



2016

Annual Report

THE CANADIAN REAL ESTATE ASSOCIATION

PRESIDENT'S LETTER



CLIFF IVERSON
President

All Markets are local

As I reflect upon the last year, and think about all the conversations I've had as I've visited REALTORS® in their communities, the topic that gets mentioned the most is market dynamics.

As the year closed, the real estate market was still adjusting to some of the most assertive interventions in recent memory by the federal government as well as by provincial and municipal governments. In all cases, these governments were reacting to what they saw as market forces that were threatening to undermine the affordability, stability and sustainability of the real estate industry in Canada.

One of the most critical tasks our members look to us to perform at CREA is to safeguard the interests of REALTORS®, and of real estate buyers and sellers, when the federal government is contemplating regulatory interventions in the marketplace.

Above all else, we seek to impress upon the federal government the fact that all real estate markets are intensely local. While Canada may have a few hot spots where prices are rising quickly, the fact is that housing prices in most of the country are far more stable. We want the federal government to be sensitive to this reality, and to ensure that whatever action they take to cool Canada's hot markets does not have a negative impact on the rest of the country.

In many respects, the success of our advocacy efforts can be measured by what doesn't happen. For example, increasing the minimum down payment consumers must make when buying a new home was not part of measures the federal government introduced in October. Doing so would have had a very significant and negative impact on every market across the country, and we believe our advocacy efforts contributed to that outcome.

The fact that such a drastic step was not taken does not diminish our concern about the steps that were taken. We believe that the Finance Minister's recent changes to regulations affecting mortgage lending has increased housing market uncertainty among buyers and sellers. Especially for first-time home buyers, the stress test for those who need mortgage-default insurance will cause them to rethink how much home they can afford to buy. Some of those buyers, particularly in housing markets with a lack of affordable inventory of single-family homes, may be priced out of the market by the new regulations. First-time home buyers support a cascade of other homes changing hands, making them the linchpin of the housing market.

In response to these new measures, CREA developed an action plan to increase and intensify advocacy efforts. We are calling on all REALTORS® to join the REALTOR® Action Network so you can help further the plan and help ensure the government continues to understand that all real estate markets are local.

Young Professionals Network welcomes new REALTORS®

Whether it's for young people starting their profession or for those older in life seeking a new career path, many provincial and local Boards and Associations have created Young Professional Networks to provide targeted resources to help welcome these newcomers to the industry.

In 2016, CREA expanded its mandate from sponsorship of YPN initiatives to the creation and management of a national YPN community. That all came together this past year at the first ever National YPN Summit in Charlottetown, where there were 17 Boards and Associations represented.

The REALTOR® is our customer

Ever since our 2014 strategic plan determined once and for all that the REALTOR® is CREA's customer, that has been the focus of every decision your board of directors has taken. This reality has put a premium on member outreach, and this past year saw us advance on several fronts.

We held 19 open houses across the country at which REALTORS®, as well as the leadership and staff members of local Board and Association, could engage directly with CREA's elected leadership and senior staff. We have sought to improve the turnout at our open houses by holding them in conjunction with a local Board or Association meeting or a large event at a brokerage, and that has seen our attendance numbers steadily climb.

Our member engagement also grew in other directions this past year. Our social media channels saw ever-increasing levels of engagement, and we added Instagram to a mix that already included Facebook, LinkedIn, Twitter, YouTube and Google+. In addition, our CREA Café blog is an active marketplace of ideas, learnings and insights shared by both CREA staff and REALTORS® themselves.

CEO'S LETTER



GARY SIMONSEN
Chief Executive Officer

This is the fifth annual report we have issued since your association first started communicating directly with you, our REALTOR® members. But this report is only one small part of how we now engage with our more than 115,000 members across the country.

In the President's Letter in this report, you will read about our very popular Open Houses and our support of the Young Professionals Networks, as well as the myriad communications channels we have developed to both disseminate information to our members and to gain their feedback and input. President Cliff Iverson, also discusses our persistent efforts to keep the federal government aware of the impact its legislative and regulatory initiatives can have on the vastly diverse nature of local real estate markets in Canada.

We report on the balance of our efforts on the advocacy front, especially as we seek to build effective working relationships with the new Liberal government in Ottawa. There were a number of products and services we either introduced or refined this year, including exciting international linkages that open up new opportunities for REALTORS®, and this report covers them.

In addition we I want to discuss a major research project we undertook this year, and report to you, our members, on various internal activities and achievements.

I hope that by reading this report you will gain a better understanding of the value your national trade association seeks to create for each and every one of our REALTOR® members. But communications is not effective if it is not a two-way process, so please do not hesitate to get back to me with your comments and feedback.

D.A.N.G.E.R Report

Real estate in Canada is a dynamic and exciting industry whose members have demonstrated an ability to adapt and thrive in its ever-changing conditions. Based on the belief that leaders in our industry want to know what circumstances might develop that could threaten their business and their livelihood, CREA last year engaged the services of The Swanepoel | T3 Group, a management-consulting firm that specializes in the real estate industry, to research and clarify imminent and potential dangers facing the real estate industry. The report lists factors that could affect four key stakeholder groups or areas – salespeople, brokers, boards and associations, and MLS® Systems. While no solutions are recommended in the report, its contents will help all stakeholders in our industry identify risk factors to their business and to plan accordingly. The full report can be seen at [Danger Report](#).



ADVOCACY

Governments change. CREA's advocacy efforts persist.

When governments change, as Canada's federal government did just over a year ago, it creates both challenges and opportunities for advocacy programs such as CREA's.

On the one hand, years of familiarity built up between CREA and the key political and bureaucratic officials that we lobby is lost, and we must start all over again acquainting the new government and its ministers and members of Parliament with our issues and their importance to the Canadian economy.

On the other hand, a new government also means a clean slate, and issues that might not have gained much traction with the outgoing government could well be popular with the new one.

Our advocacy efforts over the past year, then, have been focused on exactly that – working hard with our REALTOR® members to rebuild the foundational relationships that will ensure the interests of our members, and of the Canadian housing market consumers they work for, are taken into consideration when the federal government is considering legislation that could have an impact on that housing market.

FINTRAC is a key ongoing focus

FINTRAC, the Financial Transactions and Reports Analysis Centre of Canada, has a mandate, according to its website, “to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities.” Because real estate transactions involve large sums of money, REALTORS® are unavoidably on the front lines of FINTRAC's battle to ensure that such transactions are not being used to shield the illegal movement of money.

When it comes to FINTRAC, our efforts are focused on minimizing and streamlining the compliance burden that REALTORS® carry when it comes to conducting due diligence and ongoing monitoring on their clients. We scored a key win this past year. The government recently announced that ongoing monitoring will now only be required on the third transaction within five years for the same client. Previously, the threshold was two transactions within five years. We successfully

argued that two transactions in a short time frame was not unusual, that REALTORS® regularly help the same client sell their home and buy a new one at more or less the same time. Requiring ongoing monitoring for such a perfectly normal activity was too high a burden, we argued, and the government has agreed.

Unfortunately, increased oversight of the industry in Canada may be on its way. This country did not fare well in a recent international audit of its anti-money-laundering efforts, and the Canadian real estate industry was singled out for under-reporting suspicious transactions.

FINTRAC will continue to be a focus of advocacy, legal and member outreach resources at CREA. REALTORS® want to comply with the law. We will continue our efforts to educate REALTORS® about their compliance obligations and to work with regulatory bodies to ensure that every-day and compliant transactions are not unnecessarily targeted. It's a two-way street, though – the better our industry demonstrates its commitment and adherence to its compliance obligations, the better we can argue that the government can moderate how it approaches our industry.

Competition matters

CREA continues to actively promote competition law compliance, and maintains a suite of competition compliance materials for individual REALTORS® and for member Boards and Associations, including competition law guides, presentations and videos. Member Boards and Associations also may supplement these materials by consulting with CREA's competition counsel on specific matters.

CREA also takes part in litigation involving competition matters to defend the interests of its members and their clients. Since 2011, CREA has taken an active role as an intervenor in support of the Toronto Real Estate Board in the Commissioner of Competition's long-running litigation against TREB, and is currently involved in the appeal process before the Federal Court of Appeal. The litigation is focused on whether certain restrictions on the use of sensitive listing information on Virtual Office Websites, or VOWs, are unfair and contrary to the abuse of dominance provision of the Competition Act, or whether they constitute appropriate safeguards. CREA will continue to promote the need for appropriate safeguards to protect the information gathered by our members about their clients' listings that they share with each other and with consumers.



REALTORS® from across Canada make big impact on Parliament Hill during PAC Days 2016

A record number of the REALTOR® community's most politically engaged attended CREA's annual PAC Days conference in Ottawa from October 16 to 18, 2016.

An important component of our industry's federal advocacy program, this 31st year of the annual event provided an opportunity for attendees to learn about our REALTOR® recommendations and bring them to their Members of Parliament. These crucial face-to-face meetings add constituent faces and local voices to our federal advocacy efforts and allow REALTORS® to demonstrate their passion, professionalism and expertise to government.

This year, there were 353 attendees. Of those, 273 were REALTORS® and 80 were Board and Association staff members. Ninety-four percent of Boards and Associations from across Canada were represented at PAC Days.

Three Ministers and three MPs, along with other public-policy experts, journalists and party insiders, spoke at the three-day conference.

There were a record 193 scheduled meetings with MPs in just two days.

Key social media results

- #CREAPAC16 and #CAP16ACI were tweeted a total of 797 times
- 224 unique Twitter users used our event hashtags
- 40 MPs tweeted about their meetings with PAC Reps
- 45 photos of MP meetings were shared on Twitter
- Our most popular PAC Days tweet (featuring Justin Trudeau) garnered 113,885 impressions and 1,674 total engagements, including 38 retweets and 141 likes
- Our PAC Days video reached over 20,327 Facebook users and garnered 10,359 post engagements, including 52 likes, 27 shares and one comment

Pushing for platform commitments

The new Liberal government made a campaign promise that aligned with one of CREA's most important lobbying objectives – to expand the range of circumstances under which Canadians can access funds in their RRSPs to help finance the purchase of a new home under the Home Buyer's Plan (HBP). Currently restricted to first-time home buyers, the plan allows the tax-free withdrawal of up to \$25,000 (\$50,000 for a couple) from an RRSP to help finance the down payment of a new home.

CREA has lobbied for a few years now in favour of allowing the HBP to be used, or used again, when consumers are planning for real-world events such as the dissolution of a marriage, a relocation in search of work, or a new home purchase made necessary because a family member needs to be accommodated.

A key focus of our efforts this year was to remind the new government of its campaign promise and to encourage them to follow through on it.

We also continue to push for our second major objective with regards to the HBP – that the \$25,000 maximum withdrawal be indexed to inflation so that it rises each year and so preserves its value. Since it was introduced in 1992, the HBP has been used by almost three million Canadians as a stepping stone to owning their first home. Without indexation, the program will not offer future homebuyers the same value.





TECHNOLOGY

Global Affiliates Program encourages REALTORS® in America to look north

CREA's efforts to create more international business opportunities for its members will get a big boost when our Global Affiliates Program launches early in the new year. Although our REALTOR® members are well used to handling inbound opportunities from other countries, only about 10 percent have ever been involved in an outbound opportunity when a Canadian resident buys a property outside the country. And because there are no formal links between REALTORS® in Canada and those in other countries, most of those making an outbound referral received no referral fee for doing so. With growing numbers of Canadians looking for holiday, retirement or investment properties in the United States or Europe or elsewhere, or simply moving to another country, there is a huge opportunity here for our members.

The Global Affiliates Program will allow REALTORS® in other countries to forge links to their fellow REALTORS® here in Canada. The program will be an online network exclusive to members of the program and to REALTORS® in Canada interested in international business opportunities. Global affiliates will be able to access the Insights Reports generated from REALTOR.ca, read regular updates and newsletters, and enjoy regular opportunities, such as Facebook Live sessions, to talk about doing business with REALTORS® in Canada.



REALTOR.ca goes international

It's no secret that Canada is a nation of immigrants, and the country continues to be a popular destination for people from all over the world. This interest is reflected in the numbers of international visitors to REALTOR.ca, which has long been the most popular real estate website in Canada. In an effort to better serve these visitors, REALTOR.ca is gaining some international flavour of its own.

Earlier this year, we rolled out a unique landing page that is seen by visitors whose IP address indicates they are in the United States, from where more than seven million site visits were made in 2015. This landing page will help Americans who have an interest in buying real estate in Canada, either to live here or as a residential or commercial investment, to get to the information they are looking for faster and better.

Our second country of focus will be China. While visitors from that country accounted for only 2.7 percent of international visitors to REALTOR.ca in 2015, our REALTOR® members consistently tell us that China is right behind the U.S. in terms of the international buyers with whom they work. The much lower numbers of Chinese visitors to REALTOR.ca is a reflection of the different internet usage patterns in that country. REALTOR.ca is optimised for Google, for example, while Baidu is the search engine most used in China. Similarly, people in China tend not to use Facebook, which is the leading referral source for REALTOR.ca, instead using things like WeChat and Weibo.

We will be adopting a holistic, strategic approach to attracting more web traffic from China. We will be adding content to the site that is optimised for Baidu and 360, China's top two search engines, and we will index our pages for that search engine. When visitors from China arrive at REALTOR.ca, they will see a page in simplified Chinese that will give them access to three further pages based on their interest in coming to REALTOR.ca. One page will help those who are looking to accommodate children who are studying in Canada. A second will speak to investors. And a third will be for people who are looking to move to Canada.

By the numbers

REALTOR.ca, CREA's flagship website, continues to be by far the most popular website in Canada for real estate buyers and sellers, both residential and commercial.

The following numbers are for the 12-month period ending October 31, 2016.

Website sessions:

REALTOR.ca:	149,455,668
m.REALTOR.ca:	16,509,388
Mobile Apps:	69,439,911
Total:	235,404,967

Mobile vs. desktop:

Desktop:	46%
Mobile (mobile + tablet):	54%

Page views:

Total	4,171,288,763
Residential:	90.2%
Commercial:	9.8%

If you look at sessions, the breakdown is:

Residential:	85.2%
Commercial:	14.8%

Active app users:

Once in 365 days:	2,426,391
AVG in any 30 day period:	815,292

Leads generated and leading sources thereof:

Email a REALTOR®:	1,531,696
Email Office:	64,391
Phone a REALTOR®:	400,367
Click leading to REALTOR® Website:	2,933,779
TOTAL Leads:	4,930,233

In calendar 2017, there were 4,792,000 leads generated. The 12 months covered here reflect a two-percent decrease in the number of sessions and an almost three-percent increase in leads. The overall conversion rate of the sites and apps is improving.



New REALTOR.ca accounts very popular

In the 10 months since Canadian real estate consumers have been able to create their own accounts on REALTOR.ca and enhance their site experience, more than 300,000 accounts have been set up, proving that this new feature, rolled out in December, 2015, is very popular with real estate buyers and sellers. Having an account allows a consumer to save searches and create collections of favourite listings.

WEBForms® rolls out in beta

WEBForms®, the fifth iteration of one of the most popular tools CREA provides to its REALTOR® members, rolled out in limited beta in November and in full beta in Q1 of 2017. For the next six months or so, REALTORS® can use either the existing interface or try out the new interface that simplifies workflow and more seamlessly integrates key features such as digital signatures and document management.

New enhanced REALTOR® profile pages also popular

One of the most positive changes to REALTOR.ca that we have ever rolled out for REALTORS® is the new, enhanced profile pages, which have been a feature on the site since September, 2015. Prior to this change, REALTOR® profile pages consisted of only a small photograph and basic information. The enhanced profile pages include a larger photograph, social media links, specialties, languages spoken and all of a REALTOR®'s listings. Since the pages are auto-generated based on the information REALTORS® provide to their local board, REALTORS® are strongly encouraged to make those pages as comprehensive as possible.

REALTOR.ca to be made more responsive on mobile

With mobile devices such as smart phones and tablets accounting for well over half of all visits to REALTOR.ca, we are working on making the mobile and desktop experience more responsive and useful for mobile visitors. CREA's changes to its mobile app will recognize that there are specific use cases – such as local search – that the app is used for far more often than anything else. The new version of the app will enhance these most popular features and downplay features that are not heavily used.

PURSuing EXCELLENCE

Governance

There might be no subject more certain to put people to sleep than a lengthy dissertation on governance. However, if your association is to be its high-functioning best, then how we operate, and make decisions, is critical. Ever since we undertook CREA's first full governance review in 2013, we have been focused on making the changes necessary to ensure we are the most accountable, best governed and most efficient organisation we can be. Our dues-paying REALTOR® members deserve nothing less.

Building on previous years' efforts that saw us completely rewrite our bylaws and policies, streamline our structure, and reduce the number of directors on our board, this past year saw us focus more intently on the board itself and how to make it the most professional and effective it can be. A reality of past board elections was that many of the directors were acclaimed, and this is simply not in keeping with governance best practices. In order to find and recruit the most qualified board members, a formal recruitment committee has been struck. It will work with Boards and Associations and with industry leaders to ensure all members are aware of the election process and encourage qualified REALTORS® to run.

And while CREA's board is regionally representative by design, it hasn't always been representative of the diversity of our REALTOR® membership. A second key governance initiative this past year was the development of a diversity policy that for the first time seeks to expand representation on the board by women, members of ethnic minorities, and other groups.



Excellence Canada recognises our organizational efforts

Excellence Canada is a not-for-profit corporation dedicated to advancing organizational performance across Canada. It maintains that excellent organizations continually improve performance; they are innovative, competitive, and customer focused; they are healthy, inclusive, and sustainable; and they are economically, socially, and environmentally responsible.

So it is with much pride that CREA learned this past year that it had achieved Gold Level certification in the Excellence, Innovation and Wellness Standard of Excellence Canada.



REALTORS® across the country can be proud of their national association. The Gold Level certification is a tangible sign that CREA is committed to achieving excellence through continuous improvement. The award is also a clear testament to CREA's achievements and our continued commitment to being among the best Canadian organizations to work for.

REALTORS® raise more than \$700,000 for Fort McMurray fire victims

Canada's REALTOR® community responded swiftly and generously last year when wild fires devastated Fort McMurray, Alberta, and forced the evacuation of all 80,000 residents of the city. More than \$700,000 was raised via the Canadian REALTORS Care® Foundation and contributed to the Canadian Red Cross' Alberta Fires Appeal.

This outpouring of support is just one example of the everyday involvement REALTORS® have in their communities. For an idea of the extent of their collective impact, just look to the fact that the REALTOR® community has reported volunteering tens of thousands of hours of their time and donating and raising over \$91 million for charities big and small from coast to coast in only four years.

To further highlight the work REALTORS® do in their communities, the first Canadian REALTORS Care® Award winner was named in 2016. At 36, Vince Mirabelli, the inaugural recipient, has already established a successful career in real estate, has raised hundreds of thousands of dollars for various charities close to his heart and has made a positive impact on the lives of countless children and their families in his hometown of Thunder Bay. Learn more about this REALTOR®'s outstanding charity work and see a list of all of our 2016 award nominees.

We encourage all REALTORS® involved in their communities to share their stories with us so we can help raise awareness for their favourite charities and causes and inspire further support.

