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In real estate, does size matter?

by Rick Jarvis
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Being large is often a result of being good, but the Web has turned the tables

You can stop snickering now. I am referring to *brokerage* size.

Our industry is changing at an astonishing and unprecedented rate. Behemoths are waging battles over data; established national brands are being overhauled; and it seems like every day, some new startup claims it will change the way real estate is sold. While no one can tell you exactly what the future will hold, we can all agree it will look different than it does today.

But even though we acknowledge that Zillow and Trulia (and realtor.com … and Internet data exchanges [IDXs] … and Warren Buffett … and Rupert Murdoch) are changing how the game is played, have agents changed how they choose brokerages? When the recruiting email arrives promising a better split or a new office opens right around the corner, are we valuing the merits of the brokerage correctly?

Should we leave our independent company and join the national franchise with the convention in Las Vegas and the all-star panel of speakers? Or should we join the boutique on the corner with the overstuffed furniture, threadbare carpet in the lobby and the listings in the window? Or should we finally finish up the broker's license, sign the 12-month lease for the 500-square-foot space in the local office park and hire our graphics buddy to create that perfect logo?

I know what my answer would be, and it is not any of the options above.

"Well, I see their signs everywhere ..."

For any of us who have been in the business for a while, we have heard a client make a listing decision based on the number of signs they see in their neighborhood. As an agent, if you worked for the big brokerage, then you incorporated sign count (or market share) into your listing presentation and discussed why it mattered (as well you should). If you worked for a smaller brokerage, you tried (often in vain) to tout multiple listing services (MLSs) and classified ads as better ways to market a property. Sometimes clients would listen; often they didn't.

Without a doubt, larger sizes afford many advantages. Besides the aforementioned sign count, bigger firms typically have deeper advertising budgets, greater bargaining power, more robust administrative support and posher office space in key locations. Recognize, too, that a large brokerage did not just appear overnight; being large is often a result of being good. From the public's perspective, it would seem that bigger brokerages should have an advantage.

But do they?

"Is MLS #54321 still available?"

How often did you get that question via email in 1995 or even 2005? How about today?

Which do you hear more often: "I'm standing in front of 123 Main Street, and I have a question," or, "I'm on your website looking at 123 Main Street and I have a question"?

It is a generally accepted fact that 90 percent of all buyers use the Internet in some form to begin their search (or so said the National Association of Realtors and Google a few years ago). The search behaviors of the market have morphed from reading the classifieds on Sunday and driving around to surfing an endless supply of real estate portals and IDX-based sites and reading blogs to help understand the ins and outs of a neighborhood. I personally believe that more than 9 out of 10 buyers use the Web in their search (is 11 out of 10 a real number?), but the Google/NAR report is all you should need to change the way you judge a brokerage.

The impact of the Web cannot be understated. The Web, in its purest form, is the great equalizer, and those who understand its leverage are benefiting greatly.

So what matters?

The answer is intelligence ... and a digital strategy.

When anyone Googles a question about real estate, the results are not displayed according to size, company history, gross sales volume or prettiest office space. Google displays the results according to what it deems the best page to answer the question asked. If Google feels Zillow has the best answer, then Zillow will rank first. If the local Keller Williams office or the national Coldwell Banker site has the best page, then they will rank first. But if ACME Real Estate, a one-agent brokerage with a basement office, has the best page, well, ACME Real Estate will hold the number-one position.

Google cares little about many of the success metrics we (Realtors) held dear for many years. While we have long looked at yard signs to indicate who was having success, Google looks for digital signs. Where we judge ourselves by sales volume, Google judges how the public engages your content. And you know what? The public is becoming increasingly aware of just how important a brokerage's digital strategy is.

Now, before the comment section becomes littered with arguments about big vs. little, Zillow vs. IDX, blogging vs. cold calling, or franchise vs. independent, know that I'm not taking sides. A big firm that lacks a comprehensive digital strategy will cease to be big for long. Likewise, a small niche firm that has been able to survive for decades on relationships will find these relationships increasingly under attack by the firms with powerful digital footprints. Relationships still matter, and so does size; it is just that over time, the advantages they once provided will diminish if left unprotected by the firm's digital strategy.

It is the new way.

At the end of the day, deciding to join a big or small company, a startup or established firm, or a franchise or independent brokerage is no guarantee of success. Investing of tens (or even hundreds) of thousands of dollars in a new flashy website and fully integrated back-office customer relationship manager is fine, but a well-executed $39-per-month IDX feed properly integrated with a simple WordPress theme can outrank that fancy website all day long. Do your own research and dig several layers deep. You will stunned by what you find.

The public is beginning their search on the Web. Agents should too.

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