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A clear winner in the city's residential market

BY DENNIS RODKIN

One Chicago residential brokerage has grown to the point where its share of the city's real estate market is bigger than the next two firms combined.

That firm, locally owned @properties, had just over 20 percent of the Chicago market last year based on sales volume, according to data from Broker Metrics, a reporting tool used by Midwest Real Estate Data. Together, the second- and third-ranked firms, both of which are part of national brands, had less than 18 percent of the city market.

This data, provided to Crain's by a firm not among the five covered in this article, covers only the city. Suburban business is not included.

A big market share provides more than bragging rights, said Mike Golden, a co-founder and owner of @properties. It pays off for sellers and buyers in "our agents' larger pool of knowledge about pricing and what's going on in the market," he said.

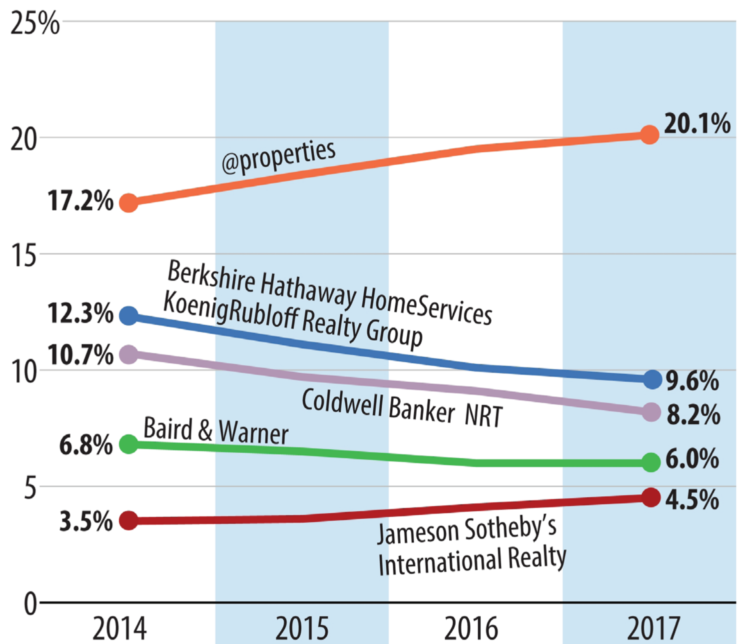
Market share is a slightly illusory figure in real estate, because every home transaction counts twice—once as a sale and once as a purchase—so agents on both sides of the deal get credit. Sales volume figures, then, may be double the actual total value of real estate sold.

Even by that standard, @properties stood head and shoulders above the rest of the city's brokerages in 2017. The firm's agents represented buy-

THEIR SHARE

Here's how the market share has changed at each of the five largest residential real estate brokerages in Chicago since 2014.

RESIDENTIAL REAL ESTATE BROKERAGE MARKET SHARE



Note: A brokerage's market share, as calculated by Broker Metrics, is what percentage of the total dollar volume of all transactions was handled by the brokerage, either on the buyer's side or on the seller's side.

Sources: Broker Metrics, Midwest Real Estate Data ers alone on about $2.41 billion in transactions during the year. That's more than the second-ranked firm, Berkshire Hathaway HomeServices KoenigRubloff Realty Group's agents did on both sides, a combined total of just less than $2.4 billion.

On the other side, @properties represented sellers to the tune of about $2.62 billion during the year.

The earliest year for which data is available, 2014, is also the year Berkshire arrived on the scene in Chicago as the brand name for the merged Prudential Rubloff Properties and Koenig & Strey Real Living under ownership of one of billionaire Warren Buffett's companies. Berkshire's share of the market that year, 12.3 percent, shrank in each of the subsequent years, to 9.6 percent in 2017.

Berkshire's Chicago-based chief communications officer, Suzanne Boose, did not respond to requests for comment.

Neither did Mike Purgatorio, the media contact for third-place Coldwell Banker NRT, whose share of the market also declined each year between 2014 and 2017, to 8.2 percent.

Losing market share doesn't mean these firms are selling less, only that they're selling a smaller piece of the total. The city's total residential transactions nearly doubled as the real estate market revived, growing from $7.9 billion in 2014 to $14.9 billion in 2017.

Despite losing market share, Coldwell Banker NRT's sales volume grew from $1.4 billion in 2014 to about $2 billion last year.

It's agents who generate sales volume (on both sides of the deal), and @properties has the largest number of "productive" agents, so-called because they were involved in at least one transaction during the year. There are 1,352 productive agents with @properties, and Coldwell Banker has the second-largest group, 1,124, according to the Broker Metrics data.

That's 20 percent more agents at @properties, but the firm did 144 percent more sales volume than Coldwell.

"It comes from efficiency," said Dennis Dooley, chief operating officer and managing broker at Property Consultants Realty, based in Bucktown. He said @properties "puts technology and tools in the hands of its agents that are easy and productive." Among them: an in-house app for sharing coming-to-market listings with fellow @properties agents, and advertising that emphasizes the agent more than the brand. "We try to help our agents build their businesses, to build our business," Golden said.

The fact that the dominant force in the Chicago market has only a one-fifth share caught Dooley's eye.

"It shows you what a competitive market Chicago is," he said. In Philadelphia, he said, one firm consistently dwarfs all competitors.

That firm is Berkshire Hathaway HomeServices Fox & Roach, according to RealTrends, a Colorado-based firm that tracks real estate brokerages' volume.

In 2016, according to RealTrends, Fox & Roach did nearly $11 billion in volume, while its closest competitor in the Philadelphia market did about $4.6 billion. Fox & Roach's sales volume was larger than the next six companies combined.

Fox & Roach, a longtime leader in Philadelphia's real estate market, went under the Berkshire Hathaway umbrella in 2013, a year before the merged Chicago firms did.