Thinking of Becoming a Realtor? You Might Think Twice Based on This Survey

I’ve written previously about how hard it is to succeed in real estate. I feel sorry for new agents who got their real estate license thinking that real estate was an easy profession in which to make lots of money. Breaking into this profession is hard and costly. I estimate that only 10% of us make 90% of the money, and the latest survey of Realtors by the National Association of Realtors provides useful insight into our profession.

Keep in mind that roughly half of real estate licensees nationwide join a Realtor firm. Because being a Realtor costs about $500 per year, it’s a good indicator of commitment and hopefully success in this business.

If Realtors are more committed and more successful than non-Realtors, then consider the following statistics from NAR’s survey released this month:

The average gross income of Realtors in 2015 was $39,200. Twenty-six percent of Realtors had gross incomes under $10,000. Only 26% of Realtors had gross incomes over $100,000. “Gross income” means before deducting business expenses — cell phone, computer hardware/software, car expense, insurance and licensing fees, and the $500 per year Realtor membership.

In other words, the average Realtor does not earn a living wage! That’s why a high percentage of them are supported by another income source or by a spouse. The average non-Realtor earns even less.

New Realtors find it hard to earn a living wage quickly. NAR members with less than 2 years’ experience had median gross income in 2015 of only $8,500.

Gross income does increase with the number of years in the business, but consider this: the median gross income of members with 16 or more years’ experience was only $73,400. That is not encouraging, is it? And this is not for a part-time job — the typical Realtor reported working a 40-hour week.

Real estate is a second, third or fourth profession for most of the majority of Realtors. Only four percent said that real estate was their first career. The median age of Realtors has always been in the 50’s. In 2015 it fell to 53 as more young people entered the profession. Twenty percent of NAR members have been in the business less than a year.

Think for a moment how hard it must be for a 20-something to succeed in real estate as his or her first career. It would be a huge act of faith for any home-owner to entrust what is typically the biggest transaction of their life to a young licensee with little apparent experience. The only way I see a “newbie” succeeding in real estate is if their parent is an experienced Realtor who can give them leads and support them in servicing those leads. Lacking a parent, try to befriend an experienced Realtor who will hire you as an assistant and let you shadow him/her in their day-to-day business and mentor you in building your own.

Have you noticed there are lot of women in real estate? It wasn’t that way before about 1970. It was RE/MAX, which was founded by a Vietnam War veteran, which first hired women agents, and now 56 percent of all brokers are women, and 66 percent of broker associates (sales agents) are women.

Seventy percent of Realtors are married, which is inline with the fact that most Realtors don’t earn a living wage and need other household income.

Realtors are not a highly educated lot, in that only 30% of them have a college degree, and only 12% have a graduate degree. They do participate in our democracy, in that 94% are registered to vote and 89% voted in the last national election and 77% voted in their local elections.

The NAR survey was compiled from 10,194 responses — a 6.8% response rate.