



JONES
HOLLOW
REALTY GROUP

Real Estate Business Plan

Every business needs a plan to succeed; a plan gets you and your team on the same page and heading in the right direction.

A good real estate business plan shows you where you are today, where you want to be and how you'll get there. It also helps you measure your performance, and recognize where and when you need to make a course correction.

Our customizable template helps you create a real estate business plan that outlines what you'll do, how you'll do it and what success looks like—for you and your clients. Jot down your business goals, clarify the status of your finances, profile your target customers and more.

To populate the template, simply place your cursor in a highlighted field and enter the information. After you populate your template, save it to your laptop. Remember that your real estate business plan is a living document and you should expect to revisit and update it regularly.

Our business plan template covers the following topics:

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Executive summary

Who are we? What services will we offer? Where will we operate? Whom do we serve?

Example: Mud to Mountain Realty is a full-service real estate company serving clients—primarily first-time home buyers—in Western Washington. We offer home buying and selling, mortgage and title services.

Executive summary

Mission statement

What is our reason for being, what are our guiding principles, what do we want to do and for whom?

Example: With a passion for helping people find their way home, Mud to Mountain Realty guides first-time home buyers through the process with a full complement of services including mortgage and title assistance.

Mission statement

Management summary

Offices: Where will we operate? What hours will we keep?

Example: Mud to Mountain Realty operates in Western Washington, with its office located in Shoreline. Regular business hours will be 9:00 a.m. to 5:00 p.m., with our agents understanding that they are “on-call” to clients outside those hours– within reason – and round-the-clock in the 48 hours preceding a closing.

| Place of operation | Hours |
|--------------------|-------|
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Our Team: What staff will we open the doors with? Who will manage our day-to-day operations?

| Name | Function |
|------|----------|
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Target customer

Who, specifically, is our target customer?

- First-time home buyers
- Home sellers
- Renters
- Other (e.g., relocations, retirees, investment properties, etc.)

What is our target customer's story?

| | Question | Answer | Our Strategy |
|---------|-----------------------------|--|---|
| EXAMPLE | Where do they want to live? | Suburban areas with open spaces; close to amenities and public transportation. | Familiarize ourselves with these neighborhoods; keep track of where light rail is expanding and bus routes are being cut. |

| Question | Answer | Our Strategy |
|---|--------|--------------|
| Where do they want to live? | | |
| What is their age? | | |
| What is their annual household income? | | |
| What is the household makeup? | | |
| What do they want from their home? | | |
| What are their feelings and concerns about searching for and purchasing their home? | | |

Company goals

What are our top business goals for our first three years?

Example: Break even within 18 months.

| Goals |
|-------|
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Keys to success

What are the top three ways we will achieve business success? How will we carry them out?

| | Key to success | Action |
|---------|--|---|
| EXAMPLE | Differentiate ourselves from the competition through exemplary customer service. | Answer phones by third ring, return texts and emails within five minutes, acknowledge all comments on social media. |

| Key to success | Action |
|----------------|--------|
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Who owns the final decisions in certain areas of the business?

| EXAMPLE | Area | Final decision maker |
|---------|-----------------|----------------------|
| | Marketing | Catherine Smith Doe |
| | Human Resources | John Doe |

| Area | Final decision maker |
|------|----------------------|
| | |
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Financials

Ownership: Who will legally own this business and how will we split up the equity, if at all?

| EXAMPLE | Legal owner | Percent of equity |
|---------|---------------------|-------------------|
| | Jane Doe | 49% |
| | John Doe | 49% |
| | Catherine Smith Doe | 2% |

| Legal owner | Percent of equity |
|-------------|-------------------|
| | |
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Startup Summary

What are our startup expenses, assets, liabilities and capital?

| Startup expenses to fund | \$ Amount |
|---------------------------------|-----------|
| Legal | |
| Insurance | |
| Rent | |
| Utilities | |
| Accounting and bookkeeping fees | |
| Expensed equipment | |
| Advertising | |
| Support staff salaries | |
| Other | |
| Other | |
| Other | |
| Other | |
| Total Startup Expenses | |

| Startup assets to fund | \$ Amount |
|------------------------|-----------|
| Cash required | |
| Other current assets | |
| Long-term assets | |
| Total Assets | |

| Total funding required (Expenses + Assets) | \$ Amount |
|--|-----------|
| Assets | |
| Non-cash assets from startup | |
| Cash requirements from startup | |
| Additional cash raised | |
| Cash balance on starting date | |
| Total Assets | |

| Liabilities | \$ Amount |
|---|-----------|
| Current borrowing | |
| Long-term liabilities | |
| Accounts payable (outstanding bills) | |
| Other current liabilities (interest-free) | |
| Total Liabilities | |

| Capital | \$ Amount |
|--|-----------|
| Investor #1: | |
| Investor #2: | |
| Investor #3: | |
| Investor #4: | |
| Additional investment requirement | |
| Total Planned Investment | |
| Loss at Startup (Total Startup Expenses) | |
| Total Capital | |

| | |
|---|--|
| (Total Planned Investment - Loss at Startup) | |
| Total Capital and Liabilities (Total Liabilities + Total Capital) | |
| Total Funding (Total Liabilities + Total Capital + Loss at Startup) | |

Break-even analysis

What average commission rate will achieve an average profitability per month, per unit? How many homes must we sell at our average commission rate to reach the break-even point by our target goal?

| Profit and loss | Year 1 | Year 2 | Year 3 |
|--------------------------------------|--------|--------|--------|
| Sales | | | |
| Direct cost of sales | | | |
| Other costs of sales | | | |
| Total costs of sales | | | |
| Gross margin | | | |
| Gross margin % | | | |
| Expenses | | | |
| Payroll | | | |
| Sales & marketing and other expenses | | | |
| Depreciation | | | |
| Rent | | | |
| Utilities | | | |
| Insurance | | | |
| Payroll taxes | | | |
| Travel | | | |
| Other | | | |

| | | | |
|---|--|--|--|
| Total expenses | | | |
| Profit before interest and taxes (Gross margin - Expenses) | | | |
| EBITDA | | | |
| Interest expense | | | |
| Taxes incurred | | | |
| Net profit (Profit - EBITDA, Interest and Taxes) | | | |
| Net profit/Sales (Net profit/Gross margin) | | | |

Cash flow

What is our projected cash flow for the first three years?

| Cash flow | Year 1 | Year 2 | Year 3 |
|---------------------------------------|--------|--------|--------|
| Cash from receivables | | | |
| Subtotal cash from operations | | | |
| Sales tax, VAT, HST/GST received | | | |
| New current borrowing | | | |
| New other liabilities (interest-free) | | | |
| New long-term liabilities | | | |
| Sales of other current assets | | | |
| Sales of long-term assets | | | |
| New investment received | | | |
| Subtotal cash received | | | |
| Cash spending | | | |
| Bill payments | | | |
| Subtotal spent on operations | | | |

| | | | |
|---|--|--|--|
| Sales tax, VAT, HST/GST paid out | | | |
| Principal repayment of current borrowing | | | |
| Other liabilities principal repayment | | | |
| Long-term liabilities principal repayment | | | |
| Purchase other current assets | | | |
| Purchase long-term assets | | | |
| Dividends | | | |
| Subtotal cash spent | | | |
| Net cash flow | | | |
| Cash balance | | | |

Loan repayment

When will we pay off our short-term and long-term loans?

| EXAMPLE | Loan | Amount | Interest rate | Payoff date |
|---------|---------------------|---------|---------------|-------------|
| | Catherine Smith Doe | \$3,500 | 0.01% | 12/31/2020 |

| Loan | Amount | Interest rate | Payoff date |
|------|--------|---------------|-------------|
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Services

What real estate services will we provide our customers?

- Home searches
- Moving consulting, quotes, planning, etc.
- Mortgage consulting and loan pre-approval
- Community information
- Title transfer
- Other (e.g., relocations, retirees, investment properties, etc.)
- Comparative market analyses (CMAs) for sellers
- Appraisals
- Inspections
- Property preparation

If we have any partnerships with builders or lenders that we plan to leverage in marketing our business, what services will they add to our repertoire?

| EXAMPLE | Partner | Service |
|---------|-------------------|---------------------|
| | ACES Mortgage Co. | Mortgage consulting |

| Partner | Service |
|---------|---------|
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If we plan to outsource any services, which ones will we outsource and to whom?

| EXAMPLE | Vendor | Service |
|---------|-----------|-------------------------------------|
| | B&K Props | Staging equipment rental and design |

| Vendor | Service |
|--------|---------|
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Market overview

What is happening in the market our target customer operates in? How has the market behaved in the past few years? Where do we see this market going in the future? What circumstances affect this market?

Example: In the past six years, the housing market for first-time homebuyers in the Pacific Northwest has been steadily growing at an average annual growth of 3 percent. This percentage is expected to grow in large part due to millennials—the biggest group expected to start purchasing their first homes—being attracted to careers offered by this region’s financially stable tech industries.

| Market overview |
|-----------------|
| |

Market segmentation

What are the potentially different segments in our target market?

| | |
|----------------|---|
| EXAMPLE | Target market segment |
| | 1. First-time home buyers, single family |
| | 2. First-time home buyers, multi-generational |

| Target market segment |
|-----------------------|
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Market size and growth

How many total potential customers are in our market? How much growth do we anticipate during the next three years?

| Potential customers | Year 1 | Year 2 | Year 3 |
|---------------------|--------|--------|--------|
| Target customer | | | |
| Other customer | | | |
| Other customer | | | |
| Total | | | |

Market trends

What market trends do we see having an influence on our market segments and in what way?

| EXAMPLE | Market trends | Possible outcomes |
|---------|---|--|
| | Multi-generational living is on the rise. | Clients may want larger homes, split levels or ones with secondary suites. |

| Market trends | Possible outcomes |
|---------------|-------------------|
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SWOT analysis

What are our strengths, weaknesses, opportunities and threats?

| EXAMPLE | Strengths | Weaknesses | Opportunities | Threats |
|---------|--|-------------|---|---|
| | Solid understanding of challenges facing first-time home buyers. | Overstaffed | Raise brand awareness among first-time home buyers. | Cash flow could force us to reduce staff. |

| Strengths | Weaknesses | Opportunities | Threats |
|-----------|------------|---------------|---------|
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Competition

Who is our primary competition for this market and why? How will we address the challenges?

| EXAMPLE | Competitor | Strength | Our action |
|---------|---------------------|---|---|
| | XYZ Real Estate Inc | <ul style="list-style-type: none"> • 13 years in operation • Multiple buyer and seller agents and licensed assistants | <ul style="list-style-type: none"> • Focus on becoming trusted real estate advisor • Hire licensed assistant as soon as is viable |

| Competitor | Strength | Our action |
|------------|----------|------------|
| | | |
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Marketing strategy

What marketing materials and methods do we use to reach our target audience?

| EXAMPLE | Resource | Key features |
|--------------|---|---|
| | Website (Our own) | Listings with at least five photos each, blog articles, reviews, white papers, MLS and IDX feeds. |
| Social media | One listing for every three real estate-related (but non-sales) posts; congratulate clients on recent buys/ sales and anniversaries; fun real estate eye candy. | |

| Resource | Key features |
|----------|--------------|
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Lead generation

What are our most effective methods of lead generation?

| EXAMPLE | Lead generation method | # Leads per year |
|---------|------------------------|------------------|
| | Website (Our own) | 480 |

| Lead generation method | # Leads per year |
|------------------------|------------------|
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Sales forecast

What is the breakdown of our projected sales for this year and for the next three years?

| Forecast | Year 1 | Year 2 | Year 3 |
|--------------|--------|--------|--------|
| Agent sales | | | |
| Broker sales | | | |
| Referrals | | | |
| Other | | | |
| Total | | | |

Personnel plan

What are our anticipated hires and their salaries over the next three years?

| | Title | Function | Year 1 | Year 2 | Year 3 |
|---------|-------------------------|--|----------|----------|---------|
| EXAMPLE | Transaction coordinator | Project coordination, client relations, scheduling; base pay + bonuses | \$40,000 | \$42,000 | %45,150 |

| Title | Function | Year 1 | Year 2 | Year 3 |
|----------------------|----------|--------|--------|--------|
| | | | | |
| | | | | |
| | | | | |
| Total payroll | | | | |

Customer service

What is the “perfect world” delivery of our customer experience?

| EXAMPLE | Service | Measurement |
|---------|-----------------------------------|---|
| | Response time to incoming queries | Less than one minute regardless of whether it comes in by phone or email. |

| Service | Possible outcomes |
|---------|-------------------|
| | |
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Customer relationship management

What customer relationship management (CRM) tool do we use?

Market overview

What do we use the CRM for?

- | | |
|--|---|
| <input type="checkbox"/> Analytics | <input type="checkbox"/> Marketing automation |
| <input type="checkbox"/> Automated lead capture, including website and third-party | <input type="checkbox"/> Performance metrics |
| <input type="checkbox"/> Calendar and scheduling with reminders | <input type="checkbox"/> Property and listing details |
| <input type="checkbox"/> Chat support | <input type="checkbox"/> Reporting |
| <input type="checkbox"/> Contact management, including profile and status | <input type="checkbox"/> Sales tracking |



- Customer database
- Document management
- Email marketing
- Email support
- Mail merging for letters, envelopes and labels
- Social media integration
- Task lists
- Wireless smartphone synchronization
- Wireless support

What other tools do we use and for what functions?

| Tool | Function |
|------|----------|
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What transaction management tool do we use?

| Market overview |
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Measuring performance

How will we track and measure our business performance?

| EXAMPLE | Question | Measurement |
|---------|---|--------------------------------------|
| | What are our key marketing success metrics? | Increased lead conversions and sales |

| Question | Measurement |
|--|-------------|
| What are our key business success metrics? | |
| What will success look like for each? | |
| How will we measure our business performance? | |
| Who will determine if and how we will change our approach? | |
| How often will we measure our business performance? | |
| How shall we make our performance visible to the entire company? | |
| How will we evaluate our customer service? How often? | |
| How will we measure customer satisfaction | |