
Real Estate Brokers and Sales Agents

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Significant Points

- Real estate brokers and sales agents often work evenings and weekends and usually are on call to suit the needs of clients.
- A license is required in every State and the District of Columbia.
- 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, especially interest rates; during periods of declining economic activity and 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 this complexity and significance, 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. Agents and brokers also act as intermediaries in price negotiations between buyers and sellers.

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 and in a final meeting, the new owners take possession of the property. They also may help to arrange favorable financing from a lender for the prospective buyer; often, this makes the difference between success and failure in closing a sale. In some cases, brokers and agents assume primary responsibility for closing sales; in others, lawyers or lenders do.



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Agents and brokers spend a significant amount of time looking for properties to 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, in order 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. In this prequalifying phase, the agent determines how much the buyers can afford to spend. In addition, the agent and the buyer usually 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 several times with prospective buyers to discuss and visit available properties. Agents identify and emphasize the most pertinent selling points. 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 the ease of finding a renter. If bargaining over price becomes necessary, agents must follow their client's instructions carefully and may have to present counteroffers to get the best possible price.

Once the buyer and seller have signed a contract, the real estate broker or agent must make sure that all special terms of the contract are met before the closing date. The agent must make sure that any legally mandated or agreed-upon inspections, such as termite and radon inspections, take place. In addition, if the seller agrees to any repairs, the broker or agent ensures they are made. Increasingly, brokers and agents are handling environmental problems as well, by making sure that the properties they sell meet environmental regulations. For example, they may be responsible for dealing with lead paint on the walls. Loan officers, attorneys, or 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 or leasing business property requires an understanding of leasing practices, business trends, and the location of the property. Agents who sell 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.

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.

Work environment. 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.

Agents and brokers often work more than a standard 40-hour week. They usually work evenings and weekends and are usually on call to respond to the needs of clients. Although the hours are long and frequently irregular, most agents and brokers have the freedom to determine their own schedule. They can arrange their work so that they have time off when they want it. Business usually is slower during the winter season.

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.

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. College courses in real estate, finance, business administration, statistics, economics, law, and English are 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.

More than 1,000 universities, colleges, and community colleges offer courses in real estate. Most offer an associate or bachelor's degree in real estate; some offer graduate degrees. 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.

Many firms offer formal training programs for both beginners and experienced agents. Larger firms usually offer more extensive programs than smaller firms do.

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 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 com-

mission 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, honesty, and a neat appearance. Maturity, good judgment, trustworthiness, 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. They must be at least 18 years old.

Those interested in jobs as real estate agents often begin in their own communities. Their knowledge of local neighborhoods is a clear advantage. Under the direction of an experienced agent, beginners learn the practical aspects of the job, including the use of computers to locate or list available properties and identify sources of financing.

Advancement. As agents gain knowledge and expertise, they become more efficient in closing a greater number of transactions and increase their earnings. 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 value 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 2006, real estate brokers and sales agents held about 564,000 jobs; real estate sales agents held approximately 77 percent of these jobs.

Many real estate brokers and sales agents worked part time, combining their real estate activities with other careers. About 61 percent 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

Average employment growth is expected because of the increasing housing needs of a growing population, as well as the perception that real estate is a good investment. Beginning agents and brokers face competition from their well-established, more experienced counterparts.

Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2006	Projected employment, 2016	Change, 2006-16	
				Number	Percent
Real estate brokers and sales agents	41-9020	564,000	624,000	60,000	11
Real estate brokers	41-9021	131,000	146,000	15,000	11
Real estate sales agents	41-9022	432,000	478,000	46,000	11

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*.

Employment change. Employment of real estate brokers and sales agents is expected to grow 11 percent during the 2006-16 projection decade—about as fast as the average for all occupations. Relatively low interest rates and the perception that real estate usually is a good investment may continue to stimulate sales of real estate, resulting in the need for more agents and brokers. However, job growth will be somewhat limited by the increasing use of technology, which is improving the productivity of agents and brokers. For example, prospective customers often can perform their own searches for properties that meet their criteria by accessing real estate information on the Internet. The increasing use of technology is likely to be more detrimental to part-time or temporary real estate agents than to full-time agents because part-time agents generally are not able to compete with full-time agents who have invested in new technology. Changing legal requirements, such as disclosure laws, also may dissuade some who are not serious about practicing full time from continuing to work part time.

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 are most other workers. Historically, many homemakers and retired people were attracted to real estate sales by the flexible and part-time work schedules characteristic of the field. These individuals could enter, leave, and later return to the occupation, depending on the strength of the real estate market, their family responsibilities, or other personal circumstances. Recently, however, the attractiveness of part-time real estate work has declined, as increasingly complex legal and technological requirements are raising startup costs associated with becoming an agent.

Employment of real estate brokers and sales agents often is sensitive to swings in the economy, especially interest rates. During periods of declining economic activity and rising interest rates, the volume of sales and the resulting demand for sales workers falls. As a result, the earnings of agents and brokers decline, and many work fewer hours or leave the occupation altogether.

This occupation is relatively easy to enter and is attractive because of its flexible working conditions; the high interest in, and familiarity with, local real estate markets that entrants often have; and the potential for high earnings. Therefore, although gaining a job as a real estate agent or broker may be relatively easy, beginning agents and brokers face competition from their well-established, more experienced counterparts in obtaining listings and in closing an adequate number of sales.

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.

Earnings

The median annual earnings, including commissions, of salaried real estate sales agents were \$39,760 in May 2006. The middle 50 percent earned between \$26,790 and \$65,270 a year. The lowest 10 percent earned less than \$20,170, and the highest 10 percent earned more than \$111,500. Median annual earnings in the industries employing the largest number of real estate sales agents in May 2006 were:

Residential building construction.....	\$53,390
Land subdivision.....	49,230
Offices of real estate agents and brokers.....	39,930
Activities related to real estate.....	36,510
Lessors of real estate.....	32,580

Median annual earnings, including commissions, of salaried real estate brokers were \$60,790 in May 2006. The middle 50 percent earned between \$37,800 and \$102,180 a year. Median annual earnings in the industries employing the largest number of real estate brokers in May 2006 were:

Offices of real estate agents and brokers.....	\$64,350
Lessors of real estate.....	61,030
Activities related to real estate.....	48,250

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 affect earnings, too. Sales workers who are active in community organizations and in local real estate associations can broaden their contacts and increase their earnings. 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 earnings 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

Selling expensive items such as homes requires maturity, tact, and a sense of responsibility. Other sales workers who find these character traits important in their work include insurance sales agents; retail salespersons; sales representatives, wholesale and manufacturing; and securities, commodities, and financial services sales agents. Although not involving sales, others who need an understanding of real estate include property, real estate, and community association managers, as well as appraisers and assessors of real estate.

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>