

Executive Summary

Summer 1999

Washington Real Estate Licensee Profile: 1998 A Survey

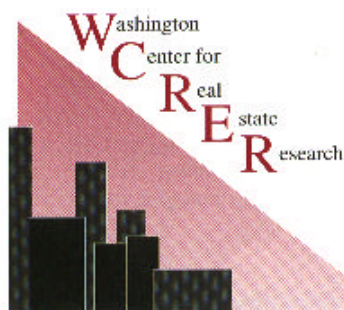
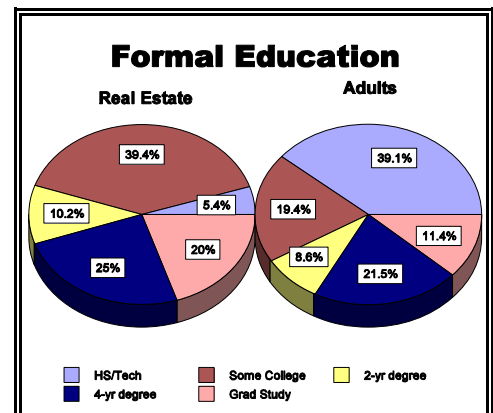
The Washington Real Estate Licensee Profile: 1998 is a comprehensive study of the background characteristics and experiences of a broad cross section of licensed salespersons, associate brokers and designated/individual brokers in Washington state. The Executive Summary provides a snapshot of each licensee group as well as the composite.

The study was conducted as part of the Center's ongoing research program for the Washington State Department of Licensing/ Washington Real Estate Commission. Their objectives were to better understand their audience and to improve the quality of the services provided by the Real Estate Section. A similar study was conducted in 1994.

The findings represent responses to an 11-page questionnaire returned by 831 real estate licensees. The results are highly significant from a statistical standpoint.

All Licensees

- , The median age of licensees is 50, the mean is marginally younger.
- , Over half the salesperson licensees are female while roughly four in ten associate brokers and a quarter of designated/individual brokers are women.
- , The largest group of real estate licensees have attended college without completing a degree, but over half of licensees hold at least an associate's (2-year) degree. Educational levels are increasing.
- , Real estate incomes jumped sharply since the last survey, with the median income reaching \$42,000. The average net income for all licensees was \$63,500.



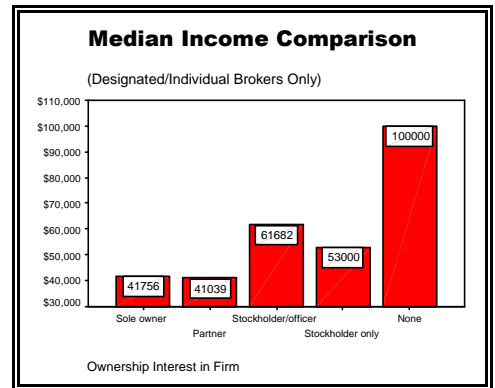
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Most Brokers have spent more than 20 years in real estate

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Designated/Individual Brokers

- Most brokers have been in the business more than 20 years, significantly longer than in 1994.
- Most brokers have attained a 4-year college degree, and nearly one-third continued formal education beyond that degree. This high-level educational attainment is evidence that the senior level of real estate licensees is serious about the claim of real estate as a true profession, on a par with accountants and securities dealers, where similar educational levels prevail.
- Brokers work very hard. Nearly half the respondents indicated they work 50 hours or more each week.
- The median income for designated/individual brokers was \$52,200, only slightly higher than in 1994, but the average income jumped 44 percent to \$102,900, indicating that some brokers do very, very well.
- Brokers who specialize in commercial/investment real estate typically earn the highest incomes.



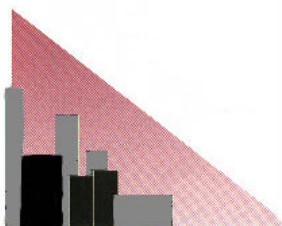
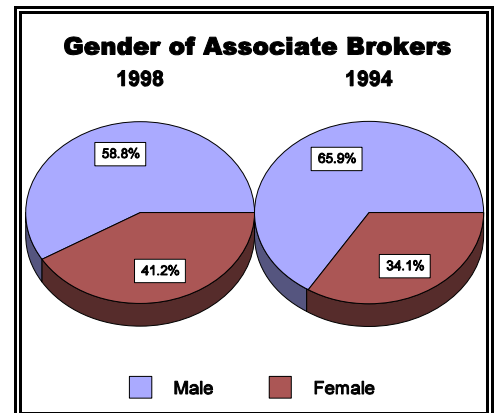
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Associate Brokers often represent the most productive residential specialists

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Associate Brokers

- Roughly six out of ten associate brokers were male, indicating significant increases since 1994 for women at this license level.
- The typical associate broker has been in the real estate business since 1981, only slightly less time than designated/individual brokers.
- Associate brokers often represent the most productive residential specialists – people who have satisfied the requirements to open their own firms, but who choose to concentrate on high-level residential sales.
- The typical associate broker in Washington who specializes in residential participates in 25 revenue transactions a year – effectively two deals a month. The most productive quarter conduct 38 or more transaction a year – at least three sales a month.
- While most associate brokers specialize in residential activities, those that choose other specialties often achieve higher incomes. The median income for residential specialists was \$54,500, barely more than half the median achieve by those who specialized in firm management or commercial/investment real estate.
- In urban areas there was little difference in compensation between male and female associate brokers, but in rural communities women earned 1/3 less.



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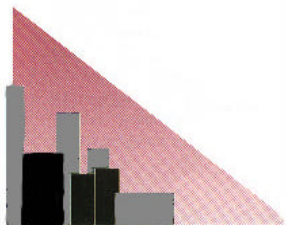
Typical salesperson is a woman in her late-40s; licensed since 1992

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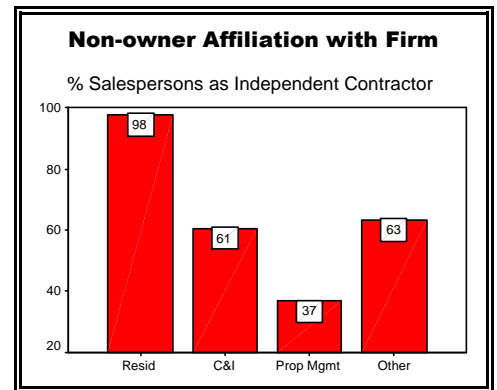
Most affinity programs offer deals on goods or services -- not discounts or rebates

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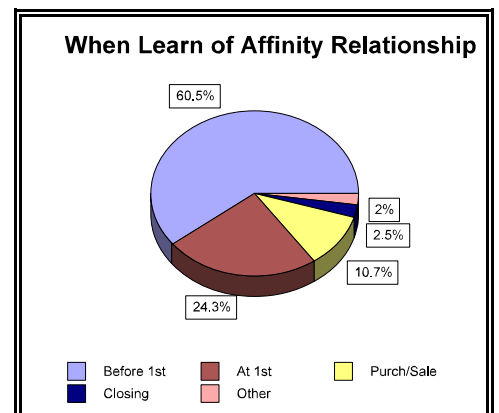
Salespersons

- Consistent with its position as the entry real estate license, salespeople have generally been in the business far less time than the other license categories. The median experience is seven years, somewhat longer than four years ago.
- Despite being relatively new to the business, salespersons bring considerable life experience to their real estate career. Most are at least 49 years old.
- Since salesperson licensees are generally in the initial stages of their careers, relatively few have ownership interests in the firms with which they are affiliated.
- The typical salesperson has completed at least a 2-year college degree, and 18 percent have pursued graduate study.
- Nearly all salespersons who have no ownership interest in their firm and work in residential real estate are affiliated as independent contractors. For other business specialties, there is a greater likelihood of being an employee.
- The typical full-time residential salesperson participated in 24 revenue transactions and earned \$41,200. The effective hourly income was \$17.63, sharply higher than the previous study.
- Fewer than half the salespersons were affiliated with non-franchised firms.



Affinity Groups

- Significantly fewer than half of Washington's real estate licensees are affiliated with firms which are currently participating in affinity group arrangements.
- While industry discussions have focused on Costco-style affinity relationships, corporate affinity programs (such as airlines or insurance companies) are the most frequently encountered.
- Fee-reduction programs get the attention, but only programs which deal with other goods and services are identified by over half the licensees who participate in these programs as the type program they deal with.
- Fewer than five percent of respondents indicated they learned of affinity relationships after purchase and sale agreements were signed.
- Most respondents indicated affinity relationships had no impact on their business.



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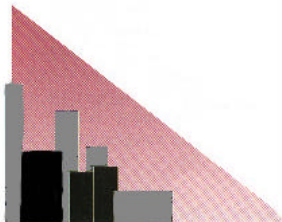
Broker supervision is becoming harder as salespersons increase home office work

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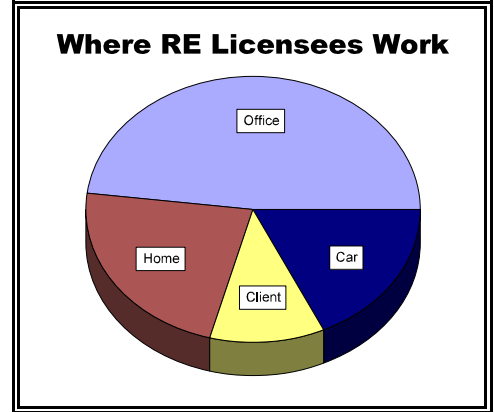
PAs often work part time for an hourly wage and are not real estate licensees

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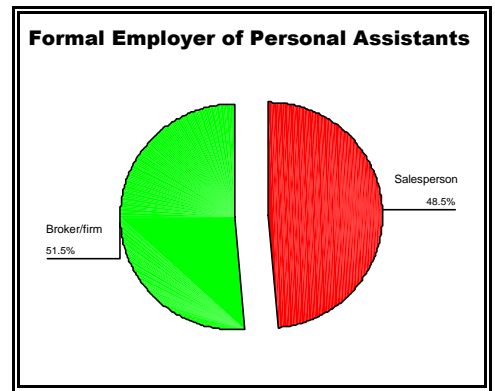
Home Office/Broker Supervision

- , Slightly under half the time real estate licensees spend on their real estate work is in the office. Home, car and client locations share the remainder quite evenly.
- , Two-thirds of respondents indicate they use the broker-provided office daily. Part-time agents come into the office less frequently. Nearly half of “home office” or “home alone” licensees still claim to use the broker’s office daily.
- , Designated/individual brokers believe they are providing adequate supervision of their affiliated licensees, but the holders of the lower level licenses are not so sure.



Personal Assistants

- , Nearly 15 percent of licensees report using the services of one or more personal assistants.
- , Most personal assistants do not hold real estate licenses.
- , Most personal assistants are compensated on an hourly basis. No one reported sharing commissions with unlicensed assistants.
- , Roughly half of personal assistants are employed by the broker/firm with slightly fewer indicating the salesperson is the formal employer.
- , The most frequently identified activity for personal assistants was to serve as receptionist.
- , Both licensed and unlicensed personal assistants currently engage in prospecting/ telemarketing. Few unlicensed assistants host open houses.

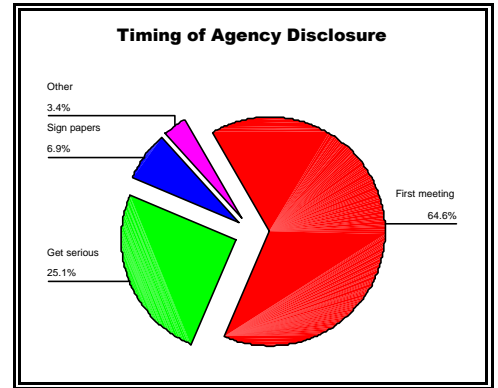


Technology

- , Over three-quarters of real estate licensees use many technologies routinely – desktop computers (with modems), cell phones and e-mail.
- , Windows 95/98 is by far the dominant operating system used by real estate licensees.
- , A majority of real estate licensees use computers for word processing, MLS access, Internet activities and database applications.

Brokerage Relationships/Agency

Real estate licensees fulfill their disclosure obligations regarding real estate brokerage relationships very early in their dealing with customers/clients, with nearly 2/3 holding the discussion at the first meeting, and another quarter dealing with the issue as soon as it is apparent the consumer is serious about engaging in a transaction.



While state law presumes real estate licensees working with buyers will be buyer's agents, a third of licensees proceed with a formal written agreement and a slightly larger number confirm the relationship orally.

In general, real estate licensees are convinced their purchasers have a solid understanding of their agency duties. However, nearly one in five licensees indicate that most buyers don't pay attention to the disclosures.

The largest group of licensees believe that sellers understand that the revisions to brokerage relationships are clarifying prevailing practice, or that while it may seem to work to their disadvantage while they are selling a home, they will receive the benefit when they buy.

Fewer than half the respondents to the survey felt that the licensees with whom they had cooperated on transactions in the last year had a thorough understanding of their duties under the revised agency law. Licensees working the buyers were less well informed than those working with sellers.

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Licensees are more convinced their clients understand agency than they are about cooperating licensees

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Continuing Education

Live lecture courses remain the primary delivery method for continuing education. 30-hour courses predominate throughout the state, but especially in less urban locales where there are not typically enough short lecture programs offered to allow completion of the continuing education requirement locally.

Salespeople and associate brokers strongly prefer to receive their continuing education directly from their real estate firm. Brokers prefer proprietary schools.

REALTOR® associations are the preferred source in urban areas east of the Cascades (Spokane, Tri-Cities, Yakima).

Real estate law, agency, and real estate finance are the most popular topics for continuing education.

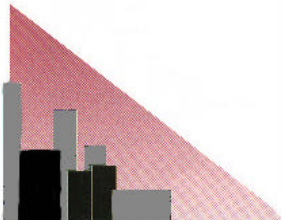
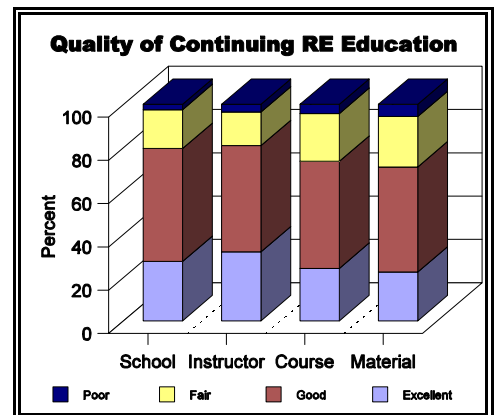
Washington's real estate licensees are well-pleased with the continuing education program, giving their highest marks to instructors.

Live lecture remains the preferred method for future delivery of continuing education, but whether they are simply indicating what they have preferred in the past rather than creatively considering new delivery options is unclear.

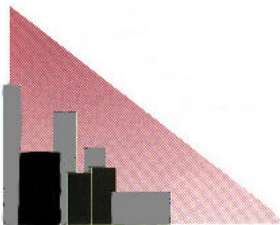
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Licensees prefer live instruction provided locally at low cost

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Based on open-end questions, licensees want 1) improved local access to education programs, 2) wider variety of approved courses, and 3) more advanced/difficult courses.



To purchase a copy of the full report (\$15) contact:

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