



# Welcome to our 2013 Annual Report

It's an overview of what we've done and where we're going. We hope you find it an informative tool, as we embrace new challenges and opportunities in our industry.

# Letter From The President



## **Our association has become more nimble and responsive**

Largely as a result of the Futures Initiative launched two years ago, CREA today is a more nimble and responsive association, better tuned to the needs of its members, with a restructured and more efficient governance structure, and more actively engaged than ever in direct communications with its members, the 107,000 REALTORS® members of the Canadian Real Estate Association

While more than 20 specific recommendations came out of Futures, the most important, in my view, pertain to three specific areas: member communications, governance, and a culture of ongoing review and accountability.

First, and closest to my heart, we now actually communicate directly with all of our members across the country, to engage them in meaningful two-way dialogue. This is huge.

Second, we heard from our members that they were concerned about our governance structures. We are now restructuring not only the size of our board but also some of the ways in which we make decisions. At our last SGM, and in a process that will continue through this year's AGM in March, by-law changes were approved to make CREA more nimble, more efficient in its decision-making process.

And third, we've instituted a persistent new culture where we will regularly be looking at all the different areas within the association and how can we better serve our members by giving them the tools that they need to meet the needs of the consumer. .

It can't just be CREA's responsibility, however, to communicate with its members and respond to their concerns. If members want to better understand how their national association is operating, they need to look below the surface. For example, CREA's national consumer advertising campaign costs \$7-million annually. Some of our members look at the ads and question them. They'll tell me, "That's not a good ad and I'm not getting business from it." What they're not understanding is that the ads are not for them, they're for consumers, and our consumer research tells us that consumers love them and are responding to them. I always remind my fellow REALTORS® ... it's not what we think, but rather what we know.

It's the same with our technology tools. They're an important part of the value CREA delivers to REALTORS® but you could look at how many people we employ in technology and question whether there weren't more cost-effective ways of doing this. However, to cite just one specific area, our technology department manages the single largest real estate website in Canada, one that saw more than 16-million unique visitors last year.

## **REALTORS® are huge community supporters**

One of the things I want to highlight in this annual report is the generosity with which REALTORS® give back to their communities. Last year, we asked REALTORS® to tell us about the contributions they make in their communities and to attach a dollar value to them. With responses back from only a few REALTORS®, I am certain we captured only a very small fraction of the total and yet we were able to track and verify close to \$31-million in direct financial contributions by REALTORS® to their communities.

That incredible generosity was exhibited again in the wake of the devastating floods in parts of southern Alberta last year. Within just a few days of launching an appeal through REALTORS Care® that enabled our members to directly donate to that cause, we raised more than \$245,000 for the flood victims.



# Letter From The CEO

## **REALTORS® love to talk. So does CREA.**

REALTORS® are consummate communicators. They spend much of their time in face-to-face and other forms of interactions with clients, prospects, colleagues, service partners and others. So it should come as no surprise that CREA, your national association responsible for representing the interests of REALTORS®, also loves to talk. We have several audiences for our communications and engagement activities, spanning the full spectrum of Canadian society.

### **We talk to federal policy makers.**

CREA was brought into existence to lobby the federal government and to ensure that the interests of our members and their clients are well represented in a whole host of initiatives – from lending policies to consumer protection legislation – that can have a profound impact on the real estate market in Canada and on the business practices of our members. This report outlines a number of key successes we recorded this year in our federal affairs efforts.

### **We talk to other key players in the real estate sector.**

We are active participants – indeed, it could be argued we play the lead role – in analyzing the economic factors that characterize the health of Canada's residential real estate market and communicating our findings widely. Once again this past year, we saw all the other players – governments, financial institutions and the media – in this huge and important sector of the Canadian economy rely on our research reports for a clear picture of what's going on in Canada's housing market.

### **We talk directly to consumers.**

Not only do we conduct ongoing consumer research, including the launch this year of a regular Consumer Panel, we also carry out a multi-million national advertising campaign every year to inform consumers about what REALTORS® do and the value to them of using a REALTOR® when buying or selling their home.

And, of course, we talk to talk to you, our members. This year, we began a deliberate effort, to expand and improve our engagement with our members. In the first instance, we are responsible to you, our members, for the dues you pay to CREA, and a big priority of our member communications activities is to account for how those dues are being spent. This report is our second electronic annual report and it is intended to do just that.

We recognize that you are also hearing from your local and provincial boards and associations but, understandably, they have their own priorities, so it is critical that we have our own communication channels directly to our members. This past year, we launched NEWS2Me, a monthly e-newsletter that is our first ever regular direct communications vehicle to all 107,000 of our members. We significantly ramped our social media efforts across a variety of channels including Twitter, Facebook, YouTube and our CREA blog, CREA Café. And we have been far more active in face-to-face engagement, sending our volunteer leadership – our president and directors – as well as expert members of our staff to speak at, listen and participate in local and regional events.

This past year, we also launched two new initiatives to increase member participation and to gain regular member input to our efforts. Our new REALTOR® Member Panel will help make sure that we're getting timely, statistically relevant and useful information to ensure that we're providing our members with the services and support they're seeking. On the advocacy front, we launched a two-way interactive mechanism, the REALTOR® Action Network that allows individual members to participate more directly in our federal affairs efforts.

Come talk with us. Join the REALTOR® Member Panel or the REALTOR® Action Network. Respond to what you're reading in the NEWS2Me newsletter and on the CREA Café blog. Follow us and interact with us on our social media channels. We know you love to talk, and so do we.

## **Futures Initiative leaves a lasting legacy**

A major section of this report last year was dedicated to the Futures Initiative, a massive consultative effort we undertook to look at the future of organized real estate in Canada and how our REALTOR® members wanted us to respond.

Most critically, Futures set a new tone within your association, one that has seen a forward-looking orientation become a more ingrained part of the overall thinking at all levels of organized real estate in Canada. That's more than a bit of a cultural shift. Beyond CREA, Futures has been a catalyst for some local and regional Boards to look at other models for shared services, including the possibility of merging some Boards together.

The second legacy of Futures was that we had identified a series of specific projects, or initiatives, related to it. Quite a number of those have been concluded, and some of them are very exciting. For example, Futures was a catalyst for recent changes we've made to CREA's governance that have resulted in a reduction in the size of our Board of Directors. Still left to be fully addressed is professionalism – what is it CREA and all levels of organized real estate can or should do to raise the bar of ethics and professional conduct.

The final report of our Futures team will be tabled at CREA's Annual General Meeting in March.



# Advocacy

## **The world of federal government affairs in Ottawa can be a crowded and competitive playing field.**

Industry trade associations represent the interests of their members in interactions with Members of Parliament and senior government officials. There are more than 5,100 registered lobbyists in Ottawa working on scores of different topics. CREA, for example, has 24 separate issues on which it regularly lobbies parliamentarians and officials. On just the top five issues on which those 5,100 lobbyists work, there were more than 4,600 individual interactions with the federal government this past year.

That's a lot of noise, and CREA works hard to make the voice of REALTORS® heard above it all.

Although CREA rarely competes with other trade associations in the sense of having a different objective or point of view on a given issue, your national trade association does compete with all those others for time and space on the agendas of federal lawmakers.

"We're competing for time and space with officials at the Department of Finance, officials at FINTRAC (the Financial Transactions and Reports Analysis Centre of Canada), officials in the Prime Minister's office and officials at Industry Canada," said Randall McCauley, who heads up the federal affairs practice at CREA. "These are big portfolios. These are ministers with lots of responsibilities, and we're competing for their attention, often over an extended period, so we can get a change to a piece of legislation, a change to a regulation, or a change to an interpretation of a guideline."



## Randall McCauley

As the Vice-President of Government and Public Relations, Randall McCauley helps to shape the face of CREA and REALTORS® to the media, public, and government – what he deems of more of an “art than science.” Randall has experience working on Parliament Hill with various senior officials including the Prime Minister. He also worked for a leading consulting firm and oversaw Canadian government relations for a pharmaceutical company.

The process can be glacial, usually measured in years, and a sharp contrast from the brisk pace of the real estate industry where transactions happen in a few weeks or even days. “Government is like an ocean liner,” said McCauley. “It doesn’t turn on a dime. Hopefully we can alter the course a little bit, but we can’t just turn it around in a hurry.”

The government’s attention can be more readily attracted by other large segments of the economy, like the energy industry for which a western-oriented government has a natural affinity or the wireless telephone industry that wages high-profile public campaigns. Organized real estate, however, has a trump card that few others hold. “Just like members of Parliament, realtors’ names are on signs in every community across this country,” McCauley said. “Being 107,000 strong and in every community across the country – that’s our advantage.”

## **REALTOR® Action Network launched**

Marshalling organized real estate’s 107,000 community advocates into a powerful voice for REALTORS® is the objective of CREA’s new REALTOR® Action Network. Launched at CREA’s 2013 Political Action Committee (PAC) Days advocacy conference in Ottawa in April, the REALTOR® Action Network is the first of its kind in Canada.

The more REALTORS® who join the Action Network, the more effective it will be. Being a member of the Network enables you to:

- Mitigate the outcome of federal government decisions that impact your business and clients by being instantly connected with your Member of Parliament when you receive a Call to Action e-mail from CREA.
- Get the inside track on federal legislation and regulation that impacts your business. In doing so, put yourself in a better position to help your clients understand how they will be affected.
- Provide input into CREA’s federal affairs program.

## **CREA successfully lobbies for changes to anti-spam legislation**

One of the most important files that CREA's federal affairs program has been concentrating on over the past few years is anti-spam legislation intended to protect consumers and reduce unwanted email. While CREA fully supports the principle of the legislation, there were several parts of it that, had they come into law, would have seriously constrained how REALTORS® ordinarily conduct their business. Over the past four years, CREA has managed to secure nine separate changes to the legislation and regulations that reduce the burden of complying with the new law and preserve critical marketing practices used by REALTORS®.

CREA's efforts on the anti-spam file is a textbook example of how advocacy works at the federal level. It has been a long-term, ongoing process that has required our constant attention as the legislation worked its way through various stages of drafting, review, regulations, and, now, pending implementation. Our work won't stop even when the new law comes into effect, something that will occur on July 1, 2014. We will continue to monitor how the legislation is implemented and will work with the Canadian Radio-Television and Telecommunications Commission, which will be responsible for enforcing the law, to continue to safeguard the interests of our members. And we are working on a compliance guideline to make sure that our members understand their obligations under the new rules.

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## **CREA works to reduce the regulatory burden of FINTRAC**

It's an inescapable fact that real estate transactions involve the transfer of very large sums of money from the buyer to the seller, and so they are subject to scrutiny under international agreements that Canada has signed. This makes REALTORS® subject to the activities of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

The government is in the process of beefing up some of its anti-money laundering rules, especially in the area of customer due diligence, so that Canada more fully complies with its international commitments. The regulations will have an impact on REALTORS®. CREA wants to limit the amount of paperwork REALTORS® need to fill out to comply with the new rules and ultimately, help REALTORS® understand how to comply with the new rules and compliance audits.

As with the anti-spam legislation, CREA's work on FINTRAC is an example of how successful lobbying is a slow-paced consistent effort to blunt the negative impact of regulation that would otherwise place a much greater compliance burden on REALTORS®.





# Technology

## **Consumers and REALTOR® members alike are loving the new REALTOR.ca website.**

A fully redesigned Beta REALTOR.ca website went live across Canada this year, and all early reports are that consumers and REALTORS® are both loving it. REALTOR.ca has long been the single most popular source that Canadians turn to for information about residential real estate, and the new site is only going to make it all the more so.

“It’s a complete redesign of the existing site and the feedback to date from consumers has been extremely positive,” said Marc Lafrance, director of product management and member services at CREA. And what do people like the most? “It’s the photos,” says Lafrance. “That is the key thing that keeps bringing people back. The new site can accommodate up to 99 high-resolution photos per listing, and that’s definitely the thing consumers like the most.”

The new REALTOR.ca website was extensively beta-tested throughout 2013, with a graduated roll-out that began in Nova Scotia, moved to other provinces and finally, in November and December, entered the major markets of Quebec and Ontario. “We launched it in smaller chunks,” Lafrance said. “That gave us an opportunity to uncover any usability issues, and make sure that we delivered a bug-free REALTOR.ca once we were ready to decommission the old site.”

The new site is such a leap forward that not all listings will be able to take full advantage of it yet. CREA is working closely with Boards and Associations across the country to make sure that their MLS® Systems, from which REALTOR.ca draws all its information, are also upgraded to keep pace.

2013 also saw the addition of a powerful new feature on REALTOR.ca: Data that will give a demographic snapshot of the neighbourhood around a listing. “It includes average household income, demographic profiles and other information that consumers have been asking us to develop for some time,” Lafrance said.

## Mobile is exploding

Both REALTORS® and consumers are embracing the mobile app and mobile web versions of REALTOR.ca, with traffic on the mobile sites starting to pull even with the desktop version and expected to exceed it some time this year. And it's really no wonder. REALTORS® are constantly on the move, and the mobile site gives them the ability to track new listings, search for listings close to where they may already be showing a house, and even map their way to nearby listings as they are showing clients around.

With versions of the mobile app available for IOS, Android and BlackBerry devices, plus a special version of the website that can be accessed via the browser on these devices, "mobile is now generating, on its own, over five million visits every month," said Lafrance. The mobile versions will also soon be getting the same Points of Interest feature already available on the desktop version as well as the demographic data soon to come to the desktop version.



"An efficient, fast, user-friendly and intuitive app that is appreciated by our clientele."

— Louise Montgrain

Louise Montgrain is a REALTOR® who has been serving Montreal and Montreal North since 2003. She is a member of the dynamic Profusion Immobilier team, an exclusive Westmount affiliate of Christie's International Real Estate.

## Reserve your own .REALTOR domain name now

A new top-level domain (TLD) is coming that is certain to be of keen interest to all REALTORS®. TLDs are the extensions that come after the dot in a web address, and a whole new slew of generic TLDs are about to come on the market as alternatives to the widely-used .com and .org.

REALTORS® in Canada are able to make use of the new TLD through an exclusive marketing partnership CREA has with the National Association of REALTORS®. CREA is planning to provide the first 10,000 members who register a domain on the TLD with a complimentary first-year subscription to one domain name. Members would be able to secure a .REALTOR domain using their name on a first come first served basis. Further details, including pricing for additional domains and other related products will be announced at a later date.

## WEBForms® continue to grow in popularity and functionality

WEBForms®, the electronic service that uses verified listing details drawn from Board/Association

MLS® Systems to create polished and professional paperwork that REALTORS® can present their clients, gained new users and new features in 2013. More than 52,000 REALTORS® used WEBForms® last year to generate in excess of nine-million individual forms. More than 4,000 of those REALTORS® used a new capability to email the forms to their clients and have them electronically signed and returned. This coming year will see WEBForms® integrate with plug-ins from at least two vendors to support document management.

## **Data Distribution Facility puts your listings in front of new clients**

CREA's Data Distribution Facility (DDF®) is a service that lets you extend your own promotional activities in a controlled fashion by distributing your listing data to other REALTORS® as well as to third-party sites. It can put your listings in front of hundreds of thousands of new potential buyers. Almost 100,000 of the 350,000 listings active on REALTOR.ca last year were shared in a national pool, a four-fold increase from the year before. More than 75,000 of those listings were also shared on third-party sites. Many REALTORS® would like to share their listings on others sites; DDF® gives them the ability to do so with assurance and control over exactly what is displayed.

# Economics



## **Tracking Canada's housing market is a headline-making undertaking.**

Buying a house is usually the biggest purchase most Canadians make in their life times. At the same time, Canada's real estate market plays a huge role in the overall domestic economy not just for the \$22.3-billion contribution it makes to the country's gross domestic product but also because it is a leading economic indicator that policy makers and analysts use to help assess the health of the economy as a whole.

It's no surprise, therefore, that tracking the health of the housing market in Canada is a critical undertaking. It's also no surprise that when there are differences of opinion on the subject, it can be a headline-making undertaking. It's the job of CREA's economic research and analysis program to make certain that those headlines reflect as accurate a picture as possible.

Having a well-parsed understanding of the housing market in Canada matters on a number of levels, says CREA's chief economist Greg Klump. "If you're a buyer, you certainly want to have an accurate picture of the environment out there. If you're seller, you certainly want to have an accurate picture because otherwise it's tough to sell your home. And for REALTORS®, it matters because they have to know the environment in which they're operating."

Accurately tracking the health of the real estate sector is critical for REALTORS® and for their clients. However, it's even more critical, Klump said, for regulators at the Department of Finance, in the Office of the Superintendent of Financial Institutions and at Canada's central bank. "Because now you're talking about the ability to qualify for a mortgage. You're talking about certain risks to the financial system. You're talking about those things that go into the balance of factors that dictate how the Bank of Canada is going to set interest rates. And these regulators don't operate – they can't operate – in an economic vacuum."

CREA's economic analyses demonstrate that Canada's housing market is not overheated, as was sometimes argued by other commentators. "What makes the current situation a little bit different is that we've had interest rates at rock bottom levels for so long," said Klump. "That's why the Finance Minister has acted four times in as many years - he wants to prevent a housing-market bubble."

Another key indicator of the relative cost of a country's housing market is the ratio between incomes and housing prices. Canada's ratio has been higher than usual over the past several years, another point raised by commentators who argue that Canada is in a housing bubble. But even here, Klump said, all indicators are that things are returning to normal. "The ratio doesn't necessarily return to more normal levels by way of a sharp price correction in the housing market. What can happen is that house prices stabilize and then incomes, which have been static during the economic downturn, will catch up. That's actually part of a natural market cycle, and Canada's price-income ratio has already passed its peak."

It's a complicated picture, Klump concedes, and not one that lends itself to simple analysis. That's why the reports generated in his office are so important.

## **Home Price Index expands market reach**

The number of Real Estate Boards participating in the MLS® Home Price Index, the truest measurement of the price of residential real estate in Canada, doubled during 2013, with two more Boards on the cusp of joining. Consumers in those markets that have joined the HPI have access through their REALTOR® to very granular information that gives the truest picture of price trends in those subareas in which the house that they're either looking to buy or sell is located.

**Ansel Clarke**



"REALTORS® at my brokerage have embraced the data available through the Ottawa HPI, using it to enhance their presentations while providing their clients with a much more detailed explanation of the market. They report that their clients admit to gaining a deeper understanding of the trends and forces affecting the market and that they express a deeper appreciation for the role of the professional REALTOR® in the real estate transaction. The information that's available through the HPI really does permit a REALTOR® to demonstrate a high degree of both knowledge and professionalism."

— Ansel Clarke

Ansel Clarke has been a practicing REALTOR® for the last 30 years with the last 8 years spent as part of RE/MAX metro-city realty ltd's management team. He's been actively involved in volunteering with the Ottawa Real Estate Board, serving as President in 2012.





# REALTORS Care®

## Another year of going above and beyond for our communities

REALTORS® are huge community supporters. Every day, our members are out volunteering their time, money and passion for the local and national charities close to their hearts.

The Canadian REALTORS Care® Foundation is dedicated to inspiring, supporting and sharing their charitable achievements. By spreading the word about the generosity of REALTORS® from coast to coast, the Foundation aims to recognize their good works, while at the same time shining the spotlight on their charities of choice and inspiring others to follow their lead.

One example of REALTORS®' generosity was exhibited in the wake of the devastating floods in Southern Alberta in June 2013. Within just a few minutes of launching a plea for donations on the REALTORS Care® website, REALTORS®, brokerages, real estate Boards and Associations from across the country were pledging their support. By the end of our fundraising campaign, together we had raised a total of \$246,842 for the victims of this disaster.

This past year, the Foundation wanted to find out just how much REALTORS® gave and raised for charity in 2012 so we could share this amazing news on a national level with organized real estate, the general public, the media, and decision-makers on Parliament Hill. We put out a call to all REALTORS® to report their donations and fundraising totals.

Thanks to the members, brokerages, Boards, Associations, and franchisors who agreed to share this information with us, we can say that REALTORS® across Canada have reported raising and/or donating more than \$30.6 million for charity in 2012.

It bears mentioning that this total includes an astounding \$21-million donation made by an individual REALTOR® on behalf of his family in support of the BC Cancer Foundation. In addition, they reported donating over 20,247 pounds of food, 132 frozen turkeys, 3,000 pounds of pet food, over 1,800 gift baskets, 30 units of blood, 1,600 books, over 700 toys, more than 200 mittens and other cold-weather accessories, and one trailer, planting 50 trees, filling over 70 bags of garbage when cleaning up their communities, delivering over 8,600 bundles of daffodils, and serving over 1,200 free lunches.

Now that another year has come to a close, the Foundation is asking REALTORS® to report their 2013 donation and fundraising totals. There's a simple form you can fill out on the Foundation's website. The more REALTORS® who do so, the better we can demonstrate just how much REALTORS® show they care. While you're on the site, check out some of the incredible and heart-warming stories about what your fellow REALTORS® are doing to make their communities and this country much better places to live. Over 100 new stories were shared by individual REALTORS®, brokerages, Boards, Associations, and franchisors in 2013. Please share yours in 2014!