

Real Estate Brokers and Sales Agents

Significant Points

- A license is required in every State and the District of Columbia.
- Residential real estate brokers and sales agents often work evenings and weekends.
- Although gaining a job may be relatively easy, beginning workers face competition from well-established, more experienced agents and brokers.
- Employment is sensitive to swings in the economy, as well as interest rates; during periods of declining economic activity or rising interest rates, the volume of sales and the resulting demand for sales workers fall.

Nature of the Work

One of the most complex and significant financial events in peoples' lives is the purchase or sale of a home or investment property. Because of the complexity and importance of this transaction, people typically seek the help of *real estate brokers* and *sales agents* when buying or selling real estate.

Real estate brokers and sales agents have a thorough knowledge of the real estate market in their communities. They know which neighborhoods will best fit clients' needs and budgets. They are familiar with local zoning and tax laws and know where to obtain financing for the purchase of property.

Brokers and agents do the same type of work, but brokers are licensed to manage their own real estate businesses. Agents must work with a broker. They usually provide their services to a licensed real estate broker on a contract basis. In return, the broker pays the agent a portion of the commission earned from the agent's sale of the property. Brokers, as independent businesspeople, often sell real estate owned by others; they also may rent or manage properties for a fee.

When selling property, brokers and agents arrange for title searches to verify ownership and for meetings between buyers and sellers during which they agree to the details of the transactions. In a final meeting, the new owners take possession of the property. Agents and brokers also act as intermediaries in price negotiations between buyers and sellers. They may help to arrange financing from a lender for the prospective buyer, which may make the difference between success and failure in closing a sale. In some cases, brokers and agents assume primary responsibility for finalizing, or closing, sales, but typically this function is done by lenders or lawyers.

Agents and brokers spend a significant amount of time looking for properties to buy or sell. They obtain listings—agreements by owners to place properties for sale with the firm. When listing a property for sale, agents and brokers compare the listed property with similar properties that recently sold, to determine a competitive market price for the property. Following the sale of the property, both the agent who sold it and the agent who obtained the listing receive a portion of the commission. Thus, agents who sell a property that they themselves have listed can increase their commission.

Before showing residential properties to potential buyers, agents meet with them to get an idea of the type of home the buyers would like, and how much the buyers can afford to spend. They may also ask buyers to sign a loyalty contract, which states that the agent will be the only one to show houses to the buyer. An agent or broker then generates lists of properties for sale, their location and description, and available sources of financing. In some cases, agents and brokers use computers to give buyers a virtual tour of properties that interest them.

Agents may meet numerous times with prospective buyers to discuss and visit available properties. Agents identify and emphasize the most pertinent selling details. To a young family looking for a house, for example, they may emphasize the convenient floor plan, the area's low crime rate, and the proximity to schools and shopping. To a potential investor, they may point out the tax advantages of owning a rental property and finding a renter. If negotiation over price becomes necessary, agents must follow their client's instructions thoroughly and may present counteroffers to reach the final sales price.

Once the buyer and seller have signed a contract, the real estate broker or agent must ensure that all terms of the contract are met before the closing date. If the seller agrees to any repairs, the broker or agent ensures they are made. Increasingly, brokers and agents must deal with environmental issues as well, such as advising buyers about lead paint on the walls. In addition, the agent must make sure that any legally mandated or agreed-upon inspections, such as termite and radon inspections, take place. Loan officers, attorneys, and other people handle many details, but the agent must ensure that they are carried out.

Most real estate brokers and sales agents sell residential property. A small number—usually employed in large or specialized firms—sell commercial, industrial, agricultural, or other types of real estate. Every specialty requires knowledge of that particular type of property and clientele. Selling, buying, or leasing business property requires an understanding of leasing practices, business trends, and the location of the property. Agents who sell, buy, or lease industrial properties must know about the region's transportation, utilities, and labor supply. Whatever the type of property, the agent or broker must know how to meet the client's particular requirements.

Work environment. Real estate agents and brokers often work more than a standard 40-hour week, often working eve-



Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2008	Projected Employment, 2018	Change, 2008-2018	
				Number	Percent
Real estate brokers and sales agents	41-9020	517,800	592,100	74,300	14
Real estate brokers	41-9021	123,400	134,000	10,600	9
Real estate sales agents	41-9022	394,400	458,200	63,700	16

(NOTE) Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

nings and weekends for the convenience of clients. Although the hours are long and frequently irregular, most agents and brokers have the freedom to determine their own schedule.

Advances in telecommunications and the ability to retrieve data about properties over the Internet allow many real estate brokers and sales agents to work out of their homes instead of real estate offices. Even with this convenience, workers spend much of their time away from their desks—showing properties to customers, analyzing properties for sale, meeting with prospective clients, or researching the real estate market.

Training, Other Qualifications, and Advancement

In every State and the District of Columbia, real estate brokers and sales agents must be licensed. Prospective agents must be high school graduates, be at least 18 years old, and pass a written test administered by the State.

Education and training. Agents and brokers must be high school graduates. In fact, as real estate transactions have become more legally complex, many firms have turned to college graduates to fill positions. A large number of agents and brokers have some college training.

Most universities, colleges, and community colleges offer various courses in real estate. Some offer associate and bachelor's degrees in real estate, but mostly they offer certificate programs. Additionally, college courses in finance, business administration, statistics, economics, law, and English are also helpful. For those who intend to start their own company, business courses such as marketing and accounting are as important as courses in real estate or finance.

Many local real estate associations that are members of the National Association of Realtors sponsor courses covering the fundamentals and legal aspects of the field. Advanced courses in mortgage financing, property development and management, and other subjects also are available. Also, some brokerage firms offer formal training programs for both beginners and experienced agents. In addition, much of the training needed to learn the practical aspects of the trade happens on the job, under the direction of an experienced agent, who may demonstrate how to use a computer to locate or list available properties and identify sources of financing.

Licensure. In every State and the District of Columbia, real estate brokers and sales agents must be licensed. Prospective brokers and agents must pass a written examination. The examination—more comprehensive for brokers than for agents—includes questions on basic real estate transactions and the laws affecting the sale of property. Most States require candidates for the general sales license to complete between 30 and 90 hours of classroom instruction. To get a broker's license

an individual needs between 60 and 90 hours of formal training and a specific amount of experience selling real estate, usually 1 to 3 years. Some States waive the experience requirements for the broker's license for applicants who have a bachelor's degree in real estate.

State licenses typically must be renewed every 1 or 2 years; usually, no examination is needed. However, many States require continuing education for license renewals. Prospective agents and brokers should contact the real estate licensing commission of the State in which they wish to work to verify the exact licensing requirements.

Other qualifications. Personality traits are as important as academic background. Brokers look for agents who have a pleasant personality and a neat appearance. They must be at least 18 years old. Maturity, good judgment, trustworthiness, honesty, and enthusiasm for the job are required to attract prospective customers in this highly competitive field. Agents should be well organized, be detail oriented, and have a good memory for names, faces, and business particulars. A good knowledge of the local area and its neighborhoods is a clear advantage.

Advancement. As agents gain knowledge and expertise, they become more efficient in closing a greater number of transactions and increase their income. In many large firms, experienced agents can advance to sales manager or general manager. People who earn their broker's license may open their own offices. Others with experience and training in estimating property values may become real estate appraisers, and people familiar with operating and maintaining rental properties may become property managers. (See the *Handbook* statements on property, real estate, and community association managers; and appraisers and assessors of real estate.) Experienced agents and brokers with a thorough knowledge of business conditions and property values in their localities may enter mortgage financing or real estate investment counseling.

Employment

In 2008, real estate brokers and sales agents held about 517,800 jobs; real estate sales agents held approximately 76 percent of these jobs.

Many real estate brokers and sales agents worked part time, combining their real estate activities with other careers. About 59 percent of real estate brokers and sales agents were self-employed. Real estate is sold in all areas, but employment is concentrated in large urban areas and in rapidly growing communities.

Most real estate firms are relatively small; indeed, some are one-person businesses. By contrast, some large real estate

firms have several hundred agents operating out of numerous branch offices. Many brokers have franchise agreements with national or regional real estate organizations. Under this type of arrangement, the broker pays a fee in exchange for the privilege of using the more widely known name of the parent organization. Although franchised brokers often receive help in training sales staff and running their offices, they bear the ultimate responsibility for the success or failure of their firms.

Job Outlook

Employment of real estate brokers and agents is expected to grow faster than average. Beginning agents and brokers, however, will face competition from their well-established, more experienced counterparts.

Employment change. Employment of real estate brokers and sales agents is expected to grow 14 percent during the 2008-18 decade, faster than average for all occupations. A growing population, particularly young adults who will be forming households in greater numbers, will require the services of real estate agents and brokers to buy their homes. Home sales will be sparked by the continuing desire for people to own their own homes and their perception that real estate will be a good investment over the long run. However, job growth will be somewhat limited by the increasing use of the Internet, which is improving the productivity of agents and brokers, and transforming the way they do business. For example, prospective customers often can perform their own searches for properties that meet their criteria by accessing real estate information on the Internet.

Job prospects. In addition to job growth, a large number of job openings will arise from the need to replace workers who transfer to other occupations or leave the labor force. Real estate brokers and sales agents are older, on average, than most other workers, and many are expected to leave the occupation over the next decade.

Employment of real estate brokers and sales agents is sensitive to swings in the economy, such as a recession. During periods of declining economic activity or rising interest rates, the volume of sales and the resulting demand for sales workers fall. As a result, the income of agents and brokers declines, and many work fewer hours or leave the occupation altogether. Over the coming decade, the opportunity for part-time work is expected to decline. Although the occupation is relatively easy to enter, increasingly complex legal and technological requirements are raising startup costs associated with becoming an agent and making it more difficult for part-time workers to enter the occupation.

Well-trained, ambitious people who enjoy selling—particularly those with extensive social and business connections in their communities—should have the best chance for success. However, beginning agents and brokers often face competition from their well-established, more experienced counterparts in obtaining listings and in closing an adequate number of sales.

Earnings

The median annual wages, including commissions, of salaried real estate sales agents were \$40,150 in May 2008. The middle 50 percent earned between \$27,390 and \$64,820 a year. The

lowest 10 percent earned less than \$21,120, and the highest 10 percent earned more than \$101,860. Median annual wages in the industries employing the largest number of real estate sales agents in May 2008 were:

Residential building construction.....	\$49,620
Land subdivision	44,410
Offices of real estate agents and brokers.....	41,320
Activities related to real estate	36,410
Lessors of real estate	32,150

Median annual wages, including commissions, of salaried real estate brokers were \$57,500 in May 2008. The middle 50 percent earned between \$36,420 and \$93,970 a year. Median annual wages in the industries employing the largest number of real estate brokers in May 2008 were:

Residential building construction.....	\$63,280
Offices of real estate agents and brokers.....	59,710
Activities related to credit Intermediation.....	57,740
Activities related to real estate	56,140
Lessors of real estate	47,230

Commissions on sales are the main source of earnings of real estate agents and brokers. The rate of commission varies according to whatever the agent and broker agree on, the type of property, and its value. The percentage paid on the sale of farm and commercial properties or unimproved land is typically higher than the percentage paid for selling a home.

Commissions may be divided among several agents and brokers. The broker or agent who obtains a listing usually shares the commission with the broker or agent who sells the property and with the firms that employ each of them. Although an agent's share varies greatly from one firm to another, often it is about half of the total amount received by the firm. Agents who both list and sell a property maximize their commission.

Income usually increases as an agent gains experience, but individual motivation, economic conditions, and the type and location of the property also can affect income. Sales workers who are active in community organizations and in local real estate associations can broaden their contacts and increase their income. A beginner's earnings often are irregular because a few weeks or even months may go by without a sale. Although some brokers allow an agent to draw against future income from a special account, the practice is not common with new employees. The beginner, therefore, should have enough money to live for about 6 months or until commissions increase.

Related Occupations

Other occupations requiring knowledge of real estate include:

Appraisers and assessors of real estate
Property, real estate, and community
association managers

Other sales workers who need these character traits include:
Insurance sales agents
Sales representatives, wholesale and manufacturing
Securities, commodities, and financial services
sales agents

Sources of Additional Information

Information on licensing requirements for real estate brokers and sales agents is available from most local real estate organizations or from the State real estate commission or board.

More information about opportunities in real estate is available on the Internet site of the following organization:

► National Association of Realtors. Internet:

<http://www.realtor.org>

The Occupational Information Network (O*NET) provides information on a wide range of occupational characteristics. Links to O*NET appear at the end of the Internet version of this occupational statement, accessible at

<http://www.bls.gov/ooh/ocos120.htm>