

advisors; and financial managers. Other occupations in the insurance industry include insurance underwriters; claims adjusters, examiners, and investigators; and insurance appraisers.

### Sources of Additional Information

Occupational information about insurance sales agents is available from the home office of many life and casualty insurance companies. Information on State licensing requirements may be obtained from the department of insurance at any State capital.

For information about insurance sales careers and training, contact:

- Independent Insurance Agents of America, 127 S. Peyton St., Alexandria, VA 22314. Internet: <http://www.iiiaa.org>
- Insurance Vocational Education Student Training (InVEST), 127 S. Peyton St., Alexandria, VA 22314. Internet: <http://www.investprogram.org>
- National Association of Professional Insurance Agents, 400 N. Washington St., Alexandria, VA 22314. Internet: <http://www.pianet.com>

For information about health insurance sales careers, contact:

- National Association of Health Underwriters, 2000 N. 14th St., Suite 450, Arlington, VA 22201. Internet: <http://www.nahu.org>
- Health Insurance Association of America, 555 13th St. NW., Suite 600 East, Washington, DC 20004. Internet: <http://www.hiaa.org>

For information on the property and casualty field, contact:

- Insurance Information Institute, 110 William St., New York, NY 10038. Internet: <http://www.iii.org>

For information regarding training for life insurance sales careers, contact:

- LIMRA International, P.O. Box 203, Hartford, CT 06141. Internet: <http://www.limra.com>

For information about professional designation programs, contact:

- The American College, 270 Bryn Mawr Ave., Bryn Mawr, PA 19010-2195. Internet: <http://www.amercoll.edu>
- The National Alliance for Insurance Education and Research, P.O. Box 27027, Austin, TX 78755. Internet: <http://www.scic.com>

## Real Estate Brokers and Sales Agents

(O\*NET 41-9021.00, 41-9022.00)

### Significant Points

- Real estate brokers and sales agents often work evenings and weekends, and are always on call to suit the needs of clients.
- A license is required in every State and the District of Columbia.
- Not everyone is successful in this highly competitive field; well-trained, ambitious people who enjoy selling should have the best chance for success.

### Nature of the Work

One of the most complex and important financial events in peoples' lives is the purchase or sale of a home or investment property. As a result, people usually 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 community. 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 an intermediary in price negotiations between buyers and sellers.

Real estate agents usually are independent sales workers who 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 are independent business people who sell real estate owned by others; they also may rent and manage properties for a fee. When selling real estate, brokers arrange for title searches and for meetings between buyers and sellers where details of the transactions are agreed upon and the new owners take possession. A broker may help to arrange favorable financing from a lender for the prospective buyer that often 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 this. Brokers supervise agents who may have many of the same job duties. Brokers also manage their own offices, advertise properties, and handle other business matters. Some combine other types of work, such as selling insurance or practicing law, with their real estate business.

There is more to an agent or broker's job than making sales. They must have properties to sell. Consequently, they spend a significant amount of time obtaining listings—owner agreements 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 have recently sold to determine its competitive market price. Once the property is sold, the agent who sold the property and the agent who obtained the listing both receive a portion of the commission. Thus, agents who sell a property they also listed can increase their commission.

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 location needs. 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.

Before showing residential properties to potential buyers, agents meet with buyers to get a feeling for the type of home the buyers would like. In this prequalifying phase, the agent determines how much buyers can afford to spend. In addition, they usually sign a loyalty contract which states the agent will be the only one to show them houses. An agent or broker uses a computer to generate 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 in which they are interested. Buyers can view interior and exterior images or floor plans without leaving the real estate office.

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, they may emphasize the convenient floor plan, the area's low crime rate, and the proximity to schools and shopping centers. 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 carefully follow their client's instructions and may have to present counter-offers in order to get the best possible price.

Once both parties have signed the contract, the real estate broker or agent must see to it that all special terms of the contract are met before the closing date. For example, the agent must make sure the mandated and agreed-to inspections, including the home, termite, and radon inspections, take place. Also, if the seller agrees to any repairs, the broker or agent must see they are made. Increasingly, brokers and agents handle environmental problems by making sure the properties they sell meet environmental regulations. For example,



*Prospective home buyers can view many properties for sale from the offices of real estate brokers and sales agents.*

they may be responsible for dealing with lead paint on the walls. While loan officers, attorneys, or other persons handle many details, the agent must ensure that they are completed.

### **Working Conditions**

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

Agents and brokers often work more than a standard 40-hour week; nearly 1 out of every 4 full-time workers worked 50 hours or more a week in 2000. They often work evenings and weekends, and are always on call to suit the needs of clients. Business usually is slower during the winter season. Although the hours are long and often irregular, most agents and brokers also have the freedom to determine their own schedule. Consequently, they can arrange their work so they can have time off when they want it.

### **Employment**

In 2000, real estate brokers held about 93,000 jobs; real estate sales agents held 339,000 jobs. Many worked part-time, combining their real estate activities with other careers. More than two-thirds of real estate agents and brokers were self-employed. Real estate is sold in all areas, but employment is concentrated in large urban areas and in smaller, but rapidly growing communities.

Most real estate firms are relatively small; indeed, some are a one-person business. Some large real estate firms have several hundred agents operating out of many 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 training sales staff and running their offices, they bear the ultimate responsibility for the success or failure of their firm.

Real estate brokers and sales agents are older, on average, than most other workers. Historically, many homemakers and retired persons were attracted to real estate sales by the flexible and part-time work schedules characteristic of this field. They could enter, leave, and later re-enter the occupation, depending on the strength

of the real estate market, family responsibilities, or other personal circumstances. Recently, however, the attractiveness of part-time work has declined as increasingly complex legal and technological requirements raise start-up costs associated with becoming an agent.

### **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 a high school graduate, at least 18 years old, and pass a written test. 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. Those seeking a broker's license need 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 without examination. However, many States require continuing education for license renewal. Prospective agents and brokers should contact the real estate licensing commission of the State in which they wish to work to verify exact licensing requirements.

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 those in real estate or finance.

Personality traits are equally as important as academic background. Brokers look for applicants who possess a pleasant personality, honesty, and a neat appearance. Maturity, tact, trustworthiness, and enthusiasm for the job are required in order to motivate prospective customers in this highly competitive field. Agents should be well organized, detail oriented, and have a good memory for names, faces, and business details.

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.

Many firms offer formal training programs for both beginners and experienced agents. Larger firms usually offer more extensive programs than smaller firms. More than 1,000 universities, colleges, and junior colleges offer courses in real estate. At some, a student can earn an associate or bachelor's degree with a major in real estate; several offer advanced 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 through various affiliates of the National Association of Realtors.

Advancement opportunities for agents may take the form of higher commission rates. As agents gain knowledge and expertise, they become more efficient in closing a greater number of transactions and increase their earnings. Experienced agents can advance in many large firms to sales or general manager. Persons who have received 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 statement on property, real estate, and community association

managers elsewhere in the *Handbook*.) 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.

**Job Outlook**

Employment of real estate brokers and sales agents is expected to grow more slowly than the average for all occupations through the year 2010. However, a large number of job openings will arise each year from the need to replace workers who transfer to other occupations or leave the labor force. Not everyone is successful in this highly competitive field; many beginners become discouraged by their inability to get listings and to close a sufficient number of sales. Well-trained, ambitious people who enjoy selling should have the best chance for success.

Increasing use of electronic information technology will continue to increase the productivity of agents and brokers, thus limiting job growth. Real estate companies use computer-generated images to show houses to customers without leaving the office. Internet sites contain information on vast numbers of homes for sale with maps and directions to find them, available to anyone. In addition, wireless products such as cellular phones and pagers that can send and receive large amounts of data allow agents and brokers to become more efficient and to serve a greater number of customers. Use of this technology may eliminate some marginal agents such as those practicing real estate part-time or between jobs. These workers will not be able to compete as easily with full-time agents who have invested in this technology. Changing legal requirements, like disclosure laws, may dissuade some who are not serious about practicing full time from continuing to work part time.

Another factor expected to adversely impact the need for agents and brokers is the ability of prospective customers to conduct their own searches for properties that meet their criteria by accessing real estate information on the Internet. While they are not able to conduct the entire real estate transaction online, it does allow the prospective buyer the convenience of making a more informed choice of properties to visit, as well as the ability to find out about financing, inspections, and appraisals.

Employment growth in this field will stem primarily from increased demand for home purchases and rental units. Shifts in the age distribution of the population over the next decade will result in a growing number of retirements and persons moving to smaller accommodations, often in quieter, smaller cities and towns or retirement communities. At the same time, younger families are expected to move out of apartments or smaller houses to larger accommodations.

Employment of real estate brokers and sales agents is very sensitive to swings in the economy. During periods of declining economic activity and tight credit, the volume of sales and the resulting demand for sales workers falls. During these periods, the earnings of agents and brokers decline, and many work fewer hours or leave the occupation altogether.

**Earnings**

The median annual earnings of salaried real estate agents, including commission, were \$27,640 in 2000. The middle 50 percent earned between \$19,530 and \$45,740 a year. The lowest 10 percent earned less than \$14,460, and the highest 10 percent earned more than \$78,540. Median annual earnings in the industries employing the largest number of salaried real estate agents in 2000 were as follows:

Residential building construction .....	\$44,940
Subdividers and developers .....	32,030
Real estate agents and managers .....	27,770
Real estate operators and lessors .....	20,770

Median annual earnings of salaried real estate brokers, including commission, were \$47,690 in 2000. The middle 50 percent earned between \$30,630 and \$80,250 a year. The lowest 10 percent earned less than \$18,080, and the highest 10 percent earned more than \$143,560 a year.

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

Commissions may be divided among several agents and brokers. The broker and the agent in the firm who obtained the listing usually share their commission when the property is sold; the broker and the agent in the firm who made the sale also usually share their part of the commission. 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 ability, economic conditions, and the type and location of the property also affect earnings. Sales workers who are active in community organizations and 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 a drawing account against future earnings, this practice is not usual with new employees. The beginner, therefore, should have enough money to live on 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.

**Sources of Additional Information**

Information on license 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.

For more information about opportunities in real estate, contact:  
 ▶ National Association of Realtors, 700 11th St. NW., Washington, D.C. 20001. Internet: <http://www.nar.realtor.com>

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## Retail Salespersons

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**Significant Points**

- Good employment opportunities are expected due to the need to replace the large number of workers who leave the occupation each year.
- Many salespersons work evenings, weekends, and long hours from Thanksgiving through the beginning of January, during sales, and in other peak retail periods.
- Opportunities for part-time work are plentiful, attracting people looking to supplement their income; however, most of those selling high-priced items work full time and have substantial experience.