



Real Estate Licensee 2006 Survey Results Presentation

Presented by:



April 24, 2006



- Collect career and demographic information about licensees.
- Ascertain licensees' familiarity with, and impressions of, real estate organizations.
- Explore licensees who have obtained their license within the last five years and who are under 35 years of age (New & Young).
- Identify the perceived usefulness of a recognized mentoring program and how licensees envision a mentoring relationship.
- Examine licensees' attitudes to professional development in the industry.
- Determine licensees' retirement intentions and their strategies (or lack of) for retiring from the real estate industry.
- Explore issues facing licensees in the practice of real estate.

- Telephone survey conducted with 401 licensed real estate professionals in Alberta during February & March 2006.
 - 301 in major urban centers (e.g., Calgary, Edmonton), and
 - 100 in non-major urban centers (e.g., Red Deer, rural areas).

- Respondents were randomly selected from a list supplied by AREF.

- The margin of error for a sample size of 401 is +/- 4.9%, 19 times out of 20, with the margin increasing for respondent subgroups.

- Research results were presented by:
 - Total
 - Stayers: licensees who have never stopped practicing licensed real estate activities
 - Returners: licensees who are currently practicing but who have left the industry in the past

- Results were also presented where there was a statistically significant difference within subgroups, for example:
 - agents vs. brokers
 - men vs. women

- Additionally, statistically significant differences between New & Young licensees and other licensees were noted.
 - New & Young: those who have obtained their license in the last five years and who are under 35 years of age
 - New & Mature: those who have obtained their license in the last five years and who are 35 years of age or older
 - Established: those who have been licensed for more than five years, regardless of age

- Top Box (%9-10) Ratings

- 61% are men and 39% are women.
- 15% are under 35 years of age, 21% are 35-44, 32% are 45-54, and 32% are 55+.
- 75% are located in major urban areas and 25% in non-major urban areas.
- 93% are Stayers and 7% are Returners.

- 75% spend most of their time in Residential real estate.
- They spend an average of 45 hours each week on licensed real estate activities.
- They have been licensed and practicing for an average of 12 years.
- 90% do not have a real estate designation other than their license.

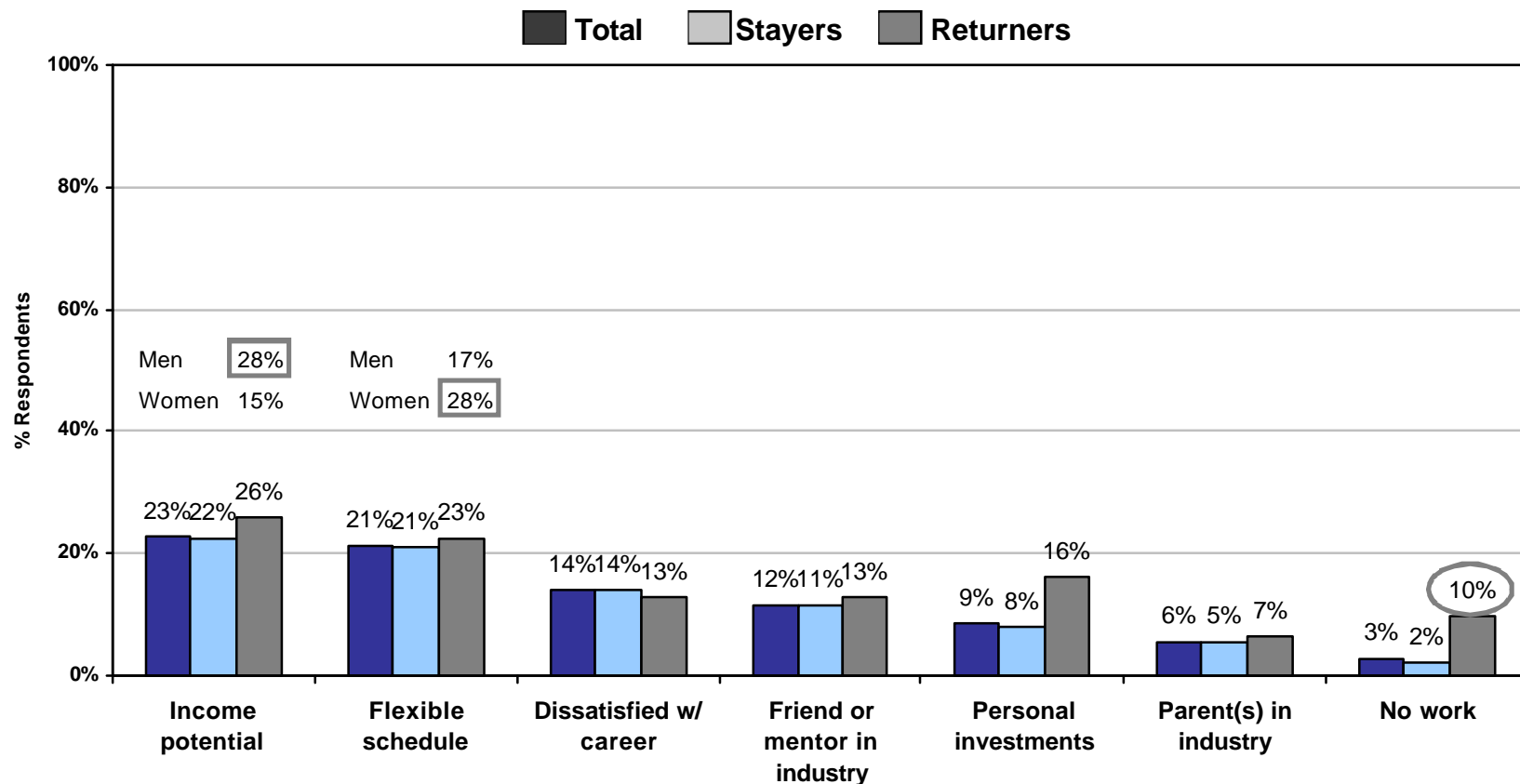
- 41% have membership with Calgary's board and 30% with Edmonton's board.
- 71% do not belong to a national or regional real estate group.
- 43% have a personal or business website that they have designed or maintain.
- 56% use a virtual office website to display their property listings.



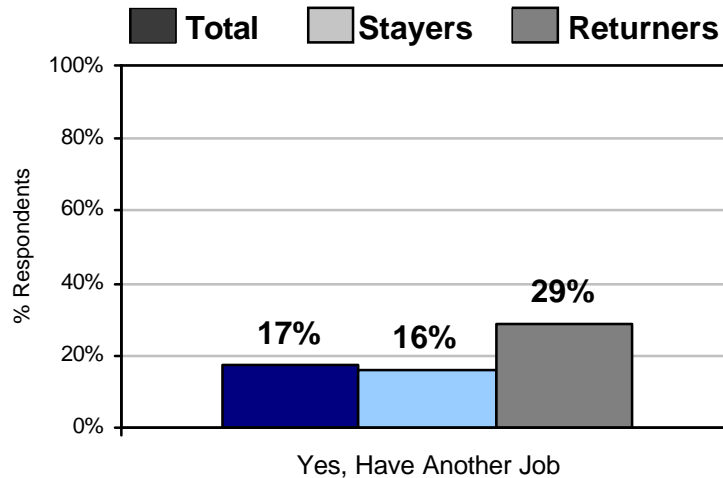
ENTERING THE INDUSTRY

Motivations for Entering the Industry

- Income potential and flexible work arrangements are the most common motivators for entering the industry.

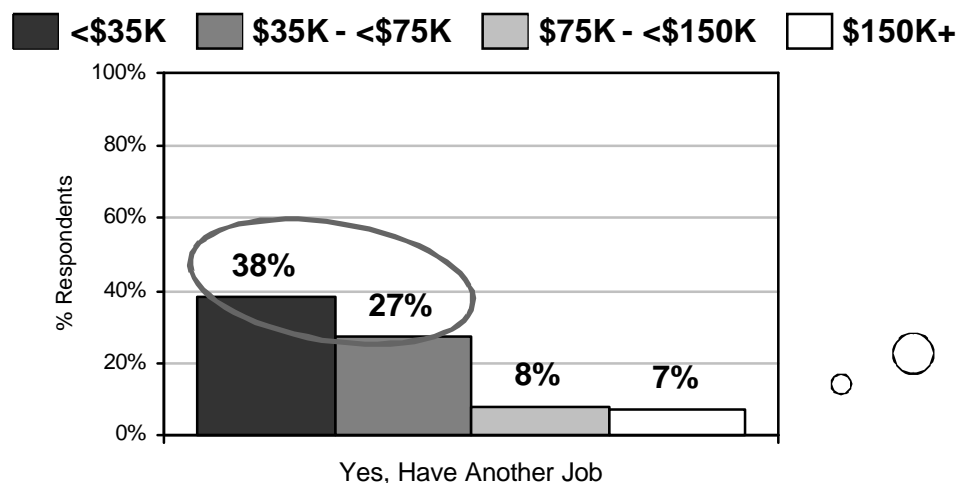


- A minority of licensees have a job other than practicing real estate.



Time spent per week working at another job = 24 hours

- Those with lower gross income from real estate activities are more likely to have a job outside of real estate.

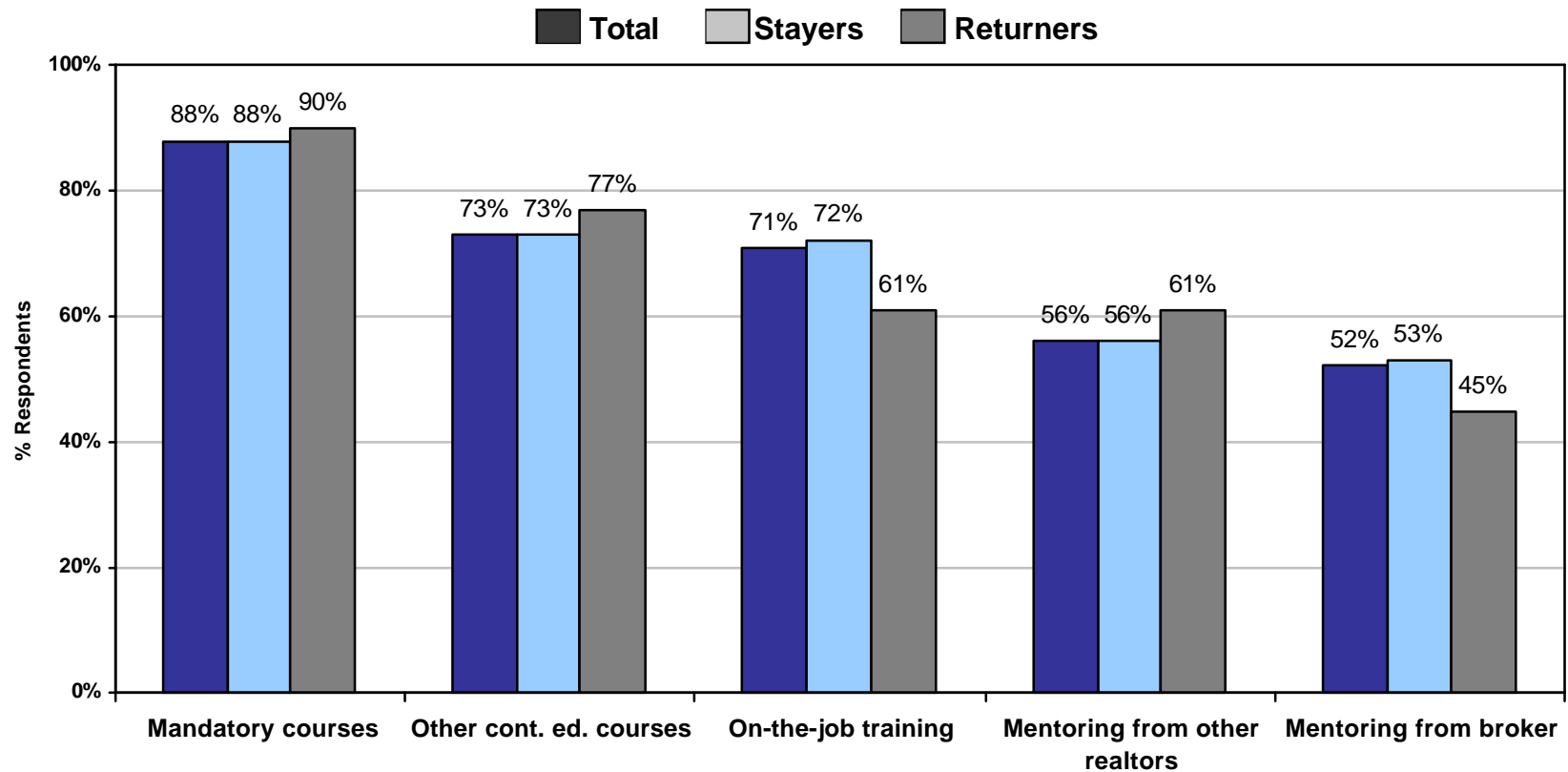


Do they have another job because their real estate income is lower or is their real estate income lower because they also work at another job?

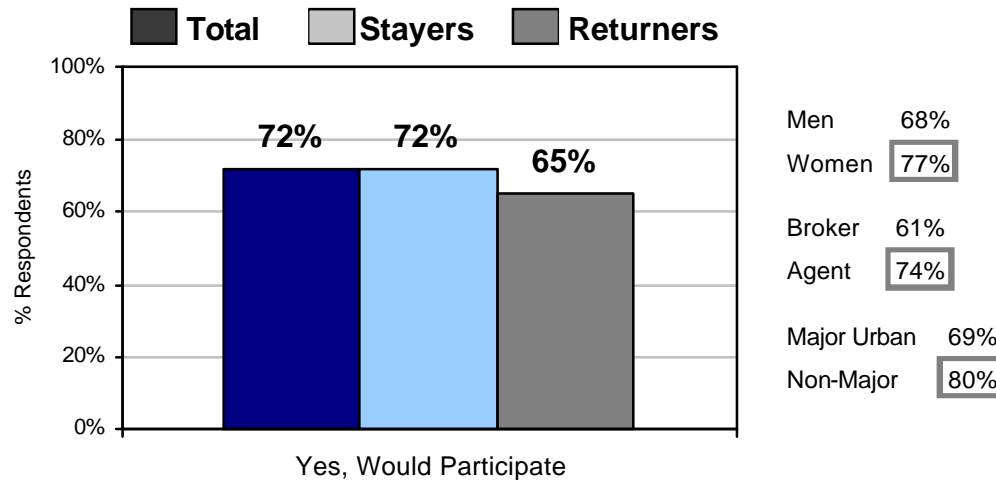


MENTORING

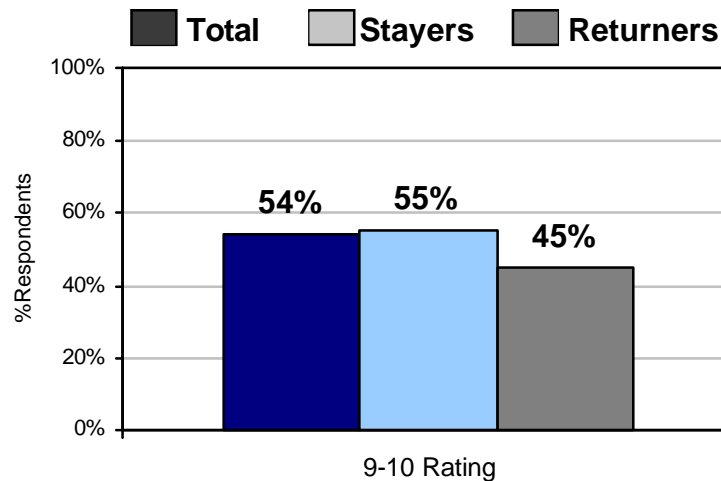
- **Mandatory real estate courses are the most popular way to develop one's skills, while mentoring is the least used method.**



- A recognized mentoring program would attract the participation of many real estate professionals.

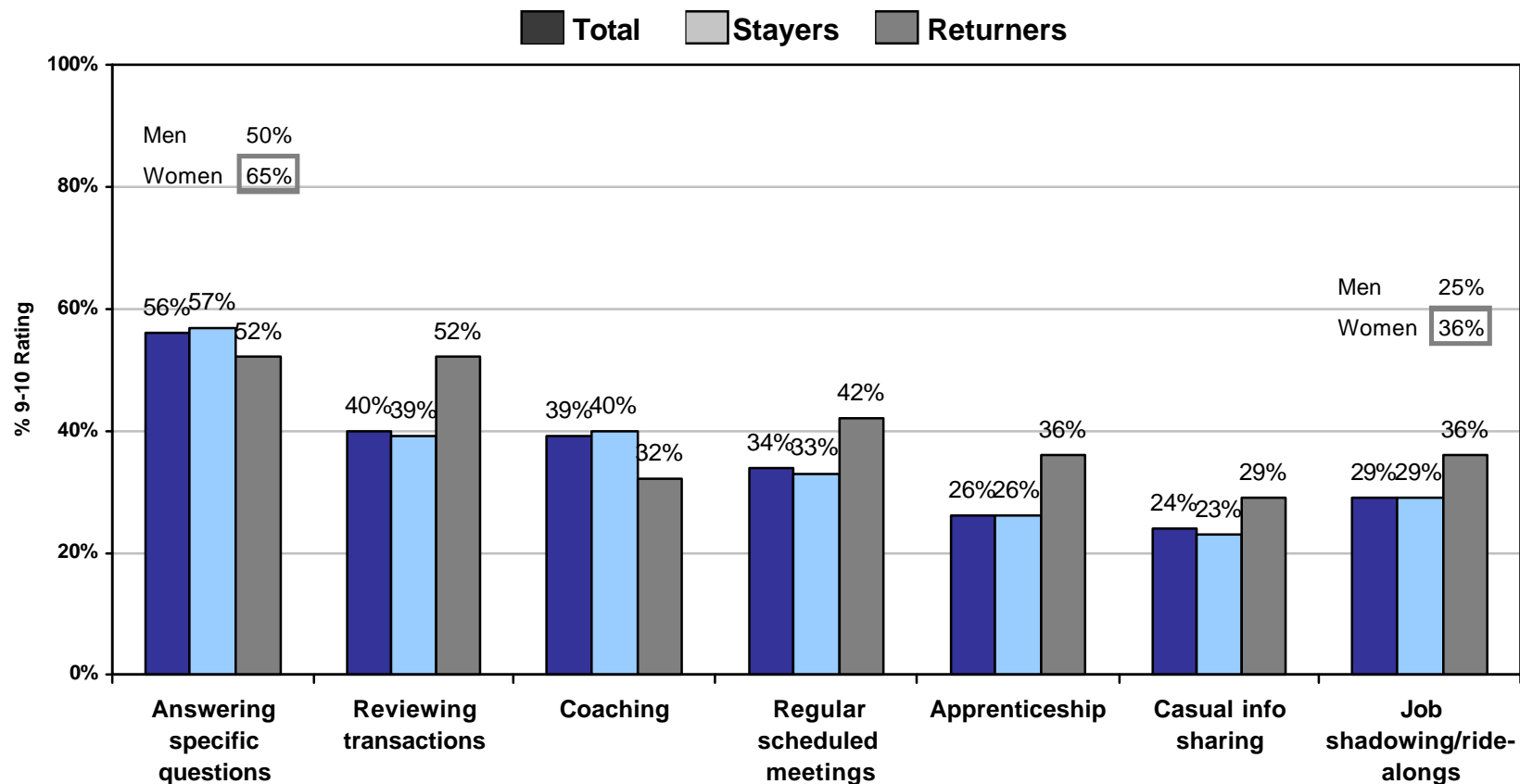


- The perception is that a mentoring program would be quite effective in the development of new licensees' skills & knowledge.



Mentoring Relationships

- Answering specific questions, reviewing transactions, and coaching are the activities most envisioned as part of a mentoring relationship.

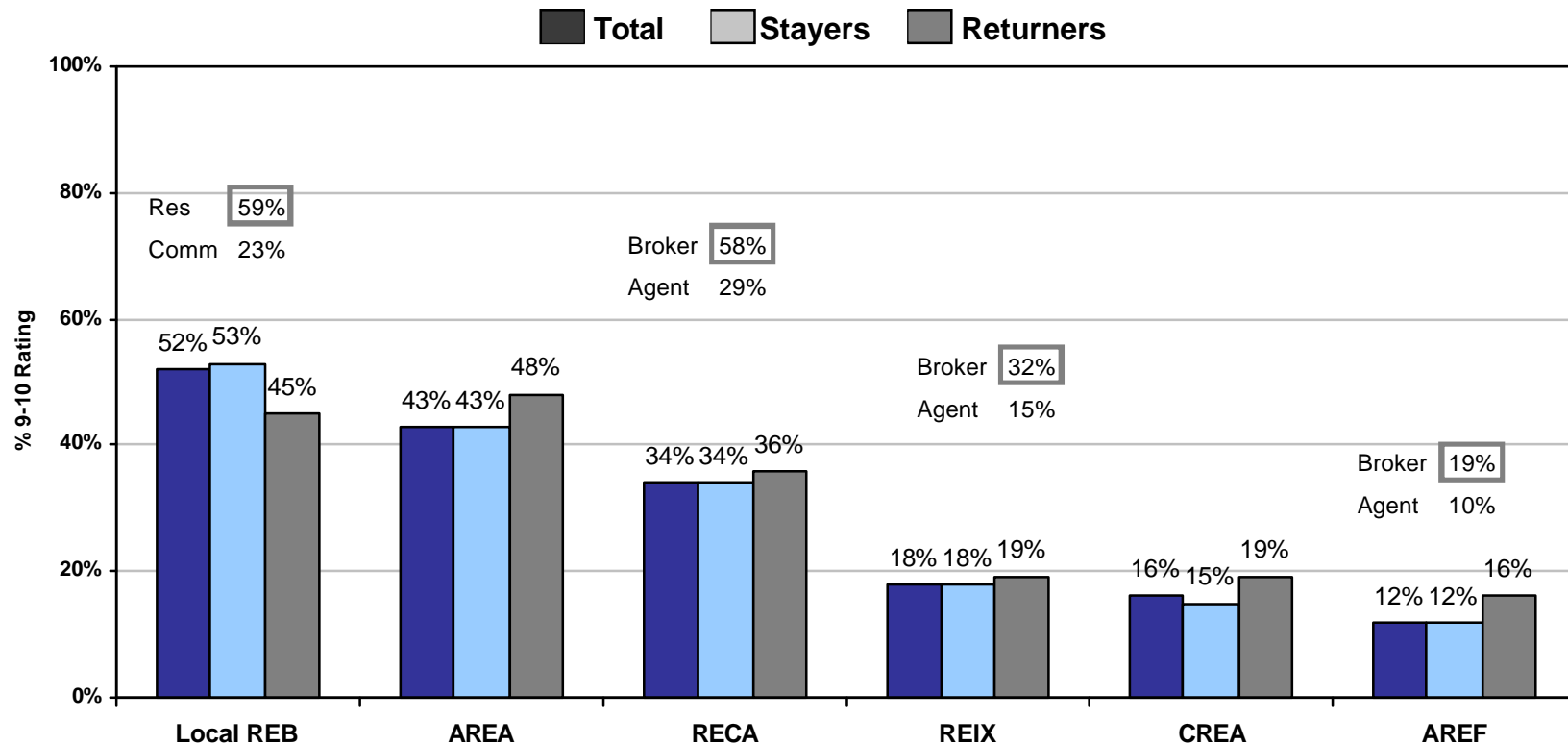




REAL ESTATE ORGANIZATIONS

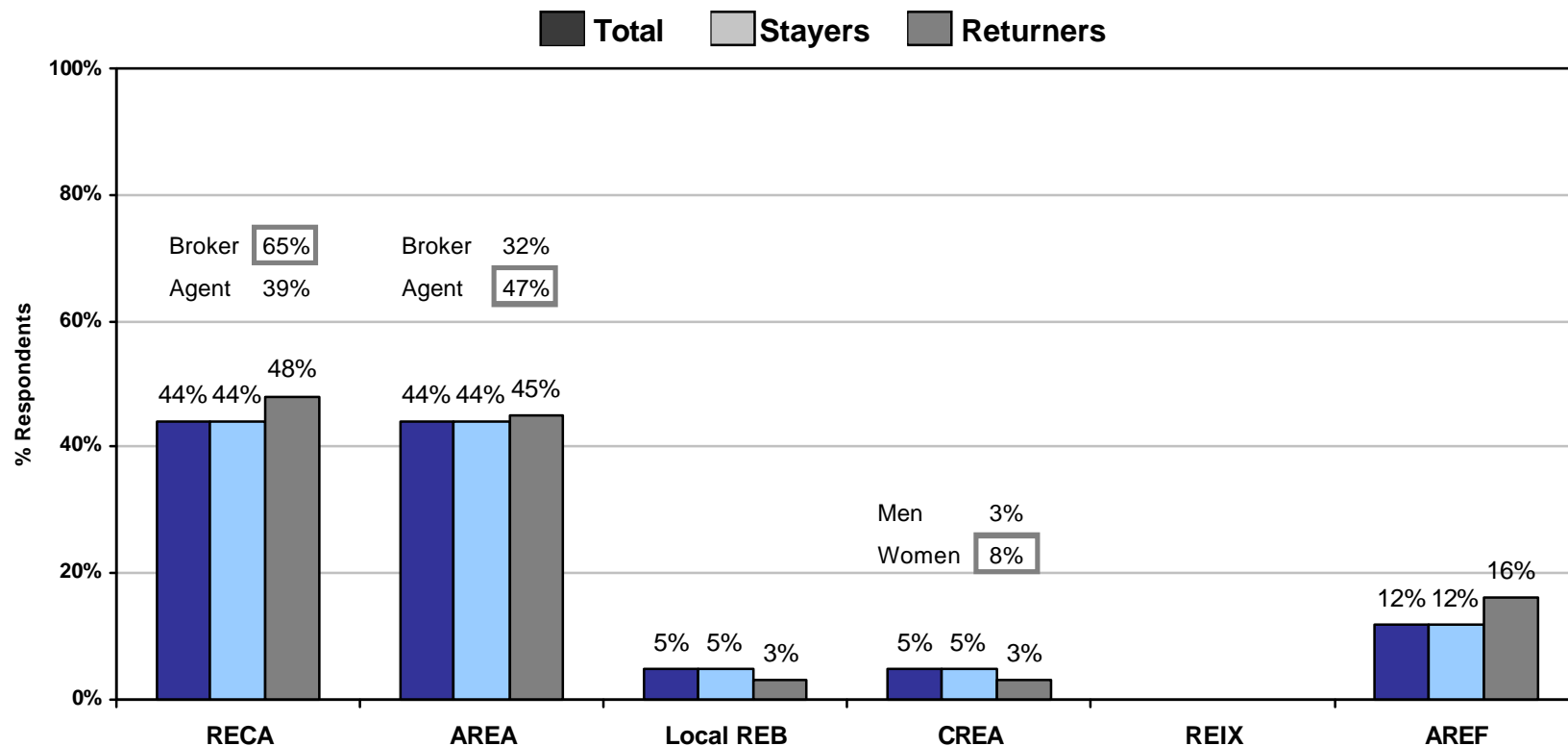
Familiarity with Real Estate Organizations

- Familiarity is highest for local real estate boards, the Alberta Real Estate Association, and the Real Estate Council of Alberta.



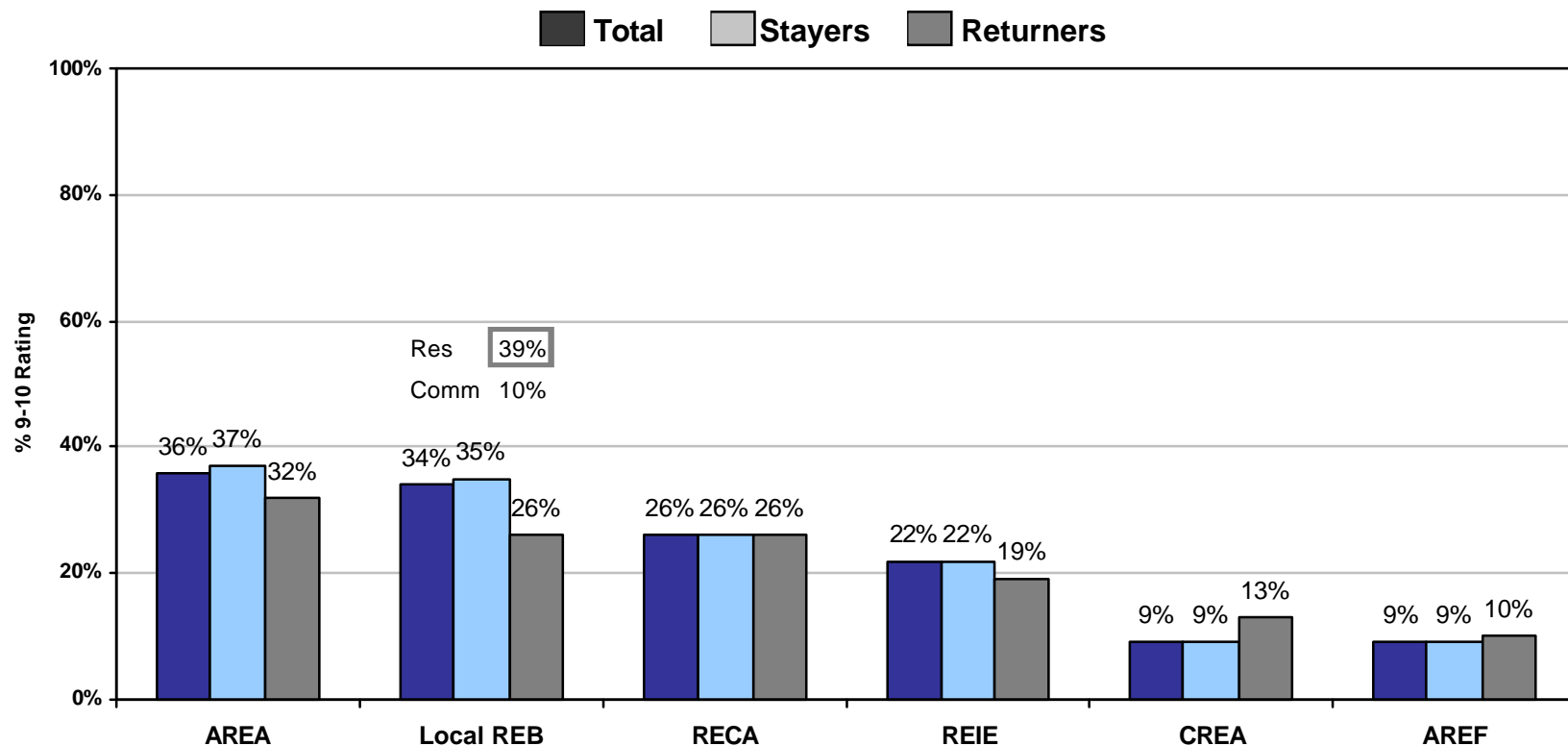
Familiarity with Real Estate Organizations (cont'd)

- Just as many incorrectly identified the organization responsible for issuing the real estate license as correctly identified it.



Perceptions of Real Estate Organizations

- Positive regard is highest for the Alberta Real Estate Association and local real estate boards.



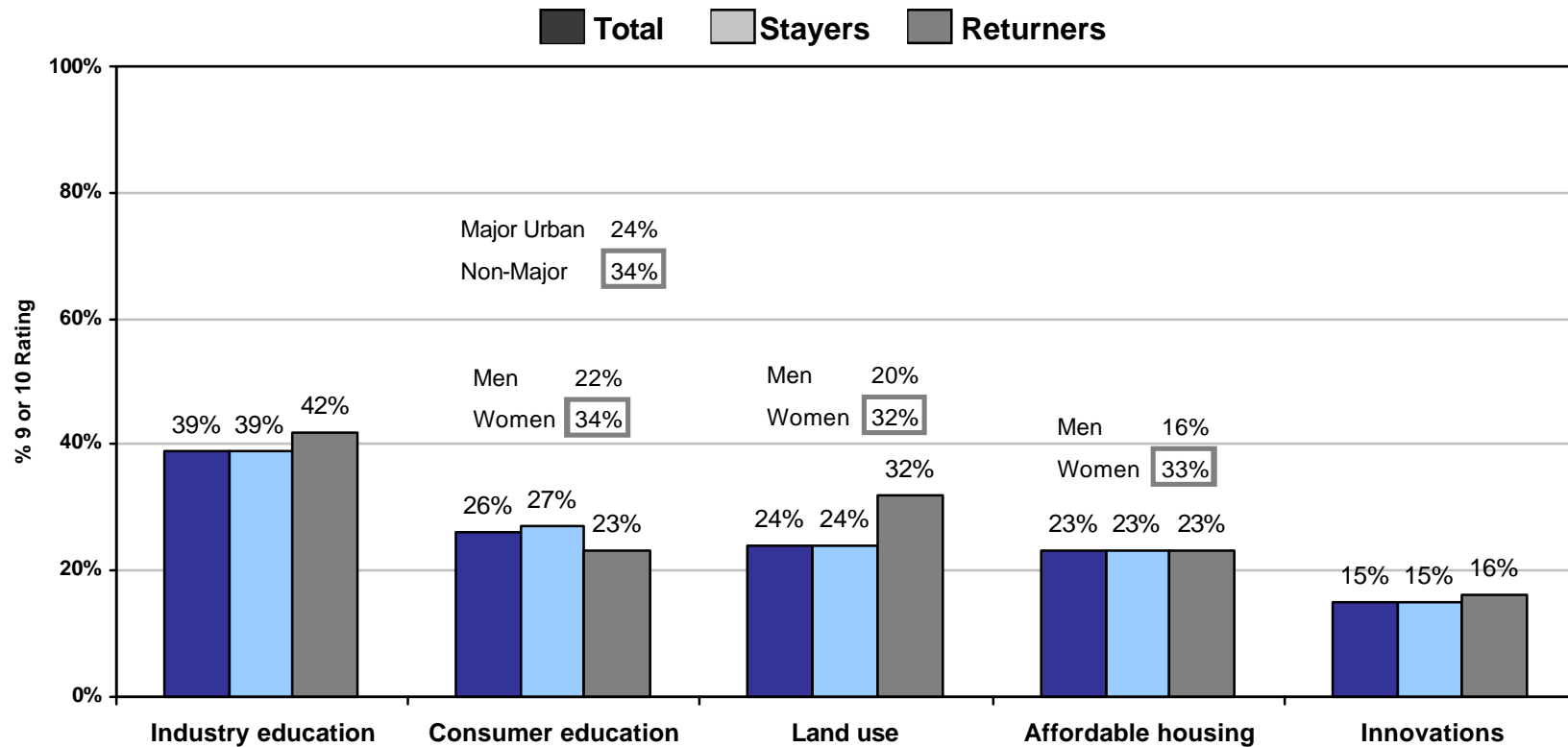
Perceptions of Real Estate Organizations (cont'd)

- Lack of familiarity with AREF explains why the organization is not more positively regarded by licensees.

Perceptions of Real Estate Organizations						
Postive Perceptions	Local REB	AREA	RECA	REIX	CREA	AREF
They are helpful/supportive/positive/professional	57%	28%	19%	23%	23%	22%
They keep us informed	30%	20%	14%	9%	19%	8%
They do a good job	26%	21%	15%	14%	20%	24%
They serve a purpose/are necessary for the industry	20%	17%	18%	31%	14%	29%
They provide training/courses	19%	24%	8%	1%	10%	9%
Am familiar w ith them	14%	5%	5%	5%	10%	9%
It monitors the realtors	12%	33%	49%	17%	38%	8%
They set guidelines/standards	8%	21%	27%	7%	17%	8%
They protect the interests of realtors/consumers	7%	10%	16%	50%	18%	11%
They follow the rules/are self-regulating	4%	9%	11%	3%	9%	5%
Negative Perceptions	Local REB*	AREA*	RECA	REIX*	CREA	AREF
They are bureaucratic	6	4	36%	1	4%	3%
They are not know ledgeable/practical	1	1	25%	2	4%	5%
Too many regulations/don't like their rules	1	1	25%	-	4%	-
They don't contribute much/useless	6	4	25%	2	21%	13%
Consumer-oriented/not concerned w ith realtors	4	1	25%	1	-	3%
Not familiar w ith it	2	3	21%	12	54%	68%
They are inconsistent/make too many changes	-	1	7%	-	7%	3%
Have not dealt w ith them much	2	1	4%	5	29%	13%
Fees are too high	2	-	-	-	-	3%

*Sample size for those asked why they regard the organization as not positive is too small to report percentages; therefore, only number of respondents is shown.

- Industry education about real estate transactions is seen as having the greatest value to the industry overall.

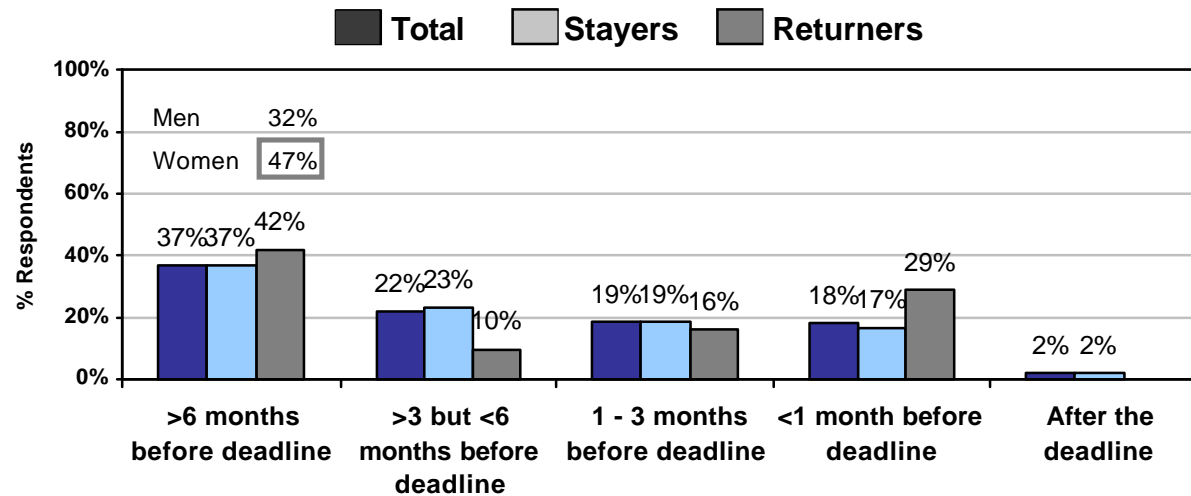




TRAINING & ATTITUDES TO EDUCATION

Completing Professional Development Credits

- Licensees tended to complete their professional development credits more than six months in advance of the deadline.

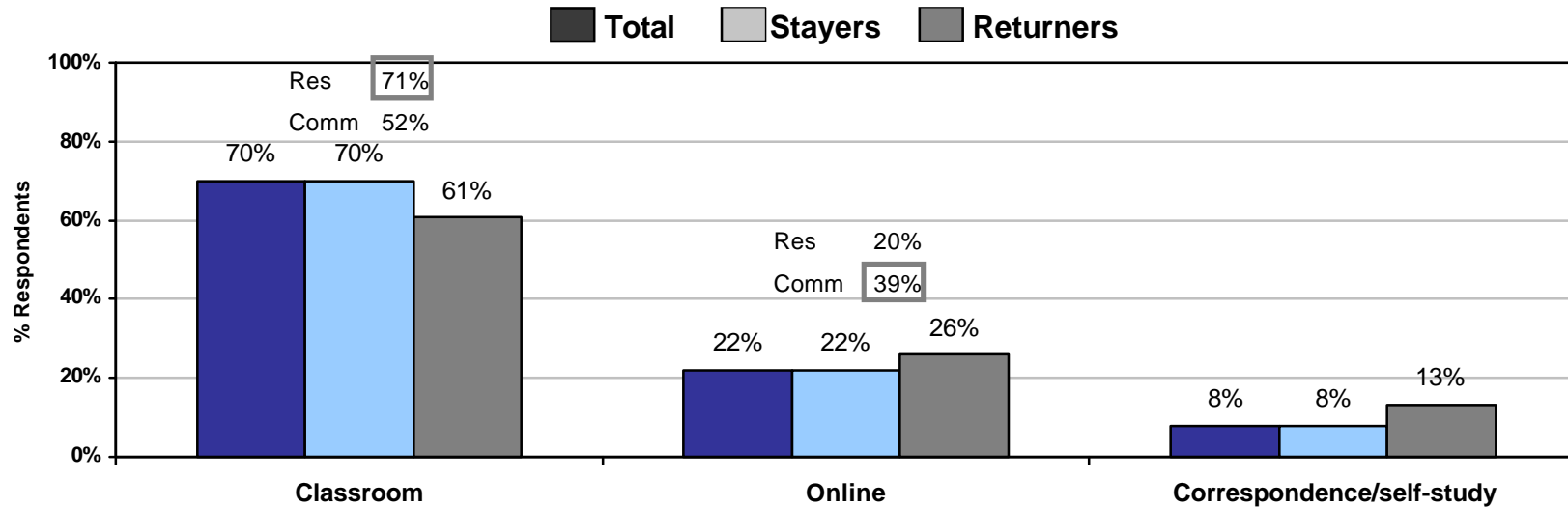


- The #1 reason for licensees *not* completing their credits more than three months prior to the deadline was that they were too busy to track their professional development requirements.

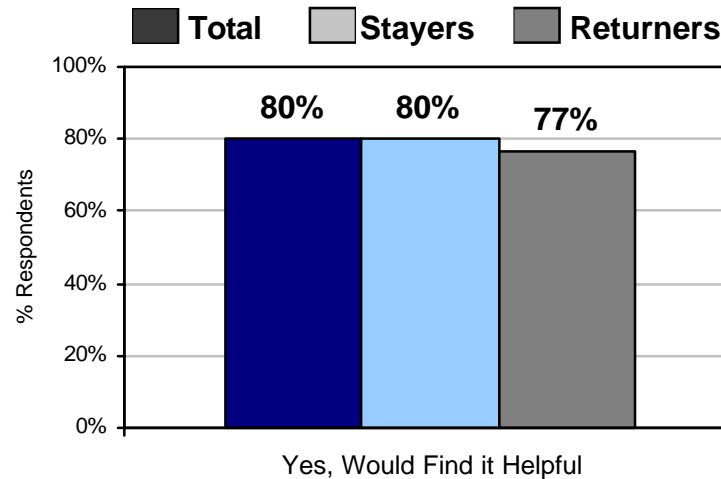
Barriers	Total
Too busy to track professional dev. requirements	36%
No reason/procrastination	17%
Not enough courses were of interest	15%
Course schedules did not meet my needs	12%
Family/medical reasons	6%
Courses available were of low quality	5%

Preferred Methods of Learning

- The preferred method of learning is overwhelmingly the classroom.



- The majority of licensees would find online course registration and payment helpful.

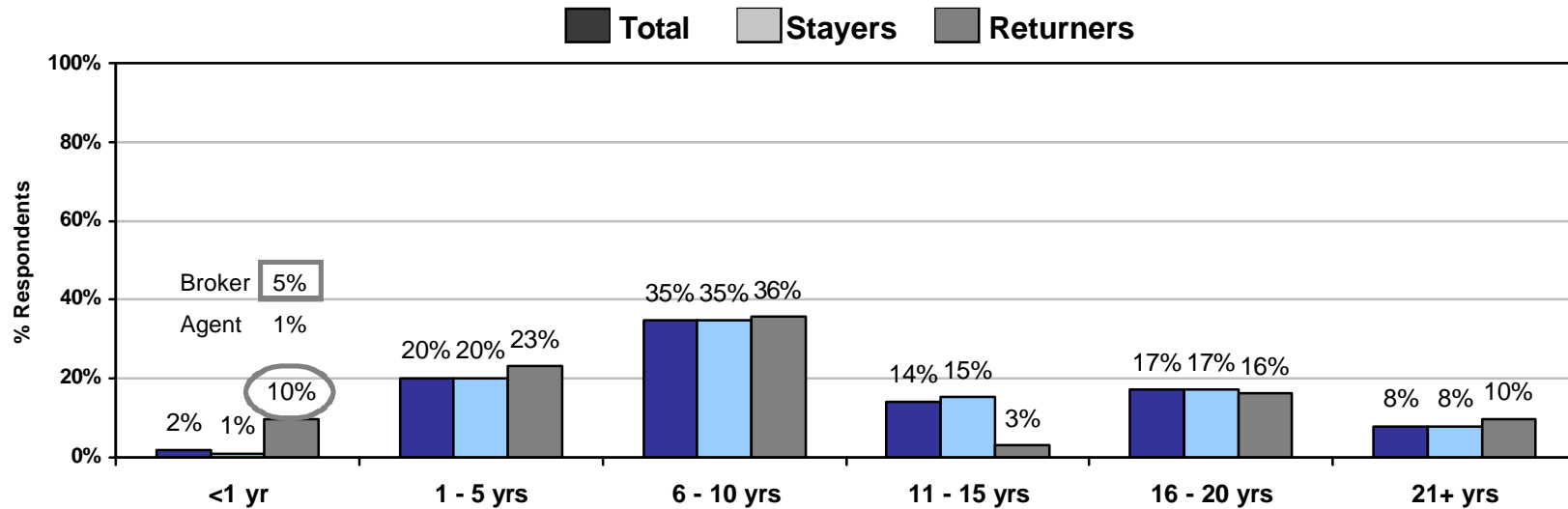




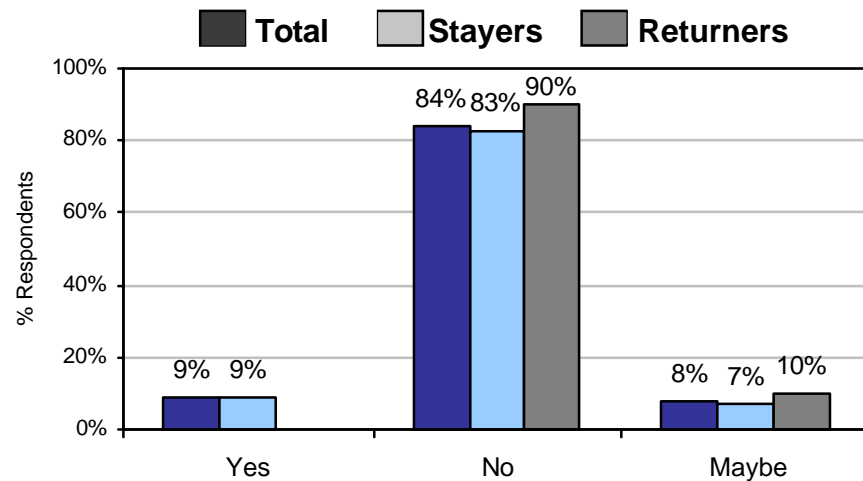
RETIREMENT INTENTIONS & STRATEGIES

Anticipated Length of Stay in the Industry

- Overall, licensees expect to work in licensed real estate activities for six to ten years.

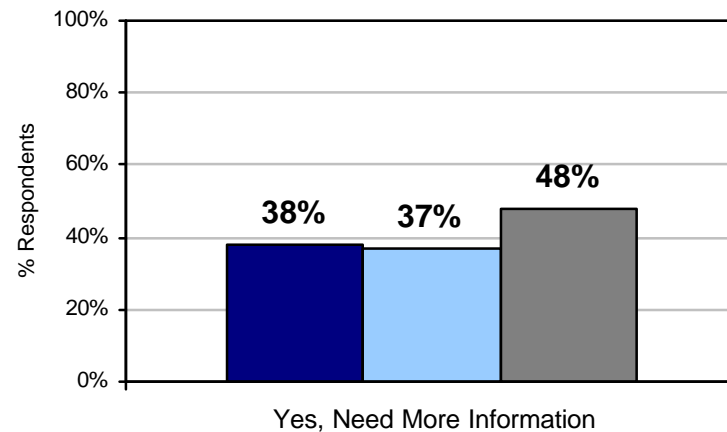
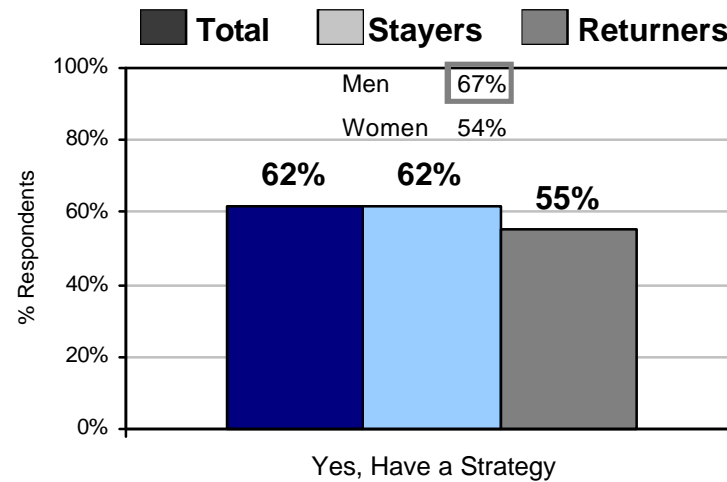


- Most licensees do not expect to leave the industry for reasons other than retirement.



Anticipated Length of Stay in the Industry (cont'd)

- Many licensees have a strategy for retiring from real estate but some need more information about how to retire from the industry.





ISSUES FACING LICENSEES

Top Issues

- The top issues reported by licensees were varied and numerous.

Top Issues	Total	Stayers	Returners
NONE	21%	21%	23%
Time/organizational management	16%	16%	19%
Lack/shortage of properties	15%	15%	13%
Rules and regulations	13%	13%	10%
Untrained/unprofessional colleagues	12%	12%	10%
Listings/Internet/information issues	11%	11%	13%
Competition among agents	9%	9%	7%
Work ethic among agents	8%	8%	7%
Education/mentoring issues	7%	7%	3%
Public perception of the industry	7%	7%	7%
Competitive market	6%	5%	13%
Marketing one's services/finding contacts	6%	6%	3%
Computer/technology issues	5%	5%	7%
Client relationships and referrals	5%	5%	7%
Lending issues/interest rates	5%	5%	3%
Overhead costs	5%	5%	-

“[There are] not enough hours in the day.”

“Organizing myself to meet all my obligations.”

“[There are] not enough properties out there. [I have] clients coming out my ears and no homes [for them] to buy.”

“The No Call List legislation that might be enacted.”

“Agents who are dishonest or deceitful or disrespectful and who do not practice fiduciary responsibilities to clients.”

“We have to do more about educating realtors in providing better service.”

“[My] main concern is the loss of business due to the credibility of realtors in general because they’re not very well educated or trained. And it’s because realtors only require three or four weeks [of] training.”

Common Misconceptions

- The most common misconception among consumers, as reported by licensees, is that agents make a lot of money.

Common Misconceptions	Total	Stayers	Returners
NONE	15%	14%	19%
Agents make too much money/lots of money	44%	44%	48%
The work is easy/don't earn their money	27%	28%	26%
Agents are dishonest/unethical	18%	17%	29%
Don't need help of agents/no value in using one	10%	10%	13%
Commission fee structure	7%	7%	7%
Unaware of both parties' rights/obligations	7%	7%	10%
Agents have little or no overhead or liabilities	5%	5%	-

"We are not worth the fees we charge."

"Realtors make huge amounts of money and don't really work hard for it."

"All realtors are filthy rich [and] make too much money."

"Realtors are not trustworthy and they are liars."

"People don't realize the cost involved in being a realtor."

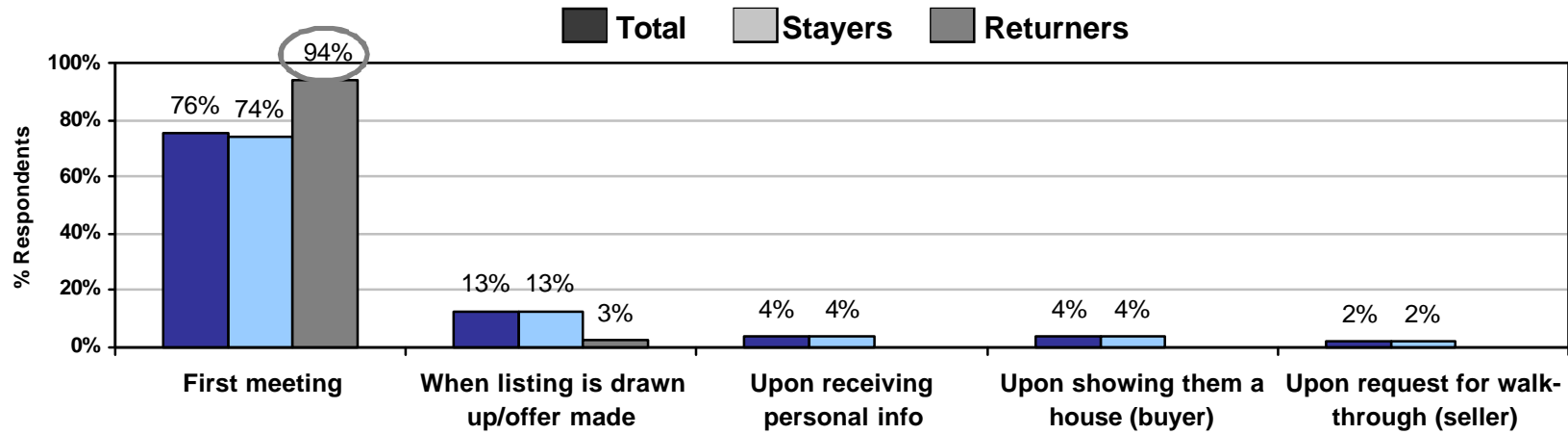
"Most realtors are dishonest. [They are] liars."

"They don't get as much value as they are paying for."

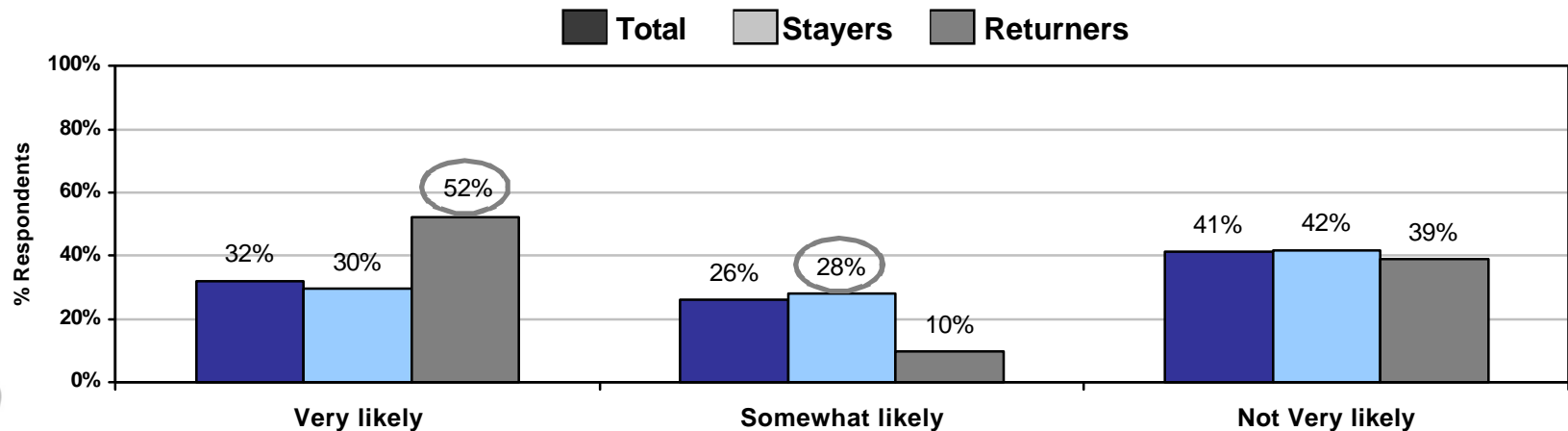
"Agents are like used car salespeople."

"Realtors charge too much and that realtors will do anything to put a deal together."

- Most licensees make their initial agency disclosure during their first meeting with a client.

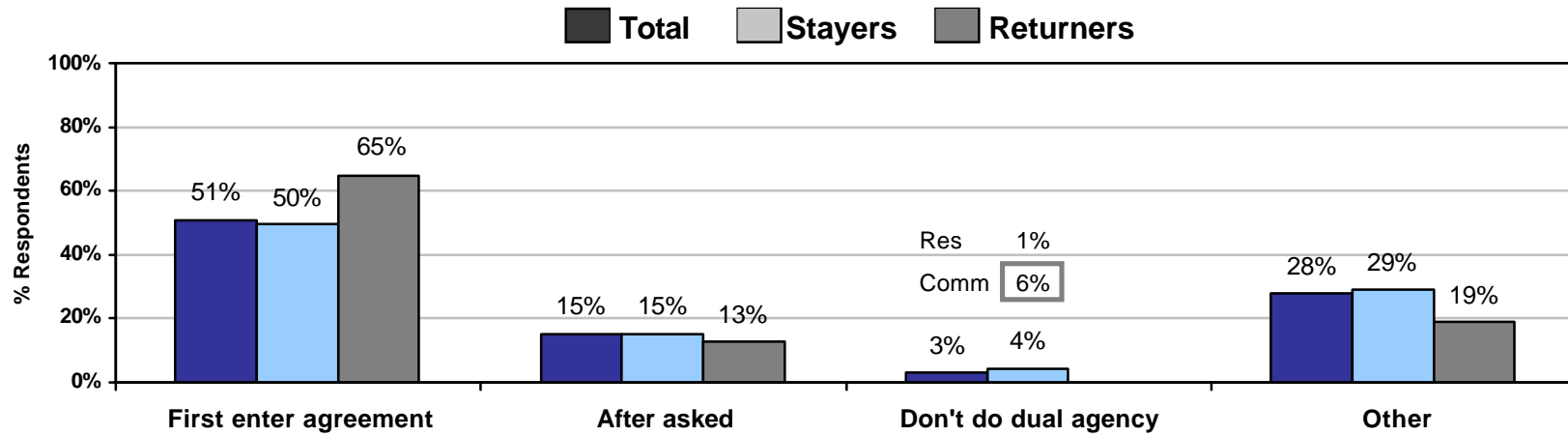


- Approximately one-third of licensees would be very likely to consider taking a course on agency and disclosure.

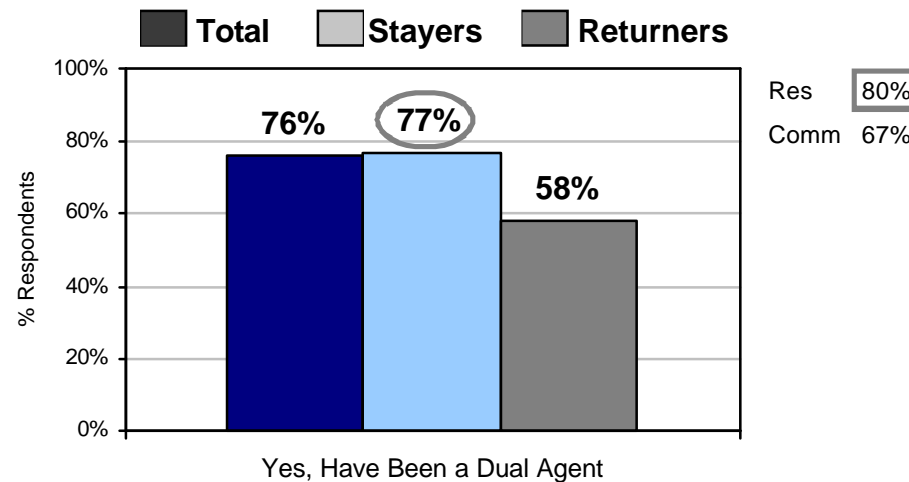


Dual Agency

- One-half of licensees typically obtain a client's informed consent for dual agency upon first entering into an agreement.

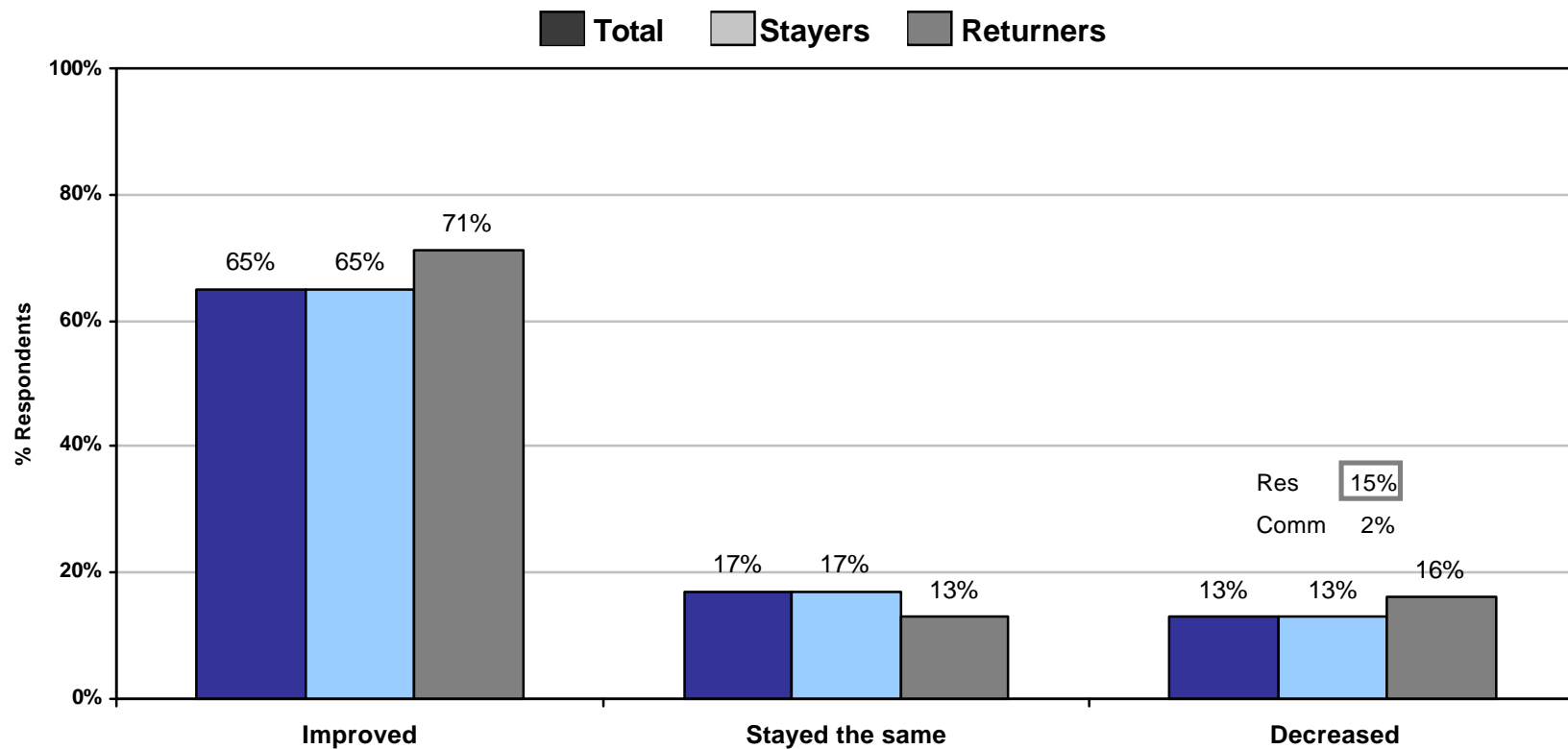


- Most licensees have acted as a dual agent in the last year.



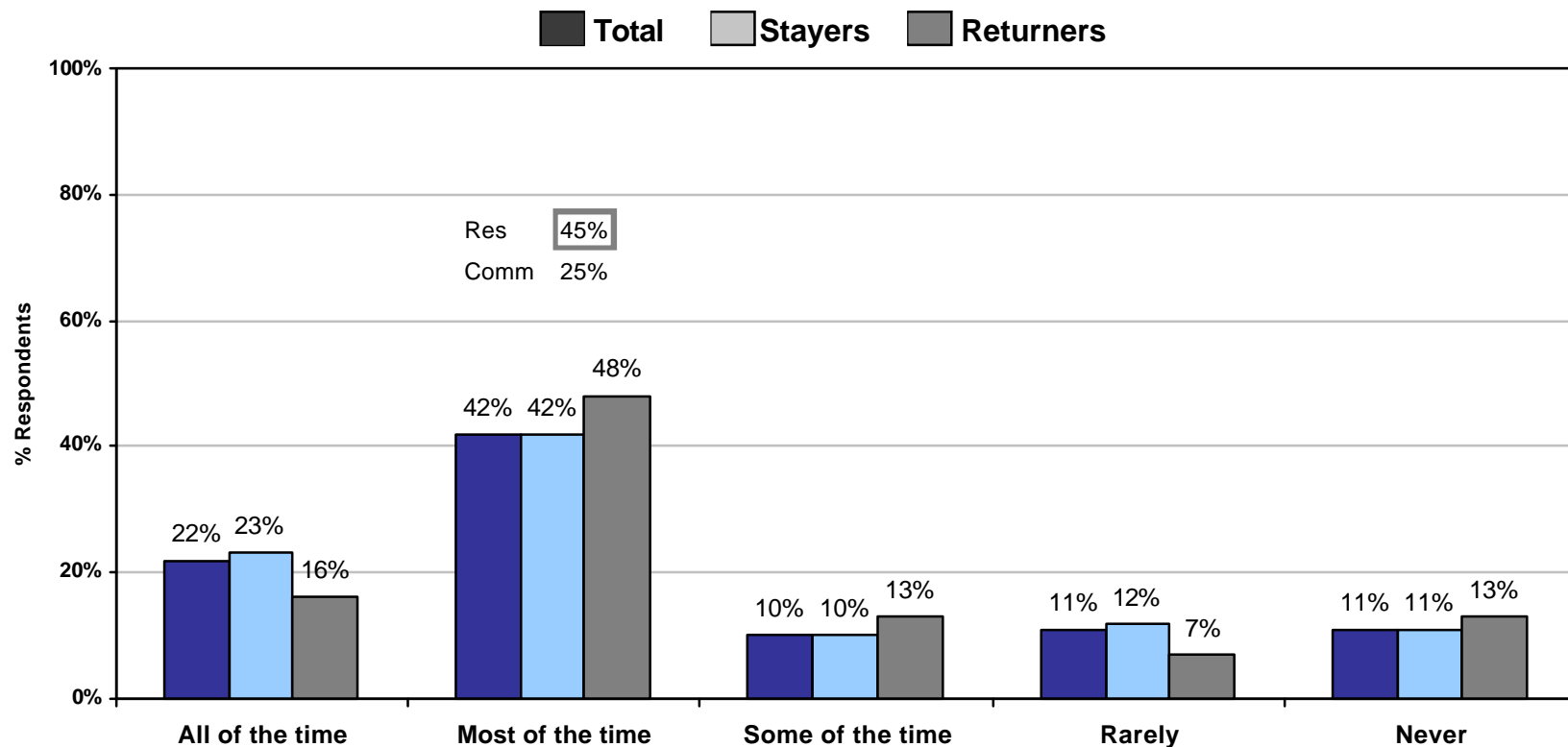
Perceived Competence Level of Industry Members

- Licensees generally believe that the competency of industry members has improved over the last five years.



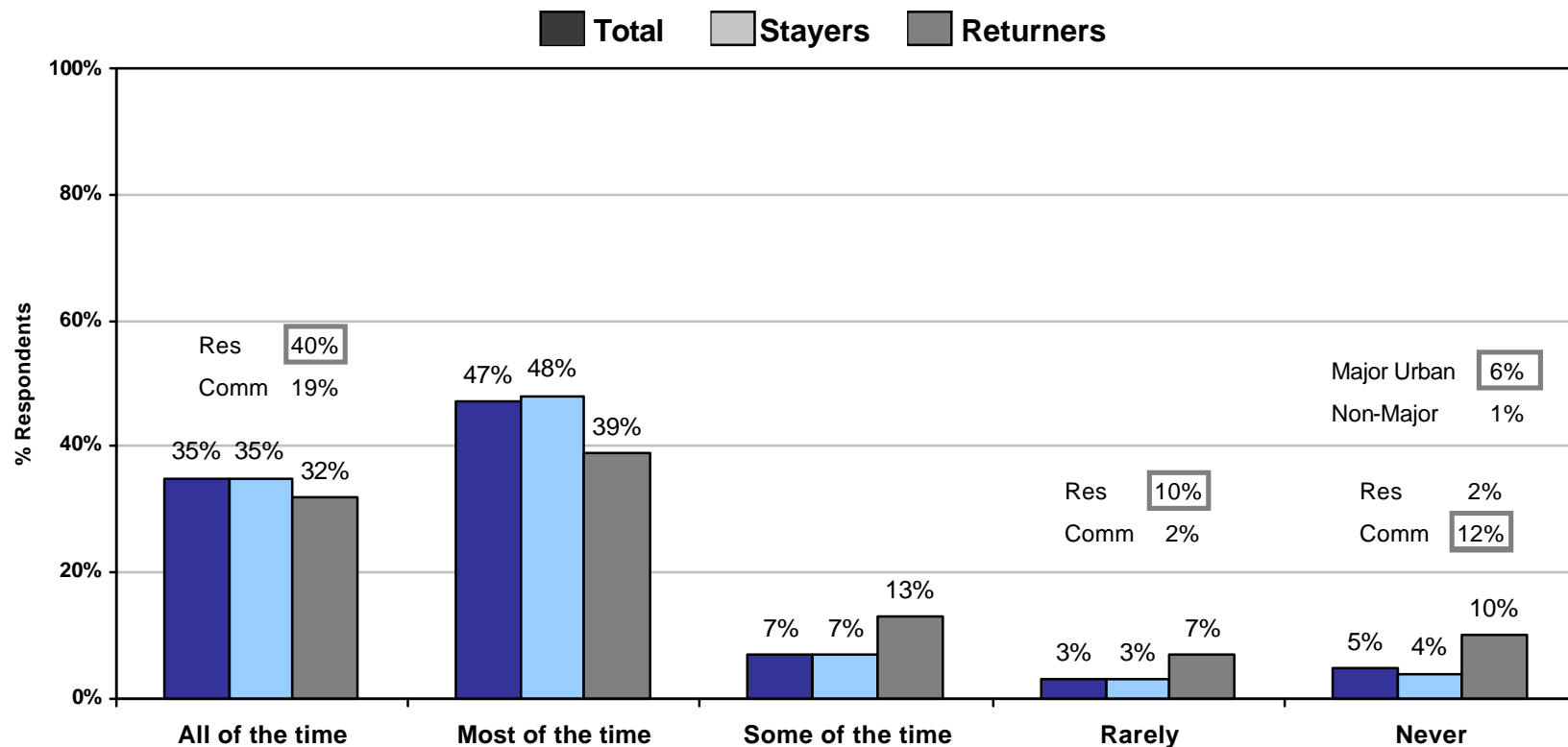
Disclosure of Defects

- The majority of licensees provide advice or information about patent or latent defects all or most of the time.

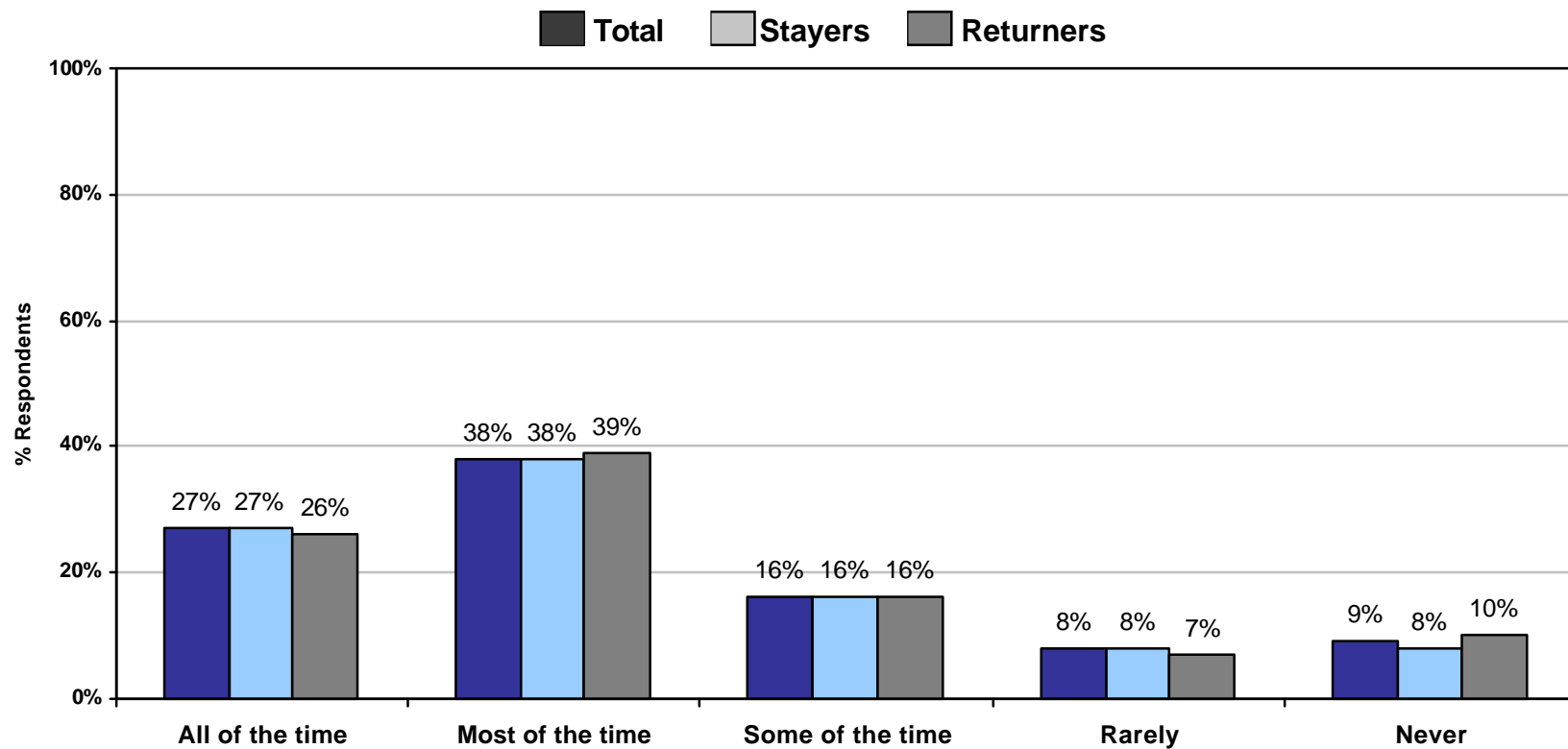


Disclosure of Defects (cont'd)

- Most licensees point out all visible patent defects to a buyer all or most of the time.



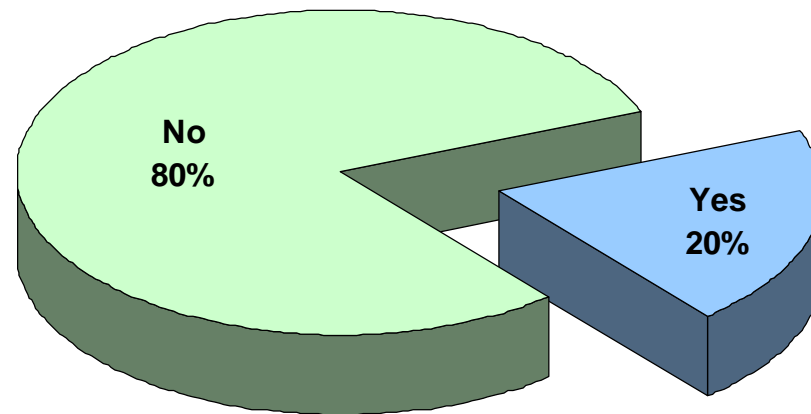
- Approximately two-thirds of licensees ask about latent defects on the buyer's behalf all or most of the time.





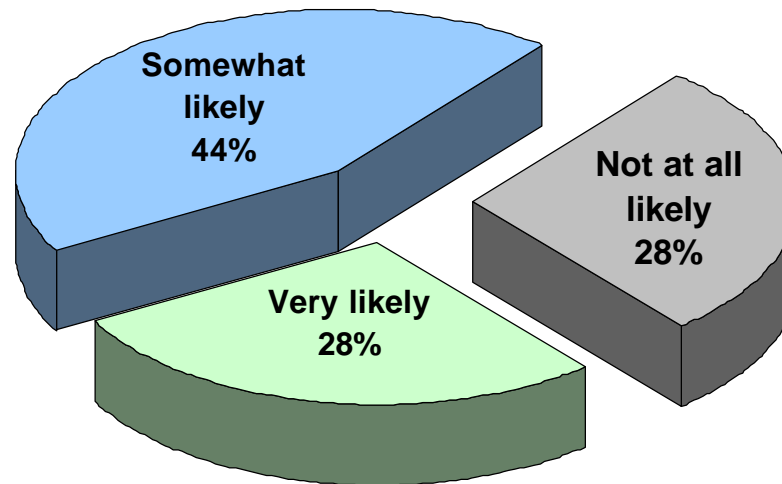
NEW & YOUNG LICENSEES

- A minority of New & Young licensees obtained their real estate license either during or immediately following post-secondary studies.



- Overall, licensees who did so had not planned to enter the real estate industry when they began their post-secondary studies.

- An Internet networking forum appears to be appealing to New & Young licensees, the majority of whom would be somewhat or very likely to join one.



- **New & Young licensees differ from their colleagues in that:**
 - They are more likely to have entered the industry because at least one parent also worked in the industry.
 - They are more likely to work at a job other than practicing real estate.
 - They are less apt to use mandatory and continuing education courses for skill development.
 - New & Young licensees are more inclined to use on-the-job training and mentoring by other agents and brokers as methods of developing their skills.

- **New & Young licensees differ from their colleagues in that:**
 - More New & Young licensees would participate in a recognized mentoring program.
 - They envision a mentoring relationship as including coaching, apprenticeship, casual information sharing, and job shadowing/ride-a-longs.
 - New & Young licensees are less familiar with their local real estate board as well as with the Real Estate Insurance Exchange.
 - They are more likely than other licensees to prefer correspondence/self-study as a method of learning.

- **New & Young licensees differ from their colleagues in that:**
 - They are more likely to anticipate leaving the industry for reasons other than retirement.
 - New & Young licensees are more in need of information regarding how to retire from the real estate industry.
 - They are more likely than other licensees to mention marketing one's services/finding contacts as a top issue facing them in their day-to-day practice of real estate.
 - New & Young licensees would be less inclined to take a course on agency and disclosure, at their own expense and regardless of whether any education credits are awarded.

- **New & Young licensees differ from their colleagues in that:**
 - New & Young licensees are less likely to have acted as a dual agent in the last year.
 - They provide information about patent or latent defects more rarely than Established licensees do.
 - New & Young licensees more rarely point out all visible patent defects when showing a property to a buyer.



IN SUMMARY

- **The Alberta Real Estate Foundation ... to know you is to love you.**
- **Real estate is easy work, easy money ... NOT!**
- **It's cool ... to be in school!**
- **Educate! Educate! Educate! ... the industry, that is!**
- **To mentor or not to mentor ... that is the question.**
- **New & Young licensees ... the Young & the Restless?**

Questions?