

A Reprint from *Tierra Grande*

**S**urveys are like family portraits. As the years go by, they capture a moment in time, revealing vital statistics about the subjects — who they are, what they do and where they work. The latest survey of Texas licensees offers snapshots of those who depend on real estate for at least some of their livelihood.

Close examination of survey results provides a comprehensive profile of licensees, shows how they do their jobs and indicates how well new ideas and technology have been adopted in the business.

From the survey, it is readily apparent that brokerage attracts older Texans. Only 3 percent of respondents, for example, came directly from college into real estate. And while real estate is big business, it is dominated by independent brokerage firms operating out of small offices.

The survey confirms that many Texans value their real estate license, but brokerage is not their primary activity. About half of licensees are involved in a mix of real estate activities, while more than one-third specialize exclusively in home sales.

Two-thirds of survey respondents are Realtors, and the percentage is even higher among those specializing in home sales. Almost half of respondents work primarily in suburban markets.

Today's Texas licensees have not embraced some of the more publicized brokerage innovations such as personal assistants, limited service options and personal web sites. On the other hand, they do consider buyer brokerage, company web sites and the Internet to be requisites of today's real estate business.

### Close-Ups of the Texas Professional

Of those responding to the Center survey:

- 70.3 percent hold a salesperson's license,
- 72 percent of brokers are broker-owners,
- 7 percent of brokers are designated brokers (in charge of operations), and the rest work in a firm owned by another broker.



This is the second article detailing findings from two 2002 Real Estate Center surveys of Texas real estate licensees. The first surveyed newly licensed professionals and generated 1,351 responses. Results of that survey — "Mature, Motivated, Well-Educated Individual Seeks New Career" — were published in the April issue of *Tierra Grande*. This article is about the second survey, which polled licensees who renewed their licenses over a six-month period. It brought in 3,382 replies.

Although the average age of Texas salespersons is 47.6 years, they have held a license an average of only 4.1 years. An earlier Center survey showed new licensees are older, often coming into real estate from some other type of work.

Brokers, however, tend to be real estate veterans. Despite being just seven years older than the average salesperson (54.8 years), the average Texas real estate broker has been licensed for 21.6 years.

Most brokers (72 percent) own their firms. And survey results confirm that real estate brokerage is an industry of many small firms. Almost half operate out of offices with six or fewer licensed agents. On the other hand, more than a fourth work in offices with more than 25 licensees.

Most of those responding (63 percent) to the Center survey say they consider real estate brokerage as their full-time profession. This suggests that many consider the license valuable despite the expense and continuing education requirements and even though their main focus is not on brokerage activities.

Licensees whose main income is not generated by real estate brokerage say they do real estate work an average of 12 hours per week compared to 46 hours for full-time agents.

Thirty percent of respondents were affiliated with a franchised brokerage firm. Real estate firms affiliated with national franchises tend to be large and oriented toward home sales. Here is a comparison of franchise and nonfranchise licensees.

Percent who work in an office with at least 25 licensees:

- franchises — 63.5 percent
- nonfranchises — 13.5 percent

Percent of time spent selling homes:

- franchise licensees — 87 percent
- nonfranchise licensees — 67 percent.



Percent who are salespersons:

- franchises — 87 percent
- nonfranchises — 58 percent

Percent who are Realtors:

- franchise — 92 percent
- nonfranchise — 64 percent

Average age:

- franchise licensees — 47.9 years
- nonfranchise licensees — 49.9 years

Median license tenure:

- franchise licensees — 6.6 years
- nonfranchise licensees — 9.6 years



respondents say they represent buyers in an average of 52 percent of their closings. For those with a salesperson's license, the percentage is a bit higher at 55 percent. Licensees with a franchised company represent buyers in 58 percent of closings.

The Internet has proven an essential tool to most industries and especially to the information-dependent field of real estate brokerage. Regarding Internet use, the survey revealed:

- 67 percent of licensees use it several times daily,
- 72 percent of suburban licensees use it several times daily,
- frequent users are an average 47.9 years old and
- those who do not use it more than once a day are an average of 57 years old.

## Work Specialties, Environment

Slightly more than half of Texas licensees do not limit themselves to one type of brokerage; they engage in a mix of activities. Among those who do specialize, the largest group (37 percent of all respondents) consists of those who do residential sales only.

Among those respondents specializing in home sales:

- 83 percent have a salesperson's license and have been licensed an average of 4.4 years,
- 46 percent work in franchise firms and
- 47 percent work in offices with at least 25 agents.

In each case, the percentages are significantly higher than the survey sample as a whole. This suggests that large companies and franchises emphasize the home sales market.

Six percent of respondents are engaged exclusively in commercial sales. They have held a license for an average of more than 13 years. Sixty-three percent of these specialists work in firms with six or fewer licensees per office. Only 1 percent specialize in farm and ranch sales, but 83 percent of them work in offices with six or fewer licensees.

To the extent there is consolidation in the industry, it seems concentrated on the home sales side of the business, as indicated by the differences in office size between home sales specialists and commercial specialists.

Among the specialists responding to the Center survey:

- 3 percent are exclusively in property management,
- 1 percent are in construction and development and
- developers have been licensed an average of 18.3 years (most among specialists).

Two-thirds of the survey respondents are Realtors.

Thirty-nine percent of Realtor licensees work for franchise firms. The average Realtor licensee spends 80 percent of his or her time selling homes. Non-Realtor respondents spend an average of 51 percent of their time on commercial sales.

Almost half (48 percent) of survey respondents work in suburban markets, 37 percent in urban areas and 15 percent in the countryside.

## Office Innovations

New ways of doing business are introduced frequently, particularly when markets are competitive. The Center survey sought to find out to what extent the Internet, personal assistants and new forms of brokerage have been adopted in Texas.

Aided by mandatory agency disclosure, buyer representation has found a high level of acceptance among homebuyers. Survey

A web presence is becoming a requirement. The survey indicated:

- 60 percent of respondents work for a firm with a website,
- 95 percent of franchised firms have a website and
- 95 percent of firms with more than 25 agents in an office have a website.

These numbers reflect one of the advantages of franchises — they are better able to keep up with technology. Websites appear to be more important to residential brokerage businesses than to commercial brokers. That could be because commercial agents work out of small offices and tend to be more independent.

Individual agents are not as infatuated with the web, with only 26 percent saying they have personal websites. This figure increases to 33 percent for those in real estate brokerage exclusively and 38 percent of those specializing in home sales.

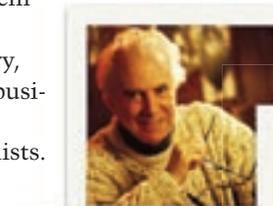
Some agents use their personal website to communicate with clients. Apparently that works better in residential sales than it does in commercial.

Age does not appear to be a factor in whether a licensee has a personal website. Respondents with personal websites are an average 48.8 years old; those without a personal website average 49.6 years.

It seems that agents with personal assistants (nonlicensees who handle many tasks for the licensee) are not as commonplace as might be expected. Only 15 percent of respondents have personal assistants. Among commercial agents responding to the survey, 36 percent have them; 29 percent of responding brokers have assistants.

While many fields have been successfully penetrated by discounters (reduced-cost providers offering no-frills services and products at discounted prices), real estate brokerage has been largely resistant to the trend. Allowing clients to purchase brokerage services piecemeal is one way of discounting commissions. But only 12 percent of respondents offer limited service options; 15 percent of franchised firms do so.

While the limited service option may appeal to some home sellers, only a small percentage of firms offer it. ■





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