



INVEST A LITTLE MAKE A LOT

WITH PROFESSIONAL PHOTOGRAPHY



REALTRENDS
THE TRUSTED SOURCE



VIRTUANCE
BRILLIANT IMAGES FOR REAL ESTATE

Agents who use professional photography

MAKE DOUBLE THE AVERAGE GCI

compared to agents who don't use professional photography



INTRODUCTION

As an independent business owner you've heard it a hundred times, "You have to spend money to make money." Fair enough. If only someone told you exactly where to spend your money and guaranteed you results. At REAL Trends, we don't have a one-size-fits-all formula for your success; however, we do know of one specific tool in which all real estate professionals should invest—professional photography.

The standard for presenting a property to consumers is advancing at an alarming rate. It's not enough anymore to simply put a sign in the front yard or raw data into the MLS. To compete with even an average listing agent, you have to create a story that compels buyers to take the next step. That story most often begins with a picture.

We are past the days when any picture will do. Today's sellers and buyers are surrounded by eye-catching imagery and expect their home selling or buying experience to match. The good news for real estate sales associates and brokerages is that the potential for impactful photography is within reach.

REAL Trends, in partnership with Virtuanace, surveyed hundreds of top-producing real estate professionals across the country to find out how real estate brokerages and agents use professional photography in their businesses. We found that there were five clear and compelling reasons why real estate agents and/or brokerages choose to invest in professional photography.

1. You Have a Duty to Your Seller
2. Drives Your Online Traffic
3. Wins You More Listings
4. Solidifies Your Brand Image
5. Best Bet for Your Time and Money

The reasons above are compelling in their own right. Now, consider the impact they have together in determining the overall success of your business. The incremental investment in professional photography creates the opportunity to generate leads, market your brand, and deliver a memorable client experience. If you haven't considered the importance of professional photography before now, read on to see the data behind the statements and gauge for yourself how professional photography can elevate your business.

1. YOU HAVE A DUTY TO YOUR SELLER

Of those surveyed, **94 percent of the agents and 73 percent of brokers felt passionate about the importance of using professional photography.** Several agents and brokers cited that the importance of using professional photography stemmed from their obligation to their seller. One independent broker in Arizona went so far as to say, “You have to [use professional photography]. You are doing a disservice to your clients otherwise. People are visual, and you have to grab them.” Those of us at REAL Trends could not agree more.

Amazingly enough, not every agent is using professional photography when it comes to marketing their properties. From the results of our survey, on average only 50 percent of real estate agents use professional photography on a consistent basis. Roughly 15 percent of agents do not use professional photography at all, and 35 percent of agents use it sporadically.



Taking a closer look at the 15 percent of agents who don't invest in a professional photographer, we uncovered two common themes. Agents choose not to hire a professional photographer because they have a staff person designated to fulfill that role, or the agent shoots and edits the photos themselves.

The first reason is understandable. An agent, team or brokerage has invested in the equipment and personnel needed to handle the job, which allows an agent more time in his or her role as a negotiator and advisor. That being said, the agent must still manage equipment and personnel issues beyond the photos themselves.

The second reason is harder to understand. Even the most talented photographer/agent should value his or her resource of time as much as his or her resource of

money. The amount of time required to prepare a listing for photos, shoot the photos and then edit the photos is considerable. An agent could easily lose a day or more in the pursuit of creating quality property photos for his or her client. This is on top of the monetary expense of maintaining equipment and updating editing software. This goes back to the idea of an agent's obligation to a client. Does an agent taking property photos best serve the client, the agent or neither?

PROFESSIONAL PHOTOGRAPHY
GENERATE LEADS,
MARKET YOUR BRAND,
DELIVER A MEMORABLE CLIENT EXPERIENCE

We interviewed one broker who worked as a professional photographer for several real estate agents prior to getting into real estate herself. When we asked her what she thought about agents taking their own photos, she answered, “If I were still taking my own photos I would be losing money. [An agent] needs to spend 75 percent of his or her day in income-producing activities.” Taking property photographs does not directly produce income. If you are still doing this, it's time to reconsider if you're investing your time in the right activities.

2. DRIVES YOUR ONLINE TRAFFIC

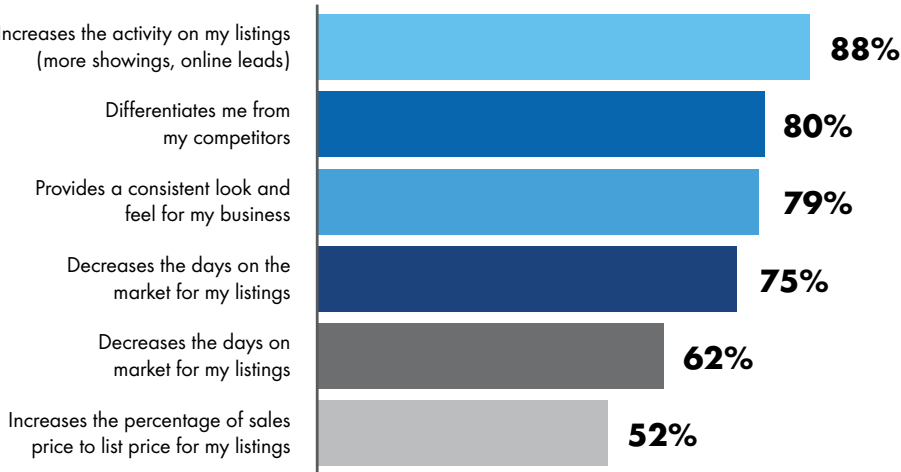
According to the National Association of Realtors® 2014 Profile of Home Buyers and Sellers, 83 percent of homebuyers rated photos of properties for sale as the most useful website feature. In the same report, 43 percent of buyers looked at homes online as their first step in the home-buying process. This was up from 35 percent in 2011. This trend will continue to increase incrementally over time, and it makes sense to give your buyers the quality content they are seeking on your own website.

We asked the real estate professionals who took our survey to identify the top benefits of using professional photography. Agents identified the increase in listing activity, in the form of additional showings or more online leads, as the top advantage. We interviewed a successful husband and wife team in Nevada who sold over 30 listings in 2014. They stated that they “received lead calls from the Internet based on the photos alone.” Their sold listings represented nearly 67 percent of their business for that year.

An interesting benefit of those listed in the top five is a decrease in the days on market (DOM). Of the study participants,

62 percent of agents felt that using professional photography decreased the amount of time their listings spent on the active market. The average DOM for an agent who uses professional photography consistently was 52 days.

TOP BENEFITS FOR AGENTS USING PROFESSIONAL PHOTOGRAPHY



We acknowledge that there are several factors that contribute to how quickly a property will sell, such as price, location and condition of the property. When it comes to online

activity, though, it is a visual experience and the quality of the photograph matters above all else. Defining a quality photograph in real estate was historically subjective; however, companies like Virtuance are elevating expectations and placing benchmarks on quality with the aid of artificial intelligence.

Some of the objective benchmarks that Virtuance uses in the quality control over their property photos includes contrast ratios, color curves, perspective, brightness, and more. They take it a step further and also measure quality by the days on market and the list price to sale price ratios of all of the listings the company markets.



Based on these quantifiable results, they are able to make algorithmic adjustments to image aesthetic in order to achieve better results on behalf of the agent and, ultimately, the agent's client.

It seems obvious that we should all be evaluating the quality of the photo based on more than looks alone, yet we all know that it is not necessarily the norm in our industry. Upping your photographic standards as a listing agent not only increases your potential for buyer engagement but also increases prospective seller engagement.

3. WINS YOU MORE LISTINGS

This may be the most obvious reason to use a professional photographer for your business. One of the primary responsibilities of a listing agent is to successfully market a property to get a seller the best sales price possible. The majority of that task relies on a strong visual representation of the home, especially as homebuyers increase their online home shopping activities.

HOME SALES COMING FROM LISTINGS VS BUYERS

SALES FROM LISTINGS(60%)



SALES FROM BUYERS(40%)

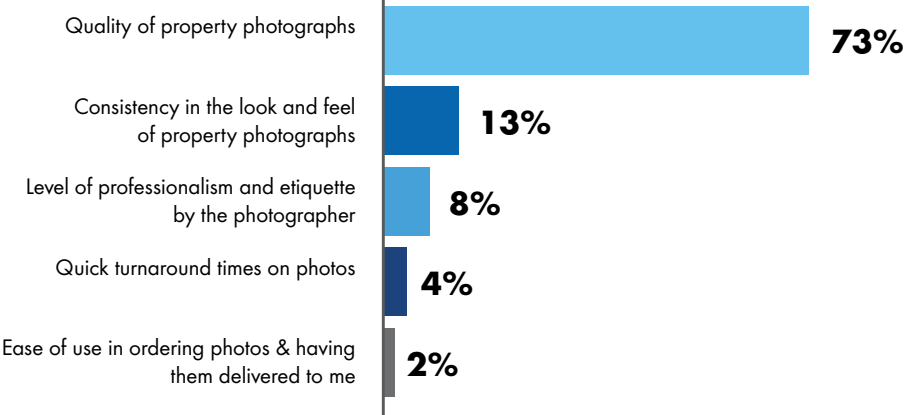


Illustrating the ability to produce consistent, quality images of your listings is one of the best testimonials you can offer. This is especially true if you are an agent, team or brokerage that focuses on sellers as your primary clientele. From the agents that we surveyed, on average 60 percent of their total sales sides came from listing transactions.

An independent brokerage in Colorado shared that its use of professional photography is a focal point of the marketing plan within its company's listing presentation. They believe in the power of professional photography so much that they require and pay for it for each one of their listings. Some brokers may balk at this idea; however, this growing company sold just over 540 listings in 2014, making them No. 10 in sales volume for their marketplace.

The great thing about combining quality photos and online presence is that your photos are working for you even when you aren't working. At any time a potential seller may review online your current or past listings.

SINGLE MOST IMPORTANT FEATURE FOR BROKERAGES USING PROFESSIONAL PHOTOGRAPHY



This can lead to listing appointment calls or the listing itself, as it did for one agent in our study. An agent in Northern Colorado won a listing specifically because the client saw the same quality of photographs for each of the agent's current listings. Her photos automatically differentiated her from the competition, without the agent saying a word.

4. SOLIDIFIES YOUR BRAND IMAGE

We know that photos often serve as the first impression of the home and must capture the attention of the buyer. The truth is that they also serve as the first impression of your brokerage or your personal brand as an agent. If you aren't producing the same quality of photos for each of your listings, you have to ask yourself, "What message are you sending to your potential clients?"

In our survey, brokerages identified the consistency of brand image as the biggest benefit to using professional photography. To drill down deeper, we then asked specifically what one feature they felt to be the most important. Some 75 percent of agents and 73 percent of brokers ranked "quality of property photographs" as the most important feature. The second highest ranked feature was "consistency in the look and feel of property photographs." These two features together are the basis for creating a reliable and trustworthy brand.

Consistent production of high-quality photos by one agent or brokerage, in particular, helps shape the image of that individual or entity. When done correctly, the results are amazing. There are two different approaches in how to accomplish this feat.

The first is to hire a full-time photographer to your staff that will shoot each and every one of your listings. This puts the agent in control of availability, turnaround times and hopefully consistency of image quality. The goal in incurring the cost of an employee is that each listing you have gets the same level of quality and attention to detail.

Another way to shape your personal brand is to create a partnership with a photographer or photography company. PorchLight Real Estate Group in Greater Metro Denver is an excellent example of a brokerage taking the second approach. They don't have a staff photographer, but they do have a vendorship with Virtuance. What is a vendorship? When a vendor becomes more than a vendor; they become a part of your team and are



NO PROFESSIONAL PHOTOGRAPHY USED

\$4,292

GCI PER TRNSC.

103

TOTAL SIDES

\$442,076

ANNUAL GCI



SOME PROFESSIONAL PHOTOGRAPHY USED

\$5,940

GCI PER TRNSC.

88

TOTAL SIDES

\$522,720

ANNUAL GCI



ALWAYS PROFESSIONAL PHOTOGRAPHY USED

\$8,683

GCI PER TRNSC.

102

TOTAL SIDES

\$885,666

ANNUAL GCI

essentially your partner. Virtuance is a photography company operating in dozens of metro markets across the United States. Their trained photographers go to the property independently and turn around quality photographs by the next day.

To facilitate maintaining a consistent brand image, there are brokerages in the United States who are supplementing all or a portion of professional photography costs on behalf of their agents. Of the brokers we surveyed, 23 percent require that their agents use professional photography. Within that group, 83 percent of the brokers assist in total or partial payment. The profiles of these brokerages do not fit into any one category.

Brokers Who Pay Partial or Full Costs of Professional Photography on Listings

AGENT COUNT OF COMPANY	TOTAL TRNS. SIDES	LIST TRNS. SIDES	% OF LIST TO SALE SIDES
8	282	62	55%
9	208	115	55%
30	900	600	67%
76	1,562	730	47%
160	891	552	62%
195	2,401	1,141	48%
275	1,900	817	43%
560	8,226	4,100	50%
1,800	12,000	5,800	48%

These brokerages are located across the country, some in smaller markets and others operating in major metropolitan areas. The brokerage that has the largest listing to total sales sides ratio (67 percent) does something a little differently than the rest. This brokerage will pay for listing photography upfront, and then collect reimbursement from the agent at the close of the transaction. Their willingness to carry the expense for a short time allows them to solidify their brand image and recoup their initial investment.

Whatever your business model is, you can't afford not to have a plan in place to consistently market your listings and business. Creating a win-win vendorship with a proven professional photography resource in your market is an easy and cost effective way to improve your brand image .

5. BEST BET FOR YOUR TIME AND MONEY

The cost of professional photography has dramatically shifted in the last 10 years. A service that could cost around \$1,000 is available now at about one-tenth of that cost. Agents and brokerages combined reported paying on average \$160 for property photos. When asked whether or not the agents and brokers felt they

received a good return on their investment, the answer was a resounding 'Yes'! Even agents who were paying closer to \$300 or more for their property photos still felt that it was worth the investment.

Whether or not a brokerage is supplementing the cost of photography, it is fairly affordable for most agents, especially when considering the return on investment. Out of all survey participants, the average gross commission per listing was \$6,305. On average then, most agents are investing less than 3 percent of their gross commission income (GCI) on photography.

Another way to think about using professional photography as a tool is not how much money you're saving, but how much more money you could be making. We broke down the average GCI for each category of agent: those who consistently use professional photography, those who sometimes use professional photography and those who do not use professional photography. The numbers were astounding.

Those agents who used professional photography on a consistent basis made \$8,683 per transaction on average. That's over 100 percent more in average GCI than those who didn't and just over 46 percent more than those who used it intermittently. We also consider the average number of transactions for each category. While those agents who didn't use professional photographers averaged a similar number of total transaction sides overall, their average annual gross income was \$443,590 less than the agents who used a professional photographer.

If you're a broker or agent who inconsistently uses professional photography, consider the benefits in terms of total transaction sides and annual GCI by becoming consistent. One change to the way you do business could earn you over \$350,000 more in annual GCI.

We understand that a number of things can influence an individual agent's gross commission income average, such as the average price in their market, the time of year and overall inventory levels. However, we feel that the agents and brokers who participated in our study experienced similar market conditions in terms of inventory levels and low interest rates during 2014.

One indicator of similar market conditions for our survey participants was the percentage of sales price to list price ratio. On average, our survey participants experienced a 97 percent sales price to list price ratio. In addition to the ratio itself, we asked both brokerages and agents to comment on whether they thought that professional photography affected that ratio. Some 60 percent of brokerages felt that professional photography influenced this ratio, and 79 percent of agents felt the same.

When evaluating your media presentation strategy for your listings and ultimately your brand, don't get lost on the cost alone. As illustrated multiple times throughout this study, your investment now can influence both your short-term and long-term income. Don't neglect the opportunity to implement a great tool to aid you in building your business.

CONCLUSION

Hands down, professional photography for your listings is one of the simplest ways you can shape your brand and business. What's even better about it is that you don't need to do the heavy lifting. Using a professional photographer allows you to focus on the activities that only you can do to build your business. If you are a broker/owner or manager, consider finding a way to bring professional photography into your company on a consistent basis. The incentive of having a photography solution in place for your agents is something that benefits you both.

Not just any professional photographer will do when it comes to finding the right fit for your real estate needs. When interviewing potential partners evaluate exposure and resolution on the pictures. Have they taken photos of homes before? Do they know on what to focus? Do they have the real estate acumen to capture the feeling of an inviting living room and the stunning view outside the window? Will they go the extra step of moving an exercise bike out of the way or ensuring that the lid to the toilet is down? Will they be respectful of your and your client's time? These are just a handful of questions to consider.

Most importantly, do not get lost in the cost. The right photography partner is worth investing in. Most of the great photography companies out there, like Virtuance, offer you the option for basic packages with the ability to add on extras as needed. Whatever their extras may be, make sure your provider truly understands the real estate business and can produce stellar photo quality and great customer service each time. That is the basic level of service that any professional photographer should provide.



METHODOLOGY

In April 2015, REAL Trends emailed a 38-question survey to the nation's top-producing real estate brokerages and agents as identified by the REAL Trends 500 and America's Best Real Estate Agents by REAL Trends in partnership with the Zillow-Trulia Group. The email survey remained open for 45 days and had 437 respondents.

In addition, REAL Trends interviewed 10 real estate professionals between May and June 2014. These professionals ranged from broker/owners, managers, agents, and coaches. Some were a part of major national brands, and others were a part of independent brokerages. These professionals had all been involved in the real estate industry for a period of 12 years or more. All of those interviewed had used or were familiar with the company Virtuance.

REAL Trends requested all parties to provide complete data from their 2014 calendar year. The average is the primary statistical measure used throughout this study. Due to rounding and omissions for space, percentage distributions may not add to 100 percent.

ABOUT VIRTUANCE

Based in Denver, Virtuance was founded in 2010 and is one of the fastest-growing real estate photography companies in the world. Virtuance is the creator of HDReal®, an award-winning, proprietary imaging system designed specifically to market real estate. Using artificially intelligent automated algorithms and highly trained HDReal®-certified photographers, Virtuance produces real estate marketing images that are proven to drive online traffic and result in conversions through more inquiries and property showings. Virtuance supports the HDReal® system with a comprehensive array of marketing tools and platforms, including interactive floorplans, listing videos, and social media marketing.

Currently serving 12 major U.S. markets, Virtuance has built an operational infrastructure to handle the fast-paced nature of the real estate market while maintaining absolute quality and consistency of product and service. Combining industry leading technology with a world-class in-house client services team and a network of highly-skilled photographers, Virtuance promises to have availability to service all listings within 1-3 days of placing an order. Virtuance delivers final HDReal® Imagery and Virtual Tours the day following the photo shoot.



ABOUT REAL TRENDS TECHNOLOGY

Before you spend thousands of dollars implementing a new website, search engine optimization strategy, or technology rollout, allow REAL Trends team to take a unbiased look at the building blocks of your current tech services. Our analysis will give you a competitive advantage by offering access to valuable system information. In addition, we can manage the improvements. Many real estate companies' websites can see dramatic performance improvements at reasonable costs.

REAL Trends technology and marketing technicians work with all-sized brokerages and top teams around the country to maximize their technology and marketing presence. From online marketing, CRM and system strategy to integrations, development and more, we can help with many of the daily issues brokerages encounter.

We are real estate leaders in technology research and thought leadership, from speaking engagements to data-driven reports and webinars. Follow our e-newsletter, TechTouch, for reviews of the newest real estate technology strategies.

Please contact us at, tech@realtrends.com or call 720-545-0919.

