

Most of the Time, Realtors Work for Free, More Than Most Professionals

This week's column is inspired by two experiences I had this past week. The first was last Thursday, when I was attending a Realtor marketing session, at which agents like me promote our listings to each other.

One of the agents there explained that for the first time in her 20-year career she had listed a distressed friend's home for free — although we could earn a commission if we brought a buyer.

"I've never worked for nothing before," she told us.

I couldn't resist raising my voice and saying, "You and I work for free all the time!" Everyone in the room appeared to understand and agree with what I said.

The second episode was this Monday, when I took a friend's car to my regular mechanic because it was overheating. The estimate for repairs was in the thousands, and

the 10-year-old car didn't justify the expenditure, but I still had to pay \$55 for the half-hour of diagnosis.

I asked the mechanic to give me a break (he owns the business, and he has used my moving truck for free in the past) but he responded, "When you sell a house, you expect to be paid, and I expect to be paid for my work, too." I chose not to respond at the time and paid the bill.

What I wanted to tell my mechanic friend was that I frequently share my expertise for free with potential clients. I routinely invest two or more hours analyzing sellers' situations and telling them what's needed and what I will charge if they hire me to list their home — and get it sold.

Like every Realtor I know, I do this because I expect to make my living over the long run.

Sometimes, with buyers, I won't

make that investment without a commitment to hire me. Recently, for example, a buyer wanted me to show him homes in the eastern suburbs. I had already spent time helping to identify some homes, but I asked him to sign a buyer's agency before I put 100 miles on my car driving him around town.

The buyer didn't want to make that commitment, so I declined to be his free taxi driver for a day.

If the showings were in Jeffco, I would have willingly invested that time and asked for a commitment before investing a second day. Each of us agents has his or her own degree to which we'll give away our time to a buyer before asking for a commitment.

Working for free is standard in our profession, unlike most others I know. I stand by in my office, ready to engage in substantive conversation with whoever walks in, and prepared to share my

expertise without any compensation except possibly later when I may (but most likely won't) consummate a transaction as their agent.

The general public likes to think that real estate professionals are overpaid because our compensation on a single transaction can run into the thousands or tens of thousands of dollars.

However, our commissions are merely "success fees." Until we are successful, we not only work for free, we invest money in our clients — expenses of all kinds, of which gas and car maintenance are only the tip of the iceberg.

Some of us agents — about 10% — make a six-figure income from our efforts, but the average

real estate professional earns only \$20,000 or so per year because of how we are compensated. The successful agents are highly visible and give a false impression that ours is a high income profession for everyone in it. Nothing could be further from the truth.

I'll use myself as an example. I'm in that top 10%, but consider my statistics. In the past 12 months I have listed 32 homes, but only half of them have sold, eight are still for sale, and the rest failed to sell, yet I invested equal time and money in marketing all of them. I also helped 16 buyers purchase homes, but I would estimate that I worked with at least 50 and possibly 100 buyers.

Yes, I work for free quite often!

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