

## TEAMS

# Why are so many teams suddenly joining eXp Realty?

Recent months have seen team after team decamping for eXp. The leaders of those teams say they were persuaded by lucrative revenue sharing options and by watching fellow agents switch first



An image from eXp's virtual world.

*eXp Realty*

BY [JIM DALRYMPLE II](#)

Today 1:00 A.M.

Jonathan Lahey had been looking to make a change for a long time.

For more than a decade, Lahey had been leading a RE/MAX team in the Washington, D.C., area. He wanted to expand his business' footprint, but the logistics always got in the way.



Jonathan Lahey

“I tried and tried,” Lahey told Inman. “I tried to make the numbers work for years. I thought maybe we could do it with different brokerages. But that wasn’t going to work because the overhead isn’t just the franchise and franchise fee. It’s the staff and the office space. We weren’t going to be profitable for years.”

But then last year, Lahey finally hit upon the solution he had been looking for: eXp Realty. After looking into eXp’s business model, Lahey’s team of more than two dozen agents [made the switch in April](#). Just two months later, he’s already on the verge of expanding his team to new markets including San Diego and New York. “We’re borderless,” Lahey said. “We literally can expand anywhere we want.”

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Lahey is just one of numerous team leaders who have jumped to eXp in recent months. Others include the [Keller Williams team](#) that also switched in April; [the Arizona indie](#) that joined in February; and the [RE/MAX team in Toronto](#) that moved last fall.

That's just the tip of the iceberg. And while eXp has long been [a growing company](#), the wave of headlines about defections to the firm have been particularly fast and furious recently.

To figure out why exactly so many teams are joining eXp at *this* specific moment, Inman reached out to team leaders across the

U.S. Although no two teams are exactly identical, the explanations team leaders provided could be broadly boiled down into four points:

- There are generous financial incentives brokers couldn't find elsewhere.
- There's a kind of domino effect as brokers watch influential peers make the jump.
- EXp provides unique opportunities related to collaboration and growth.

## Financial incentives



Jimmy Rex

Jimmy Rex spent years leading an influential Keller Williams team in a tech- and university-dense area of Utah about 30 miles south of Salt Lake City. Over the years, he brought on numerous agents. Keller Williams, of course, has pioneered the concept of profit sharing, but Rex told Inman that despite his success over the years the company's profit share paid "next to nothing."

"I've made less than \$60,000 in 15 years of profit sharing," he said.

Rex ultimately decamped with his three agents and five administrators for eXp in March. He'll have to rebuild his list of recruits of course, but

he estimated that if he were to bring as many agents to eXp as he did to Keller Williams, he'd be making between \$25,000 and \$30,000 a month from the company's revenue sharing feature.



Kathy Helbig-Strick

St. Louis-based Kathy Helbig-Strick also previously led a team at Keller Williams, before going independent for several years and then [finally joining eXp in April](#). She told Inman that profit sharing at Keller Williams was a struggle because “you never really knew what to count on.”

“It had some incentives, but it fell flat for a lot of people,” she said, adding that revenue sharing at eXp is more transparent.

This theme came up again and again. And the idea is that while there are other companies that share profits or revenue, many team leaders felt that eXp's options are more lucrative.



Kyle Whissel

That was one of the main points that initially drew Kyle Whissel and his San Diego-based team to eXp three years ago. At the time, Whissel's team had around 25 agents — it has since grown to more than 40 — and he explained that one of the draws was that tapping into eXp's revenue sharing and [stock offerings](#) meant agents could access a cash stream even when they weren't actually selling houses. "Initially the stock and the revenue share were very attractive to me," Whissel said, adding that he hit his goal for passive income from revenue sharing in two years.

But of course Whissel moved to eXp long before the current wave. And eXp has been offering financial incentives to join up all along.

So why is this trend happening now?

Whissel speculated that it could have something to do with [the company's recent stock performance](#).

"There was a big pop in the stock price," Whissel noted. "Then they announced the stock split, and it shot up like crazy. I think any time there's a stimulus, that puts a lot of eyeballs on it."

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Whissel was referring to a remarkable run up in eXp's stock price. It began last spring, when shares were trading for less than \$5, and peaked this February when they topped \$80. Whissel is also right about the split; the company [announced in January](#) that it would turn each share into two, and the announcement in particular helped propel share prices to their all-time highs.

As with [many other real estate companies](#), eXp's stock price has since fallen and in the first days of June shares were trading at around \$32. But the huge run up in share prices did coincide with the moment in which many teams would've been exploring a switch to eXp. And ultimately there may simply have been a fear of missing out on future gains — which is something Lahey personally experienced.

"I had an agent call me and say, 'I've made \$4 million in stocks,'" he said.



All of this adds up to the most straightforward potential explanation for what's going on: That agents are simply motivated by the chance for financial gains, and the trend of teams joining eXp comes down to economics.

That was a major part of the argument real estate consultant and analyst Mike DelPrete recently made when talking to Inman.



Mike DelPrete

“It all comes down to money,” DelPrete, who has [identified eXp](#) as one of the top brokerage models of the moment, told Inman. “That’s the easiest way to boil it down.”

DelPrete also said that while eXp has touted an array of selling points such as its technology and virtual world, in large part what’s driving the growth is really just “a lot simpler than that.”

“The promise is that agents can make more money,” he said.

## The domino effect

Although money may be a major piece of the puzzle, the agents who spoke with Inman also said there’s more to what’s going on. And one of the most common factors they mentioned was influence from other agents and teams.





Michael Perry

Michael Perry was among those who raised this point. Perry cofounded the 53-person Perry Group in Salt Lake City and spent years with Keller Williams. Perry said he “loved Keller Williams” but began exploring a switch to eXp after watching agents such as Rex.

“After Jimmy Rex joined, he set the meeting up,” Perry said.

Perry also said he was influenced by Tom Daves, a Northern California broker who left Keller Williams more than a year ago for eXp. Taken together, those switches lent credibility in Perry’s mind to the eXp model.

“I loved Keller Williams, so it really helped to hear someone’s story from Keller Williams,” Perry added. “I think the trust factor was just higher there.”

Perry’s team ultimately followed Rex and Daves, [joining eXp in early April](#).

Lahey made a similar point, saying many agents seemed to be “waiting to see if a big name would go.”

“When bigger names start to move one by one,” he said, “it’s a domino effect.”

EXp itself sees this as a major factor as well.



Dave Conord

In a conversation with Inman, President Dave Conord explained that in eXp’s early days, the company had an agent count in the hundreds — as opposed to more than 55,000 today — and that teams were often spread out over the entire country. As a result, many agents weren’t familiar with eXp.

Over time, however, agents who join eXp end up evangelizing about their experiences when they meet up at industry events. Conord described this as a kind of “prairie dog” effect, meaning that when one person makes a move, dozens of other heads pop up to see what happened. And as bigger and bigger names join, the process snowballs — which appears to be happening now.

“We’re getting some people who have been legacy members of other brokerages that people thought would never leave,” Conord said. “When those people move, it’s a much larger ripple effect.”



Renee Funk

Renee Funk saw this firsthand. She and her team in Florida joined eXp just over three and a half years ago. At the time, she said the most common reaction from other industry members was confusion. But over time, her success — her team has grown from six agents to more than 80 since joining eXp — and that of other teams has served as a kind of “proof of concept.”

As a result, Funk said there’s a kind of building momentum right now. And instead of facing confusion, today she’s fielding calls from agents considering following in her footsteps.

“There’s a considerable number of incoming questions and conversations,” she said.

## **Collaboration, expansion and growth**

The team leaders who spoke with Inman cited an array of other factors that also persuaded them. For example, many argued that eXp facilitates collaboration in a way that’s difficult to pull off at other companies.

“Everybody I trained at Keller Williams becomes my competition,” Rex said. “Whereas at eXp, I have a huge financial incentive to help everyone.”

Rex was referring to the way [eXp’s revenue sharing and stock programs](#) provide rewards for agent’s recruiting efforts, and many of the leaders who spoke with Inman similarly praised eXp for turning other would-be competitors into collaborators.

In short, eXp returns 50 percent of company revenue to its agents, and the company uses specific equations to break down how much agents get for their own performance as well as the performance of those they recruit.

“People are so much more willing to share because of the stock and the revenue share,” Whissel said. “That collaboration has truly become my favorite part.”

Others pointed to expansion opportunities. Funk, for example, said before she joined eXp, she was climbing a conventional ladder that involved building a team and then turning it into a brokerage. But finding eXp meant she didn’t have to take that final step.

“Until eXp came along, we didn’t know there was another option,” Funk said. “We didn’t know there was a model that would allow us to scale our growth and accelerate our business and which would allow us to focus on what’s most important.”

To be sure, these features have long been a part of the eXp model. But thanks to the domino effect they appear to be reaching more people right now than ever before.

The question now, then, is if this high-profile growth will continue. There's two ways to look at this question. The first would be to assume the current trend was linked to stock prices and will consequently slow.

But no one who spoke with Inman thought that would be the case. Of course, Inman spoke with team leaders who joined eXp, so they have a dog in the fight so to speak. But virtually everyone argued that the eXp model has reached a critical level of recognition, to the point that the momentum isn't going to stop any time soon.

"I believe they're all going to come," Lahey ultimately concluded when asked how many agents might ultimately join eXp. "I truly believe this is the best model I've seen."

*Email Jim Dalrymple II*