

National Association of Realtors' Member Profile Reveals Drop In Realtors' Median Income

Despite the pandemic and the shortage of active listings, the membership of the National Association of Realtors (NAR) grew by 5.7% in 2020 over 2019. Perhaps it was because people lost their hourly or salaried jobs and moved toward self-employed occupations such as real estate.

Some of those newbies just might want to reconsider their career choice when they read NAR's **2021 Member Profile** based on 18,209 respondents. Here are some of the results, bearing in mind that roughly half of licensed real estate agents are not Realtors, a term only members of NAR can use.

According to NAR, the sales **volume** per Realtor dropped to \$2.1 million. With our median sales price in Denver's MLS at \$438,239 in 2020, that's less than five closings per Realtor.

The median gross income of Realtors has never been over \$50,000 per year, and it fell 13% from \$49,700 in 2019 to **\$43,330** in 2020, according to the Member Profile. And that is **gross** income. Realtors are typically self-employed and have lots of expenses, with the median for 2020 being **\$5,330**. **That brings the median net income down to \$38,000. For Realtors who specialize in residential real estate, the median net income for real estate activities in 2020 was even lower — \$23,500.** Depending on family size, that is at or below the poverty level!

73% of residential specialists said that real estate activities provided 75% or more of their person-

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REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

al income. 56% of residential Realtors say that it is their only occupation. 29% say it has never been their primary occupation.

Realtors with 16 or more years in the business had a median gross income of **\$75,000** in 2020, down from \$86,500 in 2019. **Realtors with 2 years or less in the business had a median gross income of \$8,500, compared to \$8,900 in 2019.** Welcome to your new profession!

Missing from the NAR report is how many members (who probably thought real estate was their path to wealth) dropped out in their first or second year of membership.

The largest expense for most Realtors is vehicle expenses — \$1,200. (My largest expense is, no surprise, advertising!)

Of the respondents to NAR's survey who specialize in residential real estate, **23% reported no transactions in 2020.** Another 32% reported between 1 and 5 transactions in 2020. The median was 4 transactions for males and 5 transactions for females. **Notably, the median for White/Caucasian residential Realtors was 7 transactions, compared to between 2 and 3 transactions for other racial groups.**

Here are some other findings from the 2021 Member Profile that I found interesting.

The median age of a Realtor is 54, unchanged from when I entered the business (as a 54-year-old) 19 years ago.

The typical Realtor has 8 years' experience. 17% of residential Realtors said it was their 1st career. 49% said it was their 2nd career, and 34% said it was their 3rd or more.

79% of respondents were "very certain" they would remain in the business another two years.

Most Realtors worked 35 hours per week in 2020, down from 36 hours in 2019. (I work at least 60 hours/week and am still married...)

Text messaging is the top method of communication that members use with their clients, at 93%, followed by phone (90%) and email (89%).

88% of Realtors work as "independent contractors," meaning they live on commission income alone, have no tax withholding and pay all their own expenses.

Realtors change firms a lot. The median tenure of Realtors with their current firm is five years.

65% of Realtors are females, up from 64% last year. (As I understand it, RE/MAX broke the gender barrier back about 1970. Before that, our industry was virtually all men — and they wore suits and ties to work.)

82% of Realtors own their own home, and 37% own a secondary property.

86% of brokerages are independent, non-franchised, mostly with a single office and typically only two full-time licensees.

The typical residential brokerage has operated for 14 years. (That's us! Rita and I founded Golden Real

Estate in July 2007.)

Brokerages typically got 30% of their customer inquiries in 2020 from referrals by past clients, 25% from repeat business with prior clients, 10% from their website, and 10% from social media. (Golden Real Estate gets well over 75% of its business from readers of this column, which has appeared every week without fail for over 15 years.)

Firms with only one office typically had 18 transactions in 2018. (Golden Real Estate does much better, closing 45 seller sides and 22 buyer sides in the last 12 months.)

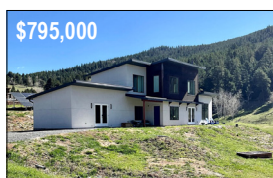
Of respondents to NAR's survey, 57% were White/Caucasian, 20% were Hispanic/Latino, 16% were Black/African American, and 8% were Asian/Pacific Islander. 60% were female and 38% were male. 89% were heterosexual, 3% were gay/lesbian, and 6% preferred not to

Do You Own a Green Home?

The Metro Denver Green Homes Tour is looking for homes to feature on its next tour, October 2nd, 2021. If your home has features that would make it a good addition to this fall's green home tour — super insulation, solar, HVAC, etc. — contact Sheila Townsend at sheilactownsend@gmail.com or Jim Smith (contact info below).

For Sale: June's 'Green Home of the Month'

Each month I feature another one of the homes on last fall's **Metro Denver Green Homes Tour**. The home I chose to feature this month is the Van de Rijdt home at **6776 Wood Rock Road**, 11 miles up Golden Gate Canyon, which I just listed for sale. Rather than shoot a new video tour narrated by me, I suggest you view the video tour I created for the green homes tour, in which the homeowner, Martijn van de Rijdt, explains the many sustainable features of his Net Zero Energy home. You can find that video tour on this home's listing site, www.JeffcoSolarHomes.com. The video describes, for example, the radiant floor heating via an air source heat pump which is powered, like the rest of the house, by a ground-mounted solar photovoltaic array on the hillside behind the house. There are so many sustainable features that the video took 16 minutes. If you have longed to live in a passive solar designed net zero energy home, and if you like the idea of living on 10 acres off a gated back road in the foothills, this might be the home for you. I'll hold it open this **Saturday, June 5th, 11am to 2pm**. Or call for a showing.



South Golden Home Listed by Jim Swanson

Golden Heights is a small residential subdivision nestled behind the industrial area west of the Jeffco Fairgrounds at the end of the 6th Avenue frontage road. It has its own city-maintained park with playground which is just one block west of this home. The seller has beautifully updated and freshened this 4-bedroom home at **344 Poppy St.**, which has a 24'x26' undivided addition with its own 3/4 bathroom and exterior access suitable for a mother-in-law apartment, art studio, rehearsal studio or whatever you want. The large fenced backyard includes two sheds and space for a garden. The oversized garage is insulated, finished and painted, with an epoxy floor. The kitchen has new slab granite countertops. All in all, this home is move-in ready. With its newer vinyl windows and paint, you'd be hard pressed to find anything that needs improving! Take the video tour at www.SouthGoldenHome.com, then call your agent or **Jim Swanson** at **303-929-2727** for a private showing. He'll be holding it open this **Saturday, June 5th, from 11am to 2pm**.



Every element of ad is also posted at GoldenREblog.com

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