

NAR Annual Report - Our Thoughts

Hello and welcome back. We are jumping straight into it today because this week we want to look at the National Association of Realtors 2025 Annual Report. Right.

And look, I know exactly what you're thinking. You hear annual report and your brain just, it immediately goes to glossy stock photos and corporate jargon. You're probably expecting a victory lap, right? Well, usually that is exactly what you get.

A lot of smiling faces and, you know, charts that only go up and to the right. Exactly. But stick with me here because we've gone through this whole stack of documents, the letters from leadership, the financials, the new strategic plan, and this does not feel like a victory lap.

It feels, well, it feels different. It is absolutely different. I mean, if you read the opening letters from the leadership team, Kevin Sears, the CEO, Nick Hewitt, the tone is not business as usual.

They're using very specific, very heavy language. They're framing this as a significant transformation. A new era.

A new era. Exactly. Which is really just code for things are changing and they're changing fast.

So the mission for our discussion today is to really figure out how this massive trade association. The biggest in the country, by the way. Right.

The biggest. Yeah. How it's navigating what they were calling a year of getting back to basics.

And we have to be honest about the context here. That phrase back to basics is doing a lot of heavy lifting. This report is coming out after, I mean, a period of incredible turbulence for the industry.

Oh, for sure. You've got significant market shifts. You have all the internal leadership changes.

And of course, the fallout from the Sitzer Burnett settlement. Right. The elephant in the room.

And we are going to get into how that's actually showing up on the balance sheet because it's right there in black and white. But we also want to look at the surprises. And let me tell you, the numbers in here, they are surprising.

We're talking millions in savings, some pretty drastic staff reductions. And then on the flip side, you've got these advocacy numbers that are just they're in the trillions. It's a fascinating contradiction, isn't it? A mix of, I don't know, austerity and aggression.

On one hand, they are cutting costs more deeply than we've seen in years. And on the other, on the other hand, they are claiming to be louder and more effective in Washington than ever before. So let's unpack this.

The first big theme that just hits you when you open the document is this financial pivot. Immediate past president Kevin Sears leads off his letter pledging to get NAR back to basics. Now, usually when a company says financial wellness, it means they switch to a cheaper brand of coffee in the break room.

But here, I don't think they're kidding. No, they are not. They are highlighting financial wellness as the primary focus.

And the headline achievement they're touting is that for the second consecutive year, they've managed a balanced budget without raising member dues. Which, to be fair, is a huge deal for the average member. Nobody wants their dues to go up.

But how they balance that budget, that's where it gets intense. They list a reduction in budgeted expenses of roughly \$50 million year over year. Just pause on that number for a second.

\$50 million. That is not finding loose change in the sofa cushions. No, that is a 14% cut to the entire operating budget.

14%. That's not trimming the fat, that's cutting into the muscle, isn't it? It has to be. A reduction of that size requires major structural changes.

And the report specifies exactly where some of that came from. There was a 14% decrease in staff headcount. Wow.

That's a lot of people. That's a lot of empty desks. It is.

And it represents a loss of institutional knowledge. They also mentioned saving over \$3 million just in event costs. But we have to ask the question, what's driving this? Why slash the budget so aggressively right now? Well, the report is actually quite transparent about that, which I appreciated.

They explicitly mentioned making the initial payment in compliance with the Sitzer-Burnett settlement terms. Exactly. The legal reality is directly shaping the balance sheet.

This is what I mean when I say this is a kind of wartime budget. They're signaling a move toward lean operations and financial discipline, not just because it's a good idea, but because they have to. Right.

They have to ensure long-term stability while navigating these legal headwinds. It's about survival. It's like they're saying, we need to keep the ship afloat, so we are tossing any excess cargo overboard.

That's a fair analogy. Right. But the counterargument they are making is that a lighter ship is a faster ship.

Right. They're trying to say the engine is running better than ever, which brings us to the next segment. Advocacy.

Because if I'm a member and I hear you're cutting staff and cutting budgets, my first question is, are you still fighting for me? Advocacy is the core value proposition for a trade association like NR. It's a whole protection aspect of the membership. And the numbers they put in this report are designed to answer that question and answer it loudly.

Okay. Here's the stat that made me do a double take. I had to reread it.

They claim they have prevented \$2.3 trillion with a T in new taxes on real estate over the last decade. That's a staggering number. It really just stops you in your tracks.

But how do they even calculate that? I mean, is that real math? It's avoidance math. They attribute that \$2.3 trillion to defeating 11 specific harmful tax proposals. Things like transfer taxes, service taxes, changes to capital gains.

I see. The logic is, if these laws had passed, it would have cost the industry this much. So it's a defensive metric.

It's measuring the bad things that didn't happen because they were in the room? Precisely. It paints a picture of a massive defensive shield around the industry. If you're a broker or a high-producing agent, that number is meant to tell you that your annual dues are peanuts compared to what you would be paying in taxes if NIR wasn't there acting as a goalkeeper.

And it's not just about stopping things. They talk about the advocacy machine being in high gear. In 2025 alone, over 5,000 meetings on Capitol Hill.

That is a lot of shoeletter on the pavement in D.C. And don't forget the Congressional Real Estate Caucus. That sounded impressive. What is that exactly? Well, it's a bipartisan group of about 100 members of Congress.

Their specific focus is housing supply and affordability. Okay. And this is crucial because it's not just NAR lobbying from the outside, banging on the door.

It's about building a proactive network inside the legislature. It means when a housing bill comes up, there are already 100 people in the room who speak the language. That makes sense.

It's the difference between cold calling and calling a friend. But here's where it gets really interesting to me, the public perception side, marketing. Because you can win in D.C., but if the public doesn't trust you, you still have a problem.

Yes, the court of public opinion. They highlight this Write by You campaign. They say 87% of consumers who saw that campaign are more likely to use a Realtor.

That is a 26% gain in the last decade. Which is huge. Yeah.

And overall, brand awareness is at 70%, up 30% since 2015. Those metrics are absolutely critical for their strategy. It links directly to Goal 8 in their strategic plan.

Cultivate trust in the Realtor brand. Why is that so urgent right now? Well, just think about the landscape. You have discount brokerages, you have iBuyers, you have tech platforms saying, just click here to sell.

There's so much noise. NAR is desperate to prove that the Realtor brand, that little R on the business card, still holds weight. They need the consumer to understand the difference between just a licensee and a Realtor.

So to summarize the first half of our discussion, they're cutting costs internally to pay the bills and settle debts, but they are pumping massive effort into making sure the public and Congress still sees them as the heavyweight Exactly. They are trying to prove that even a leaner NAR is still the most powerful voice in the room. Okay, so that's the big picture, stuff, money, and politics.

But what about the actual member on the ground? The agent driving around, doing showings, dealing with inspection reports. What are they getting out of this whole back to basics approach? This is where we get into the member experience section of the report. It falls under their goal one, help Realtors thrive.

And honestly, this section feels like they're trying to solve a puzzle that has been annoying agents for years. It's a technology puzzle. Right.

They mentioned RPR Realtor's property resource. I feel like this tool has been around forever, but the usage numbers are interesting. 540,000 unique users in 2025.

Which sounds like a huge number, half a million people. It is until you look at the total membership. The report notes that this represents about 37% of all Realtors.

So nearly two thirds of the membership aren't using the flagship tech tool. That is the glass half empty view. But getting 37% adoption on any enterprise software is actually, it's pretty decent.

However, it highlights a problem that the strategic plan actually admits to. They talk about members feeling overwhelmed. Oh, I bet.

I hear this all the time. Which CRM do I use? Which marketing app? What about AI? It's too much. The report calls it a fragmented education market and an overwhelming landscape of tools.

And this is where their strategy is shifting. NAR doesn't just want to add more noise. They want to be the trusted curator.

I really like that word curator. It's smart. Instead of just throwing more tools at you, they want to be the filter.

They want to tell you which ones actually work. So they're saying, we know you are confused by all the tech and all the changes. Let us be the guide.

That's the pitch. And they're backing it up with investments too. They mentioned second century ventures is backing over 50 global companies now, and they launched 25 new AI powered website templates.

So they are still building, but the focus seems to be on integration and guidance rather than just raw volume. And what about education? Are members actually, you know, taking advantage of the learning resources? They had over 17,000 enrollments in designation and certification programs, which is a 2% increase. 2% isn't exactly a rocket ship to the moon.

No, it's modest, but context matters. In a year where the industry has been contracting, where transaction volume is down and money is tight for everyone. Sure.

The fact that education enrollment held steady or grew slightly is actually a win. It shows the serious agents are doubling down on skills. Speaking of serious business, let's get into the heavy lifting.

The strategic plan for 2026 to 2028. They call this section fixing the house. And honestly, reading through it, it felt a bit like a therapy session where they are finally admitting their flaws.

It is surprisingly self-reflective. Usually these reports are all sunshine and rainbows, but goal five is specifically about streamlining organizational governance. And they do not mince words.

They admit that internal silos and fragmented governance have caused inefficiencies. Internal silos. That's corporate speak for the left hand doesn't know what the right hand is doing.

Exactly. Or worse, the left hand is fighting the right hand. They explicitly mention overhauling budgeting and a focus on financial transparency.

It feels like a direct response to the criticisms they faced over the last few years regarding how money was spent. It absolutely is. You can't read this without thinking about the scrutiny they've been under.

They're pivoting to transparency, not just because it's nice, but because it's necessary to rebuild trust with the membership. Of course. If the members don't trust how their dues are being spent, the whole model falls apart.

And it's not just internal. Goal six is about rebuilding partnership foundations. This part stood out to me.

They talk about the inconsistent interpretation of roles between local, state and national levels. That's the classic three-way agreement problem. You have the national level, the state association and the local board.

In theory, they're a happy family. In practice, you often have duplication of services, mixed messages. Surf wars.

Surf wars. Exactly. So the member gets three bills or one big bill split three ways, and they're wondering, who is actually doing what for me? Exactly.

The report admits this confusion hurts the value proposition. They want to clear up the lanes so everyone knows their role. It sounds like they're trying to herd cats, honestly.

But then there's goal seven, recommit to professionalism. This is a big one. They acknowledge growing concerns about declining professional conduct.

Which is a very polite way of saying people think some agents aren't acting ethically. Correct. So the plan talks about strengthening the code of ethics, but they also talk about upgrading their events to be premier convergence experiences.

Convergence experiences. That sounds fancy and expensive. It means they want their events to be the place where the industry meets networks and sets the agenda.

But again, notice that tension we talked about earlier. Yeah, yeah. They want premier events, but they just cut event costs by three million dollars.

That is the needle they have to thread. They want champagne dreams on a beer budget. Well, maybe a craft beer budget.

But yes, that is the core tension of this entire report. Doing more, or at least doing better with less. So let's look down the road a bit.

We have a new captain steering the ship into 2026. Kevin Brown, the 2026 NAR president. What do we know about him from this report? His letter is quite personal.

He talks about his why. And for him, real estate isn't just about transactions. It's about opening the door to the American dream and creating intergenerational wealth.

It's a classic grounding message. It really fits that back to basics theme perfectly. It reminds everyone what the actual job is.

It does. And he lists the calendar for 2026, which is packed. They're not slowing down the schedule.

You've got advocacy week in D.C. in January, the RPAC president's circle in Las Vegas in February. For those listening who might not know, RPAC is the Political Action Committee. That's the fundraising engine for all that advocacy we were talking about.

Then legislative meetings in June back in D.C. And NAR NXT, the big annual conference that's in New Orleans in November. I'm marking that one down. New Orleans is always a good time.

But there was one other milestone they mentioned that I thought was really important. The 25th anniversary of the Realtors Relief Foundation. That is a great reminder of the charitable arm of the organization.

They mobilize when natural disasters strike hurricanes, fires, floods. It often gets overlooked in all the political noise and the lawsuits, but it's a huge part of the goodwill bank account they were trying to build up. So we've looked at the money, the advocacy, the tools, the strategy and the leadership.

When you step back and look at this entire report, what is the story here? The story is an organization trying to pivot from a defensive crouch to an offensive sprint. That's a good way to put it. They've taken the hits, the settlement, the criticism, the financial strain.

Now they've slimmed down. They've cut staff significantly. They've settled debts and they are saying, OK, we are leaner.

We are more transparent and we are ready to fight for the industry. It's a bold claim. They're definitely putting it all out there.

They are. But there's a question that lingers for me. The report emphasizes becoming a proactive organization.

They want to be the first voice. They want to lead on tech. They want to unify the industry.

But they're attempting to do all of this with 14% fewer staff and a significantly reduced budget. Right. Can you really cut your way to growth? That's the provocative thought I'd leave you with.

In a world that is becoming more complex, more tech driven and more legally challenging. Yeah. Can you actually maintain dominance by shrinking? Will these cuts make them agile like they hope? Or will it impact their ability to serve the everyday member when they pick up the phone and need help? That is the multi-million dollar question.

Is this lean and mean or is it just less? We'll have to watch 2026 very closely to find out. Well, there you have it. That is our discussion on the 2025 NAR Annual Report.

A new era, a new budget and a whole lot of questions for the future of the industry. Thank you for joining us. We'll be watching to see if they can pull off this pivot.

And we hope you'll join us for the next one. Catch you next time.

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