



HOW
AGENTS AND
BROKERAGES
CAN BENEFIT
FROM

VERTICAL INTEGRATION

A REAL ESTATE EBOOK FROM

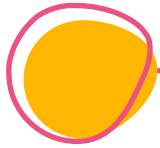
 **The CE Shop**
INNOVATING CAREER EDUCATION

HOW AGENTS AND BROKERAGES CAN BENEFIT FROM VERTICAL INTEGRATION



From mortgages to titles to insurance, your brokerage is a wealth of referral business. Instead of directing clients to an outside entity, why not bring those services in-house? More real estate brokerages are now choosing to integrate closely-related verticals to enhance the client experience and grow their business. After all, your role as an agent gives you the prerequisite industry knowledge and client base, so why not capitalize on more of the homebuying transaction?

WHAT IS VERTICAL INTEGRATION?



"Vertical integration is a strategy whereby a company owns or controls its suppliers, distributors, or retail locations to control its value or supply chain. Vertical integration benefits companies by allowing them to control processes, reduce costs, and improve efficiencies."

Consider a hospital that acquires a nearby physical therapy practice, pharmacy, and mental health treatment center. The hospital can now provide streamlined access to any service an average patient may need. You can bring the same level of service to your clients by exploring vertical integration opportunities.

BENEFITS OF VERTICAL INTEGRATION INCLUDE:

- Brand Differentiation
- Creating a One-Stop-Shop Experience
- Improved Customer Services
- Increased Earning Potential
- Diversified Revenue Streams



BRAND DIFFERENTIATION

Unfortunately, with [106,548 real estate brokerage firms](#) operating across the nation, a guarantee that you're the best in town just doesn't cut it anymore. There are plenty of brokerages a consumer can choose from, and many offer the same perks, services, and discounts. Expanding your offerings can give your brokerage a major competitive advantage.





EVERY BUSINESS IS
SUCCESSFUL EXACTLY
TO THE EXTENT THAT
IT DOES SOMETHING
OTHERS CANNOT.



— Peter Thiel, *Billionaire Entrepreneur and Venture Capitalist*



CREATING A ONE-STOP-SHOP EXPERIENCE

In 2019, a whopping [86%](#) of buyers reported that one-stop-shop offerings positively influenced their selection of an agent, an 18% uptick from 2015. Homebuyers don't want to search for a mortgage brokerage, title company, or property manager - they've already found you. Instead of referring them out, create a streamlined, one-stop-shop experience.

2




IMPROVED CUSTOMER EXPERIENCE

3

Bringing outside services in-house gives you more control over the client's entire homebuying journey. With multiple services under one roof, the time-consuming complications brought on by working with a third-party company could disappear altogether. Plus, you can ensure that the level of care they're receiving at each stage in the process meets your high standards.





INCREASED EARNING POTENTIAL

4

By adding new verticals, you're essentially capturing more of the homebuying transaction. Nearly every client you work with needs a mortgage, clear title, or homeowners insurance policy. With increased offerings, you could retain those transactions and benefit from multiple revenue streams.

5

DIVERSIFIED INCOME STREAMS

Adding new verticals isn't just profitable - it's also a safe financial bet. Diversification is a common recommendation when it comes to reducing overall risk, whether in personal finance or business. For example, by offering mortgage services in addition to real estate you could capitalize on the [increase in mortgage refinance applications](#) that tend to accompany times of economic hardship, when there may be a temporary lull in real estate transactions.





I SUPPOSE MY FORMULA
MIGHT BE: **DREAM,**
DIVERSIFY, AND NEVER
MISS AN ANGLE.



— Walt Disney

COMMON VERTICALS FOR REAL ESTATE PROFESSIONALS INCLUDE:



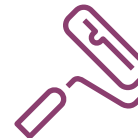
MORTGAGE
SERVICES



PROPERTY
MANAGEMENT



TITLE
SERVICES



HOME
STAGING



HOME
INSURANCE

1



MORTGAGE SERVICES

Only [13%](#) of homes are purchased with cash. That means that 87% of buyers will need to get a mortgage from somewhere. Why not from you?

Mortgage brokers generally make a commission of [1-2%](#) of the total loan amount on each transaction. As of January 2021, the average purchase loan amount in the United States was [\\$395,200](#). An extra \$7,904 per transaction is nothing to scoff at!





2



TITLE SERVICES

Nearly every seller needs a clear title. Adding title services to your real estate offerings means you can easily take another slice of that transactional pie.

Buyers can pay more than [\\$1,000](#) for a title search alone, and another [\\$1,374](#) for title insurance. Because clients often rely on your referral anyway, bringing those services in-house could mean more money in your pocket.



HOME INSURANCE

3

A staggering [95%](#) of owners have some kind of homeowners insurance policy. Adding insurance services allows you to derive additional revenue from nearly all of your sales, plus you'll have the chance to serve the customer for at least as long as their policy lasts.

Home insurance costs the average owner [\\$1,445](#) per year, and rates have increased 47% in the last decade. In states with higher insurance premiums, like Oklahoma, Kansas, and Texas, the average owner pays up to \$2,559 annually.



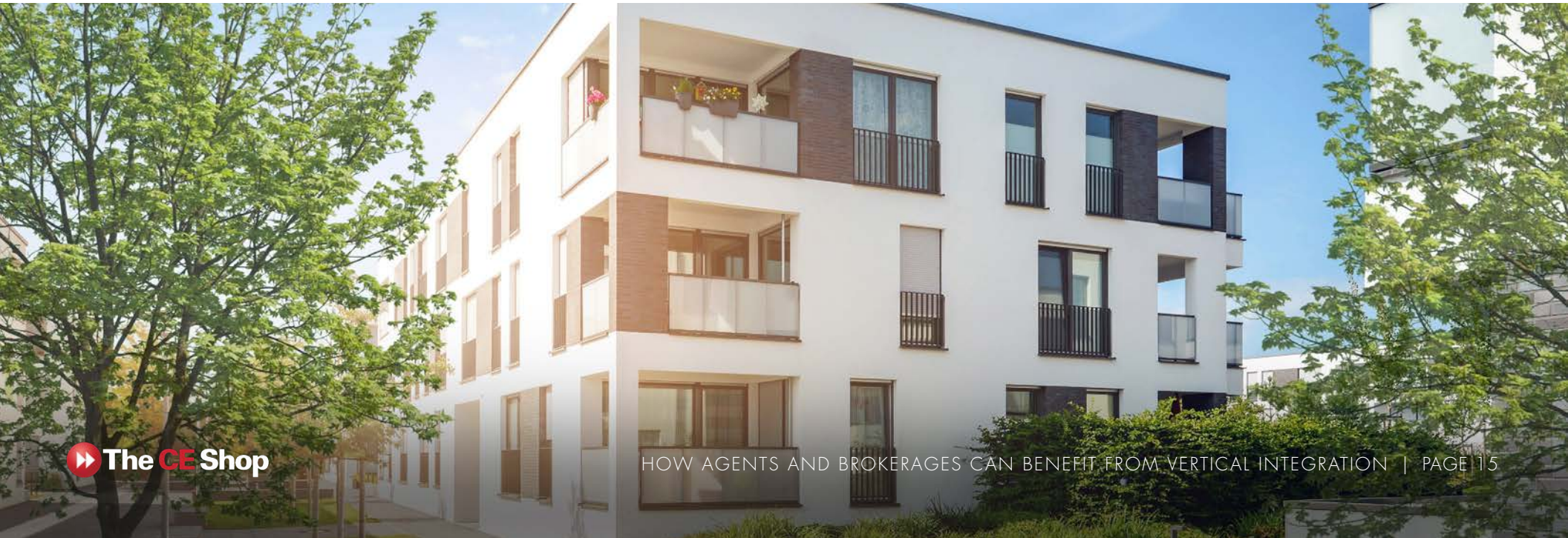
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PROPERTY MANAGEMENT

You already know the local residential real estate market well, and you're certainly used to providing unparalleled customer service. Adding property management services allows you to retain your investor clients while setting yourself apart from the competition.

The average property management firm collects [8-12%](#) of the monthly rental value of the property, plus setup fees, monthly management fees, tenant placement fees, vacancy fees, and [more](#). Needless to say, if your clients are looking for lessees, property management offerings could be mutually beneficial.





5



HOME STAGING

Home staging can be intimidating to many sellers and even some brokerages. Providing staging services is a marketable differentiation that adds visible value to your seller's experience.

On average, home stagers charge up to [\\$600](#) for an initial consultation and another \$600 per room, per month. If you have an eye for design, adding staging services could beautify your net profit.

GROW YOUR BUSINESS, VERTICALLY



Adding closely-related and complementary services can provide increased opportunities for your brokerage. Regardless of which additional offerings catch your eye, vertical integration could set your organization apart, improve the client experience, and grow your business. After all, a comprehensive solution is much more compelling than a simple promise of the best service in town!

ABOUT US

Founded in 2005, The CE Shop has become the leading provider of online real estate education through an encyclopedic knowledge of the real estate industry.

Our ever-expanding course catalog of Pre-Licensing, Exam Prep, Post-Licensing, and Continuing Education products are trusted throughout the industry and offer agents across the country the education they rely on.

With courses available in all 50 states and D.C., we're driven by a desire to constantly improve, both for ourselves and our students.

