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**LOCAL REAL ESTATE MARKET COMPETITION:
EVIDENCE AND INSIGHT FROM AN ANALYSIS OF 12 LOCAL MARKETS**

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EXECUTIVE SUMMARY
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In this report we summarize analyses on 12 local real estate markets that reflect a convenience sample of the largest 800 metropolitan areas in the United States. We provide evidence and discussion regarding the U.S. real estate industry's levels of competition in local real estate markets and in doing so disabuse notions that a single or national market exists. Data on these 12 local real estate markets are drawn from local MLS, interviews, and secondary sources. Data are limited but compelling and we offer here exploratory analysis and discussion.

The central finding is the intense competition in local real estate markets. This high level of competition in real estate is striking given that the combined volume dollar growth across the many local real estate markets would suggest that competition might be lessened (as growth provides a means for all participants to gain).

Five additional points bear on this finding:

1. Patterns of competitive activity vary across local real estate markets

- * In 10 of the 12 markets, the percentage of market share held by top firms is shrinking.
- * There is steady to substantial growth in each of the 12 markets
- * In seven of the 12 markets, and four of the six largest, franchised firms have a larger percentage share of the market than do the other locally-owned firms.

2. Few patterns of competitive activity are common to all local real estate markets

- * Smaller markets are more concentrated than are the larger markets.
- * There are market share position changes among the top firms in each market.

3. Within each local real estate market inter-firm competition is fierce.

- * There are changes in relative market share of the top firms in each of the 12 markets, market entry of new firms, and market exit of existing firms.

4. Smaller markets are seeing the least growth

- * The smallest markets (in terms of population) are seeing the least growth (relative to annualized dollar volume sales increase).

5. Increased access to information is redefining how consumers engage real estate.

- * Consumers are more knowledgeable regarding house prices, brokerage alternatives, and their expectations for services provided by real estate agents.
- * It may be that online access to listing data is what enables each of these local real estate markets to grow even as it drives competition.
- * We found no evidence that alternative business models such as discount brokerage or for-sale-by-owner (FSBO) sales are increasing in any of these local markets.

**LOCAL REAL ESTATE MARKET COMPETITION:
EVIDENCE AND INSIGHT FROM AN ANALYSIS OF 12 LOCAL MARKETS**

In this report we summarize analyses on 12 local real estate markets. We do so to provide evidence and discussion regarding competition in the U.S. real estate industry. We are motivated by two elements of the current discourse regarding competition in this industry: (1) the one market simplification and (2) the roles that information and communications technologies (ICT) can play in markets. Here we focus on providing evidence and discussion to support the contention that the U.S. real estate industry is not a singular market. We use the evidence drawn from a convenience sample of metropolitan areas that we have collected to date to illustrate that the U.S. real estate industry is a collection of many local real estate markets.

We note that the structure and basic principles that help guide the activities in each of the many local real estate markets are similar. But, they are by no means common, unitary, or simply described. Similarity of structure and function across the many players in an industry is quite common. This is why baseball teams tend to look and operate much like one-another, as do universities, gas stations, and hospitals, etc. The set of principles that shape a set of competitors, or any group of social units, to look like one-another over time, is known as institutional isomorphism (DiMaggio and Powell, 1983; Scott, 2001). These principals include structural characteristics (such as size, governance and allocation of resources and incentives) and functions (such as important work processes, the take up and uses of ICT, development and sharing of social norms of behavior, and the use of language – such as industry- specific jargon and shared technical terms).

The principals of institutional isomorphism suggest that the structure and function of the local real estate markets making up the U.S. residential industry are similar. This similarity makes it easy to confuse the collective action of thousands of local markets with the underlying commonalities of a real estate market. The differences in the ways in which the basic principles of a market get enacted in complex ways in each local real estate market make it difficult to ascertain effects of large scale structural and policy changes.

A real estate market is defined by common elements such as competition via price and service, the involvement of buyers, sellers, real estate agents and other value-adding service providers, a set of rules and regulations, and key process steps such as listing, purchase and sales, and closing. However, the buyers, sellers, real estate agents and other value-adding service providers who compete for house listings, purchases and sales in Washington, DC are NOT competing with the buyers, sellers, real estate agents and other value-adding service providers in State College, PA. Moreover, as we note below, even the data we provide here masks important micro-market differences. The buyers, sellers, real estate agents and value-adding service providers in Montgomery County, MD and Fairfax County, VA are not competing with one-another (even though the demographics of these two markets are quite similar). And, neither set of players are involved in the southwest Washington, DC micro-market.

In other work we have argued that the roles that ICT are playing in these many local real estate markets have some commonalities (Crowston, Sawyer and Wigand, 2001; Sawyer, Crowston, Wigand, and Allbritton, 2003; Sawyer, Wigand and Crowston, 2005). We highlighted that real

estate agent's are less valued for their information control than they are for the professional contact and their ability to bring parties to a fruitful transaction (the closing). We showed that local real estate markets are driven by the social networks and social capital that real estate agents bring. And, we noted that the networks of professional social activity were the vehicles that made local real estate markets happen. We further noted that the over-simplification of market concepts too often masks the values that the ICT can have in that the focus is too often on the first-level effects of use and not on the second level effects. We return to this point in the discussion (and expand on this in Sawyer, Wigand, Crowston, 2005).

In the rest of this report we provide a summary of the data collection, analysis, findings, discussion, and review a set of issues and implications relative to 12 local real estate markets in the U.S.

DATA COLLECTION

In Table 1 we summarize the data used to support the analysis and discussion. Data on sales were provided by contacts in each of the local real estate markets and in most cases passed on to the research team by members of the National Association of Realtors (NAR). Included in this report are evidence, analyses and discussion of 12 local real estate markets: St. Louis, MO; Tampa, FL; Columbus, OH, Madison, WI; Lima, OH; Baltimore, MD; Culpeper, VA; Cumberland, MD; Charlotte, NC; Easton, MD; Hagerstown, MD; and Wilmington, NC.¹

These 12 markets were selected based on a combination of pragmatics: we had to be able to get secondary data from local sources (so we needed to have a willing local contact who could provide us with data). We had to have some contextual knowledge of the local market (so we needed to have knowledgeable people who were willing to speak with us and we needed to have access to additional secondary data from web and other documentary sources). We had to be able to find markets that allowed us to both compare on similarity (such as population or rate of market growth) and contrast (by size of market or differences in market activity). And, given the charge by our sponsors (the NAR), we had a very tight window of time to engage this analysis. The scholarly term for this is "convenience sample" since it is neither randomized on key variables (such as market size, market activity, or take up and uses of specific practices or ICT-based systems) nor is it selected blindly. In terms of effort, this data has been anything but convenient to gather, a point we return to in our discussion and recommendations.

Baltimore, MD; St. Louis, MO; Tampa, FL; Charlotte, NC and Columbus, OH are similar local real estate markets in terms of population (all rank in top 50 metro areas in the US). Madison, WI, Wilmington, NC, Hagerstown, MD and Culpeper, VA provide a window into the local real estate market activities of medium-sized metropolitan areas. The Easton, MD, Cumberland, MD and Lima OH local real estate markets provide a window into small-sized metropolitan areas. As we note, each is unique relative to its local real estate market.

¹ Currently, we have either single year or partial second year data on New York, NY and Raleigh-Durham, NC. Thus, these two local real estate markets are not included.

Table 1: Current data by local real estate market*

	2000	2001	2002	2003	2004	Interviews
St. Louis, MO	X	X	X	X	X	1
Lima, OH				X	X	2
Madison, WI	X	X	X	X	X	1
Tampa, FL			X	X	X	1
Columbus, OH			X	X	X	0
Wilmington, NC		X	X	X	X	0
Baltimore, MD		X	X	X	X	0
Culpeper, VA		X	X	X	X	0
Charlotte, NC				X	X	0
Easton, MD		X	X	X	X	0
Hagerstown, MD		X	X	X	X	0
Cumberland, MD		X	X	X	X	0

* Notes:

X Indicates we have data for that year

We interviewed five people from these local real estate markets. We contacted 29 people (multiple times) and note in passing the low response rate. Interviewees included active real estate agents, brokers, and owners of real estate firms. We also drew on the more than 50 interviews done for other research in real estate (listed in the references) when possible.

We gathered additional evidence on each market from a variety of sources (such as Census, local web sites like the Chamber of Commerce and municipal portals) and other published sources in the academic and professional press.

DATA ANALYSIS

We engage this data multiple ways. For the market share data we do graphing to understand trends within markets. We do comparisons and summaries across markets. And, we use the interview and other secondary data to help us sort and organize, to provide insight on trends, and to triangulate secondary data provided by local market people.

We have had to do some data cleaning. There are some questionable data, and there are missing data. These are noted relative to each market in table notes. Variations in what is collected, its quality, and its completeness seem to be the norm with local real estate market data.

FINDINGS

In Table 2 we report three findings and discuss them, below. Two of these findings are drawn from comparing the 12 local markets. We also present and discuss one finding that seems specifically related to the size (in terms of population) of the local real estate markets. Specific

findings and observations relative to each of the local markets are discussed in those local market sections.

Summaries of the data analysis for each of the 12 local markets are appended and can be found on the following pages:

St. Louis, MO on p. 12	Lima, OH on p. 32	Charlotte, NC on p. 47
Tampa, FL on p. 17	Wilmington, NC on p. 35	Easton, MD on p. 51
Columbus, OH on p. 22	Baltimore, MD on p. 39	Hagerstown, MD on p. 55
Madison, WI on p. 27	Culpeper, VA on p. 43	Cumberland, MD on p. 59.

Table 2: Findings from comparison across the 12 local real estate markets

Finding #1: Activity varies in each local real estate market:

- * In most markets, but not all, market share held by top firms is shrinking.
- * In many markets, franchised firms have larger percentage of the market than do the other locally-owned firms.
- * Independent firms compete successfully with locally-owned franchises in each of the 12 local real estate markets.
- * Some local real estate markets are growing slowly, others are growing very fast.
- * Some local real estate markets see more growth in dollar volume, others see more growth in number of units sold.

Finding #2: There are few patterns common to all local real estate markets:

- * Smaller markets are more concentrated than are larger markets.
- * Independent firms often have a larger share of the smaller markets.
- * There are market share position changes in every market.

Finding #3: Smaller markets are seeing the least growth

Finding #1: Activity varies in each local real estate market:

We find that in 10 of the 12 local real estate markets we have analyzed, the market share held by top firms is shrinking. In seven of the 12 markets, and in the two largest markets (as a function of population, sales and units sold), franchised firms have larger percentage share of the local real estate market than do the other locally-owned firms.

As we note in Table 3, local real estate markets are growing, though the rate of this growth varies greatly. Discounting the data on the Lima, OH, local real estate market (for, as we note in that, there are some issues with the two years of data that we have), four local real estate markets have single-digit annualized increases (Columbus, OH; Tampa, FL; Cumberland, MD; and Easton MD) and the others are increasing at double-digit rates. Across the years for which we have data, we note that St. Louis, MO is growing at 11% per year. Madison, WI is growing at 20% per year.

Most of these local real estate markets see more growth in dollar volume. In eight of the 12 the difference is quite large. Only in the St. Louis market do we see more growth in number of units sold. We do not have volume dollar sales for Tampa, so the analysis is based on number of units sold (which has a lower annual rate of growth in most of the local real estate markets and may skew interpretation of this market).

Table 3: Growth rates of the 12 Local Real Estate Markets Analyzed

Local real estate market	Years of Data	Annual rate of change (*)	Comments
St. Louis, MO	5	11%	Steady increase in dollar volume
Lima, OH	2		Only two years of data
Madison, WI	5	20%	Steady increase in dollar volume
Tampa, FL	3	6%	Based on unit sales
Columbus, OH	3	9%	Steady increase in dollar volume
Wilmington, NC	4	27%	Steady increase in dollar volume
Baltimore, MD	4	16%	Steady increase in dollar volume
Culpeper, VA	4	20%	Steady increase in dollar volume
Charlotte, NC	2	16%	Steady increase in dollar volume
Easton, MD	4	7%	Steady increase in dollar volume
Hagerstown, MD	4	21%	Steady increase in dollar volume
Cumberland, MD	4	6%	Steady increase in dollar volume

* Notes

Based on dollar volume sales save for Tampa, FL, as noted.

In the Columbus, OH, Cumberland, MD, and Easton MD local real estate markets, dollar volume sales growth is essentially identical to the unit sales volume growth over the time for which we have data. We further note that these markets have the single-digit annualized dollar sales growth. This suggests that these are slower growth markets. This is not surprising. Demographic changes in the United States are that people are moving out of the mid-west and leaving small towns. Markets are about people, so market growth is linked to demographic trends

Finding #2: There are few patterns common to all local real estate markets:

We find that smaller markets (in terms of both dollar volume and units sold) are more concentrated than are the larger markets.

A second common pattern is that independent firms often have a larger share of the smaller markets (as a function of percent dollar volume). In the mid-sized and smaller markets, independent firms are often gaining market share even as the total number of units and the dollar volume of sales in these markets is growing (and often at double-digit annualized rates).

A third common pattern is that over the time we have data, there are market share position changes among the top firms in each of the local real estate markets we have analyzed to date.

Firms affiliated with national franchises appeared in 11 of the 12 local real estate market's top firms (as a function of dollar volume or units sold).

Finding #3: Smaller markets are seeing the least growth

The smallest markets (in terms of population) are seeing the least growth (relative to annualized dollar volume sales increase). In reporting this as a finding we note that the two years of data from Lima, OH are difficult to interpret given changes in how they report sales. And, we further note that the Tampa, FL evidence is based on unit sales (and the annualized rate of change to unit sales in 11 of the 12 markets are at or below the annualized rate of change for dollar volume sales), making it difficult to assess the rate of change in Tampa, FL's local real estate market.

DISCUSSION

The most salient finding is the tremendous competition in each local real estate market. The firms, franchises, market shares, and key players vary. However, the structures of each local market are similar and the competitive pressures each real estate agent faces is a consistent finding no matter the particulars of each local markets firm and franchise structure.

Within each local real estate market, inter-firm competition is fierce. The aggregated data we used belies the vicious competition in each of these markets. For example, in St. Louis, MO, one firm has a dominant share of the local real estate market. However, we have learned from interviews that this firm competes in most of the micro-markets that make up St. Louis. In each of these micro-markets, however, there are one or two other firms who have substantial percentages of that local micro-market, but are not a factor in another local micro-market 10 miles away.

In Tampa, FL, four firms affiliated with a single national franchise are competing against one another, and the other locally-owned firms, for market share with their year-to-year market shares varying. In Madison, WI firms affiliated with national franchises have a smaller share of the total market than do the other locally-owned firms.

Interviewees, professional publication, our own research (noted in the reference list) and others make clear that the take up and uses of various ICT are having many profound and subtle effects on the listing, selling, buying and transacting of residential real estate. That this rapid computerization has happened since 1995 (when there was little real estate activity online) means that the effects of this increased use of, and reliance on, ICT is yet to be fully understood (Sawyer, Wigand and Crowston, 2005). This redefined access is best seen in the use of the internet to access information on houses, and the increased attention consumers are paying to real estate.

We report what every interviewee reminded us: selling real estate means two or more agents pursuing listings and buyers. They engage prospective sellers and buyers, leveraging assets of large firms and small enterprises as their current affiliation warrants. This is the basis of competition: agents competing for consumers. The house-by-house and person-by-person nature of this competition is too easily lost when looking at aggregate numbers. The ability for

consumers to access real estate information about their local markets is raising the stakes for real estate agents and brokers.

Interviewees note that competition among agents (even those affiliated with the same firm) for a listing is fierce. Because of the increased access to real estate information, potential sellers are more knowledgeable about house prices, alternatives, and low-cost agency options, And, these consumer have increased expectations of services to be provided by real estate agents.

We found no numerical evidence of discount brokerage² or for-sale-by-owner (FSBO) sales increasing in any of these local markets. Interviewees noted that FSBO and discount brokerage sales were not growing – even in the fastest growing local markets. In most cases, the FSBO sales would not enter the MLS data set that we used. It would be hard to claim that FSBO sales have risen given the growth of the 12 local real estate markets. The discount brokerages involved in these areas provide for a trivial percentage of the total market share. And, given that in most of the large markets, these discount brokerage firms have been around for several years, it appears that, in the words of our interviewees, they be a passing fad. Whether they are a fad or not, at this point they are not a new or innovative business model and we found no evidence that these models are expanding.

Interviewees also noted that state-level activities influence local real estate markets. For example, in Ohio, state legislators are seeking to increase taxes on the transfer of real estate (essentially increasing closing costs) to close state revenue shortfalls. This ripples back into the sales effort since increased closing costs often mean that buyers are more constrained on purchasing.

ISSUES AND IMPLICATIONS

We raise three issues with this analysis:

1. Data granularity and quality make it difficult to conduct deeply detailed analysis of local real estate markets.
2. We have short time windows for assessing local market trends.
3. It is difficult to exactly depict the boundaries of a local real estate market.

We highlight two implications arising from this comparative analysis:

1. The U.S. real estate market needs to be seen as a collection of local markets that share many structural characteristics, but which interact in specific and often unique ways. This makes it difficult to develop simple policies regarding competition.
2. Increased access to housing information via the internet may be a critical factor in the current surge in house prices. Buyers and sellers are better informed, and this is reflected in their confidence in the housing market. Access to housing information via the internet provides national access to these myriad local real estate markets.

² By discount brokerage we mean firms whose agents offer fee-for-service, a la carte selection of services, or menu based service selection. There are a wide range of these alternative business models and have been for some years.

Issues

The data granularity and quality make it difficult to conduct deeply detailed analysis of local real estate markets. The findings we have from data suggest that the findings are both compelling and supportable. There is a clear need for more data and this should be seen as a future need, not a limitation.

The limited time periods over which we have data are a second shortcoming. It would be wise to begin to systematically collect detailed data at the micro-market (or at least the local real estate market level) so that more insight on how local markets behave can be drawn into the theoretical and policy debates regarding transacting real estate.

A third issue with this analysis is the difficulty with contrasting similar local real estate markets. Two difficulties are defining what are the boundaries of a local real estate market and on what aspects should these markets be seen as similar? For the first, it is clear that St. Louis is a different local real estate market than is Tampa. It is not so clear if St. Louis is a different local real estate market from East St. Louis (they are separated by a state boundary, a river, and yet only one mile of distance). And, we use population as a measure of similarity (just as has the U.S. Government in their ranking of metropolitan areas). However, similar sized communities may not be comparable, as the differences between Austin, TX and Harrisburg, PA (both state capitals and small cities) make clear.

Implications

We raise two implications from this analysis. Given the limited data and issues with its quality and granularity, we acknowledge that additional data is always welcome, but is not likely at this time to materially effect the findings from which we are theorizing. That said, and building on Sawyer, Wigand and Crowston, (2005), the normative pressures of institutional isomorphism, the extensive findings in support of second-level effects due to the increased take up and uses of ICT, and the well documented literature on social structures of markets, provide both conceptual and empirical bases.

The U.S. real estate market needs to be seen as a collection of local real estate markets that share many structural characteristics, which interact in specific and often unique ways. The evidence from this analysis suggests that it is inappropriate to consider the U.S. real estate industry as a common or singular market. The local characteristics in firm and franchise level competition varies to a point that there are few, not many, commonalities. It would be very difficult to imagine a means to make sweeping statements about firm-level changes in competition or to envision properly the effects of either substantial policy changes or new entrants across the myriad local real estate markets.

Increased access to housing information via the internet may be a critical factor in the current surge in house prices. The unit sales and dollar volume data indicate moderate to substantial growth in most, if not all, the 12 local real estate markets. Interviews and secondary data suggest to us that this is due, in part, to the dramatic increase in information on houses, house prices, and real estate via the many online sources. In all of these, it may be that the MLS access via the

internet enable buyers and sellers to be better consumers, demand more of their real estate agents and other value-adding service providers, and be more likely to transact real estate. That is, online access to the MLS may be the market-maker – enabling sellers and buyers in each local real estate market better access to locally-relevant information. Access to housing information via the internet provides national access to these myriad local real estate markets.

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St. Louis, MO

We report here on the St. Louis, MO local real estate market. There are four tables and two figures. St. Louis, MO ranks as the 18th largest metropolitan area in the United States³ and the population was estimated to be 2,603,607⁴ in 2000.

In Table 1 we summarize the firm-level market data for St. Louis, MO. Across the four years for which we have data there has been a 56% increase in dollar sales volume and a 32% increase in total number of sales.

Table 1: Overview of St. Louis, MO Local Real Estate Market*

	2000	2001	2002	2003	2004	Change over time
<i>Total # Firms</i>					1,666	
<i>Total # Agents</i>	~7,000				10,702	
<i>Total \$ Volume</i>	\$8.24B	\$8.86B	\$9.64B	\$11.46B	\$12.81B	56% increase
<i>Total # Sales</i>	59,664	60,825	65,128	74,122	78,805	32% increase

1. Notes:

Blanks indicate we have no data at this time.

Interviews suggest to us that there has been little change in the number of large firms, some change (possibly growth) in the number of small (single agent) firms, and a steady growth in the number of agents. The estimate in growth of agents was that there were about 7,000 agents in 2000.

In Figure 1 we provide a visual representation of market share of the top ten real estate firms (as a function of percentage of market share by sales) in the St. Louis, MO local real estate market. In any given year the top ten firms account for from 51.4% of total sales (in 2000) to 49.8% of total sales (in 2004). The downward trend of the total market share for the top 10 firms is essentially noise. That said, there is no evidence of an upward trend.

The gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm “F” leave to work for firm “G” and the change leads to “F” dropping and “G” rising.

Note that one firm dominates the market, and the rest of the top ten are substantially smaller, vary quite a bit over the years (and if we included data on the next five or 10 firms, it would be even busier in that one to five percent market share space). Over time, though, these smaller firms are getting a slightly larger percentage of the total market. And, there is at least one franchise that is gaining share.

³ See www.census.gov/population/www/cen2000/phc-t3.html

⁴ See www.census.gov/population/www/cen2000/phc-t3.html

In the St. Louis, MO local real estate market the evidence we have suggests:

1. The local real estate market is growing and this growth has been steady over the period we have data.
2. One large firm dominates the local real estate market
3. The total percentage of the local real estate market for the top 10 firms has not varied over the time we have data. There is also significant market share changes among the firms in the fifth through 20
4. Some of the smaller firms have increased their share, others have not, there is a great deal of change in these smaller firms over the time we have data, and the smaller firms in positions four to 20 seem to have a slightly larger percentage of the sales in the local real estate market.
5. There are a number of breaks in firm-level trend lines suggesting agent movement, firm changes, and such.

In Figure 2 and Tables 2, 3 and 4 we present franchise-level data on the St. Louis, MO local real estate market. To help make sense of these data, note that in St. Louis, MO, the “market” is considered the top 50 companies. We have some data for 2005. We do not include it in the tables and figures (since it is partial year data only). We further note (drawing on data presented in Table 2) that:

- * STL1 is the same as STL 2, 4, 8 and 13. Various names were used, so this reflects a data quality issue. We have combined these as STL1.
- * STL5 appears to be a system default (no firm listed). It drops to #12 in 2005.
- * STL7 disappears from market in 2004 & 2005.
- * STL10 drops to #27 in 2001 and disappears from market 2002-2005.
- * STL11 cycles between #11 and #14, only in top 10 in 2002.
- * STL12 rated #12 in 2000, then stays in top 10 from 2001-2005.
- * STL14 first appears in top of market in 2002.
- * STL15 appears at #13 in 2004, then in the top 10 in 2005.
- * STL16 appears at #20 in 2002, then moves in to top 10.
- * STL17 rated #31 in 2000, #28 in 2001, not listed in 2005.
- * STL18 appears at #21 in 2003, #11 in 2004 and top 10 in 2005.

We get the data presented in Figure 3 by grouping the firms by franchise (see Table 3). Table 4 presents data in Table 3 in tabular form.

This leads us to make three observations:

2. One franchises’ firms dominate the local real estate market in St. Louis, MO.
3. Other franchises’ firms have noticeable combined market share
4. These aggregate shares of market are changing over time and these changes are not easily understandable based solely on trends of sales over time.

Figure 1: St. Louis, MO, Local Real Estate Market

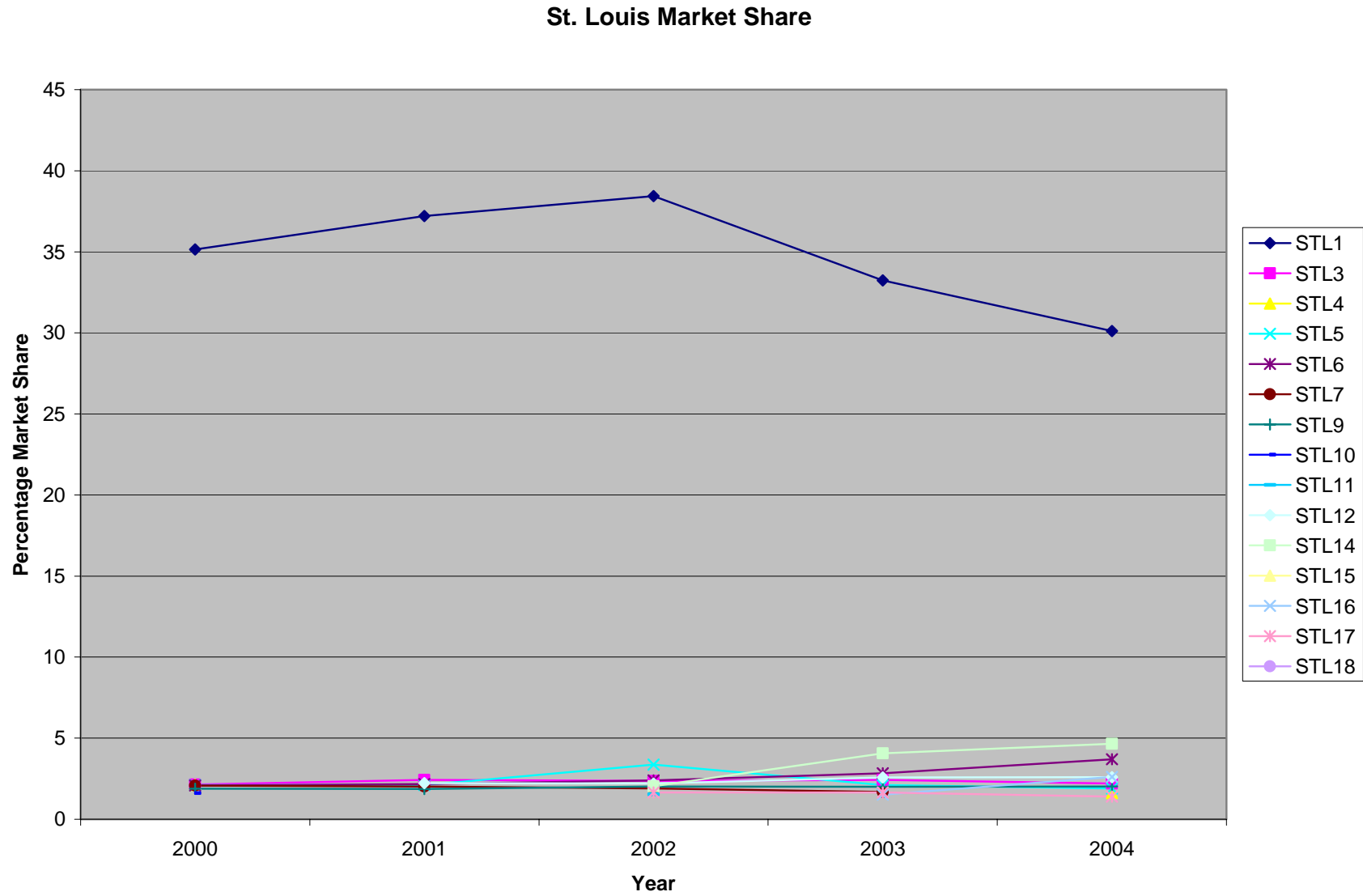


Table 2: St. Louis MO, Local Real Estate Market – firm chart key*

Code	Franchise Code
STL1	FR1
STL3	FR2
STL4	FR1
STL5	?
STL6	FR3
STL7	FR2
STL9	FR3
STL10	IND
STL11	FR2
STL12	FR2
STL14	FR3
STL15	IND
STL16	FR4
STL17	FR2
STL18	FR2

* STL 2, 8 and 13 are combined with STL1

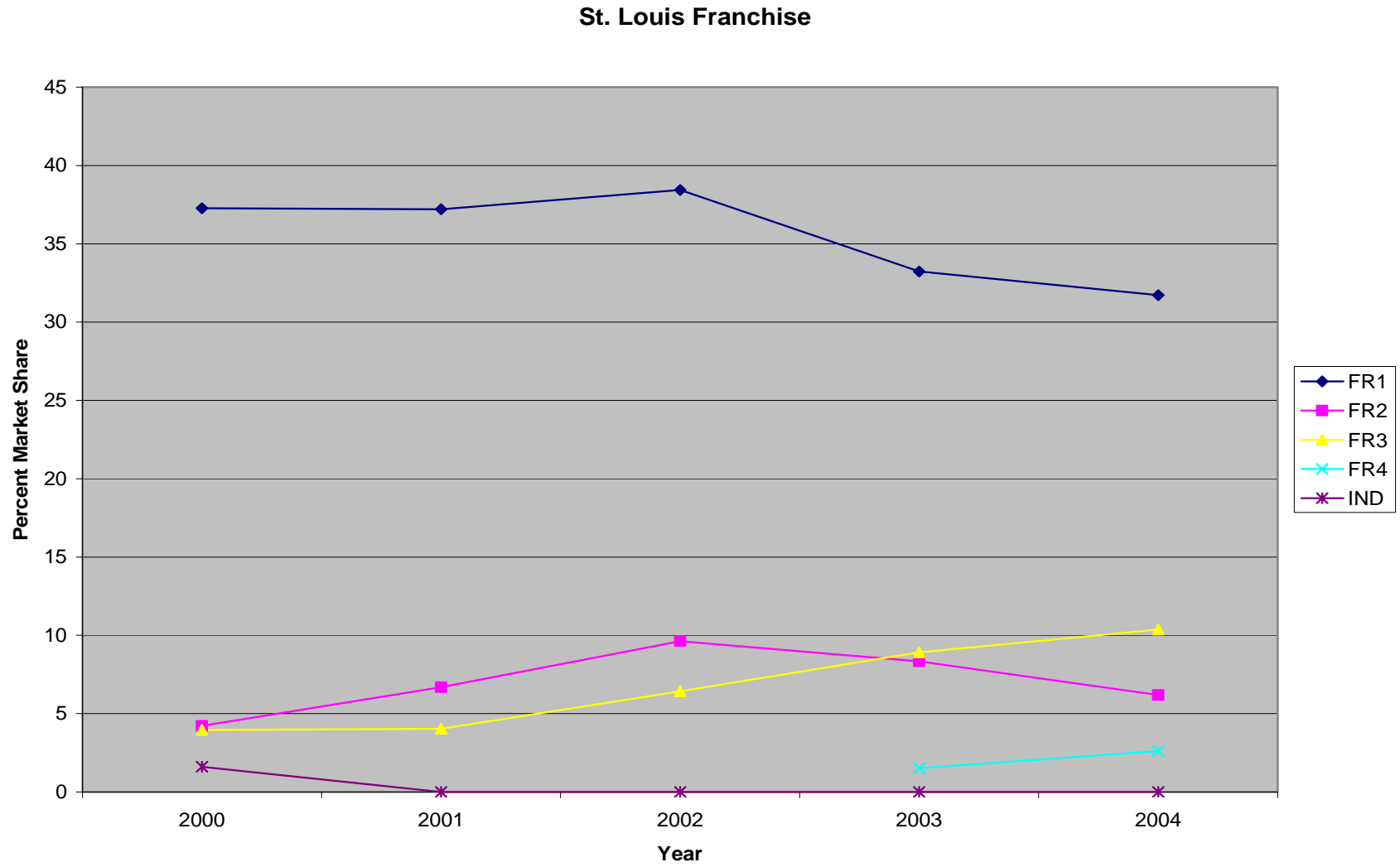
Table 3: St. Louis MO, Local Real Estate Market – franchise chart key

Franchises	Represent combining these firms (STL XX)
FR1	1+2+4+8+13
FR2	3+7+11+12+17+18
FR3	6+9+14
FR4	16
IND	10+15

Table 4: St. Louis, MO, Local Real Estate Market Current Franchise Share:

	2000	2001	2002	2003	2004	2005
FR1	37.27	37.21	38.44	33.24	31.72	28.91
FR2	4.22	6.68	9.63	8.34	6.19	6.05
FR3	3.96	4.03	6.43	8.91	10.37	11.45
FR4				1.52	2.61	1.46
IND	1.61	0	0	0	0	1.63

Figure 2: St Louis, MO, Local Real Estate Market: Franchise Presence



Tampa, FL

We report here on one market: Tampa, FL. There are four tables and two figures. Tampa, FL ranks as the 21st largest metropolitan area in the United States⁵ and the population was estimated to be 2,395,997⁶ in 2000.

In Table 1 we summarize the market data for Tampa, FL. Across the three years of data there has been a 92% increase in dollar sales volume. We do not have data on number of sales.

Table 1: Overview of Tampa, FL Local Real Estate Market*

	2002	2003	2004	% Growth
Total # Firms	1086			
Total # Agents	1086			
Total \$ Volume	\$5.5 Billion	\$6.86 Billion	\$10.56 Billion	92% increase
Total # Sales				

5. Notes:

Totals are of the top 13 firms in the market, not of the whole market. Size of market was estimated based on % total sales reported (as a % of total) by top 13 firms.

Total number of firms and total number of agents are drawn from secondary sources and seems suspect.

Blanks indicate we have no data at this time.

In Figure 1 we provide a visual representation of market share of the top 13 real estate firms (based on percentage of market share by dollar volume) in the Tampa, FL local real estate market). In any given year the top 13 firms account for from 52% of total sales (in 2002) to 37.2% of total sales (in 2004). There seems to be a downward trend of the total market share for the top 13 firms. Beyond these 13 the other firms have less than 2% of the market share over the time we have data.

The gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 13 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising.

For the Tampa, FL local real estate market, the evidence we have suggests:

1. The local real estate market appears to be growing between 2002 and 2004
2. One large firm dominates the local real estate market, though their market share is dropping.
3. The total percentage of the local real estate market for the top 13 firms has decreased over the time we have data.

⁵ See www.census.gov/population/www/cen2000/phc-t3.html

⁶ See www.census.gov/population/www/cen2000/phc-t3.html

4. There are a number of firms that have from two to six percent of the market (measured by dollar volume), and several of these firms change positions in the top ten over the period of time for which we have data.

In Tables 2 and 3 we provide the keys to help understand the firm and franchise level data presented in Tables 1 and 2.

In Figure 2 and Table 4 we present franchise-level data on the Tampa, FL local real estate market. We get this by grouping the firms by franchise. We do this by summing the different local firms who are franchisees of a common parent company. All of the top independent firms are summed into one grouping.

This leads us to make three observations on franchises in the Tampa, FL local real estate market:

1. Two franchises' firms have large, and similar, percentages of the local real estate market in Tampa, FL. The total market share of these two firms is dropping, and they trade places as market leader over the period for which we have data.
2. The other franchises' firms have noticeable combined market share.
3. The grouping of independent firms appears to be decreasing in market share of dollar volume, while some of the franchises appear to be gaining in market share of dollar volume.

Table 2: Tampa, FL, Local Real Estate Market – firm chart key:

Local Code	Franchise Code
TPA1	FR2
TPA2	IND
TPA3	FR1
TPA4	FR1
TPA5	FR1
TPA6	FR5
TPA7	FR3
TPA8	FR4
TPA9	FR3
TPA10	FR5
TPA11	IND
TPA12	FR1
TPA13	FR3

Table 3: Tampa, FL, Local Real Estate Market – franchise chart key:

Franchise	Sum of TPA
FR1	3+4+5+12
FR2	1
FR3	7+9+13
FR4	8
FR5	6+10
IND	2+11

Table 4: Tampa, FL, Local Real Estate Market- Franchise Share

Franchise Code	2002	2003	2004
FR1	19.1	12.4	10.6
FR2	19.7	12	12
FR3	4.7	3.5	3.9
FR4	0	0	2.1
FR5	2	2.2	4.4
IND	6.5	6	4.2

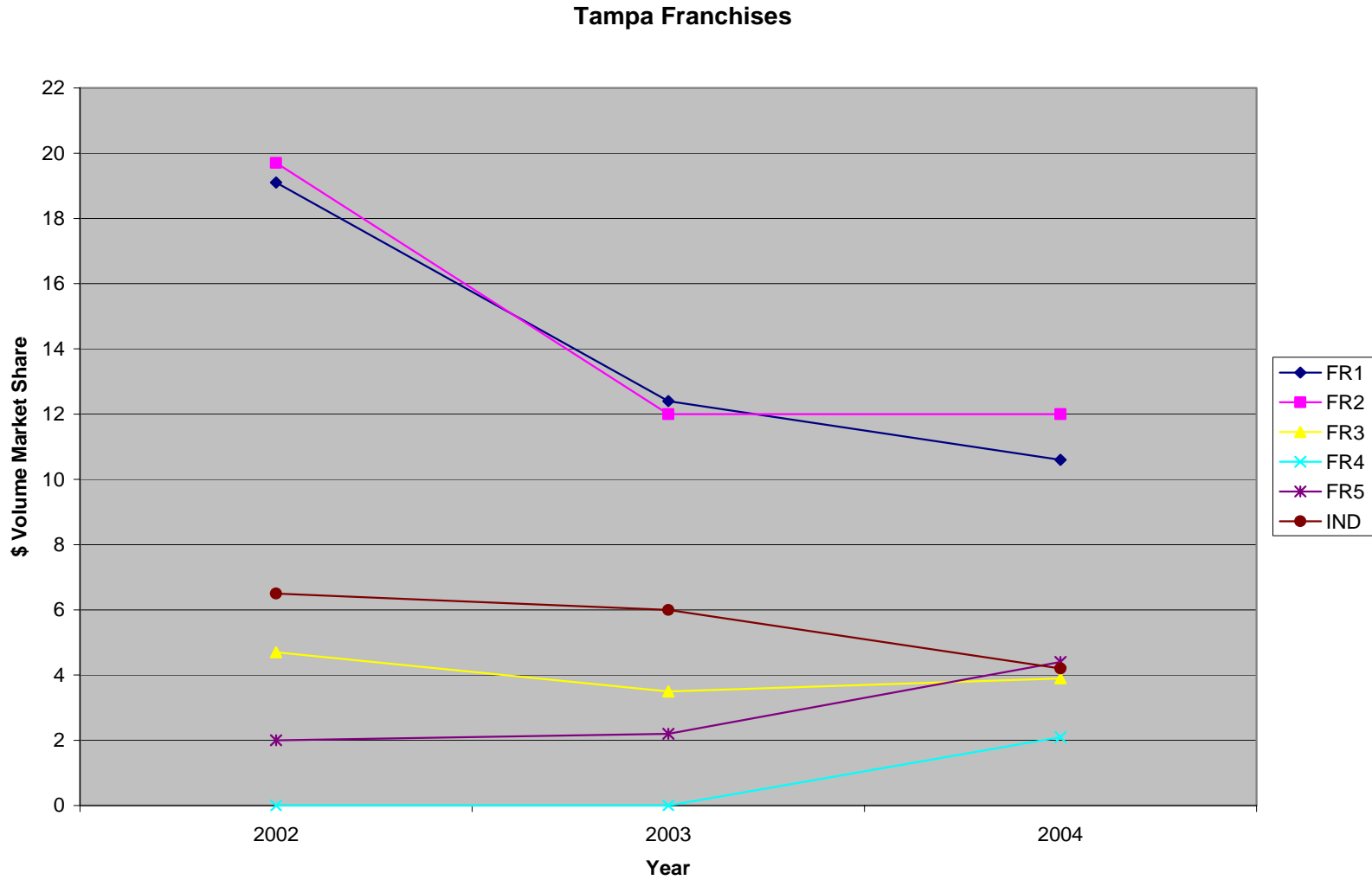
Figure 1: Tampa, FL, Local Real Estate Market*



6. Notes:

This graph is based on market share for dollar volume. Graphs for other markets are based on market share for number of sales.

Figure 2: Tampa, FL, Local Real Estate Market: Market Franchise Presence*



7. Notes:

This graph is based on market share for dollar volume. Graphs for other markets are based on market share for number of sales.

Columbus, OH

We report here on the Columbus, OH local real estate market. There are two figures and four tables. In 2000, Columbus ranked as the 33rd largest metropolitan area in the US⁷ with an estimated population of 1,540,157⁸.

In Table 1 we summarize the firm-level market data for Columbus, OH. Across the three years for which we have data there has been a 22% increase in dollar sales volume and a 25% increase in total number of sales.

Table 1: Overview of Columbus, OH Local Real Estate Market*

	2002	2003	2004	Change over time
<i>Total # Firms</i>			832	
<i>Total # Agents</i>			7012	
<i>Total \$ Volume</i>	\$900M	\$1B	\$1.1B	22% increase
<i>Total # Sales</i>	5977	6351	6722	25% increase

8. Notes:

Totals are of the top 13 firms in the market, not of the whole market. Size of market was estimated based on % total sales reported (as a % of total) by top 13 firms.

Blanks indicate we have no data at this time.

In Figure 1 we provide a visual representation of market share of the top 13 real estate firms (based on percentage of market share by dollar volume) in the Columbus, OH local real estate market. Over the time we have data, the top 13 firms account for from 51.1% of market share (in 2002) to 53% of total sales (in 2004). This suggests there is a slight upward trend of the total market share for the top 13 firms. The other 820 firms have the rest of the market share across the time for which we have data.

The gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 13 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm “F” leave to work for firm “G” and the change leads to “F” dropping and “G” rising.

For the Columbus, OH local real estate market, the evidence we have suggests:

1. The local real estate market appears to be sustaining modest growth from 2002 to 2004.
2. Two firms have much larger shares of the markets than do the rest of the top firms (on the order of three- or more times the share of the others). The market share for one of these firms seems to be growing, while the share for the other seems to be shrinking.
3. The other firms in the top 13 in Columbus, OH each have between 1 and 4% of the market and they change order over the time for which we have data.
4. The total percentage of the local real estate market for the top 13 firms has increased over the time we have data.

⁷ See www.census.gov/population/www/cen2000/phc-t3.html.

⁸ See www.census.gov/population/www/cen2000/phc-t3.html

5. Three of the top 13 firms, including two of the top three firms based on market share, are locally owned.

In Tables 2 and 3 we provide the keys to help understand the firm and franchise level data presented in Tables 1 and 2.

In Figure 2 and Table 4 we present franchise-level data on the Columbus, OH local real estate market. We get this by grouping the firms by franchise. We do this by summing the different local firms who are franchisees of a common parent company. All of the top independent firms are summed into one grouping.

We make four observations on franchises in the Columbus, OH local real estate market:

1. Taken together, the local, or independent, firms combined share of the market is over 21%, and trending upward over the three years for which we have data.
2. Firms belonging to two national franchises' firms are have between 10 and 18% of the local market share and their relative positions change over the time for which we have data. That is, the larger of the two is trending downward (viz. market share) while the other is trending upward.
3. Only one local firm is affiliated with the franchise that is losing market share, while there are seven firms affiliated with the franchise that is gaining market share.
4. Two other franchise's firms have between 0 and 3% of the total market share, and their relative position changes over the period for which we have data.

Figure 1: Columbus, OH, Local Real Estate Market

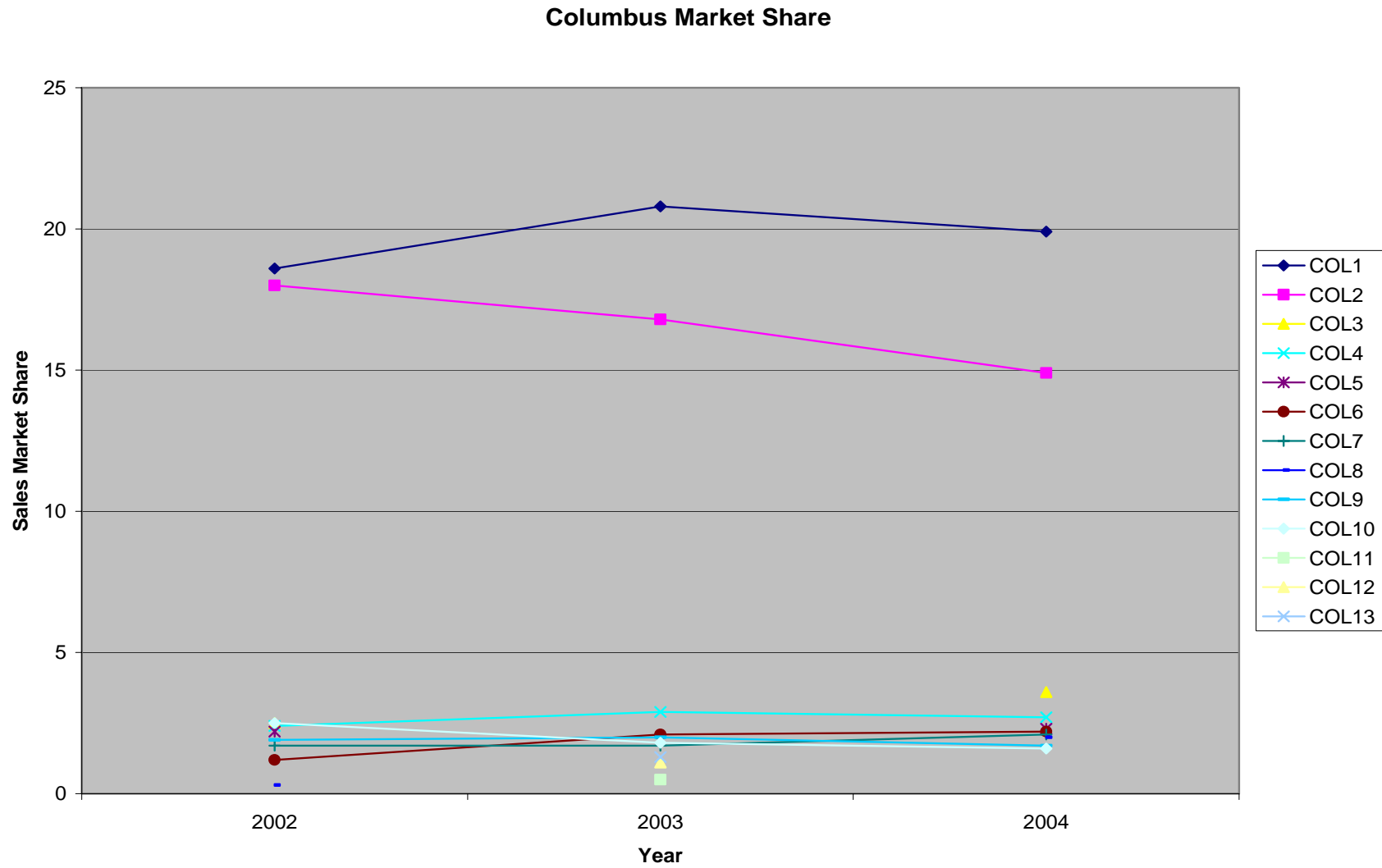


Table 2: Columbus, OH Local Real Estate Market – firm chart key

Firm Code	Franchise Code
COL1	IND
COL2	FR1
COL3	IND
COL4	FR2
COL5	FR3
COL6	FR2
COL7	FR2
COL8	FR2
COL9	FR2
COL10	FR2
COL11	IND
COL12	FR2
COL13	FR4

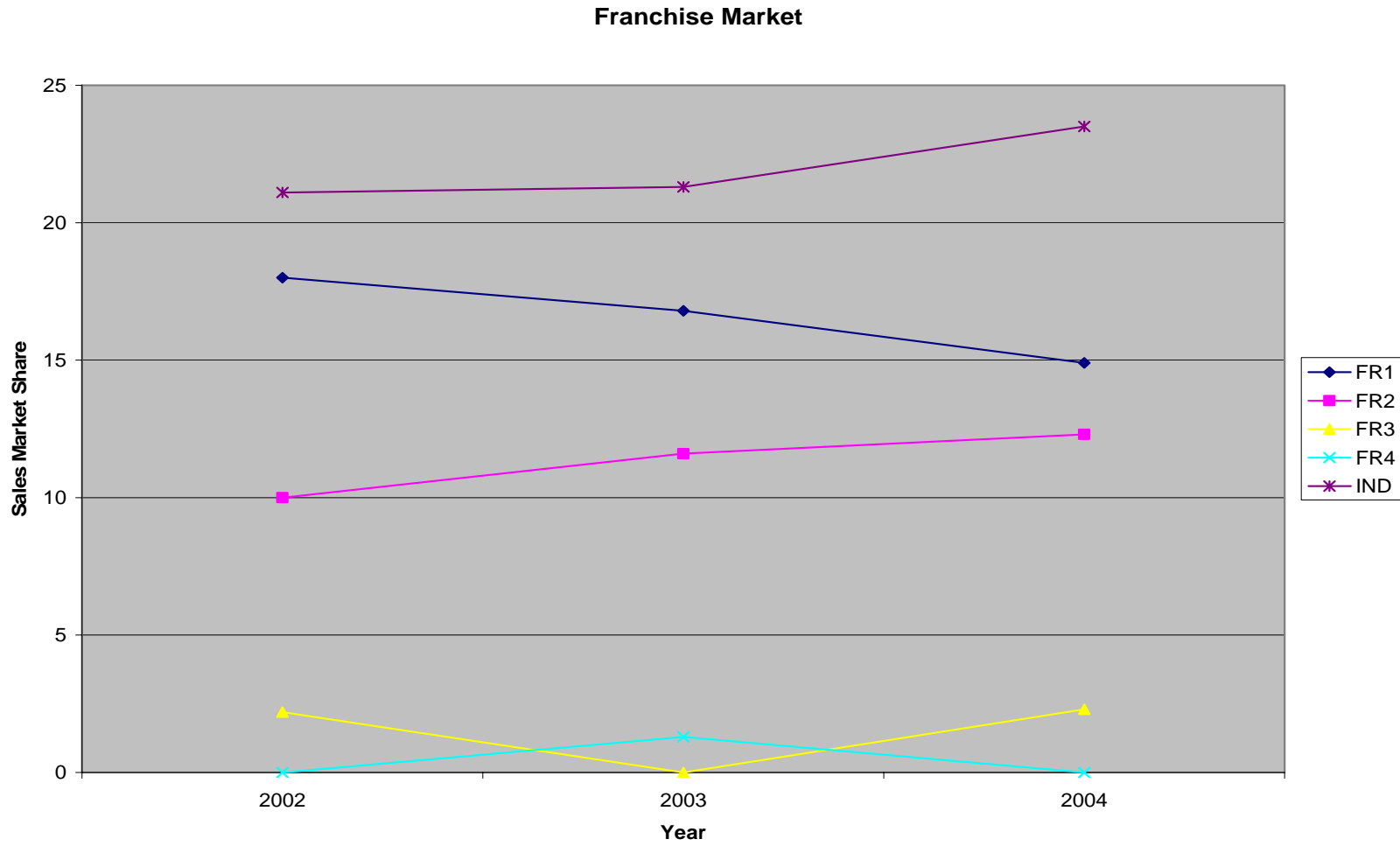
Table 3 Columbus, OH Local Real Estate Market – franchise chart key

Franchise	Sum of:
FR1	2
FR2	4+6+7+8+9+10+12
FR3	5
FR4	13
IND	1+3+11

Table 4: Columbus, OH Local Real Estate Market Franchise Market Share

	2002	2003	2004
<i>FR1</i>	18	16.8	14.9
<i>FR2</i>	10	11.6	12.3
<i>FR3</i>	2.2	0	2.3
<i>FR4</i>	0	1.3	0
<i>IND</i>	21.1	21.3	23.5

Figure 2: Columbus, OH, Local Real Estate Market: Market Franchise Presence



Madison, WI

We report here on the Madison, WI local real estate market. There are two figures and four tables. In 2000, Madison ranked as the 98th largest metropolitan area in the US⁹ with an estimated population of 426,526¹⁰.

In Table 1 we summarize the firm-level market data for Madison, WI. Across the five years for which we have data there has been a 125% increase in dollar sales volume and a 72% increase in total number of sales.

Table 1: Overview of the Madison, WI Local Real Estate Market*

	2000	2001	2002	2003	2004	Change over time
Total # Firms					430	
Total # Agents					1800	
Total \$ Volume	\$1.54B	\$1.83B	\$2.1B	\$2.45B	\$3.46B	125% increase
Total # Sales	8,858	9,878	10,434	11,392	15,274	72% increase

9. Notes:

Totals are of the top 13 firms in the market, not of the whole market. Size of market was estimated based on % total sales reported (as a % of total) by top 13 firms.

Blanks indicate we have no data at this time.

In Figure 1 we provide a visual representation of market share of the top 13 real estate firms (based on percentage of market share by dollar volume) in the Madison, WI local real estate market). In any given year the top 13 firms account for from 84% of total sales (in 2000) to 82% of total sales (in 2004). This suggests there is a very slight downward trend of the total market share for the top 13 firms. The other 415 or so firms have about 17% of the market share across the time for which we have data.

The gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 13 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising.

For the Madison, WI local real estate market, the evidence we have suggests:

1. The local real estate market appears to be growing substantially between 2000 and 2004
2. No one firm dominates the local real estate market, as five firms each have more than 10% of the total market share.
3. The market share order of the top firms changes in each for which we have data.
4. The total percentage of the local real estate market for the top 13 firms has decreased over the time we have data.
5. Six of the top 13 firms are locally owned.

⁹ See www.census.gov/population/www/cen2000/phc-t3.html.

¹⁰ See www.census.gov/population/www/cen2000/phc-t3.html

In Tables 2 and 3 we provide the keys to help understand the firm and franchise level data presented in Tables 1 and 2.

In Figure 2 and Table 4 we present franchise-level data on the Madison, WI local real estate market. We get this by grouping the firms by franchise. We do this by summing the different local firms who are franchisees of a common parent company. All of the top independent firms are summed into one grouping.

We make three observations on franchises in the Madison, WI local real estate market:

1. Taken together, the local, or independent, firms combined share of the market is over 50%, and trending downward over the five years for which we have data.
2. The national franchises' firms are clustered together with from 0.1 to 12% of the marker share, each and their relative positions change over the time for which we have data.
3. While several franchises have increased market share over the period for which we have data, the general trends has been that the market share of the top firms/franchises has dropped.

Table 2: Madison, WI Local Real Estate Market – firm chart key

Firm Code	Franchise Code
MDN1	IND
MDN2	IND
MDN3	IND
MDN4	FR1
MDN5	FR2
MDN6	FR3
MDN7	FR2
MDN8	IND
MDN9	FR4
MDN10	FR5
MDN11	IND
MDN12	IND
MDN13	FR6
REST	Rest of market

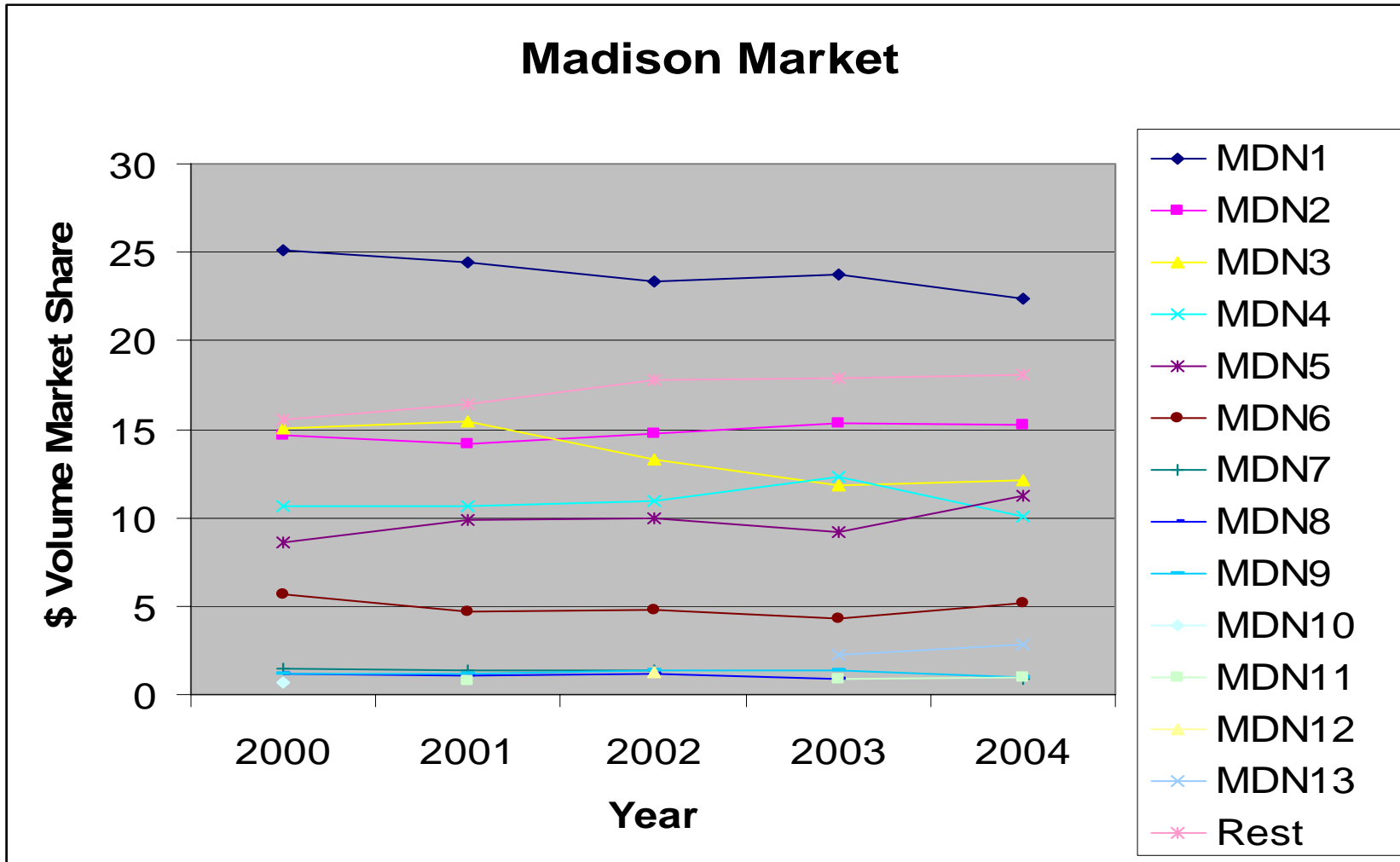
Table 3: Madison, WI Local Real Estate Market – franchise chart key

Franchise	Sum of MDN:
FR1	4
FR2	5+7
FR3	6
FR4	9
FR5	10
FR6	13
IND	1+2+3+8+11+12

Table 4: Madison, WI, Local Real Estate Market Current Franchise Share

	2000	2001	2002	2003	2004
<i>FR1</i>	10.7	10.65	10.96	12.32	10.1
<i>FR2</i>	10.14	11.19	11.28	9.16	12.1
<i>FR3</i>	5.71	4.73	4.76	4.31	5.2
<i>FR4</i>	1.15	1.14	1.38	1.38	1
<i>FR5</i>	0.7	0	0	0	0
<i>FR6</i>	0	0	0	2.28	2.8
<i>IND</i>	56.1	55.87	53.82	52.65	50.7

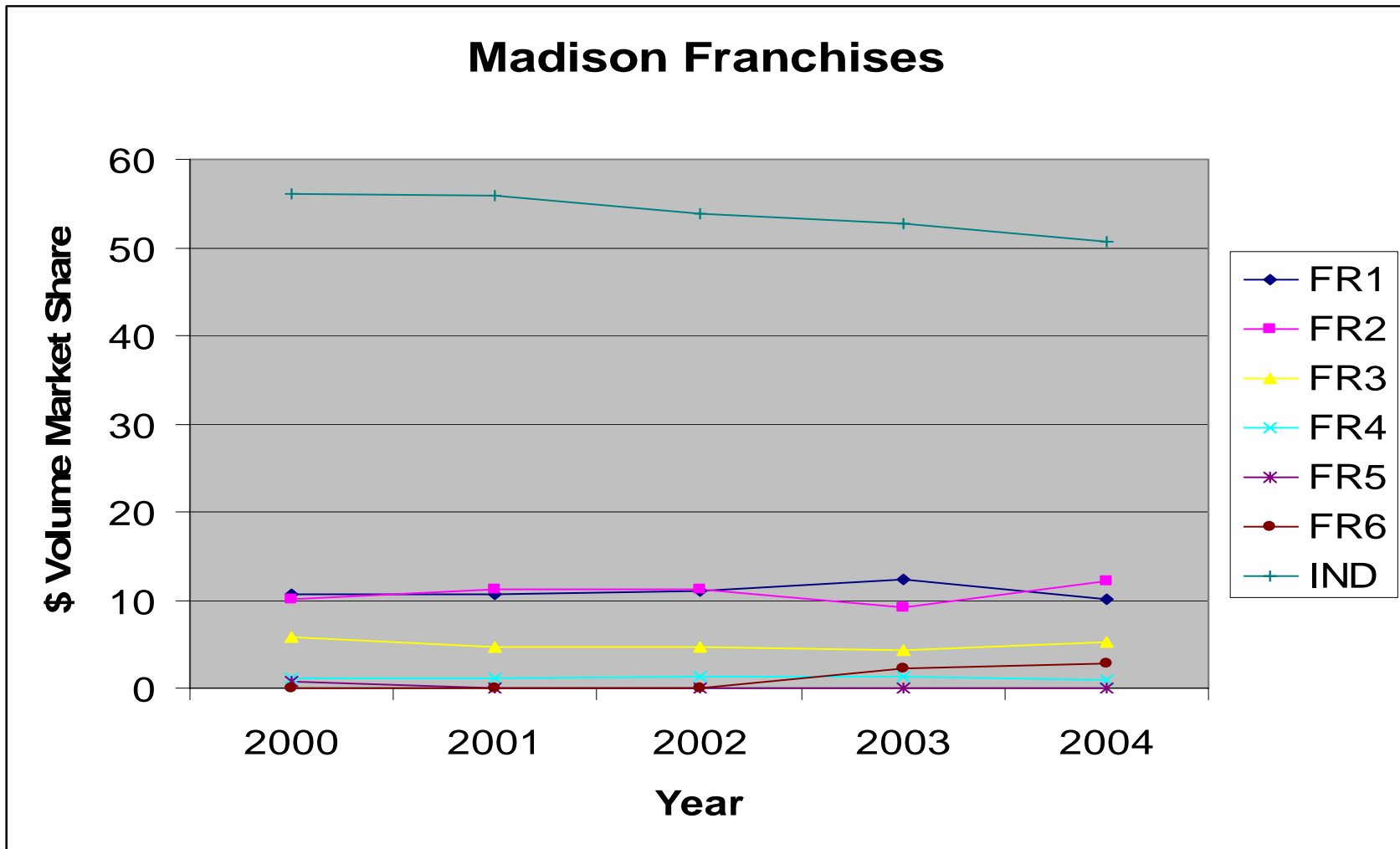
Figure 1: Madison, WI, Local Real Estate Market*



10. Notes:

This graph is based on market share for dollar volume. Graphs for other markets are based on market share for number of sales.

Figure 2: Madison, WI, Local Real Estate Market: Market Franchise Presence*



11. Notes:

This graph is based on market share for dollar volume. Graphs for other markets are based on market share for number of sales.

Lima, OH

We report here on the Lima, OH local real estate market. There is one figure and two tables. In 2000, Lima, OH was estimated to have a population of 40,081¹¹. Lima is a small city in northwestern OH. The Lima, OH, metropolitan statistical area had 155, 084 residents in 2000, making it the 197 largest metropolitan area in the U.S¹¹. Lima, OH is distinct from other metro area: Toledo, OH is 60 miles to the north and Columbus, OH is 70 miles to the southeast.

In Table 1 we summarize the firm level data for Lima, OH. To bolster our two years of data, we have a number of reports drawn from several web sites, and interviews with several participants in that market. The seemingly large changes in one year (and the seeming drop in percentage of market share by firms as shown in Table 2) are both artifacts of the limited data. Interviews and documents suggest several explanations for this. And, the additional evidence provides for a much different interpretation of the market.

Participants in the local real estate market note that most land sales (of, say, large farms and tracts of lands sold by farmers) are not typically entered in the MLS (the source of our data). Starting in 2004, more agents began to list these transactions in the MLS. This accounts for the huge growth in both dollar volume and number of sales.

Participants further note that market appreciation has been running between 0 and 3.5% per year on most properties, with the least growth in homes above \$150,000. We further note that there is no exurban pressure from the larger metropolitan areas (Toledo and Columbus) on the local real estate market. Still, there is a sizable proportion of sales via non-member offices (including from agents who are members of franchised firms in other markets). No non-member office-based agent has more than one or two sales, though, in Lima, OH.

Table 1: Overview of Lima, OH Local Real Estate Market*

	2003	2004	Change over time
<i>Total # Firms</i>		36	
<i>Total # Agents</i>		327	
<i>Total \$ Volume</i>	\$137.5M	\$320.1M	133% increase
<i>Total # Sales</i>	1063	2322	118% increase

12. Notes:

Blanks indicate we have no data at this time.

Interviews suggest to us that there has been little change in the number or size of firms in the past several years. This is also true regarding the number of agents over this same time. However, the largest firm ended its relationship with a national real estate firm in 2000 and has neither lost market share nor its top agents since.

In Figure 1 we provide a visual representation of market share of the top ten real estate firms (as a function of percentage of market share by sales) in the Lima OH, local real estate market. In

¹¹ See <http://quickfacts.census.gov/qfd/>

the first year for which we have data, these firms dominate the market, claiming nearly 95% of all sales. In the second year, this is much changed as many single-agent firms record their farm sales. The relative positing of the local firms remains similar, with the non-local members retaining 5% of the market.

In the Lima OH local real estate market the evidence we have suggests:

1. The local real estate market is growing but at a slower rate than the two years of data we have would indicate. This is due to some local changes in norms of practice regarding farm and land sales, not due to any market changes.
2. A collection of locally-owned firms have substantial market share. National franchises are not a factor in this local real estate market.
3. There is significant firm-level competition across all participants. This is not a growth market and competition for listings and sales is quite fierce.
4. Given the local firm orientation of this market, there is no additional analysis of franchise market share.

We note (drawing on data presented in Figure 1) that in the Lima, OH local real estate market:

* LIMA 1 is an independent, and locally owned, firm (which de-associated with a national firm in about 2000).

* LIMA 2 is an independent, and locally owned, firm

* LIMA 3 is an independent, and locally owned, firm

* LIMA 4 is an independent, and locally owned, firm

* LIMA 5 is an independent, and locally owned, firm

* LIMA 6 is an independent, and locally owned, firm

* LIMA 7 is an independent, and locally owned, firm

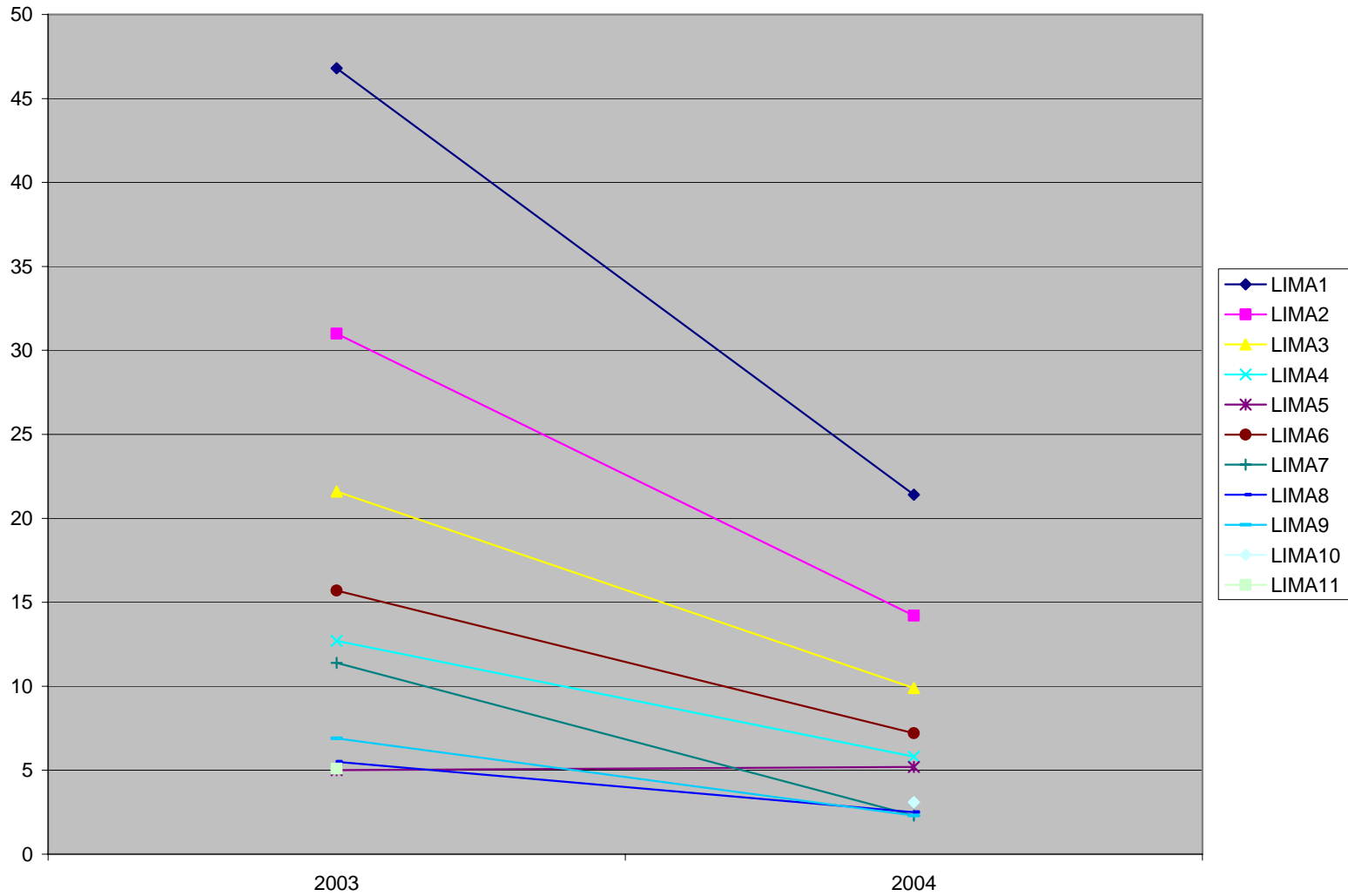
* LIMA 8 is an independent, and locally owned, firm

* LIMA 9 is an independent, and locally owned, firm

* LIMA 10 is an independent, and locally owned, firm

* LIMA 11 is a collection of sales by agents who are not members of the local association. Most agents have one, or possibly two, sales. Several work for larger and franchised firms that are not part of this local real estate market.

1: Lima, OH, Local Real Estate Market



Wilmington, NC

We report here on one market: Wilmington, NC. There are three tables and two figures. Wilmington, NC ranks as the 154th largest metropolitan area in the United States¹² and the population was estimated to be 233,450 in 2000¹. Across the four years of data we have there has been a 33% growth in dollar sales volume and a 27 % growth in number of sales. We do not know the changes in number of agents or number of firms, as we have but one data point. In Table 1 we summarize the market data for Wilmington, NC

Table 1: Overview Wilmington, NC Local Real Estate Market*

	2001	2002	2003	2004	2005	Increase
<i>Total # Firms</i>					422	
<i>Total # Agents</i>					1759	
<i>Total \$ Volume</i>	\$724M	\$884M	\$1.1B	\$1.7B		135%
<i>Total # Sales</i>	3816	4936	6082	8050		111%

*Notes:

Totals are of the top 11 firms in the market.

Totals for 2001-2004 were calculated based on firm-level data.

Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top eleven real estate firms (as a function of percentage of market share number of sales) in the Wilmington, NC local real estate market. Across the top 11 firms there seems to be no change in the total market share across the four years for which we have data.

Gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising. Note that one firm dominates the market, and the rest of the top ten are substantially smaller. Over time all of these firms are getting a slightly smaller percentage of the total market.

It appears that in the Wilmington, NC local real estate market the evidence we have suggests:

1. The local real estate market appears to be growing, with a 27% annualized increase in dollar sales volume over the four year for which we have data.
2. Two firms, one independent, one a franchise, dominate the local real estate market.
3. A few of the smaller firms have increased their share, others have not, and there is not a great deal of change in these smaller firms over the time we have data.

In Table 3 and Figure 3 we present franchise-level data on the Wilmington, NC local real estate market. We get this by grouping the firms by franchise. We do this by summing and this shown

¹² See www.census.gov/population/www/cen2000/phc-t3.html

via a cryptic addition of different local firms who are franchisees of a common parent company and located in Table 3. All of the top independent firms are summed into one grouping. Drawing on this evidence, we make two observations on the level franchise level data in the local real estate market of Wilmington, NC:

1. The combined market share of the independent firms is nearly one-third of the Wilmington, NC local real estate market
2. There is healthy competition among these firms in this growth market based on the changes in total share over the years we have data.

Table 2: Wilmington, NC, Local Real Estate Market – chart key:

Firm Code	Franchise Code
WLM1	IND
WLM2	FR1
WLM3	FR2
WLM4	FR3
WLM5	IND
WLM6	IND
WLM7	FR2
WLM8	IND
WLM9	FR4
WLM10	IND

Table 3: Wilmington, NC, Local Real Estate Market – franchise key:

Franchise	Sum of WLM#	2001	2002	2003	b2004
FR1	2	17.2	22.2	19.2	20.1
FR2	3+7	10.7	8.2	7.9	8.3
FR3	4	16.1	8.9	8.0	6.7
FR4	9	1.8	5.3	6.9	6.7
IND	1+5+6+8+10+11	29.4	30.8	31.3	30.2

Figure 1: Wilmington, NC Local Real Estate Market Firm-Level Market Share

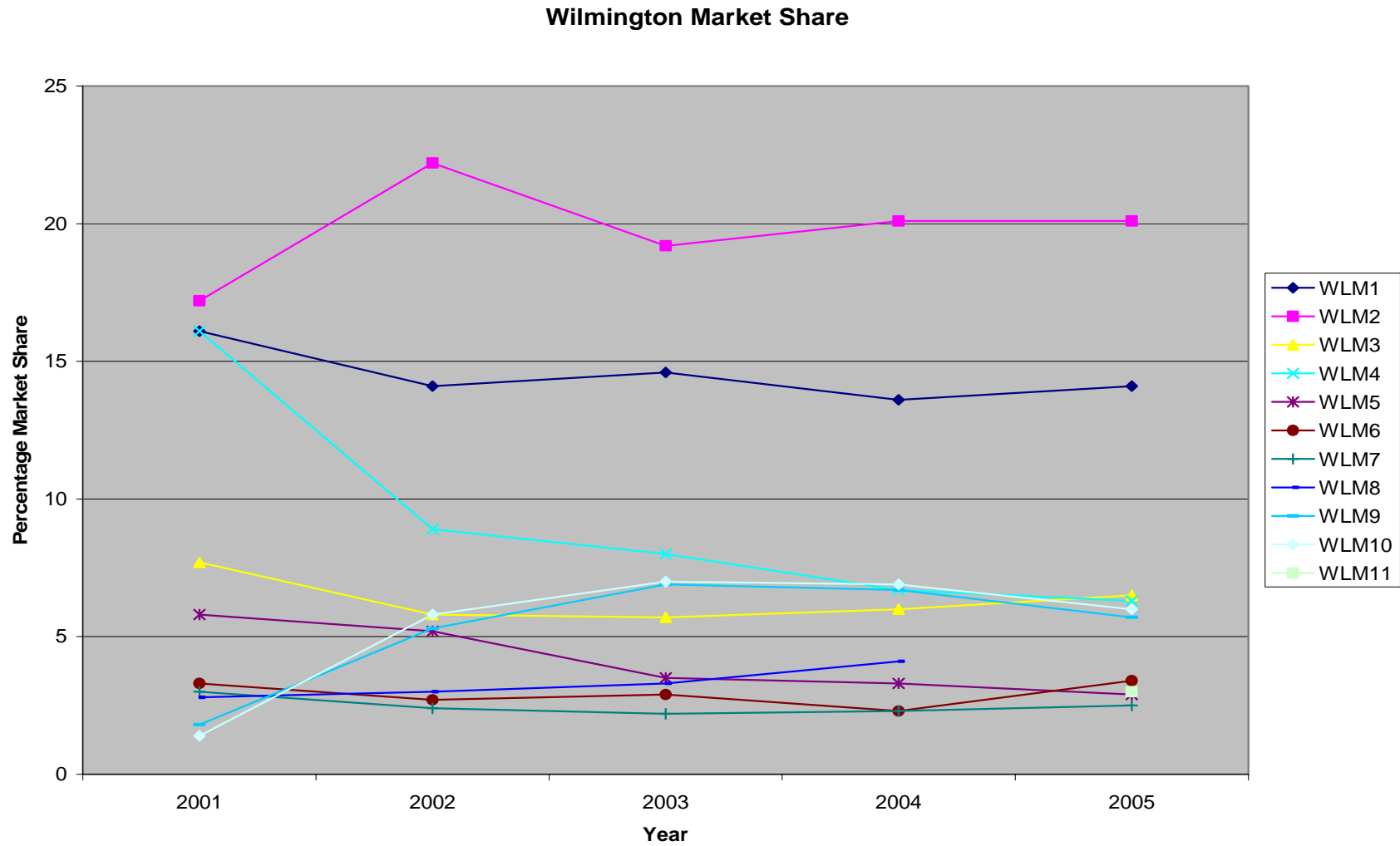
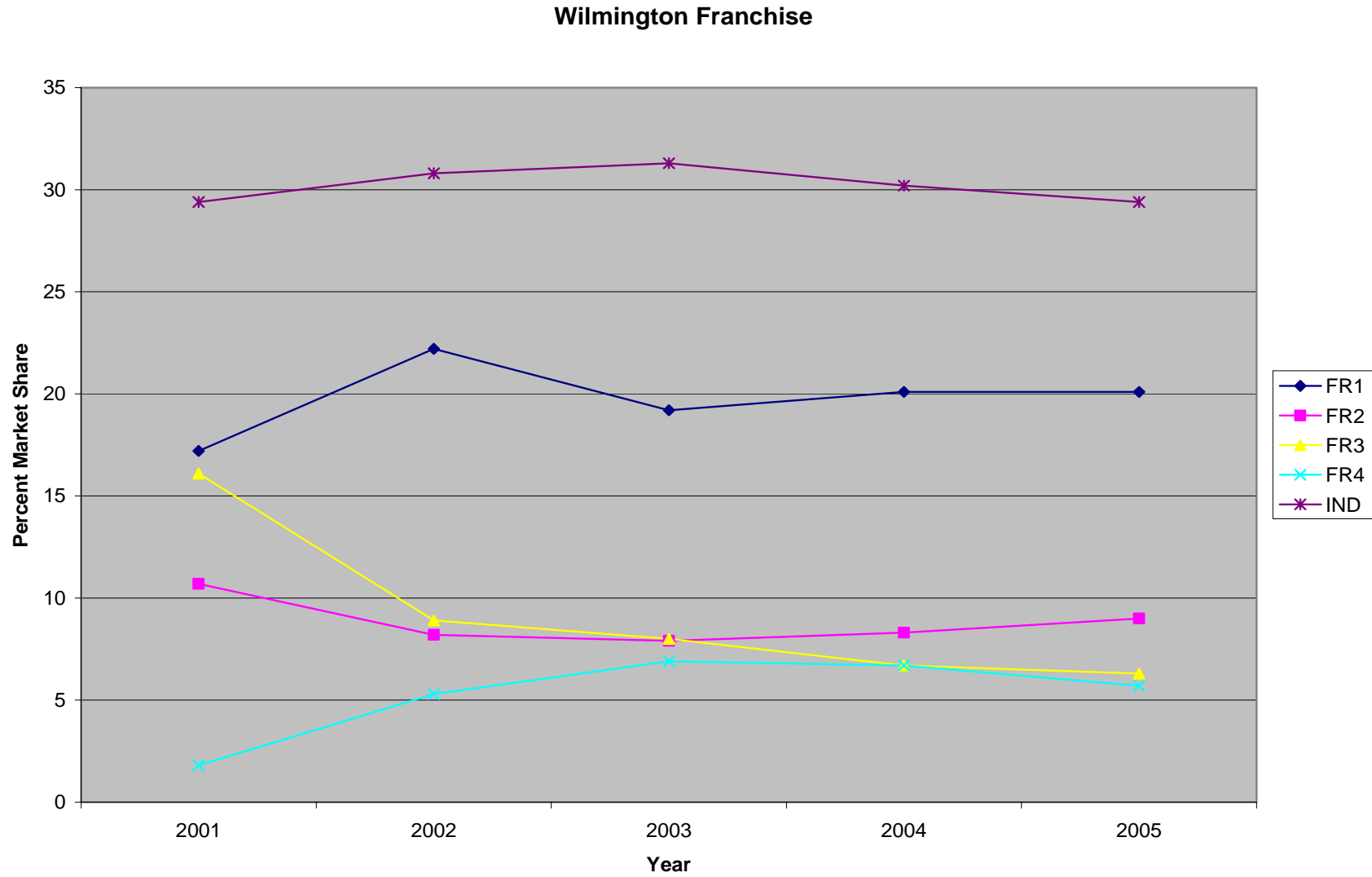


Figure 2: Wilmington, NC Local Real Estate Market Franchise-Level Market Share



Baltimore, MD

We report here on the Baltimore, MD local real estate market. There are three tables and two figures. Across the three years of data there has been a 77% increase in dollar sales volume and 20% increase in the number of sales. We do not know the changes in number of agents or number of firms.

In 2000, Baltimore, MD ranked as the 17th largest metropolitan area in the United States. By 2004 it ranked as the 18th largest, with a population of 636,251¹³. Across the four years of data we have there has been a 33% growth in dollar sales volume and a 27 % growth in number of sales. We do not know the changes in number of agents or number of firms, as we have but one data point. In Table 1 we summarize the market data for Baltimore, MD.

Table 1: Overview of Baltimore, MD Real Estate Market*

	2001	2002	2003	2004	% Increase
Total # Firms					
Total # Agents					
Total \$ Volume	\$12B	\$14.1B	\$17B	\$21.2B	77%
Total # Sales	72,954	76,076	79,484	87,406	20%

*Notes:

Totals are of the top 11 firms in the market.

Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top 15 real estate firms (as a function of percentage of market share by dollar volume) in the Baltimore, MD local real estate market.

Gaps in trend lines of particular firms can be due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising. Note that two firms dominate the market, and the rest of the top ten are substantially smaller. Over time some of these firms are getting a slightly smaller percentage of the total market and others are getting a slightly larger percentage of the total market.

It appears that in the Baltimore, MD local real estate market the evidence we have suggests:

1. The local real estate market seems to be growing (at an annual rate of 16.4% relative to solar sales volume)
2. Two firms, one independent and one a franchise, dominate the local real estate market.
3. The total percentage of the local real estate market for the top 10 firms has slightly increased over the time we have data.

¹³ See <http://quickfacts.census.gov/qfd/> and <http://www.infoplease.com/ipa/A0763098.html>

4. A few of the smaller firms have increased their share (one firm more than the others), others have not, there is not a great deal of change in these smaller firms over the time we have data.

In Figure 2 and Tables 2 and 3 we present franchise-level data on the Baltimore, MD local real estate market. We get this by grouping the firms by franchise. We do this by summing and this shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Baltimore, MD Franchise observations:

1. Independent firms dominate the local real estate market in Baltimore, MD.
2. Franchised firms have noticeable, and increasing, combined market share.
3. The grouping of independent firms appears to be decreasing in market share of sales over time. While some of the franchises appear to be gaining in market share of sales, other franchises appear to be decreasing in market share.

Table 2: Baltimore, MD, Local Real Estate Market – chart key:

Code	Franchise Code
BAL1	IND
BAL2	IND
BAL3	IND
BAL4	FR1
BAL5	FR1
BAL6	FR1
BAL7	FR2
BAL8	FR3
BAL9	FR1
BAL10	FR1
BAL11	FR3
BAL12	FR1
BAL13	FR4
BAL14	NSC
BAL15	FR4
BAL16	FR4

Table 3: Baltimore, MD, Local Real Estate Market – franchise key:

Fr Code	Sum of BAL#	2001	2002	2003	2004
IND	1+2+3	49	31.9	28.1	29.2
FR1	4+5+6+9+10+12	10.9	11.4	10.5	10.9
FR2	7	2.3	2.2	2.1	2.3
FR3	8+11	1.9	18.3	20.5	18.5
FR4	13+15+16	0	0	1.7	2.8
NSC	14	0	0	1.5	1.3

Figure 1: Baltimore, MD, Local Real Estate Market

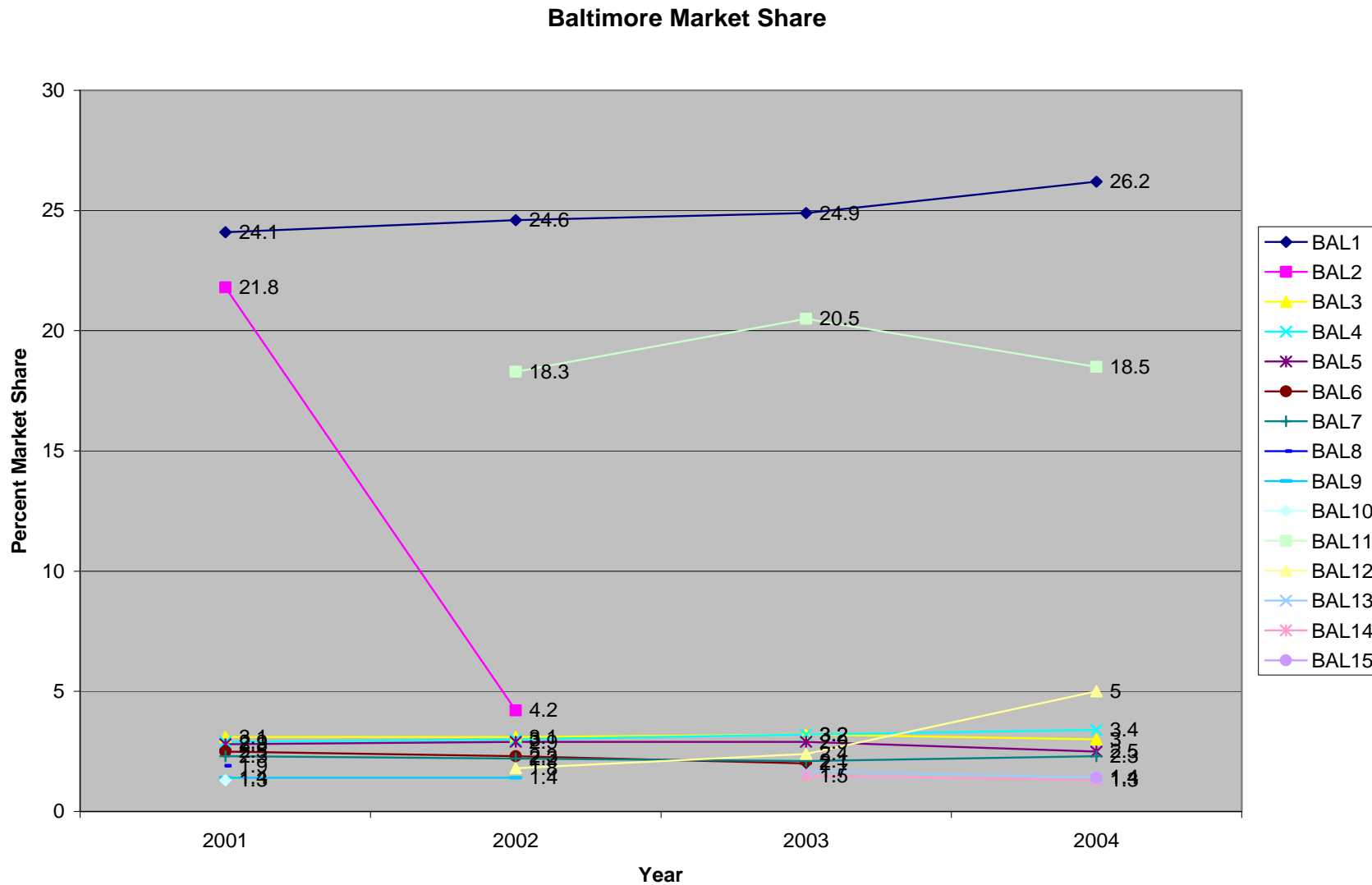
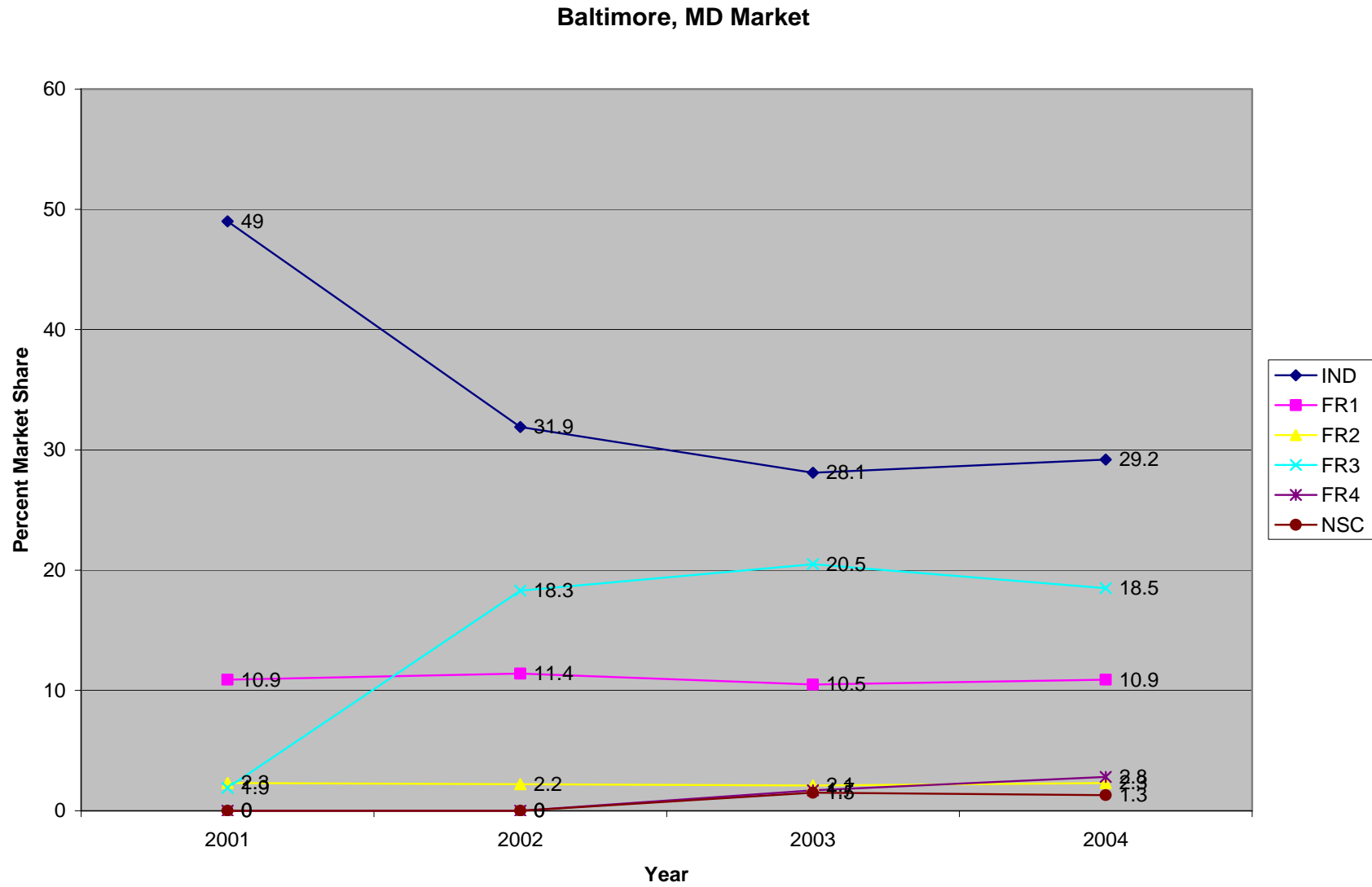


Figure 3: Baltimore, MD, Local Real Estate Market: Coded Market Franchise Presence



Culpeper, VA

We report here on the Culpeper, VA local real estate market. There are two tables and three figures. In 2000, Culpeper, VA ranked as the 913th largest metropolitan area in the United States with a population of 9,664¹⁴. Across the four years of data we have there has been a 103% growth in dollar sales volume and a 34 % growth in number of sales. We do not know the changes in number of agents or number of firms, as we have but one data point. In Table 1 we summarize the market data for Culpeper, VA.

Table 1: Overview of Culpeper, VA Real Estate Market*

	2001	2002	2003	2004	Increase
Total # Firms					
Total # Agents					
Total \$ Volume	\$236 M	\$237.9 M	\$296.5 M	\$478 M	103%
Total # Sales	1260	1178	1202	1692	34%

*Notes:

Totals are of the top 14 firms in the market.
Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top 14 real estate firms (as a function of percentage of market share by dollar volume) in the Culpeper, VA local real estate market. In any given year the top ten firms account for nearly 100% of all sales and dollar volume.

Gaps in trend lines of particular firms can be due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm “F” leave to work for firm “G” and the change leads to “F” dropping and “G” rising. Note that two firms dominate the market, and the rest of the top ten are substantially smaller. Over time some of these firms are getting a slightly smaller percentage of the total market and others are getting a slightly larger percentage of the total market.

It appears that in the Culpeper, VA local real estate market the evidence we have suggests:

1. The local real estate market seems to be growing at about 20% per year (relative to dollar sales volume).
2. One firm has a dominant, but diminishing share of the local real estate market.
3. The total percentage of the local real estate market for the 14 firms depicted is nearly 100% of the local real estate market. This concentration continues despite the 20% annual in dollar volume sales over the period.
4. Several smaller firms have increased their share, others have not, and there is steady change in the market shares of these smaller firms over the time we have data.

¹⁴ See <http://quickfacts.census.gov/qfd/> and <http://www.infoplease.com/ipa/A0763098.html>

In Figure 2 and Tables 2 and 3 we present franchise-level data on the Culpeper, VA local real estate market. We get this by grouping the firms by franchise. We do this by summing and this shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Culpeper, VA Franchise observations:

1. Two firms, one independent, one a franchise, dominate the local real estate market in Culpeper, VA.
2. Other franchised firms have a small and decreasing share of the local real estate market over the period for which we have data.
3. The grouping of independent firms appears to be decreasing in market share of sales over time. While some of the franchises appear to be gaining in market share of sales, other franchises appear to be decreasing in market share.

Table 2: Culpeper, VA, Local Real Estate Market – chart key:

Firm Code	FR Code
CUL1	FR1
CUL2	IND
CUL3	IND
CUL4	FR2
CUL5	IND
CUL6	IND
CUL7	FR3
CUL8	FR2
CUL9	IND
CUL10	FR4
CUL11	IND
CUL12	FR2
CUL13	IND
CUL14	IND

Table 3: Culpeper, VA, Local Real Estate Market – franchise key:

Franchise	Sum of CUL#:	2001	2002	2003	2004
FR1	1	33.3	39.7	34.4	28.7
FR2	4+8+12	11.3	3.1	2.9	2.2
FR3	7	4.8	4.0	3.8	2.7
FR4	10	1.1	0.0	0.0	0.0
IND	2+3+5+6+9+13+14	40.4	37.5	40.4	41.2

Figure 1: Culpeper, VA, Local Real Estate Market Firm-Level Market Share

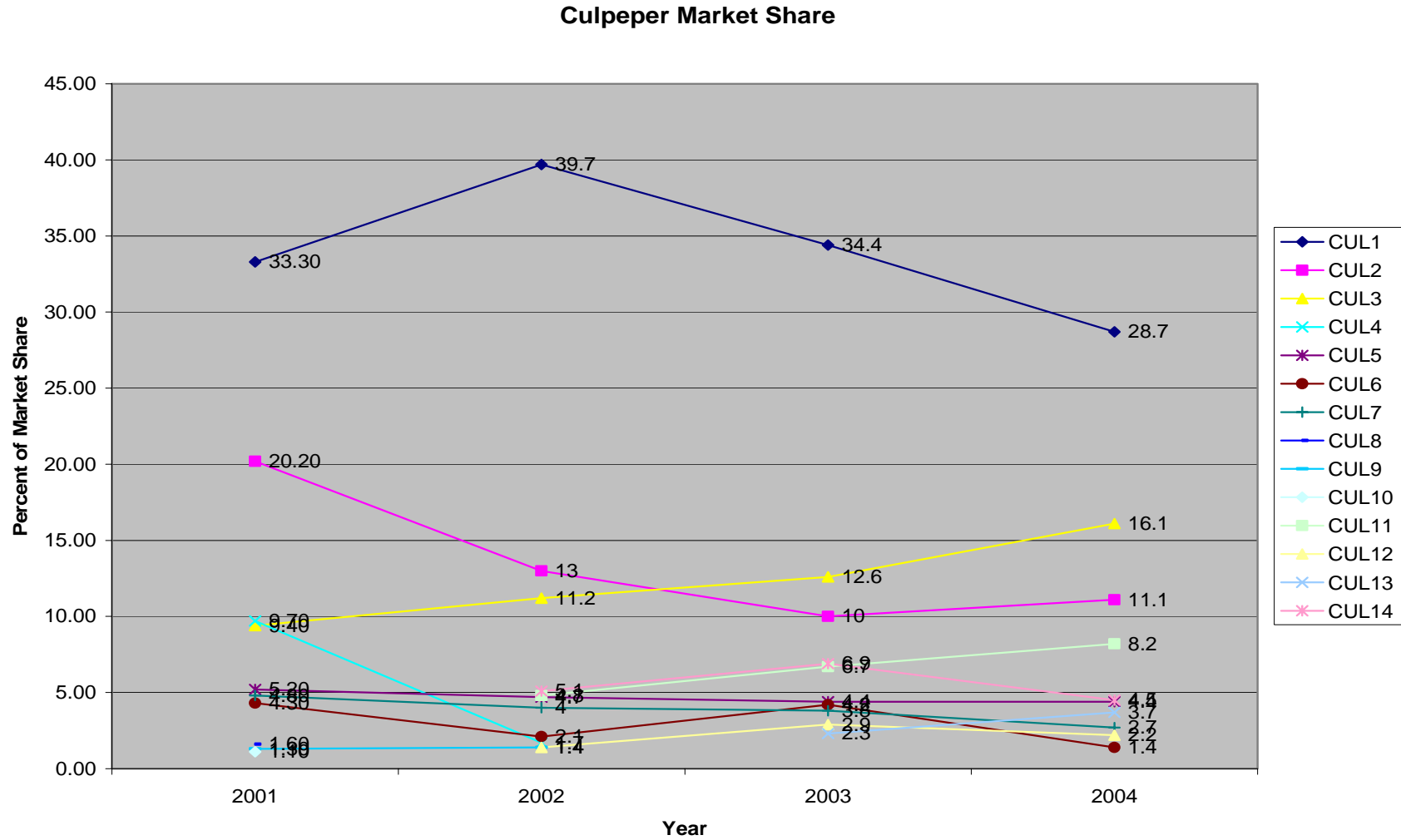
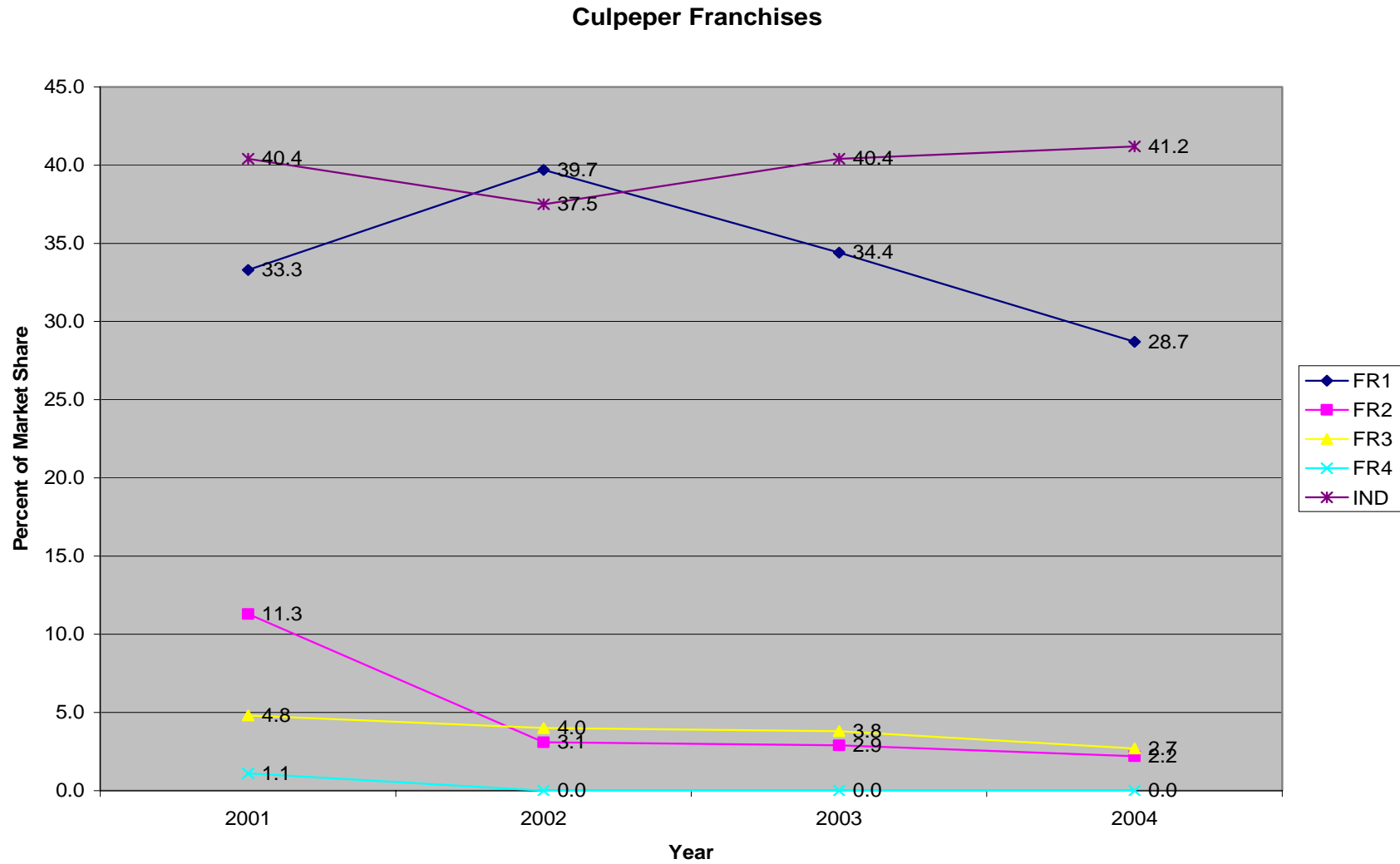


Figure 2: Culpeper, VA, Local Real Estate Market Franchise Share



Charlotte, NC

We report here on the Charlotte, NC local real estate market. There are three tables and two figures. Charlotte, NC ranks as the 34th largest metropolitan area in the United States¹⁵ and the population was estimated to be 1,499,293 in 2000¹. Across the two years of data we have there has been a 33% growth in dollar sales volume and a 27 % growth in number of sales. We do not know the changes in number of agents or number of firms, as we have but one data point. In Table 1 we summarize the market data for Charlotte, NC.

Table 1: Overview Charlotte, NC Local Real Estate Market*

	2003	2004	2005	% Increase
Total # Firms			2,002	
Total # Agents			7,645	
Total \$ Volume	\$5.2B	\$6.93B		33%
Total # Sales	28,232	35,937		27%

*Notes:

Totals are of the top 11 firms in the market.

Blanks indicate we have no data at this time.

In Figure 1 we provide a visual representation of market share of the top 11 real estate firms (as a function of percentage of market share number of sales) in the Charlotte, NC local real estate market.

Gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm “F” leave to work for firm “G” and the change leads to “F” dropping and “G” rising. Note that one firm dominates the market, and the rest of the top ten are substantially smaller. Over time all of these firms are getting a slightly smaller percentage of the total market.

It appears that in the Charlotte, NC local real estate market the evidence we have suggests:

1. The local real estate market appears to be growing, with an annual dollar sales volume increase of about 16% across the two years for which we have data.
2. One large independent firm dominates the local real estate market
3. In the two years for which we have data, the top 11 firms account for from 88.5% of total sales (in 2003) to 79.6% of total sales (in 2004).
4. There seems to be a downward trend of the total market share for the top 11 firms.
5. A few of the smaller firms have increased their share, others have not, and there is not a great deal of change in these smaller firms over the time we have data.

In Table 2 and 3 and Figure 2 we present franchise-level data on the Charlotte, NC local real estate market. We get this by grouping the firms by franchise. We do this by summing and this

¹⁵ See www.census.gov/population/www/cen2000/phc-t3.html

shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Drawing on this evidence, we make three observations of franchise level data in the local real estate market of Charlotte, NC:

1. The combined market share of the independent firms dominates the local real estate market in Charlotte, NC (having about 50% of the total share of the market relative to dollar sales volume).
2. The franchise firms have less market share than the independent firms.
3. The grouping of independent firms appears to be decreasing in market share, as do most of the franchises.

Table 2: Charlotte, NC, Local Real Estate Market – chart key:

Code	Franchise Code
CHAR1	IND
CHAR2	FR1
CHAR3	IND
CHAR4	FR2
CHAR5	FR3
CHAR6	FR3
CHAR7	IND
CHAR8	IND
CHAR9	FR4
CHAR10	IND
CHAR11	IND

Table 3: Charlotte, NC, Local Real Estate Market – franchise key:

Code	Sum of CHAR#	2003	2004
FR1	2	11.48	10.17
FR2	4	7.88	7.81
FR3	5+6	11.03	9.67
FR4	9	3.03	3.54
IND	1+3+7+8+10+11	55.13	48.44

Figure 4: Charlotte, NC, Local Real Estate Market

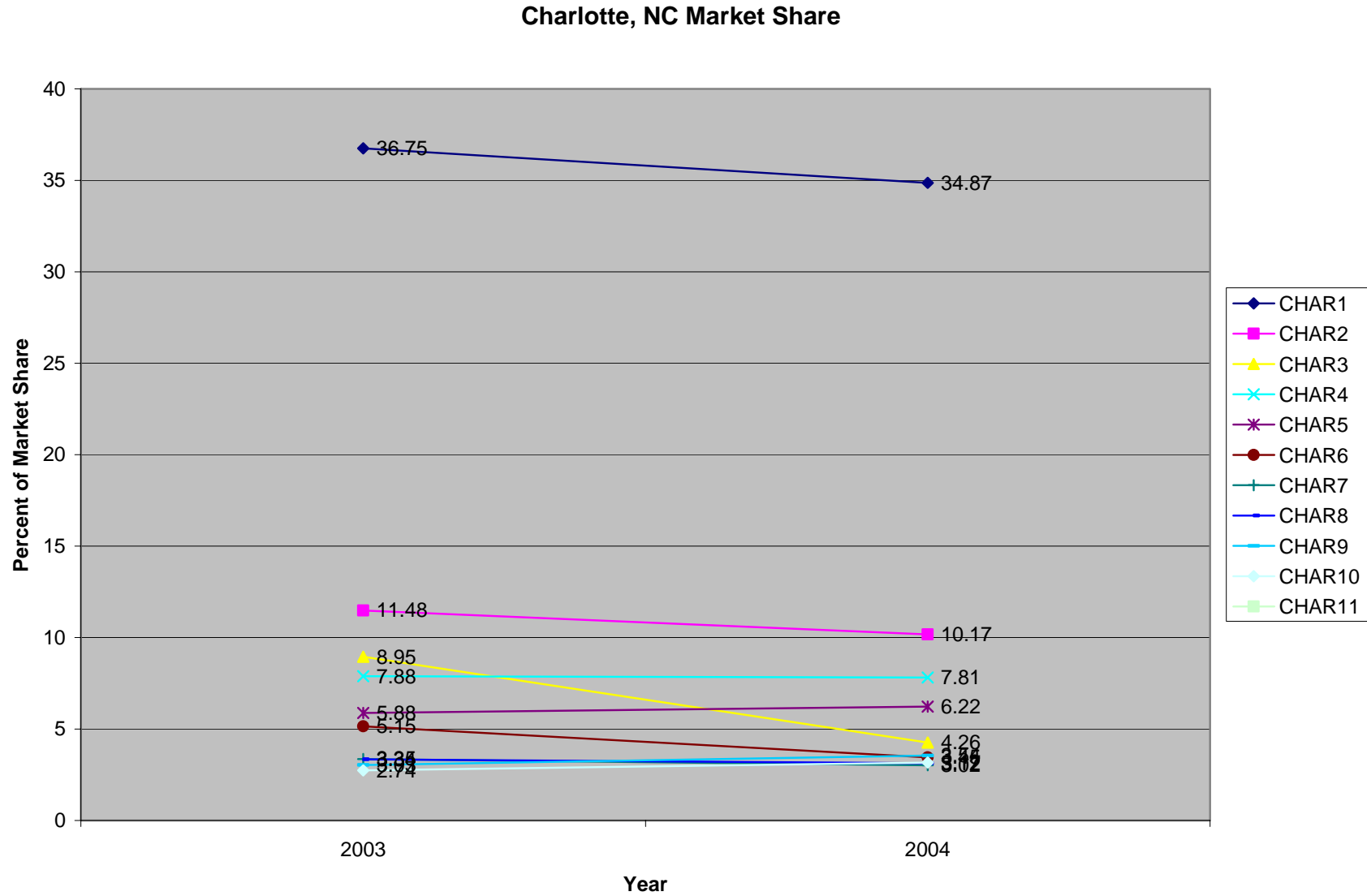
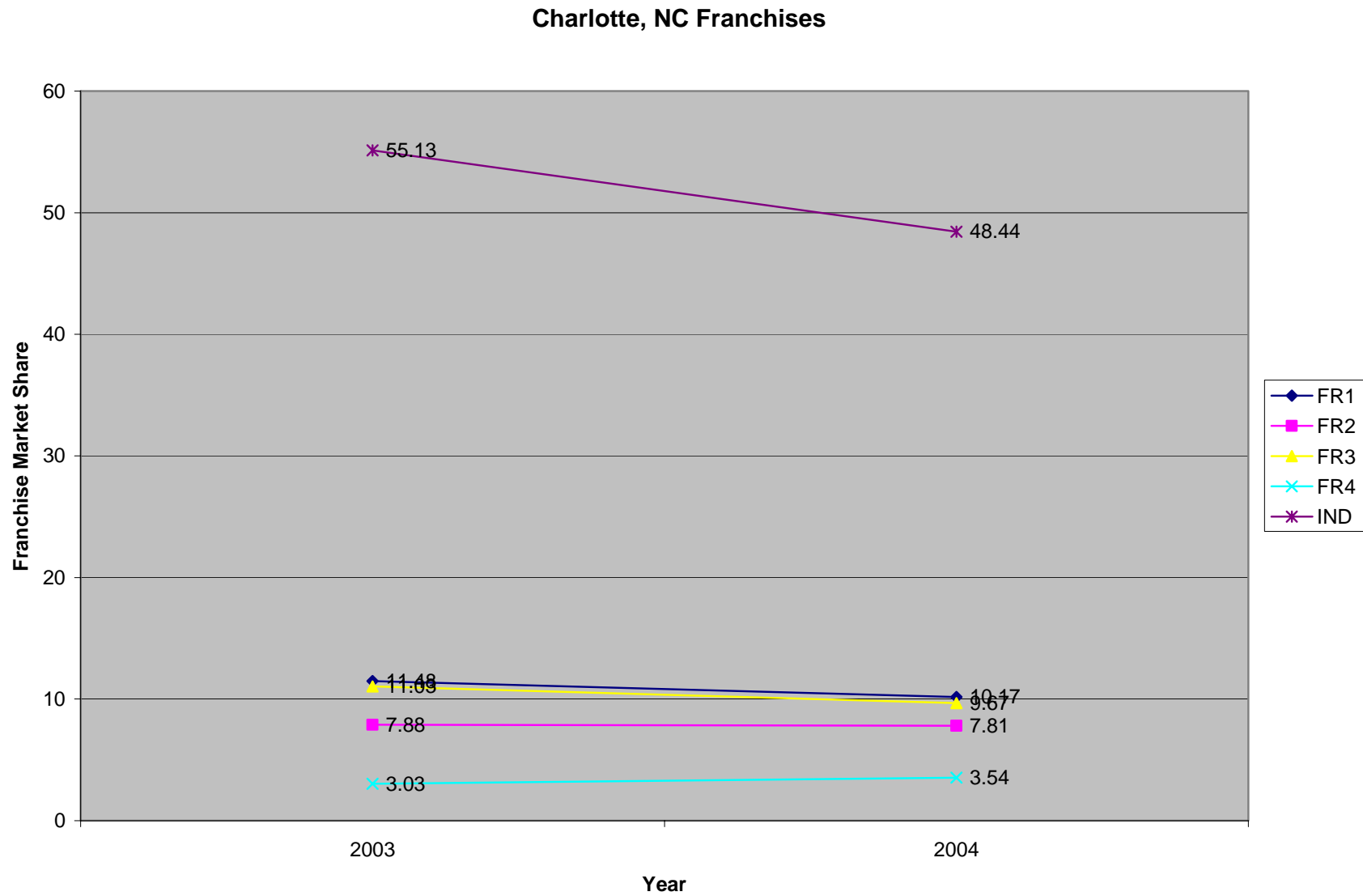


Figure 5: Charlotte, NC, Local Real Estate Market: Coded Market Franchise Presence



Easton, MD

We report here on the Easton, MD local real estate market. There are three tables and two figures. In 2000, Easton, MD was the 765th largest metropolitan area in the United State, with a population of 11,708¹⁶. In Table 1 we summarize the market data for Easton, MD. Across the four years of data (2001 – 2004) there has been a 32% increase in dollar sales volume and 29% increase in total number of sales. We do not know the changes in number of agents or number of firms, as we have no data.

Table 1: Overview of Easton, MD Real Estate Market*

	2001	2002	2003	2004	Increase
Total # Firms					
Total # Agents					
Total \$ Volume	\$362.5M	\$475.5M	\$643M	\$842.3M	32%
Total # Sales	1272	1298	1484	1636	29%

*Notes:

Totals are of the top 18 firms in the market.

Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top 18 real estate firms (as a function of percentage of market share by dollar volume) in the Easton, MD local real estate market.

Gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm “F” leave to work for firm “G” and the change leads to “F” dropping and “G” rising.

It appears that in the Easton, MD local real estate market the evidence we have suggests:

1. The local real estate market seems to be growing (at about 7.4% annually relative to dollar sales volume).
2. The top three firms have 40.3% of the market share in 2004.
3. These top four firms have swapped their relative positions in the past 4 years, which suggests a highly competitive market.
4. In any given year the top 18 firms account for from 68.7% of total sales (in 2001) to 75.6% of total sales (in 2004).
5. The total percentage of the local real estate market for the top 10 firms has increased (by 13.1%) between 2001 and 2004, suggesting increased concentration.
6. A few of the smaller firms have increased their share, others have not; there is not a great deal of change in these smaller firms over the time we have data.

¹⁶ <http://www.census.gov/population/cen2000/phc-t29/tab01a.pdf>

In Figure 2 and Tables 2 and 3 we present franchise-level data on the Easton, MD local real estate market. We get this by grouping the firms by franchise. We do this by summing and this is shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Easton, MD Franchise observations:

1. The independent firms dominate the local real estate market in Easton, MD. This has been true for four years for which we have data.
2. Other franchises' firms have noticeable combined market share.
3. The combined market share of the independents has increased significantly, (by 13%) over the four-year period for which we have data.

Table 2: Easton, MD, Local Real Estate Market – chart key:

Firm Code	FR Code
EAS1	IND
EAS2	IND
EAS3	FR1
EAS4	IND
EAS5	FR2
EAS6	IND
EAS7	IND
EAS8	FR1
EAS9	FR3
EAS10	IND
EAS11	FR1
EAS12	FR4
EAS13	IND
EAS14	IND
EAS15	IND
EAS16	IND
EAS17	IND
EAS18	IND

Table 3: Easton, MD, Local Real Estate Market – franchise key:

Franchise	Sum of EAS#:	2001	2002	2003	2004
FR1	3+8+11	12.2	13.7	13.5	11.3
FR2	5	6.4	0.0	0.0	0.0
FR3	9	4.2	5.5	3.7	5.4
FR4	12	0.0	3.5	2.5	0.0
IND	1+2+4+6+7+10+13+14+15+16+17+18	45.9	48.5	53.8	58.9

Figure 1: Easton, MD Local Real Estate Market Firm-Level Market Share

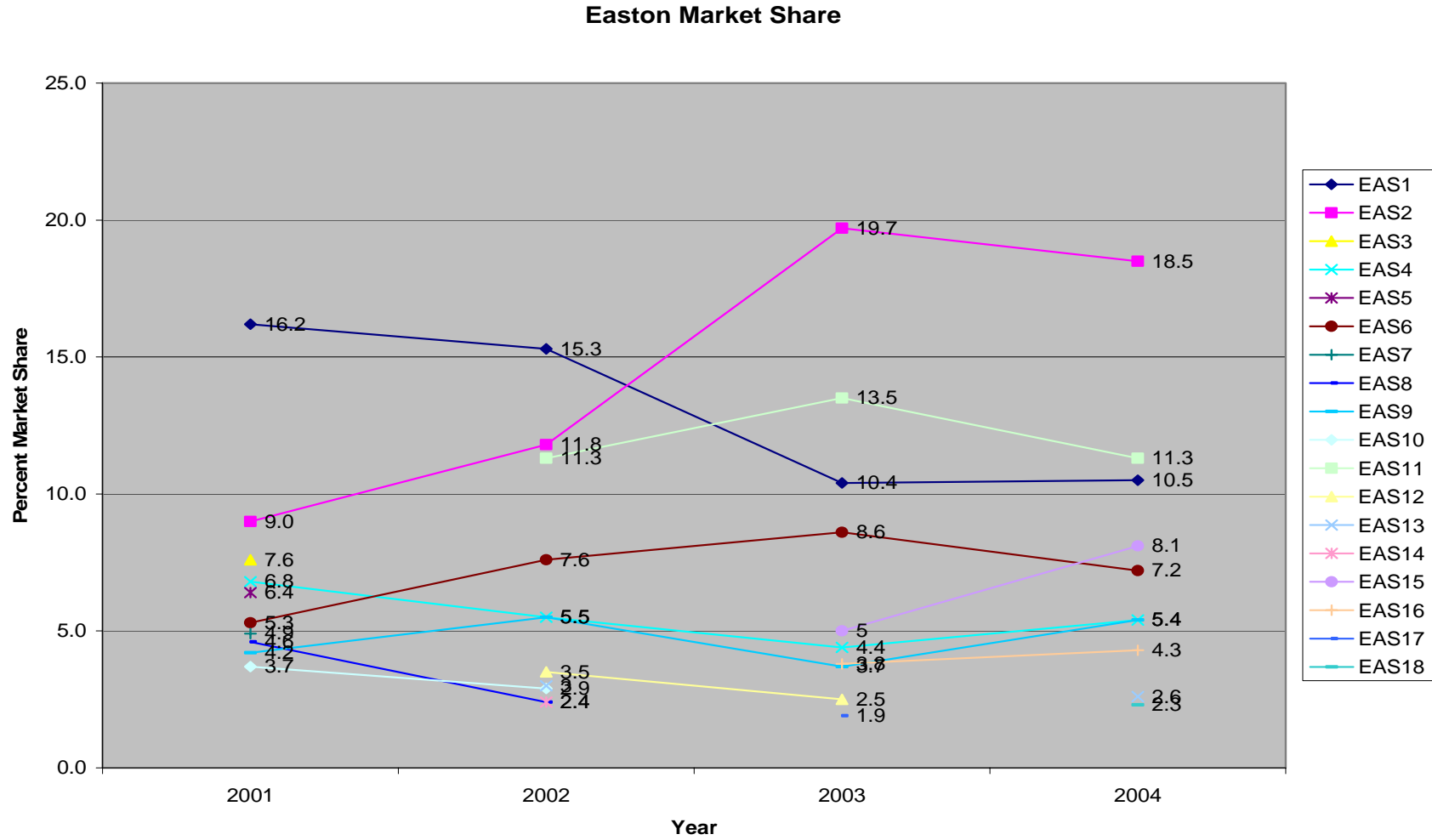
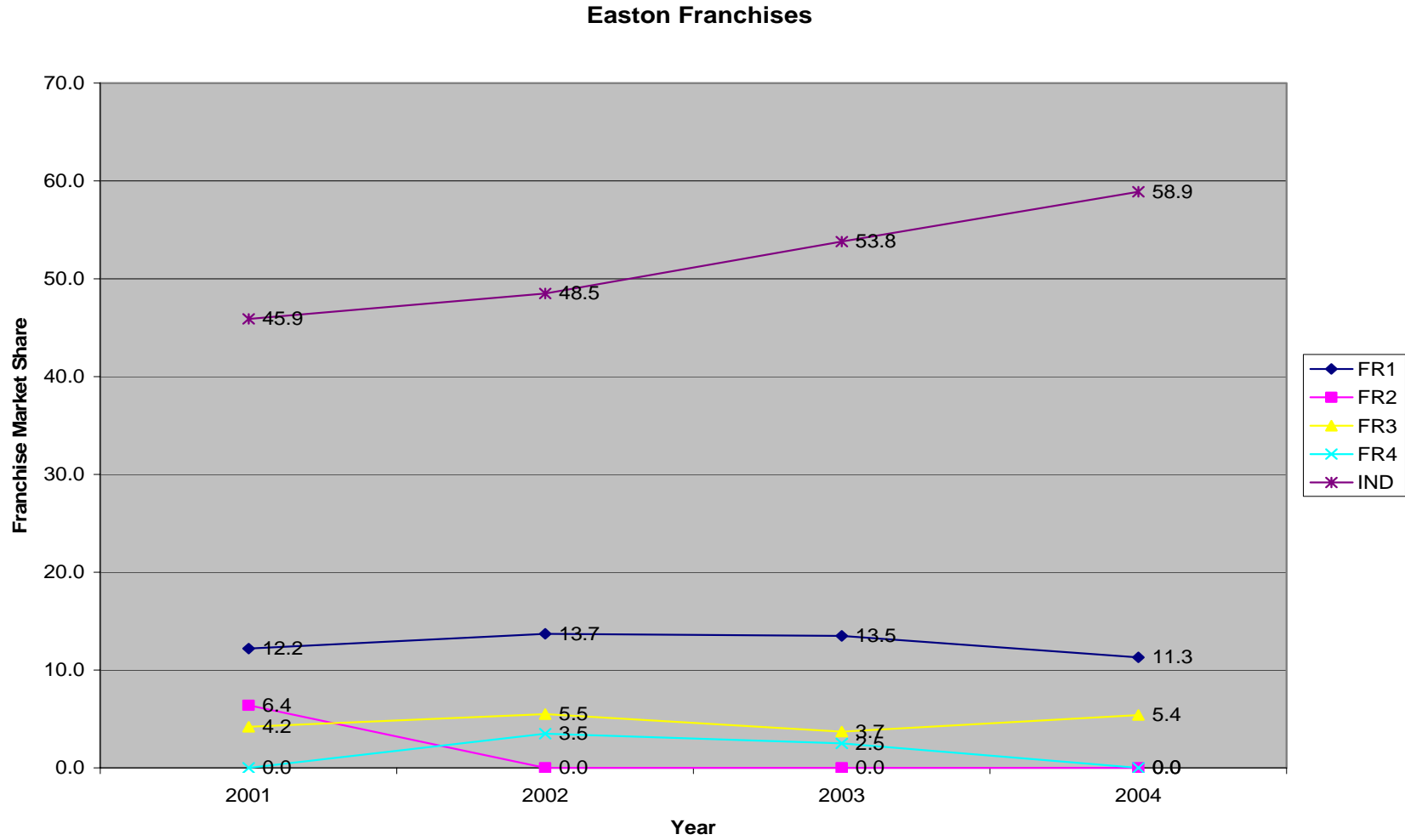


Figure 2: Easton, MD Local Real Estate Market Franchise-Level Market Share



Hagerstown, MD

We report here on the Hagerstown, MD local real estate market. There are two tables and three figures. In 2000, Hagerstown, MD has 131,923 residents and by 2004 it ranked as the United States' 173rd largest metropolitan area with 139,624 residents¹⁷.

In Table 1 we summarize the market data for Hagerstown, MD. Across the four years of data there has been a 127% increase in dollar sales volume and 48% increase in total number of sales. We do not know the changes in number of agents or number of firms, as we have no data.

Table 1: Overview of Hagerstown, MD Real Estate Market*

	2001	2002	2003	2004	Increase
Total # Firms					
Total # Agents					
Total \$ Volume	\$659.8M	\$817.3M	\$1.1B	\$1.5B	127%
Total # Sales	5256	6052	6678	7794	48%

*Notes:

Totals are of the top 14 firms in the market.

Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top 20 real estate firms (as a function of percentage of market share by dollar volume) in the Hagerstown, MD local real estate market.

Gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising.

It appears that in the Hagerstown, MD local real estate market the evidence we have suggests:

1. The local real estate market seems to be growing at about 21% per year (as a function of dollar sales volume).
2. The top ten firms accounted for 67.5% of total sales in 2001; this fell to 62.3% in 2004.
3. There seems to be a small downward trend of the total market share for the top 20 firms over the period for which we have data (even as the market shows spectacular growth relative to dollar sales volume). This suggest that new firms are entering the market (a sign of healthy competition and likely linked to the strong growth in dollar sales volume).
4. Two firms dominate the real estate market.
5. A few of the smaller firms have increased their share, others have not; there is not a great deal of change in these smaller firms over the time we have data.

¹⁷ See <http://www.ams.usda.gov/statesummaries/MD/MSA/MSA.pdf/Hagerstown.pdf>
<http://recenter.tamu.edu/data/popm/pm3180.htm>
<http://www.urbanplanet.org/forums/lofiversion/index.php/t10509.html>

In Figure 2 and Tables 2 and 3 we present franchise-level data on the Hagerstown, MD local real estate market. We get this by grouping the firms by franchise. We do this by summing and this is shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Hagerstown, MD Franchise observations:

1. The combined marker share of the independent firms dominates the local real estate market.
2. Other franchises' firms have noticeable combined market share
3. The combined market share of the independents has fallen over the four-year period for which we have data. This decrease occurs even as the market grows 21% annually (in dollar sales volume).
4. The relative positions of the franchises have remained constant over the period under consideration.

Table 2: Hagerstown, MD Local Real Estate Market – chart key:

Firm Code	Franchise Code
HAG1	IND
HAG2	IND
HAG3	FR1
HAG4	FR1
HAG5	FR2
HAG6	FR3
HAG7	FR4
HAG8	IND
HAG9	FR2
HAG10	FR1
HAG11	FR2
HAG12	FR3
HAG13	FR1
HAG14	FR1
HAG15	IND
HAG16	FR1
HAG17	IND
HAG18	IND
HAG19	IND
HAG20	IND

Table 3: Hagerstown, MD Local Real Estate Market – franchise key:

Franchise Code	Sum of HAG#:	2001	2002	2003	2004
FR1	3+4+10+13+14+16	15.1	16.3	16.8	17.8
FR2	5+9+11	8.3	13.5	15.0	13.6
FR3	6+12	4.5	9.6	8.7	6.5
FR4	7	3.4	3.1	0.0	0.0
IND	1+2+8+15+17+18+19+20	36.2	20.0	21.3	24.4

Figure 1: Hagerstown, MD, Local Real Estate Market Firm-Level Market Share

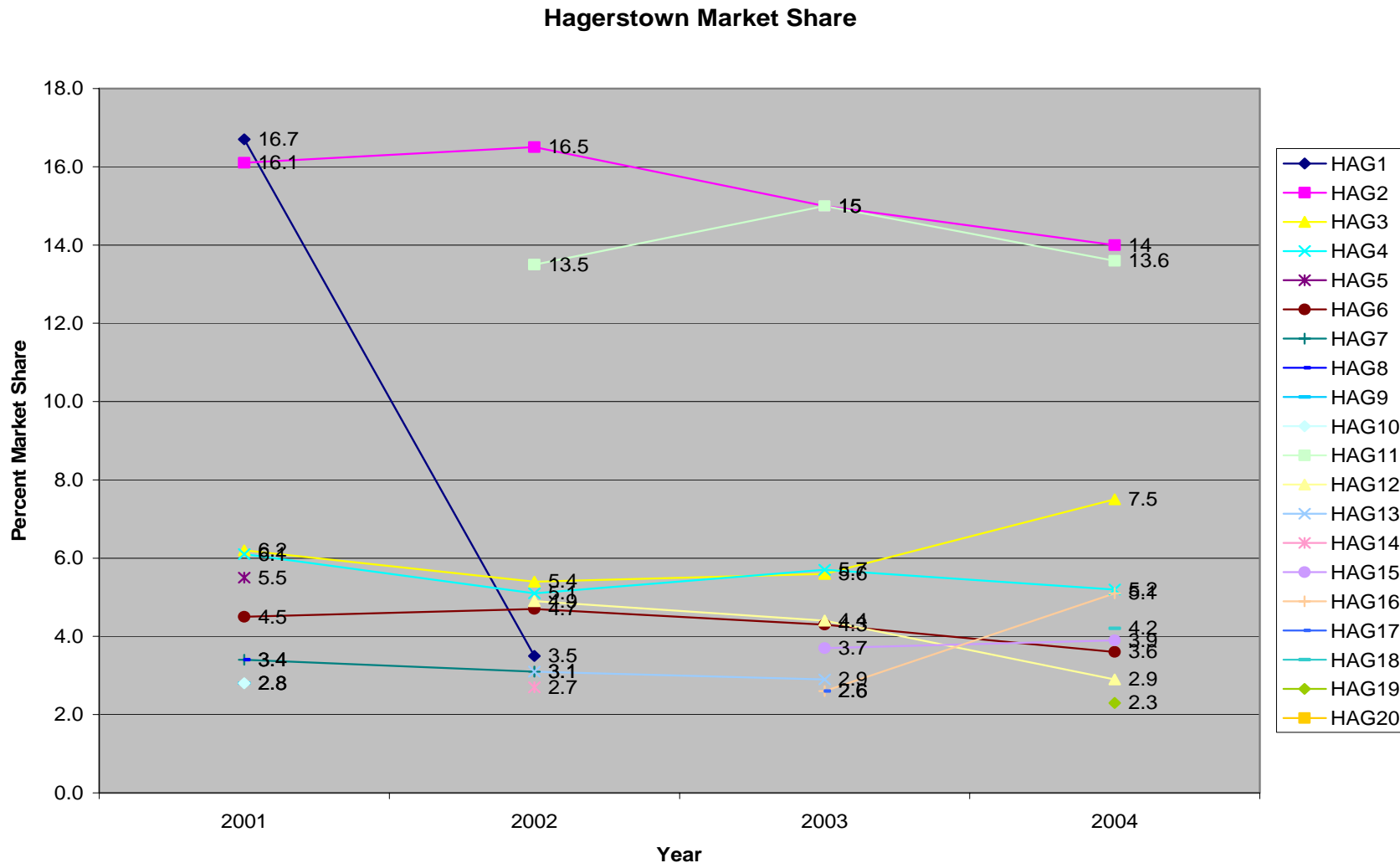
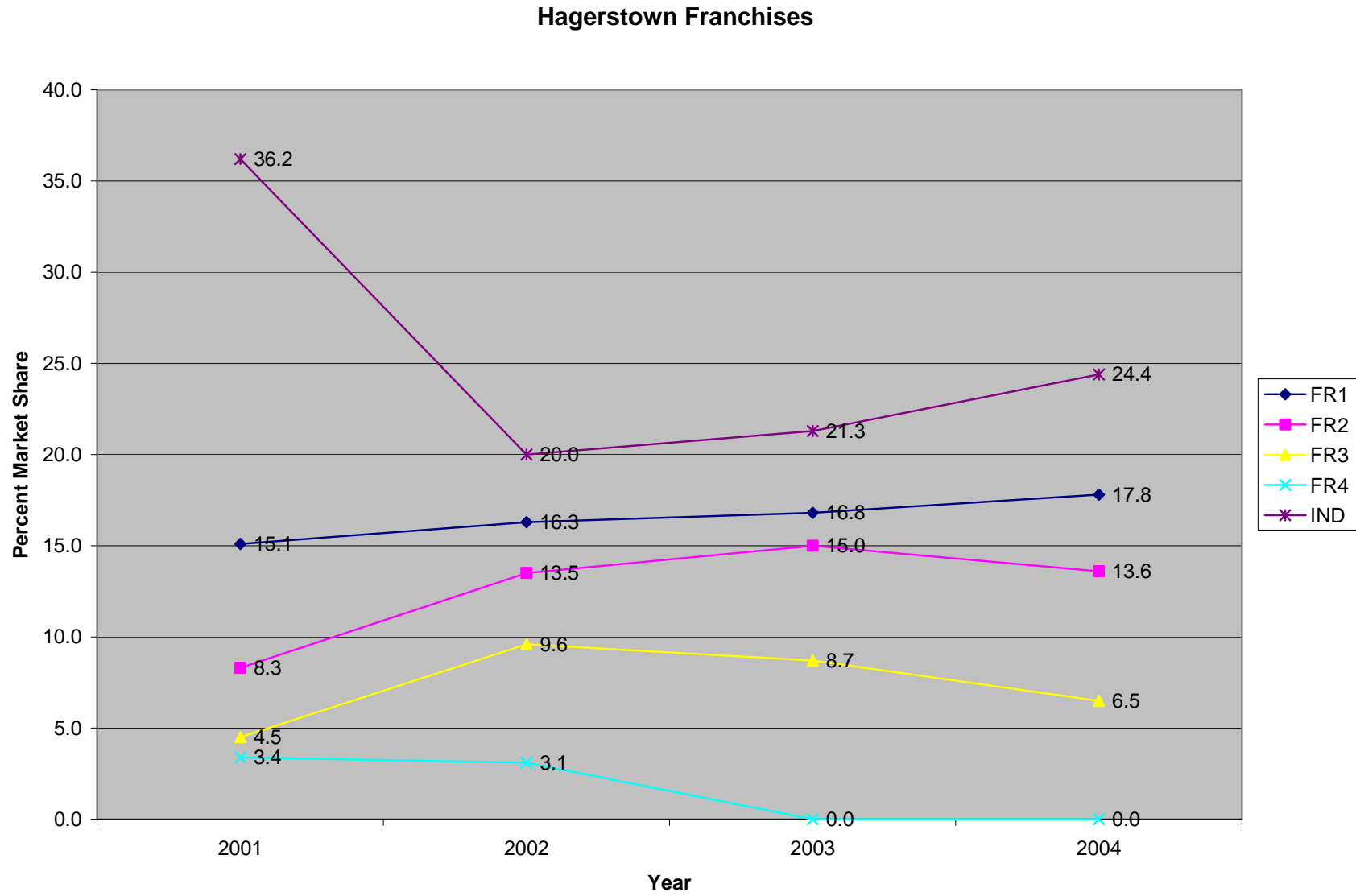


Figure 2: Hagerstown, MD, Local Real Estate Market Franchise-Level Market Share



Cumberland, MD

We report here on the Cumberland, MD local real estate market. There are three tables and three figures. In 2000, Cumberland, MD (and West Virginia) area had a population of 102,008 and ranked as the 259th largest metropolitan area in the United States¹⁸.

In Table 1 we summarize the market data for Cumberland, MD. Across the three years of data there has been a 39% increase in dollar sales volume and 23% increase in total number of sales over the four years for which we have data. We do not know the changes in number of agents or number of firms, as we have no data.

Table 1: Overview Cumberland, MD Local Real Estate Market*

	2001	2002	2003	2004	Growth
Total # Firms					
Total # Agents					
Total \$ Volume	\$137.9 M	\$161.6 M	\$170.2 M	\$191.4 M	39%
Total # Sales	1686	1910	1918	2074	23%

*Notes:

Totals are of the top 12 firms in the market.

Blanks indicate that we have no data.

In Figure 1 we provide a visual representation of market share of the top ten real estate firms (as a function of percentage of market share by dollar volume) in the Cumberland, MD local real estate market.

Gaps in trend lines of particular firms are due to a number of reasons. Some drop out of the top 10 for a year. Some may be due to mergers and such (and we will explore this in the phone interviews). A third reason, and a common occurrence, is that a productive agent (or agents) with firm "F" leave to work for firm "G" and the change leads to "F" dropping and "G" rising.

It appears that in the Cumberland, MD local real estate market the evidence we have suggests:

1. It appears that the local real estate market is growing (at slightly less than 6% per year relative to dollar sales volume).
2. The top four firms have a larger share than do the rest (and by a fair margin in the 2001-2004 period). There are position or rank changes among these top four during the time for which we have data.
3. The total percentage of the local real estate market for the top 12 firms has varied across the time we have data, but increased slightly between 2001 and 2004..
4. A few of the smaller firms have increased their share, others have not; there is not a great deal of change in these smaller firms over the time we have data.

¹⁸ <http://www.ams.usda.gov/statesummaries/MD/MSA/MSA.pdf/Cumberland.pdf>
www.census.gov/population/www/cen2000/phc-t3.html

In Figure 2 and Tables 2 and 3 we present franchise-level data on the Cumberland, MD local real estate market. We get this by grouping the firms by franchise. We do this by summing and this is shown via a cryptic addition of different local firms who are franchisees of a common parent company and located at the bottom of the table. All of the top independent firms are summed into one grouping.

Cumberland, MD Franchise observations:

1. The independent firms dominate the local real estate market in Cumberland, MD and this is growing.
2. Other franchises' firms have noticeable combined market share
3. The combined market share of the independents has fallen a little (4.2%) over the 4-year period, but the decrease is not significant. The relative positions of the franchises have remained constant over the period under consideration, even though firms have changed rank order (based on percentage sales) in this time.

Table 2: Cumberland, MD, Local Real Estate Market – chart key:

Firm Code	Franchise Code
CBD1	FR1
CBD2	IND
CBD3	FR2
CBD4	IND
CBD5	IND
CBD6	IND
CBD7	IND
CBD8	IND
CBD9	IND
CBD10	FR1
CBD11	FR2
CBD12	FR3

Table 2: Cumberland, MD, Local Real Estate Market – franchise key:

FR Code	Sum of CBD#:	2001	2002	2003	2004
FR1	1+10	18.6	20.5	24.1	16.6
FR2	3+11	12.7	13.7	15.2	16.8
FR3	12	0.0	0.0	2.1	3.8
IND (FR4)	2+4+5+6+7+8+9	49.4	45.8	44.2	45.2

Figure 1: Cumberland, MD, Local Real Estate Market Share

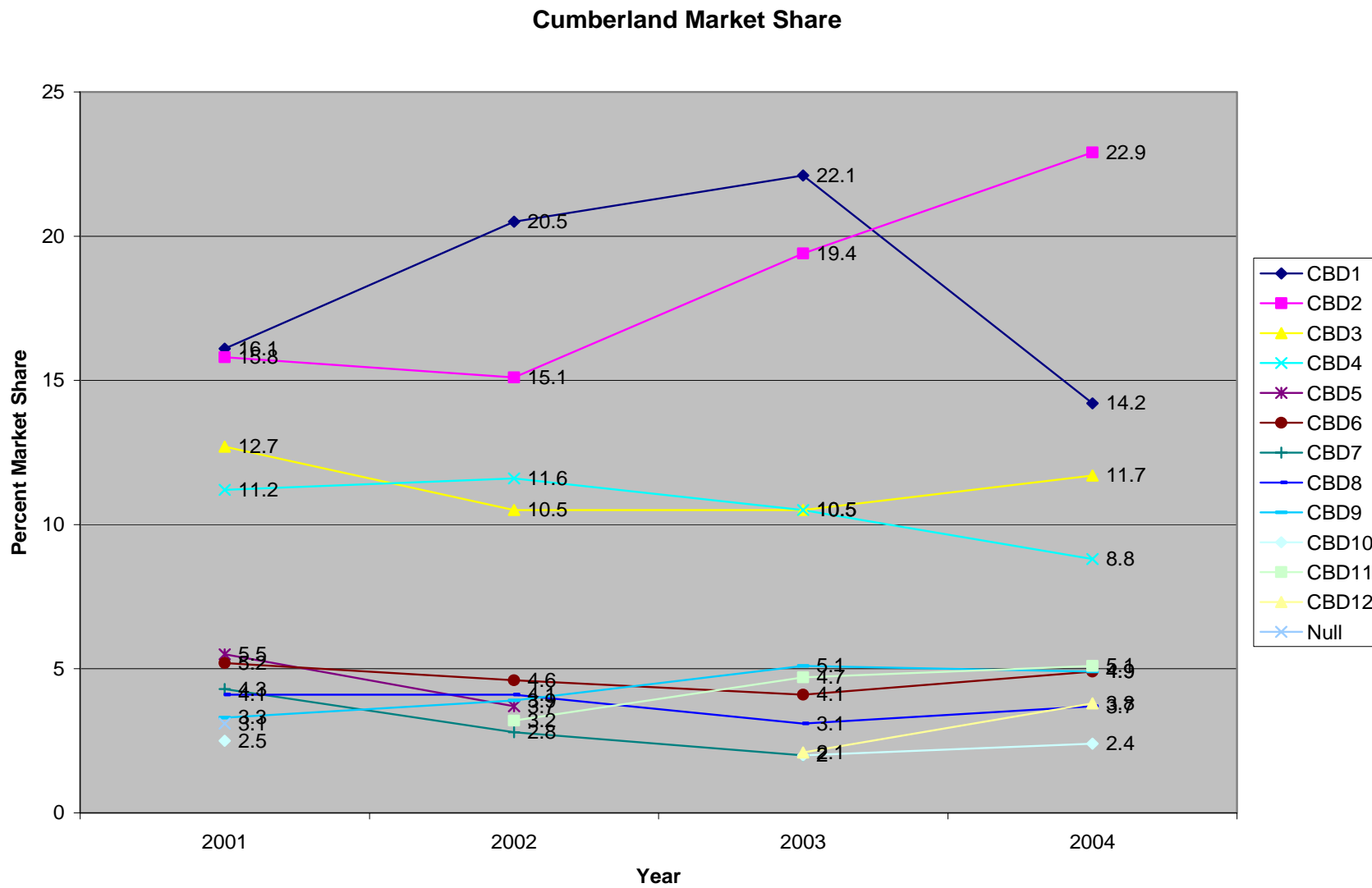
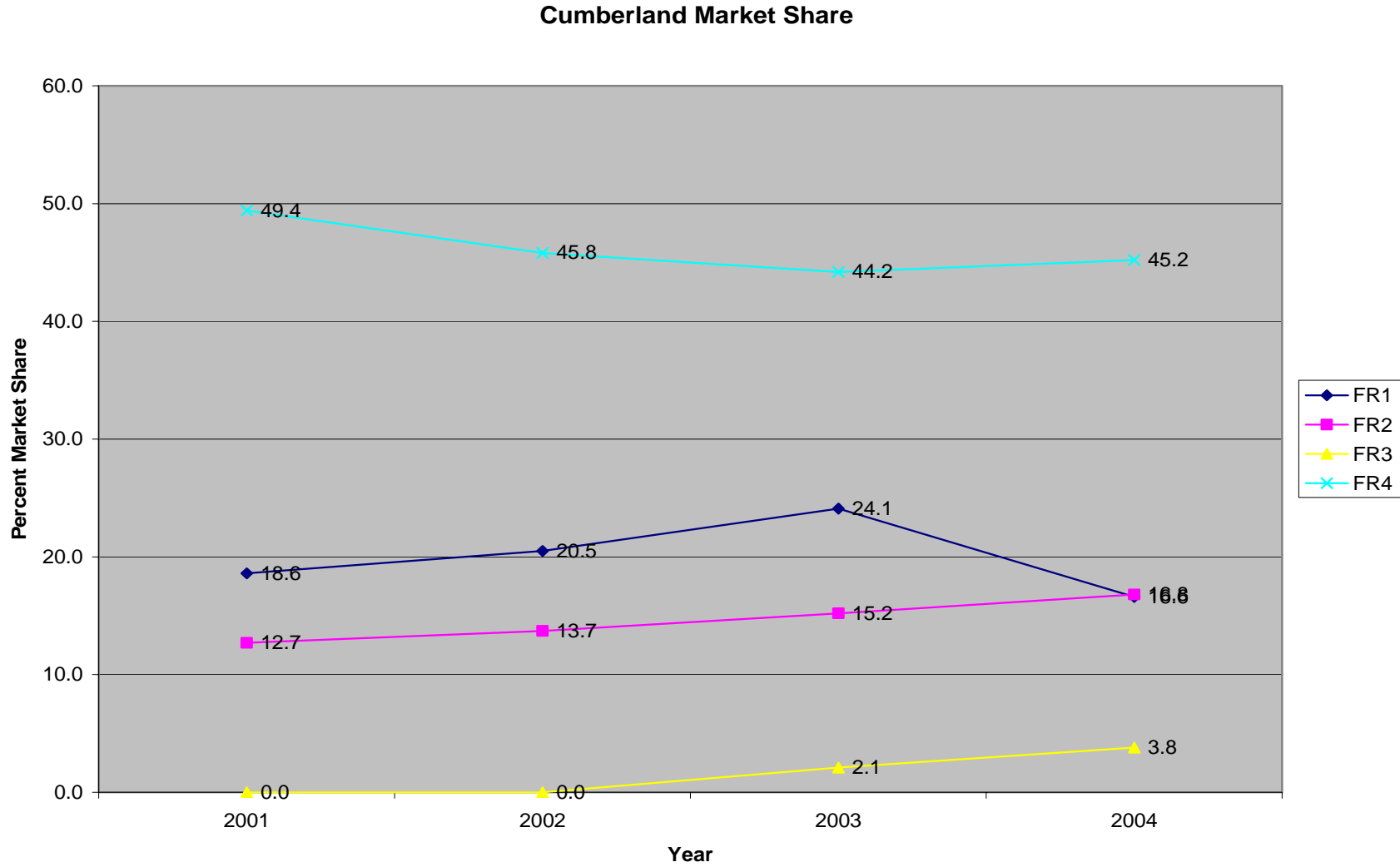


Figure 2: Cumberland, MD, Local Real Estate Market Franchise Share



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