

Getting a Real Estate License Isn't the Best Advice for the Unemployed

The Jefferson County Workforce Center (www.jeffcoworkforce.org) is a terrific resource for job seekers, offering programs and job fairs for men and women who are finding it hard to get work.

Recently I was invited to be on a panel to answer questions and give advice to a class of 25 men and women completing such a program. These were not teens or 20-somethings—they were in their 40's and 50's, and very presentable.

The men were wearing jackets and ties and the women wore attractive business attire. They looked like Realtors, only nicer.

My first advice to them, however, was to caution them against getting into real estate. Newbies in this business have a high failure rate — as high as 90% — because it takes longer than you'd expect to build a decent income.

I used myself as an example. My first year in real estate I had \$7,000 in gross commission income and \$30,000 in expenses.

The second year, I earned \$70,000 with another \$30,000 in expenses. Only in the third year did I make a good enough income to live well. If, like the more typical newbie, I had spent only \$10,000 per year, I might not have made it. Real estate is only a good career choice if you have

either a big nest egg you're willing to invest in building your business, or an established Realtor who is willing to mentor you and give you business. A rich and understanding spouse is another option.

I was in the first category. I knew that if I was patient and spent enough money that I would make it — and I did.

It saddens me to see new

agents come into the business, make little or no money, invest the only money they do have in equipment and software and advertising, only to drop out, poorer than they started. That happens all the time.

The MLS proves my point. In the last 12 months, 39,835 sales were reported by Metrolist, Denver's MLS. Reportedly, the average listing commission is now about 5.1%, so I calculate that the average gross commission earnings per Metrolist member is in the \$25,000 range. Recognizing that, as in other professions, 20% of Realtors earn 80% of the commissions, the median (or typical) income for Metrolist members is probably closer to \$10,000.

Being self-employed — as I have been all my life — is a wonderful thing, and I recommend it, but I told the class that it's important to consider such facts carefully before jumping into any particular form of self-employment.

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

This Week's Featured New Listing: Arvada Bungalow Is New, Inside & Out

This totally updated 732-sq.-ft. bungalow is located at **6935 W. 55th Avenue**, a half mile north-east of the Arvada Costco store, and a half mile southeast of Olde Town Arvada. That means it's also near I-70, but also near a future light rail station! Built in 1951, you might expect this home to be dated, but instead it boasts a new kitchen with Corian countertops and laminate flooring, newer appliances, new paint, new insulation, new carpet, new insulated vinyl siding and a new roof. The backyard even has new sod! The electrical service was also just replaced. The detached garage measures 13'x20' and has a fully powered workshop. A storage shed measures 10'x13', and a TREX deck measures 10'x12'. The back yard has new sod and there's a sprinkler system front & rear.



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These income projections are before deducting the 50% split to brokerage typically paid by new agents!