

REALTOR® MAGAZINE'S

# 2021 Residential Franchise Report

BY STACEY MONCRIEFF AND ERICA CHRISTOFFER

Affiliating your brokerage with a franchise is a decision not to be made lightly. Brokers make the financial outlay with the expectation that they'll benefit from name recognition, marketing and technology support, and education and networking opportunities. For those considering such a move, every two years REALTOR® Magazine gathers basic data about residential real estate franchises and talks with broker-owners and franchisors about what makes their brand special.

Brokers say when they considered affiliating, they looked for not only great systems but also a business model that prioritized their profitability and that of their agents.

Stephanie Sandoval has grown her company from 17 agents to 250 since joining HomeSmart in 2017.

Sandoval, broker-owner of HomeSmart Lifestyles in Fountain Hills, Ariz., was drawn to the company's Real Smart Agent and Real Smart Broker platforms, which are "really nice for a seamless transaction," she says. "The support of having a large franchise and the platforms to make growth easier has been amazing."

When Kansas broker Steven Burch, EPRO, MRP, took over the reins of his grandmother's company, he knew he didn't want to operate it as an independent company. "I wanted help with my personal and professional growth; tools, tech, and training; and recruitment." His affiliation with NextHome "has surpassed every expectation," he says. "In 2016, we had 4 agents and sold 67 units with \$7.5 million in volume. Last year, we had 25 agents, sold 408 units, and did \$69 million in volume."

Overall, since 2019, franchisors have grown their share of residential real estate brokerages slightly. The just-released 2021 National Association of REALTORS® Profile of Real Estate Firms shows 12% of real estate companies are independently owned franchise companies, up from 11% in 2019. Another 2% are subsidiaries of a national or regional corporation that operates a franchise, up from 1% in 2019. NAR's 2021 Member Profile shows individual member affiliation has remained constant: 42% of REALTORS® are affiliated with a franchise, the same as in 2019.

The fastest-growing franchises in this year's report, seeing double-digit growth in the number of U.S. offices since 2019, were Nest Realty, Flat Rate Realty, and NextHome. United Real Estate, HomeSmart, and

NextHome—all relative newcomers—saw big gains in the number of U.S. agents and brokers. Among the big brands, Keller Williams stayed fairly steady in terms of number of offices but added more than 13,000 brokers and agents, nearly a 9% gain from 2019.

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—Stephanie Sandoval, broker-owner of HomeSmart Lifestyles

“Our culture is the core differentiation,” says KW President Marc King. The company is focused on providing a great experience for new agents and barrier-free growth for top-producing agents and teams, King says. “We have a culture of abundance, and we freely share best practices and lessons learned.”

Culture fit is a critical element in the decision to affiliate. “Since its inception in 2014, NextHome has focused on growing with the right people,” says CEO James Dwiggin. “Being selective is how we ensure that we’re continuing to grow with real estate professionals who are living and breathing

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	Number of U.S. offices* 2021   2019	Number of U.S. sales associates and brokers 2021   2019	Franchise Fee	Ongoing Royalty Fee % of gross revenue unless otherwise specified	Franchise Agreement (Yrs) R-Renewable N-Nonrenewable	Renewal Fee	Other Mandatory Expenses Franchisees Can Expect M-Marketing/advertising T-Technology E-Education/conferences/training
<b>@properties</b> atproperties.com	65   N/A	4,142   N/A	\$35k	6% of GCI	10   R	\$5k	T
<b>Began franchising:</b> 2020   Chicago   Chris Lim   chrislim@atproperties.com							
<b>Assist2Sell</b> buyassist2sell.com	186   209	800   800	\$14.5k	6%	5   R	\$2,995	M
<b>Began franchising:</b> 1996   Reno, Nev.   Ryan Elliott   Ryan@Assist2Sell.com							
<b>Berkshire Hathaway HomeServices</b> berkshirehathawayhs.com	1,442   1,450	50,291   50,000	\$25k	Sliding rate: 6%–2% of GCI	10   N	N/A	M, agent referral fees
<b>Began franchising:</b> 2013   Irvine, Calif.   Jason Greenleaf   jasongreenleaf@hsfranchise.com							
<b>Better Homes and Gardens Real Estate LLC</b> bhgrefranchise.com	370   368	12,443   12,277	\$35k	N/A	10   N	N/A	M
<b>Began franchising:</b> 2008   Madison, N.J.   Rich DeNicola   rich.denicola.n@bhgrealestate.com							
<b>Century 21 Real Estate LLC</b> century21.com	2,000   2,174	50,500   53,571	\$25k	6% of GCI	10   N	N/A	M
<b>Began franchising:</b> 1971   Madison, N.J.   Peter Mosca   peter.mosca@century21.com							
<b>City2Shore National Franchises</b> city2shore.com	12   N/A	122   N/A	\$25k	6% of GCI, capped at \$3,000/agent	5   R	\$12.5k	M, T, Website hosting
<b>Began franchising:</b> 2016   Hudsonville, Mich.   Steve Koop   stevekoop.c2snational@city2shore.com							
<b>Coldwell Banker Real Estate LLC</b> coldwellbanker.com/franchising	2,043   2,165	96,628   85,192	\$25k	N/A	10   N	N/A	M, T, E
<b>Began franchising:</b> 1982   Madison, N.J.   Jere Robinson   jere.robinson@cbhomeoffice.com							
<b>Crye-Leike Franchises Inc.</b> crye-leike.com/corporate/franchises	140   138	3,244   3,241	\$13.5k–\$25k	6%	5   R	Greater of 20% of initial investment or \$2.5k	None
<b>Began franchising:</b> 1998   Brentwood, Tenn.   Keith Sullivan   keith.sullivan@crye-leike.com							
<b>Engel &amp; Völkers North America</b> evrealestate.com	195   176	4,092   3,251	\$35k	Greater of 6% of GCI or \$1k/month	10   R	50% of initial fee	M, E
<b>Began franchising:</b> 2013   New York   Jacob Stepan   jacob.stepan@evrealestate.com							
<b>ERA Franchise Systems LLC</b> teamera.com	471   508	12,751   16,939	\$25k	N/A	10   N	N/A	None
<b>Began franchising:</b> 1972   Madison, N.J.   Diana Wall   diana.wall@realogy.com							

This information is supplied by the companies and has not been independently verified.


\*Combined franchised and company-owned offices as of March 1, 2021

the ‘Humans Over Houses’ mindset—a movement, a mantra, a belief that if we take care of the humans, then the selling of the houses will take care of itself.”

During the early, dark days of the COVID-19 pandemic, agent care became a watchword for franchisors. Exit Realty, for example, rolled out a “Take Action Stimulus Package” in April 2020 that included a wide range of educational opportunities, including yoga, meditation, and the teachings of self-help author Eckhart Tolle. CEO Tami Bonnell calls her company “the ‘uncola’ of the industry, dedicated to providing a quality of life for our

agents.” Exit sold 50 franchises in 2020 and had already matched that number by August 2021, Bonnell says.

Ultimately, the bottom line for brokers is this: How well does the franchise help you attract and retain quality agents? “The best retention tools we have are rooted in two areas,” says Rick Haase, president of United Real Estate. “All of our operating units have fully committed brokers available round the clock for hands-on support, and our compensation programs drive nearly 100% of the gross commission income generated on sales right back to the agents.”

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<b>Exit Realty Corp. USA</b> joinexitrealty.com	541   539	20,000   20,000	<b>\$75k–\$32k</b>	None	5   R	10% of franchise fee	T
<b>Began franchising:</b> 1996   Woburn, Mass.   Craig Witt   cwitt@miexitrealty.com							
<b>Flat Rate Realty</b> joinflatraterealty.com	19   14	25   25	<b>\$995</b>	\$570/transaction	1   R	None	None
<b>Began franchising:</b> 2006   Scotts Valley, Calif.   Thomas Moulding   flatraterealty@gmail.com							
<b>Harcourts North America</b> harcourtsusa.com	25   36	636   720	<b>\$25k</b>	6% of GCI (sliding scale)	5   R	\$2.5k	T
<b>Began franchising:</b> 2010   Dana Point, Calif.   Benjamin Brady   ben.brady@harcourtsna.com							
<b>Help-U-Sell Real Estate</b> helpusell.com	90   N/A	90   N/A	<b>\$1775k</b>	6%	5   R	None	Monthly admin fee
<b>Began franchising:</b> 1976   Sarasota, Fla.   Lorrie Cozzens   lorriecozzens@helpusell.com							
<b>HomeSmart International</b> homesmart.com/franchising	195   170	22,901   16,290	<b>\$20k</b>	\$12/agent/month	10   R	50% of franchise fee	M, T, E
<b>Began franchising:</b> 2011   Scottsdale, Ariz.   Bryan Brooks   bbrooks@homesmart.com							
<b>Howard Hanna</b> franchise.howardhanna.com	341   330	10,376   9,326	<b>\$25k</b>	2%–6% of GCI	10   R	\$5k	M, T, E
<b>Began franchising:</b> 2010   Pittsburgh   Tom Schoeller   tomschoeller@howardhanna.com   Target area: Northeast, Mid-Atlantic, Midwest							
<b>John L. Scott Real Estate Affiliates</b> johnlscottfranchise.com	106   111	3,450   3,234	<b>\$15k first office; \$5k each add'l office</b>	5% of GCI, reducing as GCI increases. No cap desk-fee option of \$200 per month per licensee for qualified offices	1 or 5   R	None	M, E, “Win a Trip” (\$6 per agent per year)
<b>Began franchising:</b> 1992   Bellevue, Wash.   Howard Chung   franchiseinfo@johnlscott.com							
 franchise.jp&r.com	56   25	3,412   1,538	<b>\$25k</b>	\$125/transaction	10   N	N/A	T, E, agent dues
<b>Began franchising:</b> 2019   Frisco, Texas   Rick Davidson   franchise@jpar.com JP&R® - Real Estate is America's fastest-growing 100% commission real estate company, offering agents and affiliated brokerages a full-service experience in a transaction fee-based model. Franchisees receive industry-leading technology, onboarding services, recruiting, coaching, and support. JP&R® has been recognized by Real Trends, Inman, and Inc for its innovation and growth.							

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<b>Keller Williams</b> headquarters.kw.com	819   825	167,464   153,904	<b>\$35k</b>	6%	5   R	10% of current fee or \$5,000, whichever is less	M, T, E
<b>Began franchising:</b> 1987   Austin, Texas   Debbie Gardner   debbie.gardner@kw.com							
<b>Nest Realty</b> nestrealty.com	22   13	450   275	<b>\$25k</b>	3%–4.5%	10   R	\$1,000	T
<b>Began franchising:</b> 2017   Charlottesville, Va.   Jonathan Kauffmann   jk@nestrealty.com							
<b>NextHome Inc.</b> nexthome.com	485   350	4,500   3,200	<b>\$4.25k–\$8.5k</b>	\$100/office/month, plus per-agent fee	1 or 5   R	\$4,250	T
<b>Began franchising:</b> 2015   Pleasanton, Calif.   Charis Moreno   Charis@nexthome.com							
<b>Real Estate One Inc.</b> realestateone.com	85   N/A	2,454   N/A	<b>\$12.9k–\$18.9k</b>	5% of GCI	5   R	None	T
<b>Began franchising:</b> 1972   Southfield, Mich.   Dennis Pearsall   dpearsall@realestateone.com   Target area: Michigan							
<b>Realty Executives International</b> realtyexecutives.com/joinus	325   355	5,552   6,500	<b>\$1k–\$10k</b>	\$99–\$300/agent/month	10   R	None	M
<b>Began franchising:</b> 1973   Phoenix   David Celaya   davidcelaya@realtyexecutives.com							
<b>Realty World Inc.</b> realtyworld.com	188   235	1,489   2,300	<b>\$18k</b>	\$275/office/month, plus per-agent fee	5+   R	Varies	M, T
<b>Began franchising:</b> 1973   Newport Beach, Calif.   Lisa Gerdes   realtyworldgerdes@gmail.com							
<b>RE/MAX LLC</b> remax-franchise.com	3,597   3,765	62,096   62,664	<b>\$175k–\$375k</b>	\$117–\$140/agent/month	5   R	\$6k–\$19k	M, plus 1% of GCI and \$410 annual fee per agent
<b>Began franchising:</b> 1973   Denver   Peter Luft   franchiseinquiries@remax.com							
<b>Sotheby's International Realty Affiliates LLC</b> sothebysrealty.com	670   655	20,765   19,500	<b>\$25k</b>	6%	10   R	None	M
<b>Began franchising:</b> 2004   Madison, N.J.   Joe Bernardo   joe.bernardo@sothebys.realty							
<b>Tucker Associates</b> talktotucker.com	48   N/A	1,500   N/A	<b>\$0</b>	6% of GCI	5   R	None	T
<b>Began franchising:</b> 1989   Indianapolis   Mark Bush   mbush@talktotucker.com   Target areas: Midwest, IN, OH, MI, IL, KY							
<b>United Country Real Estate</b> uc-realestatefranchise.com	480   450	5,000   5,000	<b>\$20k</b>	6%–10% of GCI	5   R	\$1k–\$2k	T, E
<b>Began franchising:</b> 1997   Kansas City, Mo.   Richard Thompson   rgthompson@unitedcountry.com							
<b>United Real Estate</b> GrowWithUnited.com	83   89	11,097   3,944	<b>\$35k</b>	None	10   R	\$5k	E, plus transaction fees, market share growth goal minimum, E&O
<b>Began franchising:</b> 2013   Dallas   Rick Haase   Franchise@unitedrealestate.com							
<b>Weichert Real Estate Affiliates</b> weichertfranchise.com	500   485	15,200   13,500	<b>\$25k</b>	6%	10   R	None	M
<b>Began franchising:</b> 2001   Morris Plains, N.J.   Bill Scavone   bscavone@weichertrealtors.net							
<b>Windermere Real Estate</b> windermere.com	310   318	6,300   6,386	<b>\$25k</b>	5% of GCI	1   Auto renewal	None	M, T, E
<b>Began franchising:</b> 1983   Seattle   Brooks Burton   brooks.burton@windermere.com   Target area: Western U.S.							

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