

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
@properties atproperties.com	65 N/A	4,142 N/A	\$35k	6% of GCI	10 R	\$5k	T
Began franchising: 2020 Chicago Chris Lim chrislim@atproperties.com							
Assist2Sell buyassist2sell.com	186 209	800 800	\$14.5k	6%	5 R	\$2,995	M
Began franchising: 1996 Reno, Nev. Ryan Elliott Ryan@Assist2Sell.com							
Berkshire Hathaway HomeServices 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
Began franchising: 2013 Irvine, Calif. Jason Greenleaf jasongreenleaf@hsfranchise.com							
Better Homes and Gardens Real Estate LLC bhgrefranchise.com	370 368	12,443 12,277	\$35k	N/A	10 N	N/A	M
Began franchising: 2008 Madison, N.J. Rich DeNicola rich.denicola.n@bhgrealestate.com							
Century 21 Real Estate LLC century21.com	2,000 2,174	50,500 53,571	\$25k	6% of GCI	10 N	N/A	M
Began franchising: 1971 Madison, N.J. Peter Mosca peter.mosca@century21.com							
City2Shore National Franchises 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
Began franchising: 2016 Hudsonville, Mich. Steve Koop stevekoop.c2snational@city2shore.com							
Coldwell Banker Real Estate LLC coldwellbanker.com/franchising	2,043 2,165	96,628 85,192	\$25k	N/A	10 N	N/A	M, T, E
Began franchising: 1982 Madison, N.J. Jere Robinson jere.robinson@cbhomeoffice.com							
Crye-Leike Franchises Inc. 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
Began franchising: 1998 Brentwood, Tenn. Keith Sullivan keith.sullivan@crye-leike.com							
Engel & Völkers North America 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
Began franchising: 2013 New York Jacob Stepan jacob.stepan@evrealestate.com							
ERA Franchise Systems LLC teamera.com	471 508	12,751 16,939	\$25k	N/A	10 N	N/A	None
Began franchising: 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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Exit Realty Corp. USA joinexitrealty.com	541 539	20,000 20,000	\$75k–\$32k	None	5 R	10% of franchise fee	T
Began franchising: 1996 Woburn, Mass. Craig Witt cwitt@miexitrealty.com							
Flat Rate Realty joinflatraterealty.com	19 14	25 25	\$995	\$570/transaction	1 R	None	None
Began franchising: 2006 Scotts Valley, Calif. Thomas Moulding flatraterealty@gmail.com							
Harcourts North America harcourtsusa.com	25 36	636 720	\$25k	6% of GCI (sliding scale)	5 R	\$2.5k	T
Began franchising: 2010 Dana Point, Calif. Benjamin Brady ben.brady@harcourtsna.com							
Help-U-Sell Real Estate helpusell.com	90 N/A	90 N/A	\$1775k	6%	5 R	None	Monthly admin fee
Began franchising: 1976 Sarasota, Fla. Lorrie Cozzens lorriecozzens@helpusell.com							
HomeSmart International homesmart.com/franchising	195 170	22,901 16,290	\$20k	\$12/agent/month	10 R	50% of franchise fee	M, T, E
Began franchising: 2011 Scottsdale, Ariz. Bryan Brooks bbrooks@homesmart.com							
Howard Hanna franchise.howardhanna.com	341 330	10,376 9,326	\$25k	2%–6% of GCI	10 R	\$5k	M, T, E
Began franchising: 2010 Pittsburgh Tom Schoeller tomschoeller@howardhanna.com Target area: Northeast, Mid-Atlantic, Midwest							
John L. Scott Real Estate Affiliates johnlscottfranchise.com	106 111	3,450 3,234	\$15k first office; \$5k each add'l office	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)
Began franchising: 1992 Bellevue, Wash. Howard Chung franchiseinfo@johnlscott.com							
 franchise.jp&r.com	56 25	3,412 1,538	\$25k	\$125/transaction	10 N	N/A	T, E, agent dues
Began franchising: 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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Keller Williams headquarters.kw.com	819 825	167,464 153,904	\$35k	6%	5 R	10% of current fee or \$5,000, whichever is less	M, T, E
Began franchising: 1987 Austin, Texas Debbie Gardner debbie.gardner@kw.com							
Nest Realty nestrealty.com	22 13	450 275	\$25k	3%–4.5%	10 R	\$1,000	T
Began franchising: 2017 Charlottesville, Va. Jonathan Kauffmann jk@nestrealty.com							
NextHome Inc. nexthome.com	485 350	4,500 3,200	\$4.25k–\$8.5k	\$100/office/month, plus per-agent fee	1 or 5 R	\$4,250	T
Began franchising: 2015 Pleasanton, Calif. Charis Moreno Charis@nexthome.com							
Real Estate One Inc. realestateone.com	85 N/A	2,454 N/A	\$12.9k–\$18.9k	5% of GCI	5 R	None	T
Began franchising: 1972 Southfield, Mich. Dennis Pearsall dpearsall@realestateone.com Target area: Michigan							
Realty Executives International realtyexecutives.com/joinus	325 355	5,552 6,500	\$1k–\$10k	\$99–\$300/agent/month	10 R	None	M
Began franchising: 1973 Phoenix David Celaya davidcelaya@realtyexecutives.com							
Realty World Inc. realtyworld.com	188 235	1,489 2,300	\$18k	\$275/office/month, plus per-agent fee	5+ R	Varies	M, T
Began franchising: 1973 Newport Beach, Calif. Lisa Gerdes realtyworldgerdes@gmail.com							
RE/MAX LLC remax-franchise.com	3,597 3,765	62,096 62,664	\$175k–\$375k	\$117–\$140/agent/month	5 R	\$6k–\$19K	M, plus 1% of GCI and \$410 annual fee per agent
Began franchising: 1973 Denver Peter Luft franchiseinquiries@remax.com							
Sotheby's International Realty Affiliates LLC sothebysrealty.com	670 655	20,765 19,500	\$25k	6%	10 R	None	M
Began franchising: 2004 Madison, N.J. Joe Bernardo joe.bernardo@sothebys.realty							
Tucker Associates talktotucker.com	48 N/A	1,500 N/A	\$0	6% of GCI	5 R	None	T
Began franchising: 1989 Indianapolis Mark Bush mbush@talktotucker.com Target areas: Midwest, IN, OH, MI, IL, KY							
United Country Real Estate uc-realestatefranchise.com	480 450	5,000 5,000	\$20k	6%–10% of GCI	5 R	\$1k–\$2k	T, E
Began franchising: 1997 Kansas City, Mo. Richard Thompson rgthompson@unitedcountry.com							
United Real Estate GrowWithUnited.com	83 89	11,097 3,944	\$35k	None	10 R	\$5k	E, plus transaction fees, market share growth goal minimum, E&O
Began franchising: 2013 Dallas Rick Haase Franchise@unitedrealestate.com							
Weichert Real Estate Affiliates weichertfranchise.com	500 485	15,200 13,500	\$25k	6%	10 R	None	M
Began franchising: 2001 Morris Plains, N.J. Bill Scavone bscavone@weichertrealors.net							
Windermere Real Estate windermere.com	310 318	6,300 6,386	\$25k	5% of GCI	1 Auto renewal	None	M, T, E
Began franchising: 1983 Seattle Brooks Burton brooks.burton@windermere.com Target area: Western U.S.							

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NextHome Inc. | James Dwiggins, CEO

Q: NextHome has experienced impressive growth since REALTOR® Magazine's last franchise report two years ago. What has been your proudest moment?

We are just under seven years old, and we ended the third quarter with 540 franchise locations and over 5,000 members across 48 states. By the end of this year, we project closing more than 35,000 transactions worth \$10.2 billion in volume.

However, these numbers are not how we measure success. NextHome remains focused on the people—our clients, our communities, and our members. It's why being named the number one franchise based on owner satisfaction by *Franchise Business Review* earlier this year is our most meaningful recognition to date. A survey ranked over 300 of the country's top franchise brands across all industries, and it was the anonymous feedback of our owners that landed us in first position. It's truly humbling, and we aim to continue providing an exceptional experience for our NextHomies.

Q: What's the secret ingredient to your growth?

We're selective about who we let into our organization. Over the years, it's resulted in an environment of collaboration where our members want to see each other succeed. They invest in themselves, their clients, and their communities.

At the core of our organization is a mindset we call "Humans Over Houses." It's the idea of putting people first. Our NextHomies live and breathe it every day. A few months back we launched a new landing page to capture the movement. HumansOverHouses.com puts the spotlight on buyers and sellers and their journey toward homeownership. Reading their stories ensures we never lose sight of why we are in this profession in the first place.

Q: How does NextHome support brokers and agents in growing their business?

We provide a level of flexibility that is unmatched by others in our industry. With one-year or five-year agreements, and zero requirements on agent count or office size, franchise owners can get started quickly and build their business at the right pace for them. Success looks different for different people; virtual or brick-and-mortar, small or midsize, we have something for everyone.

Our single sign-on platform is ever-evolving. We continue to tweak, add, and tweak some more, improving it year-round to ensure our brokers and agents have the right tools at their fingertips. The marketing and tech tools in our system work together seamlessly. There's no need to log into 18 different websites and remember numerous passwords. We take pride in our tech stack. We have a team of real people supporting it and over 72% adoption rate among members.

We aim to save you time so you can focus on building relationships and expanding your book of business. It's that simple.



nexthome.com