



Welcome to our 2014 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.

CREA THE CANADIAN
REAL ESTATE ASSOCIATION

A Message From The President



CREA goes belly-to-belly with REALTORS®

We REALTORS® love to say that ours is a “belly-to-belly” business. We relish the highly personal and face-to-face nature of interacting with our clients, with fellow REALTORS® and with the wider community. Given that reality, it has been a real incongruity that for years CREA, our national trade association, did not or could not make a concerted effort to talk directly with REALTORS® beyond the participation of regional CREA directors in updating members at their local AGMs.

That changed in a big way this past year.

Over the last number of years, we at CREA have been beefing up our efforts to communicate directly with REALTORS® and to build a greater sense of understanding and trust. A big step in that direction this year was hosting a series of member Open Houses across the country. The impetus for them was a recognition that members need to understand a bit more about CREA in order to trust and support the decisions and directions that we are taking on their behalf; and we needed to better understand local expectations by finding more opportunities to hear concerns directly from our REALTORS®.

I think it's important, particularly for the volunteer leadership at CREA, to get out and let the members see that we are also working REALTORS® like them. We're not a faceless bureaucracy. The decision making at CREA is done by REALTORS® with REALTORS® in mind, and when we host our open houses across the country, it's the best opportunity to articulate that point. Real estate is a belly-to-belly business but if the CREA leadership is never seen by anybody, we are missing that opportunity to build relationships.

My priority at these open houses is to establish a two-way dialogue with our REALTOR® members. Events like this are not just about CREA trying to push out our agenda and why we think it's important. They are much more an opportunity for members to ask questions and to tell us what they're looking for and what they need from us.

For the members that get out to our open houses, it can be a true eye opener. They hear other REALTORS® talk about how they use REALTOR.ca, or how they participate in the REALTOR® Action Network and the benefits they receive from it. And it's very gratifying to have people come up to me afterwards and say, "I'm going to go home and do that now."

People attending our open houses get a much more nuanced picture of what we do, and how sometimes what may appear as a setback is actually a big win for members. For example, at one open house, there was a spontaneous ovation after Randall McCauley, the head of our federal affairs practice, talked about how the advocacy efforts of his team prevented unpopular regulations like FINTRAC and CASL from being far more onerous for REALTORS®, for example by ensuring CASL allowed referrals.

The reason we made such a commitment to continue to expand our communications and product-development efforts with REALTOR® members was revealed in the strategic planning exercise CREA conducted at the beginning of 2014. It established that REALTORS® are our customer, and it set the tone for everything we achieved last year and will achieve this year and onwards.

But REALTORS® are not just CREA's customers; they are also the customers of the provincial and territorial Associations as well as the local and regional Boards. With that in mind, we are collectively a community of service providers to REALTORS®. When the decision is being made about whether a new tool or service is going to be offered, the question is going to be asked: is it CREA that is best situated to offer it, or is it something that should be offered by a different part of that community? In this manner we will begin to decrease any unnecessary duplication of activity within this community.

On a different, but equally important note, in 2014 all the local Boards in Quebec that had previously voted to withdraw their membership from CREA reversed that decision and re-joined. This move not only restored access to REALTOR.ca for real estate professionals working in that province, but also restored full strength to the Canadian real estate community and to CREA in its efforts to represent REALTORS® across the whole of Canada.

In organized real estate in Canada, we are more than 100,000 strong, and when we start to leverage those numbers and truly work together, the result will be even greater benefits for all members.

FEATURED:

The REALTOR® Community contributes tens of millions to charity every year

For two years now, the Canadian REALTORS Care® Foundation has tracked how our REALTOR® members are out volunteering their time, money and passion for the local and national charities close to their hearts. And for the second year running, the cumulative total of those efforts is in the tens of millions. The REALTOR® community reported more than \$23.2 million in funds raised and donated to charity in 2013. Added to our 2012 tally, it brings our grand total to \$53.8 million in only two years.

"From raising money for local charities through events in their communities to opening their hearts and wallets and responding so generously to national disaster events, REALTORS® really are making a difference," said Calvin Lindberg, Chair of the Canadian REALTORS Care® Foundation.

More than 120 individual stories of compassion and caring were shared this year about the charitable activities of REALTORS® and real estate practices reaching out to help others in their communities. A highlight was the 20th anniversary of the Blanket Drive, an annual effort by individual REALTORS® and more than 100 real estate offices across the Lower Mainland of British Columbia to collect blankets and warm clothing for the homeless in their communities.

The story of the Blanket Drive begins back in 1995, when a group of REALTORS® called on their colleagues to gather blankets to help the homeless in the Downtown Eastside of Vancouver. This altruistic act inspired a local tradition that expanded to cover the entire Lower Mainland by 2006. More than 41,000 bags of donations have been collected and over 250,000 people have benefitted as a result over the past two decades.

As impressive as our annual totals have been, we know that they represent just a fraction of the massive contributions REALTORS® make to their communities. Help us get a more complete tally of all this impressive work by visiting www.realtorscare.ca to tell us about your charitable activities in 2014.

A Message From The CEO



CREA is one part of a community that serves the interests of REALTORS®

This is the third Annual Report since CREA, your national association, started producing them in 2013. It is our opportunity and responsibility to share with members the achievements and challenges of the past year. And, importantly, to engage and communicate with members on an ongoing basis.

In many ways, our growing realization over the past few years – that direct communications with REALTORS® was one of our most critical responsibilities – came to a natural culmination at the beginning of 2014 when a major strategic planning exercise brought real clarity to the question of who CREA exists to serve. In the past, there has been a healthy debate about this. Was CREA here to serve the needs of provincial-territorial Associations and local and regional Boards? Or were we here to serve REALTORS®?

One of the most inclusive strategic planning processes we have ever undertaken answered that question conclusively. The full consensus of the people we drew together (CREA leadership, representatives of Boards and Associations from across the country, and others) was that our fundamental role was to serve the interests of REALTORS®.

This is not to say that Boards and Associations will now be ignored. In fact, quite the contrary. An essential conclusion of our new strategic plan is that CREA is part of a large multi-stakeholder community. And that community, avoiding any concept of traditional hierarchy or three-level structure, collectively serves the needs of its dues-paying members.

This conclusion left us with two immutable realities.

The first is that it is entirely appropriate for CREA – indeed, it is our mission – to communicate directly with our members, to constantly survey their business needs and create new products and services to meet those needs, and to represent the interests of REALTORS® to a broad array of other audiences, including the home-buying-and-selling public, the federal government,

regulatory agencies and the media.

But the second reality is that CREA is not in this on its own. We have an obligation and a responsibility as one of the institutions supported by dues-paying REALTORS® to work in a more coherent and collaborative fashion with our partners in this community.

Task force to find collaborative ways to promote REALTOR® value

A good example of this, and one around which we have already created a task force, is the whole question of who and how best to communicate to consumers the value of using REALTORS®. We know that everyone in the REALTOR® community spends a lot of time promoting REALTOR® value. But the way in which it is done is erratic and inconsistent, and the sum of the parts is probably a whole lot less than it could or should be. So our task force has a mandate to look at how folks everywhere are going about communicating REALTOR® value. And are there ways in which we can collectively do a better job?

MLS Home Price Index® now available to smaller Boards

We're doing the same thing with the MLS® Home Price Index. When we rolled it out, there were a limited number of Boards and Associations that were able to participate in it. This has been amended, and the HPI is now available to all interested Boards. CREA will cost share the development of the MLS® Home Price Index with that Board. The MLS® Home Price Index is a huge market differentiator for REALTORS®. It is, without question, the most methodologically accurate tool of its kind anywhere in the world. And only REALTORS® can provide that information to home buyers and sellers in Canada.

Whether it's promoting REALTOR® value more effectively and efficiently or putting world-class marketing and technology tools at members' fingertips, our goal in all of our activities is embodied in CREA's vision that "REALTORS® are the chosen, trusted and respected experts for consumer real estate needs." And the achievement of that vision can only be accomplished by securing alignment and collaboration amongst the community of REALTOR® associations.

FEATURED:

Welcoming the next generation of REALTORS®

Like any industry, real estate is in a constant state of flux and renewal as seasoned REALTORS® retire or move on to other endeavours, and new practitioners enter the profession. Like any effective industry association, CREA is committed to helping new entrants to the profession accelerate their climb up the ladder and adjust to the learning curve to become successful in their new business as soon as possible. Starting in a small way this year with our participation in events organized by provincial Associations that targeted new entrants, CREA will increasingly be developing programming and collaborating with Boards and Associations on ways to best help new REALTORS®.

New people seeking to build a real estate business have much different requirements than established practitioners, but that is not to say that all such business builders are the same. Many are young people embracing real estate as their first career. They are digital natives who grew up with the Internet and are fluent in social media and other technology business tools, and we want to help them harness those tools effectively. Others who are becoming REALTORS® by way of a mid-career change will have other priorities and skill sets, and we also want to cater to their needs. We are gaining a better understanding of these diverse needs through our outreach efforts and through research that helps us better segment our market of REALTORS®. Stay posted as we tell you more about this through CREA Café and other communications efforts.



Advocacy

FINTRAC and CASL made 2014 exceptionally busy for advocacy at CREA

This past year, two major pieces of federal legislation kept CREA's advocacy team working hard to ensure that new regulations governing financial transactions and electronic communications had the lowest possible impact on REALTORS®.

While nobody is cheering the paperwork made necessary by FINTRAC, nor the new restrictions on email communications under CASL, the simple truth is that without years of sustained lobbying efforts by CREA, these two laws, would have been far more disruptive to the day-to-day business activities of REALTORS®.

FINTRAC is actually an acronym for the Financial Transactions and Reports Analysis Centre of Canada, the federal government agency responsible for deterring money laundering and the financing of terrorist groups. FINTRAC has also become shorthand for the regulations that many sectors of the economy must follow as part of this country's long-standing international commitments to stem the flow of illegal money around the globe. Because of the risk governments see with money laundering and terrorist financing occurring through real estate transactions, REALTORS® have been tasked with helping to ensure that their clients are not engaged in such illegal transactions..

CASL, similarly, is an acronym – Canada's Anti-Spam Legislation – that has become widely used to describe a set of regulations with a far more cumbersome name. For some time, Canada was the only major developed country that did not have some form of legislation to counter spam email and otherwise govern how companies deal with individuals in various forms of electronic communications. Businesses everywhere in Canada, and that includes REALTORS®, must now comply with new rules under CASL.

FINTRAC burden greatly reduced through CREA advocacy efforts

There is no doubt the introduction of new FINTRAC regulation places a paperwork burden on REALTORS®. Due to three years of sustained lobbying by CREA, however, the administrative and record-creation burden of these new requirements on REALTOR® members has been significantly reduced. The most important change was to restore flexibility and discretion to REALTORS® as they assess each client's risk. In addition, members do not have to monitor clients beyond the transaction period, as was originally proposed. For example, the discretion of REALTOR® members when evaluating client risk was restored, preventing a situation where all new clients and all clients from the United States would have been classified as high risk, and automatically subject to additional measures.

Express consent to send emails made much easier with CREA efforts on CASL

With CASL, the biggest issue CREA tackled on behalf of its REALTOR® members was clarifying and making less restrictive the concept of consent. Did the REALTOR® clearly and expressly obtain permission from a prospect or client to send an email or is consent implied, and what form must that permission take in various different situations? As part of nine significant changes to CASL that CREA carved out to make it easier for REALTORS® to build and maintain client relationships, consent was at the heart of six of them.

Perhaps the most significant of these covered referrals, the lifeblood of many real estate practices. Before CREA's efforts, REALTORS® would not have been allowed to follow up by email on a third-party referral to a new prospective client. CREA's lobbying efforts also resulted in extending the period during which consent is considered to be in place, vastly simplified what constitutes consent, and allowed it to be given verbally, as well as in writing. Other CASL amendments secured by CREA removed the requirement that a REALTOR® have a website before sending emails, significantly streamlined unsubscribe requirements, and delayed by three years the right consumers have to take legal action against those who violate the rules, giving businesses more time to adapt to the unfamiliar new rules.

Advocacy also plays a critical role in assisting REALTORS® to comply

With both FINTRAC and CASL, CREA's efforts this past year on behalf of its members did not stop with lobbying for a more reasonable and practical set of regulations. Understanding that complying with the new rules is not a simple matter, CREA also developed training materials, and held workshops and webinars across the country to educate REALTORS® about their responsibilities under these new regulations and to help them comply.

Lobbying is a competitive business, and REALTORS® can make CREA more competitive

The issues around which CREA lobbies the federal government might be unique to organized real estate, but that doesn't mean that CREA has the field to itself. Quite the contrary. The two departments, Industry and Finance, with which CREA is most actively involved are the same two departments targeted by the vast majority of the more than 6,000 registered lobbyists working in Ottawa. And no matter how important real estate might be as a leading economic indicator, some of those lobbyists are representing industries, such as financial services and the energy sector, that simply have a much bigger impact on the Canadian economy.

CREA does have a major differentiator, though, that can greatly amplify the voice organised real estate can bring to federal advocacy: more than 100,000 REALTORS® from every corner of the country whose collective influence, if effectively harnessed, cannot be matched by many other sectors competing for the ear of government.

Home Buyers Plan the focus of REALTOR® Action Network call to action

CREA has two key programs to harness and focus that influence. The first is its PAC Days, an annual event on Parliament Hill in Ottawa that allows REALTORS® to speak directly to Members of Parliament about issues that affect homeowners and the real estate industry. The second is the more recently formed REALTOR® Action Network, a political engagement tool designed to leverage the collective influence of 110,000 REALTORS® in support of specific initiatives.

The first major initiative that RAN is tackling is an effort to persuade the federal government to add indexing to the popular Home Buyers' Plan that about 126,400 Canadians use every year to help purchase or build their first homes. Under the plan, homebuyers can withdraw up to \$25,000 from their RRSPs, a significant amount that makes getting a first home a lot easier. However, the \$25,000 has not increased in many years, and so its buying power has been eroded by inflation. CREA would like the federal government to index the HBP to the Consumer Price Index (CPI) in \$2,500 increments to ensure that first-time homebuyers never lose their purchasing power.

FEATURED

CREA seeks Competition Tribunal interpretation

As this annual report was going into production, CREA was awaiting a ruling from the Competition Tribunal on an interpretation of certain provisions of the Consent Agreement that has been in place between CREA and the Commissioner of Competition since 2010. Specifically, CREA disagrees with the Commissioner over whether a link from REALTOR.ca could lead directly to private seller's contact information or the advertisement of private sales. CREA takes the view that it should not appear on a landing page that is directly linked from REALTOR.ca as this would not be in keeping with the member-to-member nature of our system. The Competition Tribunal hearing of the issues took place November 18 and its decision is pending.



Technology

New REALTOR.ca goes fully live across Canada

A massive project that had been several years in the making was fully realized in 2014 when the new REALTOR.ca website emerged from beta and went live in September for all consumers and REALTORS® from coast to coast to coast. Long the most popular real estate website in Canada, REALTOR.ca saw record-high levels of traffic this past year with more than 27-million visits in May alone, a new monthly record.

In fact, the very popularity of REALTOR.ca was something that CREA had to carefully manage as it transitioned from the old site, to a beta version of the new site that was gradually rolled out across the country through 2013 and 2014, and finally to the complete switch to the new site.

“We ran the sites in parallel for an awfully long time so that we could get the kinks out of the new website and see what issues consumers were having,” said Marc Lafrance, director of product management and member services at CREA. “Beta was a real learning experience, and one of the key takeaways for us was to be very careful with a site that’s so popular.”

With much of the heavy lifting on the site completed the year before, 2014 focused on fine-tuning the user experience, and adding new features such as a keyword search, that consumers were asking for.

The drive to constantly improve REALTOR.ca won’t stop with some of this coming year’s most significant implementations focused on improving search results for users. One innovation will be the use of landing pages that in time will rise to the top of searches for topics such as “YOURCITY condos” and “YOURCITY homes,” with links from the landing pages taking visitors directly to REALTOR.ca listings. Another innovation will see a search for a particular REALTOR® return a more detailed page that includes listing information in addition to standard business-card information. Also new in early 2015 will be a consumer login that will assist those looking for a home while also generating better insights on how consumers use the platform.

Mobile continues to grow; cross-platform integration expands

For the first time in the history of the Internet, this past year saw mobile devices used more extensively than desktop computers for web browsing, and the same phenomenon is rapidly making the mobile version of REALTOR.ca almost as well-used as the desktop version. More than 150,000 consumers download the mobile app every month, and they use it to generate more than 10-million sessions per month.

CREA's Lafrance expects mobile to overtake the desktop in 2015, and he and his team are working hard to make sure that consumers enjoy more utility from the app while REALTORS® get better data on how consumers are using it. On the consumer side, that means demographics and 'walk score' were added to the mobile app in October. Meanwhile, unified analytics across all platforms will help all elements of organised real estate – Boards, Associations, brokers and individual REALTORS® – better understand what consumers are searching for; insight that will help them understand what features of a home are hot in specific neighbourhoods.

WEBForms® gains document and transaction management

Two powerful new features, document management and transaction management, were added this year to WEBForms®, the electronic service that uses verified listing details drawn from Board and Association MLS® Systems to create polished and professional paperwork that REALTORS® can present to clients. And rather than build the new applications internally, CREA reached out to third-party vendors to obtain, as Lafrance said, "very exclusive offerings for our members. We used the bargaining power of our 110,000 members and we negotiated with DocuSign, Instant and Faltour to provide these add-ons at a very reasonable fee." Using one of these third-party applications, REALTORS® can give everyone involved in a real estate transaction complete start-to-finish access to all the documents, and can manage the entire transaction, including electronic signatures, without having to generate a single sheet of paper.

Data Distribution Facility expands to more than 20 sites, including worldproperties.com

REALTORS® who want to share their listings across a myriad of other websites are increasingly turning to CREA's Data Distribution Facility (DDF®) that allows them to easily and efficiently manage the process with a single data feed. With more than 150 technology providers certified by CREA to offer this service. More than 20 destinations are now accessible via DDF®, including, as of late 2014, worldproperties.com, the official website of the International Consortium of Real Estate Associations. Many REALTORS® are already listing their properties on worldproperties.com; now they can include that destination in their DDF® upload and eliminate the requirement to track and update multiple listings with new information such as a changed price.

5,000 REALTORS® in Canada embrace .REALTOR

.REALTOR, the new website URL domain suffix created exclusively for the real estate industry in North America, has been embraced by REALTORS® in Canada with more than 5,000 claiming their new domain name since .REALTOR became available in October. CREA has an exclusive marketing partnership with the National Association of REALTORS® to make .REALTOR available in this country, and the first 10,000 REALTORS® who do so will have the \$49/year fee waived for the first year.

FEATURED:

CREA Café is a one-stop communications destination

In a 150-channel Internet-enabled universe with multiple social media networks, blogs, videos, traditional print media and countless other ways to access information, imagine if there was a single destination you could go to and discover everything you needed to know about CREA and its role in Organized Real Estate.

Imagine no longer. CREA Café is just such a place. It's a one-stop destination from where you can journey wherever you need to go, taking whatever mode of transport best suits you.

At CREA Café, you'll find an active blog, with contributions both from expert CREA staff as well as from REALTORS® who have opinions and counsel to share. But CREA Café is so much more than just a blog. It's a directory to everything we're doing, including videos, educational material on regulatory compliance, and our activities in federal government advocacy and economic research and analysis. Start your journey of discovery at CREA Café, and map your way to everything else you need to know.



Economics

The MLS® Home Price Index is the REALTOR®'s competitive advantage

One of the most critical factors when Canadians are contemplating either selling or buying a home is determining the best possible price for it. Every seller wants to get the most that the market will bear, while every buyer wants to pay as little as possible.

In every successful real estate transaction, the middle ground is eventually established between those two competing requirements. But if a seller lists a house with an unreasonably high price, or a buyer is hoping to pay an unreasonably low amount, one or both sides of the transaction are going to be frustrated and disappointed.

Determining the right price for any given home is not an easy matter. The real estate marketplace in Canada is a dynamic and active one, with prices rising – and, occasionally, falling – based on the normal laws of supply and demand, but also influenced by macro-economic factors such as demographic trends, interest rates, employment rates and wage gains. Individual markets within Canada can be a lot hotter than others, and can just as quickly cool off if there is a shift in the macro-economic trends. Within any local market, there are individual neighbourhoods, house types and features such as swimming pools or large yards that all ebb and flow in consumer desirability and so add additional variables to the pricing equation. And that's all before you factor walk scores, locations of local schools and shops, the general condition of a home and other elements specific to each individual house.

Taking the guesswork out of this whole process is one of the most valuable skill sets REALTORS® bring to the table. Using their knowledge and experience, REALTORS® can guide both sellers and buyers through the murky waters of determining the optimal listing price or the best offer price for a home.

Helping REALTORS® in this complex task is the most detailed and accurate set of software tools available anywhere in the world. It's called the MLS® Home Price Index, or HPI for short. It was developed by CREA and a number of local real estate boards specifically to identify the trends in

home prices for specific neighbourhoods in Canada and how those trends affect the market price of a home.

The HPI is not intended to predict the value of an individual property. Rather, it uses data from participating Board and Association MLS® Systems, the most comprehensive and accurate source of real estate data in Canada, to give a more precise picture of home price trends in a given region, municipality or neighbourhood.

There is a public version of the HPI available to anyone curious about home-pricing trends, but it is limited to tracking trends across broad markets. Only REALTORS® have access to this powerful tool at the neighbourhood level and for a number of different types of homes. In a marketplace where home sellers and buyers have countless other options available to them and where a lot of other housing market data has been made freely available, the highly granular and exclusive data available through the HPI gives REALTORS® a huge competitive advantage.

Thanks to a decision made this past year, that advantage is going to become available to REALTORS® in many more markets across Canada. CREA has committed to working collaboratively and on a cost-shared basis with any local Board that wants to develop the MLS® HPI for its local marketplace. This will include even smaller boards where the relatively lower number of transactions may mean a quarterly, rather than monthly, calculation of the MLS® HPI will be done.

Getting the price right is perhaps the most critical element of any real estate transaction. Using the powerful granular data available exclusively to them, REALTORS® can provide a service to both home buyers and sellers that no other players in the real estate marketplace can provide. It's a potent competitive advantage.

FEATURED:

International clients are a promising opportunity for REALTORS® in Canada

Nobody reading Canadian media coverage of real estate trends can be unaware that international buyers are being identified as major players in the country's most active markets of Vancouver and Toronto. But the action is not limited to those major urban centres. In fact, international real estate transactions, whether it's offshore buyers looking at Canadian properties or Canadians buying overseas, are being conducted all across Canada, with some of the highest rates in unexpected places like Saskatchewan and New Brunswick.

While there are no government figures on how many people are coming into the country to buy property and vice versa, CREA's national membership survey revealed that some 30 percent of REALTORS® are conducting international transactions, with the bulk of those catering to foreign buyers coming into Canada. In addition, in 2014, 5% (or 1.5M monthly) of all visits to REALTOR.ca came from outside Canada, compared to 4% in 2013.

From an outbound perspective — Canadian consumers buying outside Canada — there is also a wealth of opportunities for CREA members to participate in these transactions. Looking at the US alone, Canadians purchased properties estimated at \$13.8 billion in value between March 2013-2014.

CREA is embarking on additional research to better quantify the opportunity, and then will be working with organizations such as the International Consortium of Real Estate Associations and the U.S. National Association of REALTORS® to help REALTORS® in Canada who want to add an international dimension to their business.