

- What comes after the report

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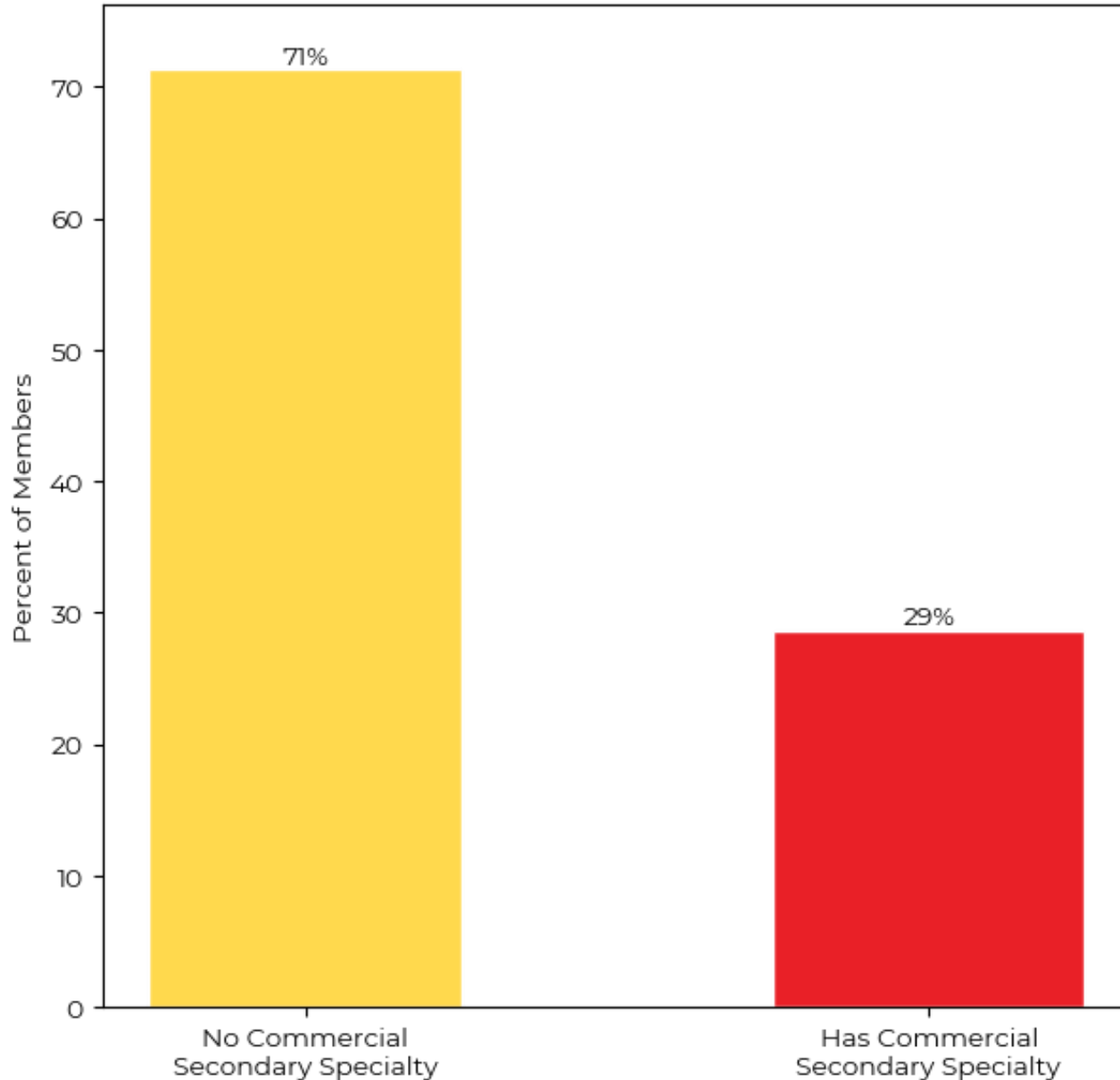ASSOCIATION OF
REALTORS®

SHARE OF COMMERCIAL AND RESIDENTIAL SPECIALITS

- **Commercial specialists were 5% of all NAR members that reported a field of business in 2019**

RESIDENTIAL MEMBERS WITH A SPECIALTY IN COMMERCIAL

- **Nearly 1/3 of residential specialists also worked in commercial as a secondary specialty**

MOST SIGNIFICANT FINDING:

- **Prominence of the Dual Specialist – members specializing in both commercial and residential real estate (often in small markets where specialization is not practical)**

- **Distinguished from residential specialists with a secondary specialty in commercial, or "resi-mercial" members**

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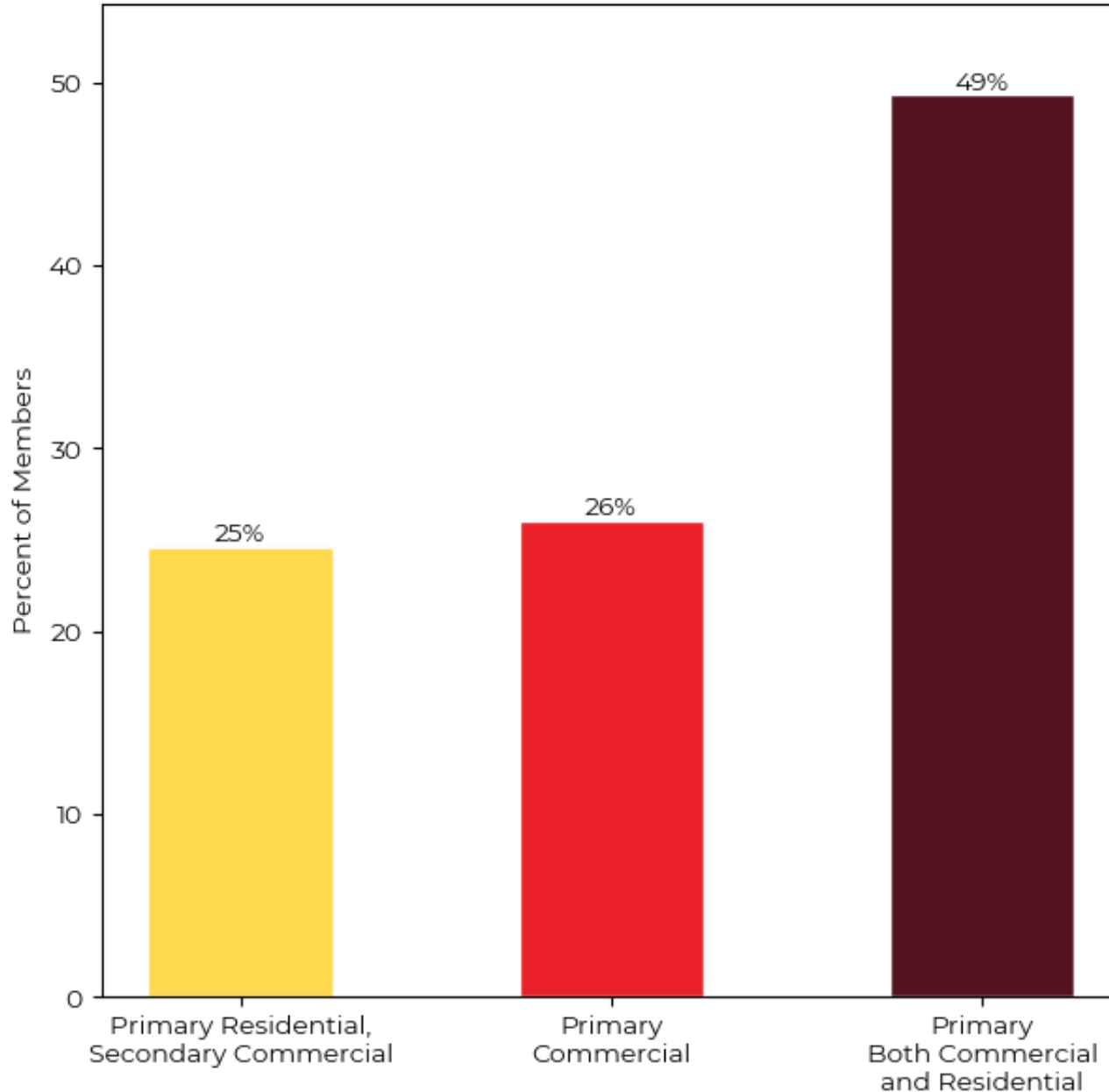
QUESTIONS FROM ANNUAL 2019

LOCAL MARKET

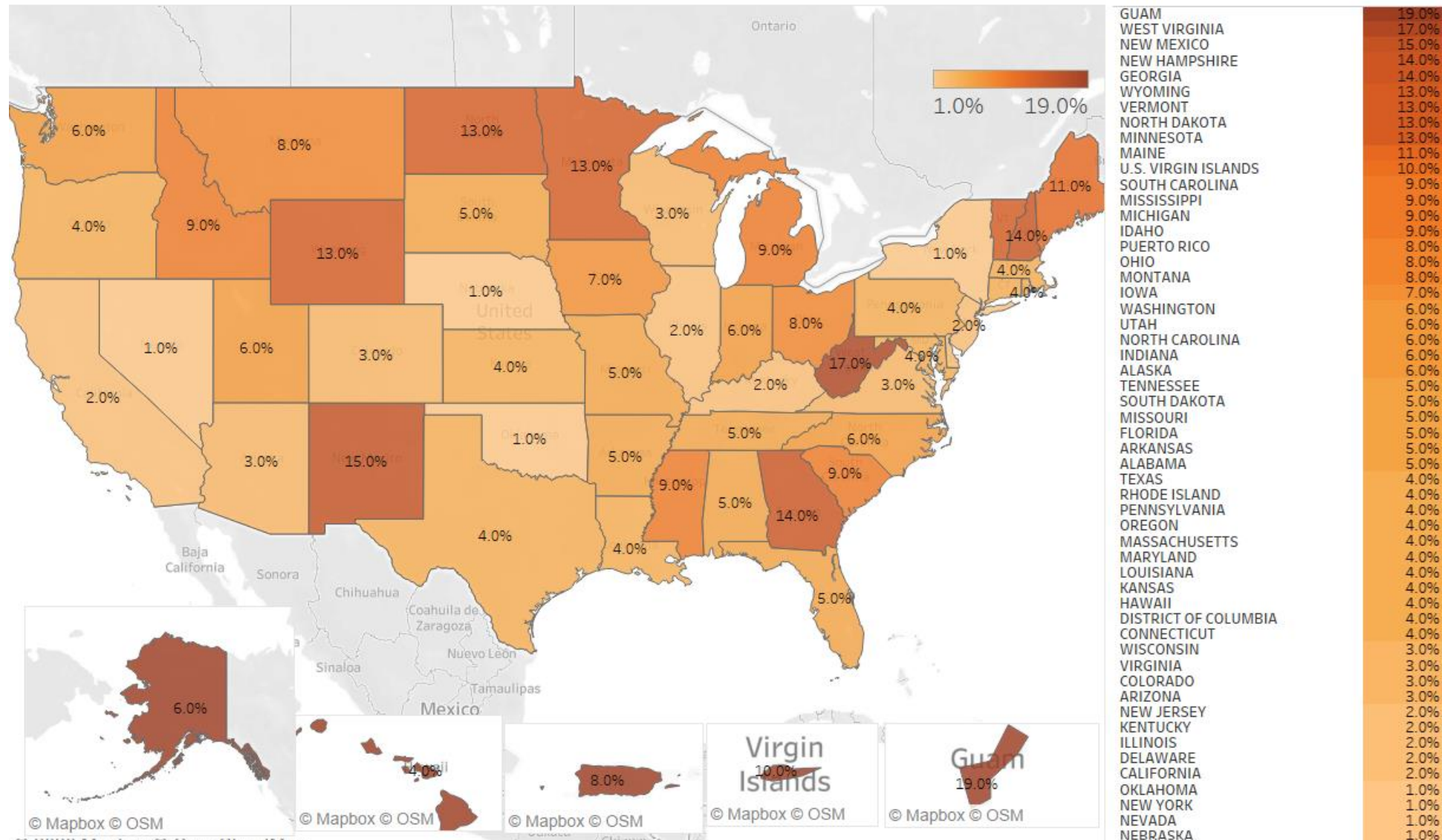- In which markets do commercial and dual specialists operate and what are the market characteristics?

OUTREACH

- What are the next steps for working across NAR Groups to provide an update on commercial members?

RETENTION

- What is the likelihood that commercial members stay in the business?
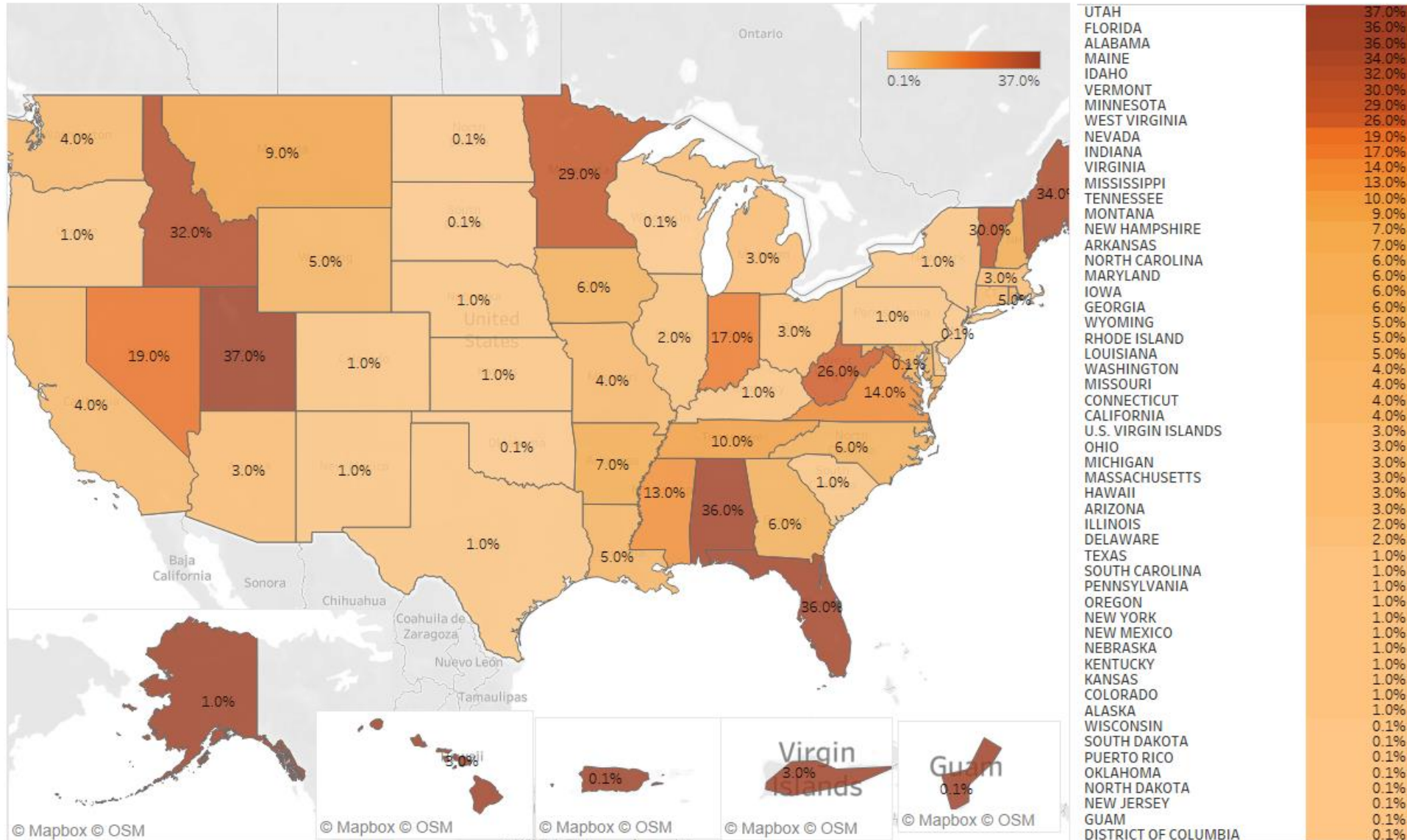
POTENTIAL PARTNERSHIPS

- How can NAR partner with RPR on commercial members?

Share of Members by NAR State Association with a Primary Specialty in Commercial Real Estate

SHARE OF COMMERCIAL SPECIALISTS BY STATE

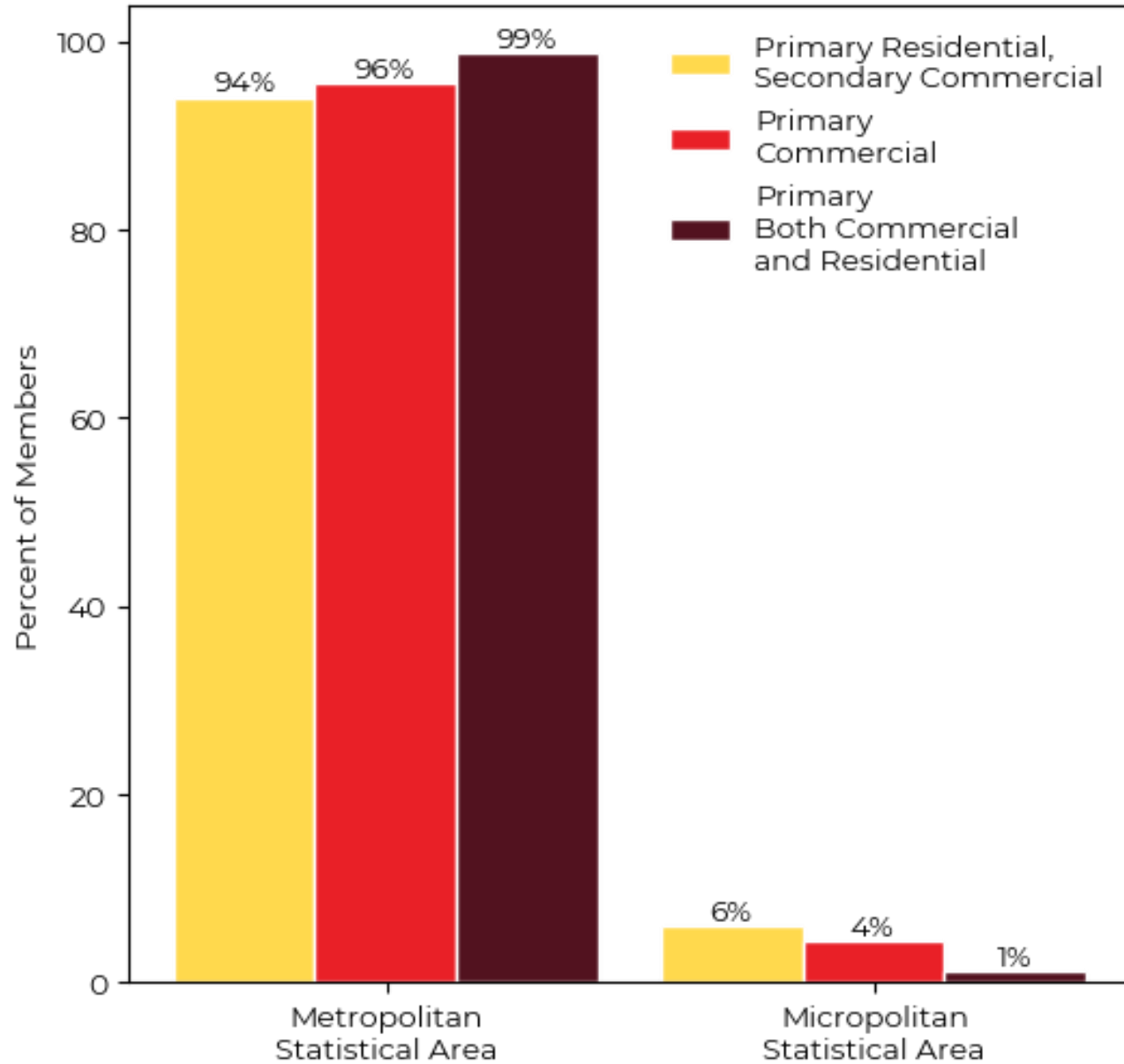| State	Share
GUAM	19.0%
WEST VIRGINIA	17.0%
NEW MEXICO	15.0%
NEW HAMPSHIRE	14.0%
GEORGIA	14.0%
WYOMING	13.0%
VERMONT	13.0%
NORTH DAKOTA	13.0%
MINNESOTA	13.0%
MAINE	11.0%
U.S. VIRGIN ISLANDS	10.0%
SOUTH CAROLINA	9.0%
MISSISSIPPI	9.0%
MICHIGAN	9.0%
IDAHO	9.0%
PUERTO RICO	8.0%
OHIO	8.0%
MONTANA	8.0%
IOWA	7.0%
WASHINGTON	6.0%
UTAH	6.0%
NORTH CAROLINA	6.0%
INDIANA	6.0%
ALASKA	6.0%
TENNESSEE	5.0%
SOUTH DAKOTA	5.0%
MISSOURI	5.0%
FLORIDA	5.0%
ARKANSAS	5.0%
ALABAMA	5.0%
TEXAS	4.0%
RHODE ISLAND	4.0%
PENNSYLVANIA	4.0%
OREGON	4.0%
MASSACHUSETTS	4.0%
MARYLAND	4.0%
LOUISIANA	4.0%
KANSAS	4.0%
HAWAII	4.0%
DISTRICT OF COLUMBIA	4.0%
CONNECTICUT	4.0%
WISCONSIN	3.0%
VIRGINIA	3.0%
COLORADO	3.0%
ARIZONA	3.0%
NEW JERSEY	2.0%
KENTUCKY	2.0%
ILLINOIS	2.0%
DELAWARE	2.0%
CALIFORNIA	2.0%
OKLAHOMA	1.0%
NEW YORK	1.0%
NEVADA	1.0%
NEBRASKA	1.0%

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Share of Members by NAR State Association with a Primary Specialty in Both Commercial and Residential Real Estate

State	Share
UTAH	37.0%
FLORIDA	36.0%
ALABAMA	36.0%
MAINE	34.0%
IDAHO	32.0%
VERMONT	30.0%
MINNESOTA	29.0%
WEST VIRGINIA	26.0%
NEVADA	19.0%
INDIANA	17.0%
VIRGINIA	14.0%
MISSISSIPPI	13.0%
TENNESSEE	10.0%
MONTANA	9.0%
NEW HAMPSHIRE	7.0%
ARKANSAS	7.0%
NORTH CAROLINA	6.0%
MARYLAND	6.0%
IOWA	6.0%
GEORGIA	6.0%
WYOMING	5.0%
RHODE ISLAND	5.0%
LOUISIANA	5.0%
WASHINGTON	4.0%
MISSOURI	4.0%
CONNECTICUT	4.0%
CALIFORNIA	4.0%
U.S. VIRGIN ISLANDS	3.0%
OHIO	3.0%
MICHIGAN	3.0%
MASSACHUSETTS	3.0%
HAWAII	3.0%
ARIZONA	3.0%
ILLINOIS	2.0%
DELAWARE	2.0%
TEXAS	1.0%
SOUTH CAROLINA	1.0%
PENNSYLVANIA	1.0%
OREGON	1.0%
NEW YORK	1.0%
NEW MEXICO	1.0%
NEBRASKA	1.0%
KENTUCKY	1.0%
KANSAS	1.0%
COLORADO	1.0%
ALASKA	1.0%
WISCONSIN	0.1%
SOUTH DAKOTA	0.1%
PUERTO RICO	0.1%
OKLAHOMA	0.1%
NORTH DAKOTA	0.1%
NEW JERSEY	0.1%
GUAM	0.1%
DISTRICT OF COLUMBIA	0.1%

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METROPOLITAN AND MICROPOLITAN STATISTICAL AREAS
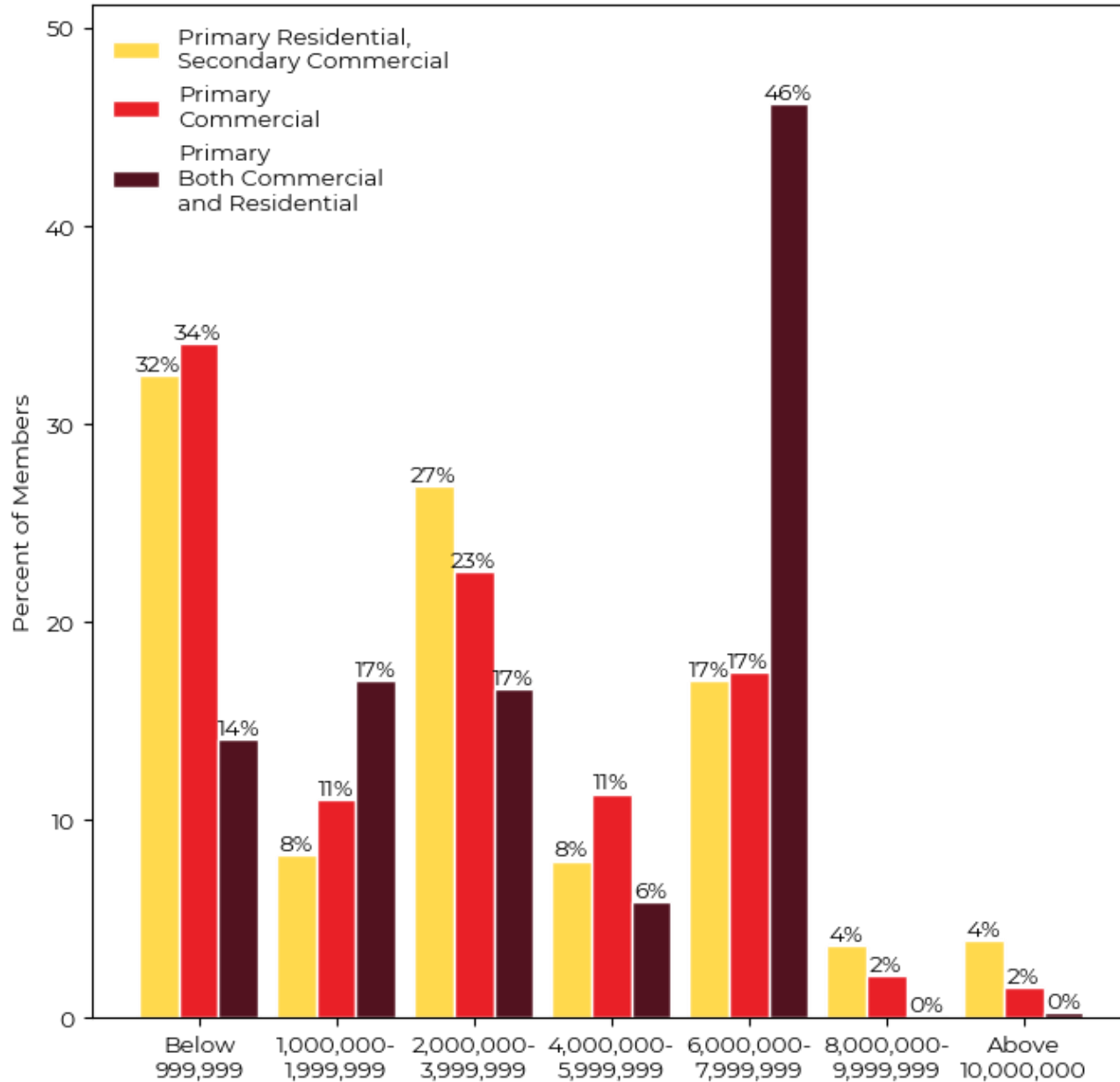
- **A majority of members working in commercial operate in metropolitan areas**
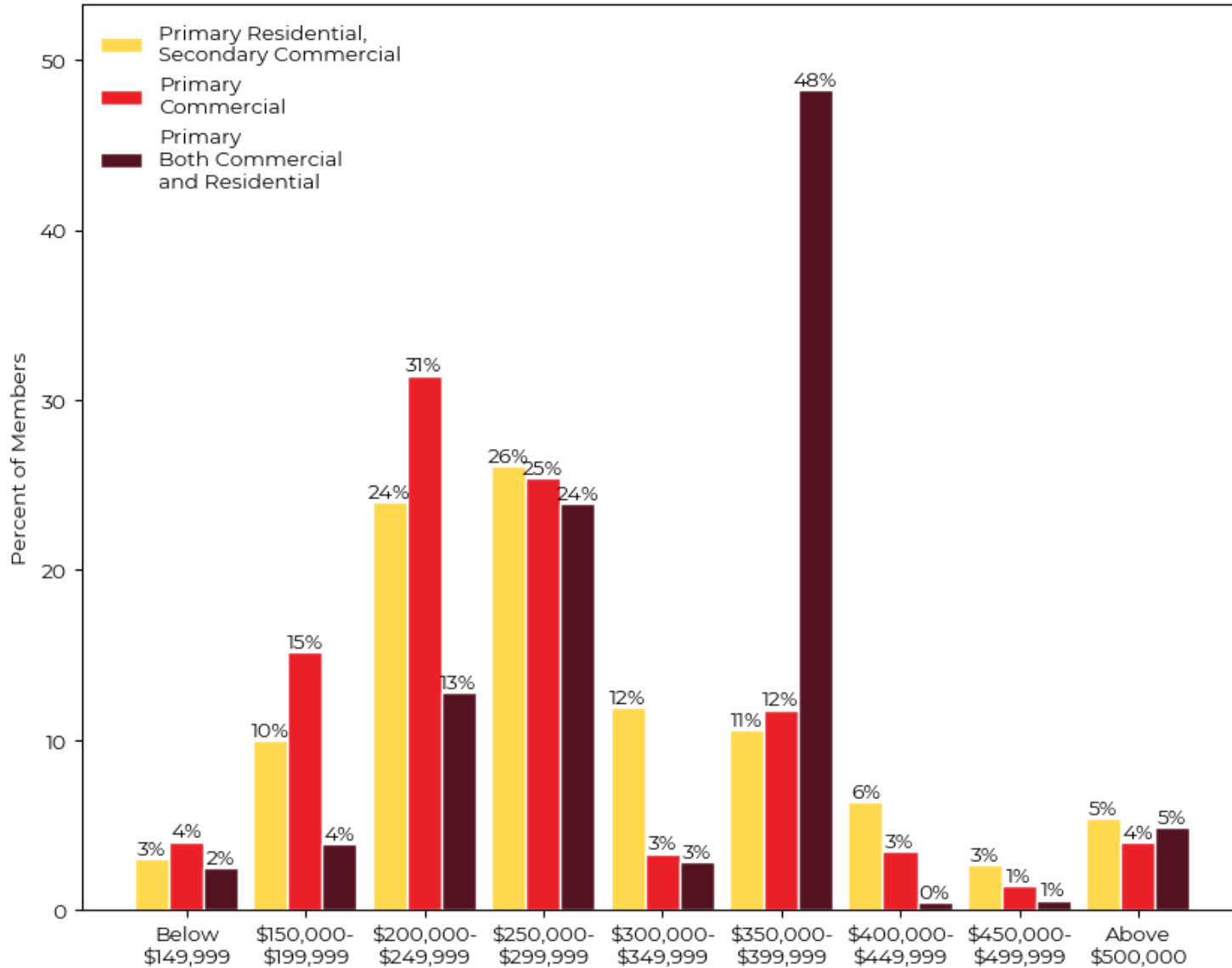
CENTRAL AND OUTLYING COUNTIES
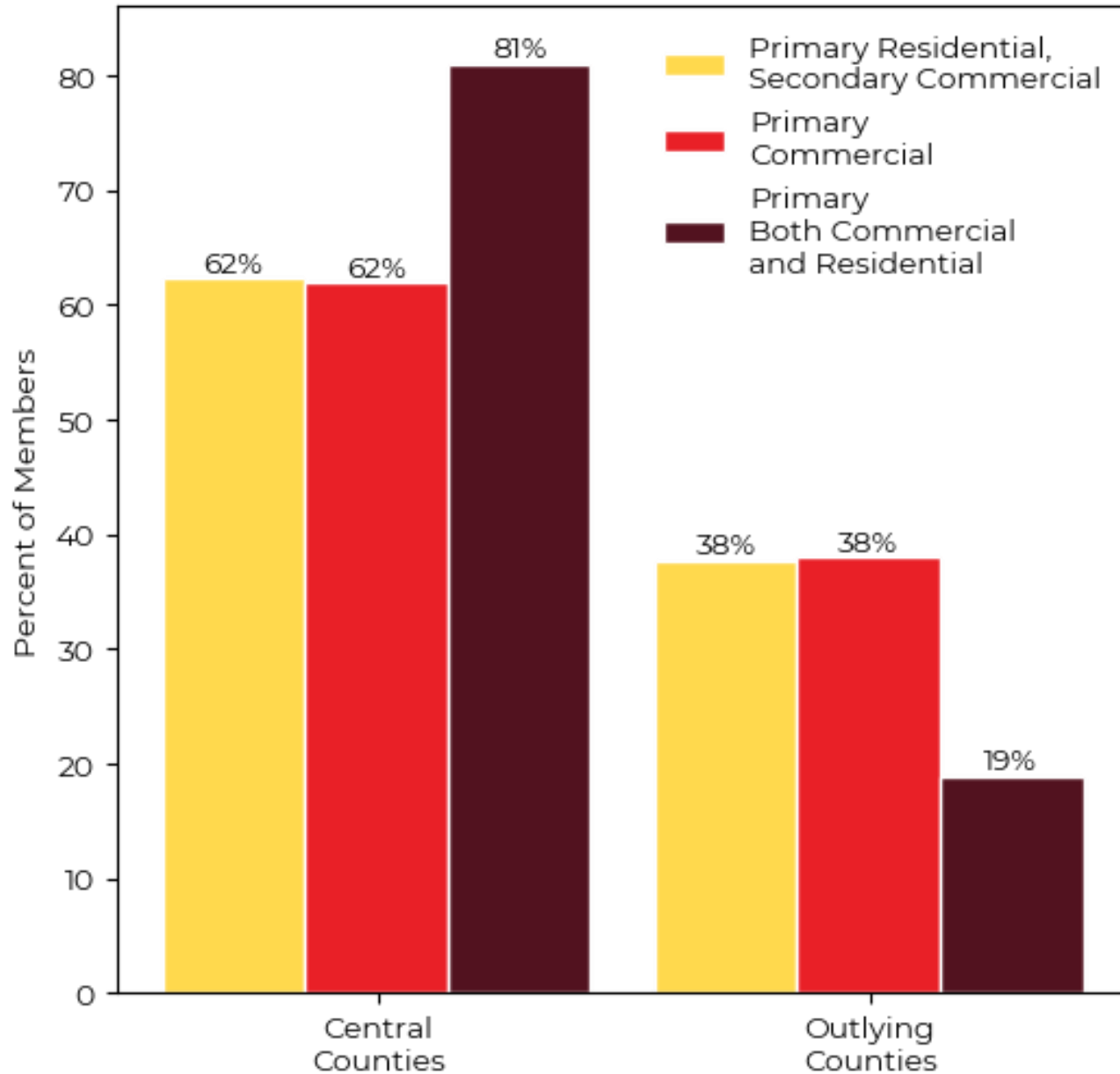
- **A third of commercial members and residential members operate in outlying counties**
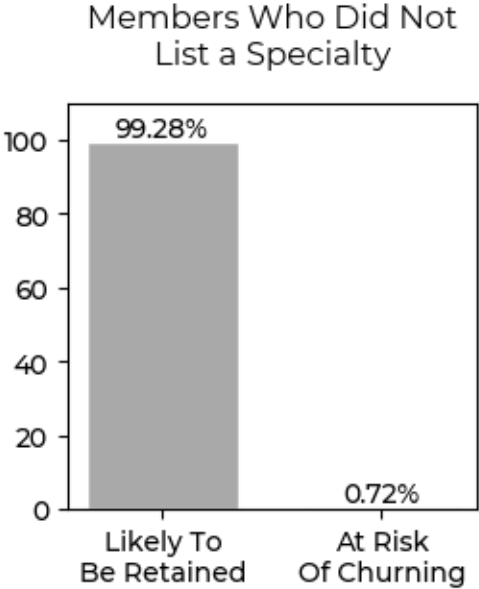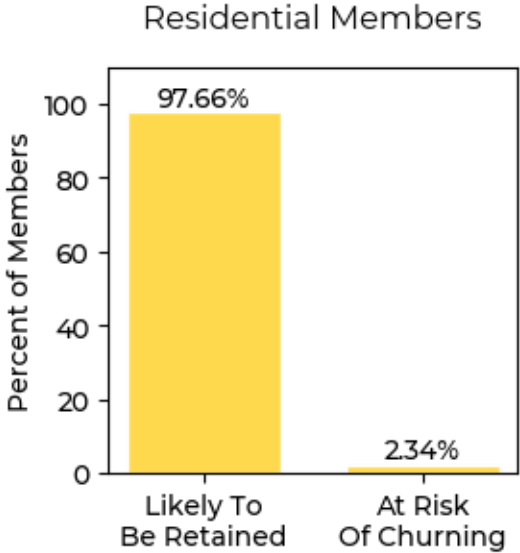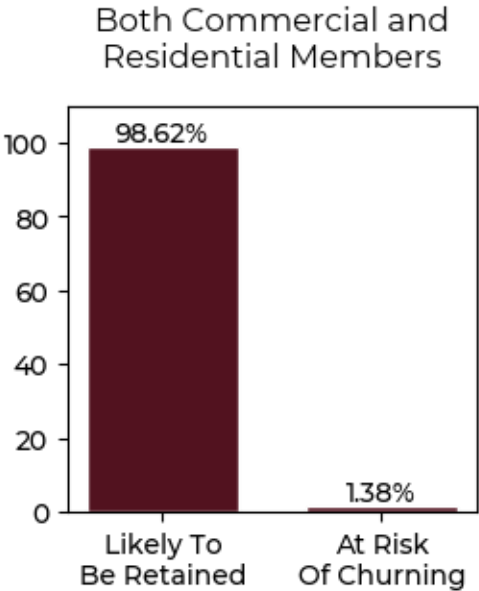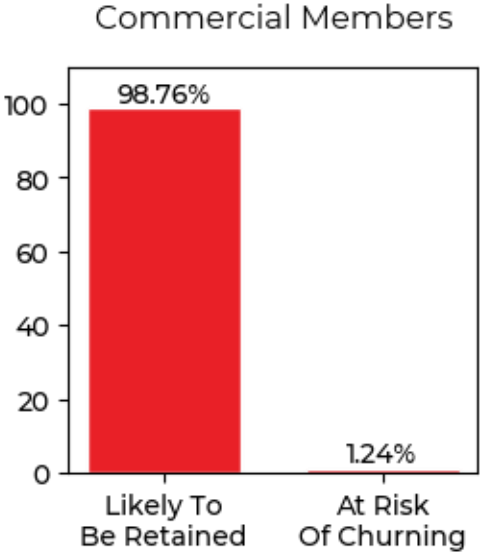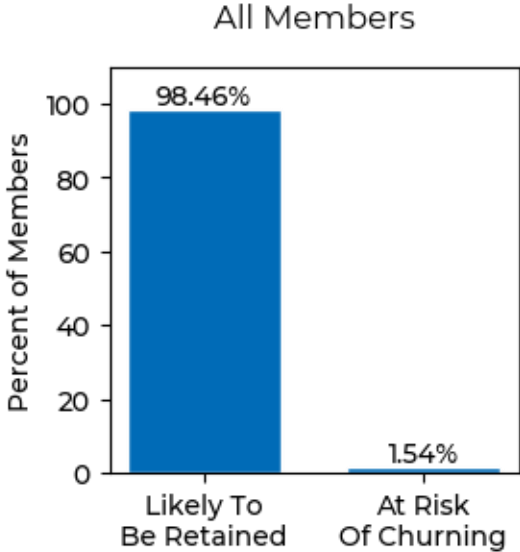
POPULATION

- **46% of dual specialists operate in cities with a population between 6 and 8 million residents**

MEDIAN ANNUAL HOME PRICE

- **48% of dual specialists operate in cities where the median annual home price is between $350-$400,000**

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COMMERCIAL RETENTION

- **Commercial members had the greatest retention rate of all specialties and were the least likely to churn in the next year**

OUTREACH

Since the release of the report in January 2020, the Data Science Team has reached out to the following NAR Groups:

- Research Group:
  - Data sharing and strategy development with Gay on the market analysis
  - Introduction and segmentation of commercial subgroups into survey channels
- Marketing:
  - Expansion of Commercial Digest and news lists
- Member Engagement:
  - Commercial Committee setting up a roundtable discussion on how to engage subgroups
- Member Experience:
  - Reaching out to members most at risk for leaving the business to keep them engaged
- NAR Local Associations:
  - Reaching out to 100 associations to ensure quality data collection of each of the commercial subgroups

PARTNERHIP WITH RPR

The Commercial Real Estate Research Advisory Board asked for a partnership with RPR

- We launched discussions in November 2019 with RPR

- Both organizations have identified a core project for phase one, RPR Usage:
  - To track user profiles of commercial members on the RPR platform and connect it with NAR member profiles, both commercial as well as residential

- Discussions underway between the groups to determine how best to share data

- Exploring additional analytical work, ideas, and strategies

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FEEDBACK & NEXT STEPS

Data Science Team wants your feedback on future projects

1

2

3

How to submit feedback & suggestions?

ADVISORY BOARD

Ask questions and make suggestions today. Follow up with Gay through the advisory board after mid-year

EMAIL

Amanda Riggs
ariggs@nar.realtor

COMMERCIAL COMMITTEE

Participate in a roundtable discussion on engaging the commercial membership with the Commercial Committee
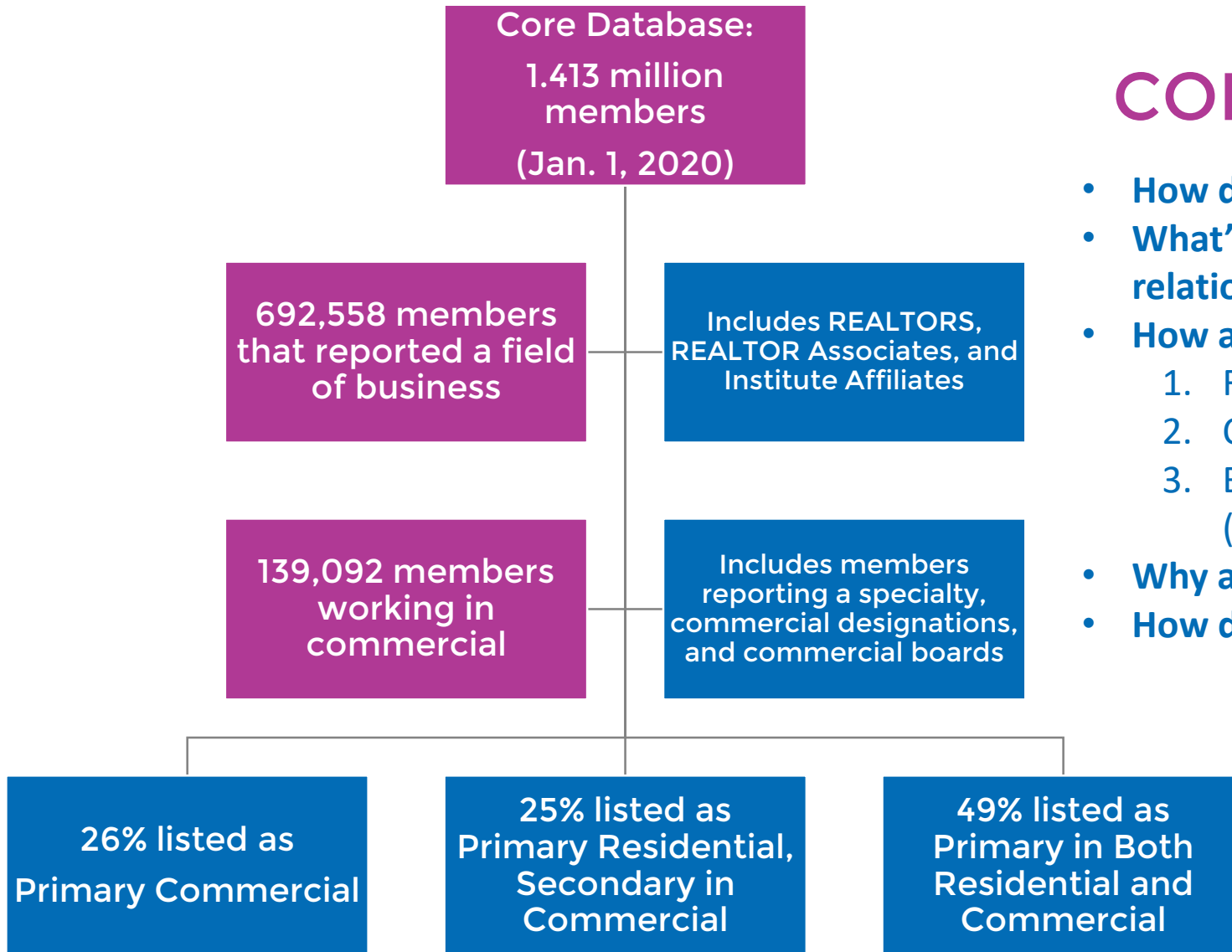
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REPORT METHODOLOGY

- In 2019, reporting the NRDS field of business become a requirement

- 158 standardized fields of business:
    1. Residential (100-199 and 411)
    2. Commercial (200-299 and 410)
    3. Both residential and commercial specialties (301-302)

- Membership data was pulled from production on January 1, 2020

- Contained an aggregate number of 692,558 members reporting a primary field of   business, or 49% of the 1.413 NAR   membership

- 139,092 members working in   comme   estate

TOTAL COMMERCIAL MEMBERS

Core Database: 1.413 million members (Jan. 1, 2020)

692,558 members that reported a field of business

Includes REALTORS, REALTOR Associates, and Institute Affiliates

139,092 members working in commercial

Includes members reporting a specialty, commercial designations, and commercial boards

26% listed as Primary Commercial

25% listed as Primary Residential, Secondary in Commercial

49% listed as Primary in Both Residential and Commercial

- **How do we find these members?**
- **What's the breakdown of commercial members in relation to all NAR members?**
- **How are they coded in the database?**
  1. Residential (100-199 and 411)
  2. Commercial (200-299 and 410)
  3. Both residential and commercial specialties (301-302)
- **Why are the numbers important?**
- **How do they differ from other data sources?**

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