

2005 MEMBER PROFILE

THE REAL ESTATE INDUSTRY HAS BEEN A SOURCE OF STRENGTH AND VITALITY FOR THE nation's economy during the past several years. Real estate is one of the largest sectors of the U.S. economy. Nearly two trillion dollars are exchanged each year in the sale of both new and existing homes. These transactions provide millions of Americans with jobs and result in hundreds of billions of dollars of economic activity each year. In total, the housing sector accounts for about 22 percent of annual gross domestic product. Strong home sales and robust price appreciation in many areas of the country have added to the wealth of households and made real estate a viable alternative to stocks and bonds as investment vehicles. Housing represents the major source of wealth for U.S. households—nearly seven out of ten American families own their own homes. In addition, many homeowners expand their housing wealth to an even greater degree by purchasing second homes.

Commercial real estate has also been performing remarkably well. Fundamentals for all sectors are improving, with vacancy rates in most key markets declining and rental rates gaining traction. One of the most significant trends has been the increase in capital flows into real estate, primarily from non-institutional investors. For example, in the first half of 2005, the total transaction volume for commercial real estate that traded hands was up by over 50% compared with 2004. Returns from commercial real estate have been performing well-above other forms of investment, indicating that this sector has and will continue to play a vital role in shaping the national economy.

Real estate professionals play a central role in real estate transactions, and the real estate profession is an attractive career. Today, there are nearly 1.2 million members of the National Association of REALTORS® who account for almost half of all real estate licensees in the U.S. REALTORS® work with America's property owners as brokers, appraisers, property managers and counselors to facilitate real estate transactions while also adhering to a strict Code of Ethics and Standards of Practice.

To better understand today's REALTORS® and their important role in the real estate industry, NAR regularly surveys its members about their business activities, demographic characteristics and their relationship to their firms. Results from these surveys provides the Association with a benchmark of REALTOR® activity that helps it develop programs and services to assist REALTORS® and improve their services to clients.

This 2005 NATIONAL ASSOCIATION OF REALTORS® Member Profile presents current information about members of the National Association of REALTORS®. This report consists of four chapters:

Chapter 1: Business Characteristics of REALTORS®

Chapter 2: Business Activity of REALTORS®

Chapter 3: Office and Firm Affiliation of REALTORS®

Chapter 4: Demographic Characteristics of REALTORS®

NOTES

In February 2005, NAR mailed an 86-question survey to a random sample of 60,000 REALTORS®. An identical questionnaire was also distributed to 60,000 NAR members via a Web-based online survey. A total of 8,450 responses were received for an overall response rate of seven percent. Survey responses were weighted to be representative of state level NAR membership. Information about compensation, earnings, real estate related business expenses, sales volume and number of transactions is characteristic of calendar year 2004, while all other data are representative of member characteristics in 2005.

The National Association of REALTORS® is committed to equal opportunity in the real estate industry. In accordance with this commitment, racial and ethnic information was collected and is included in this report.

Where relevant, characteristics of REALTORS® are presented by the highest license held by members of NAR: a Broker, Broker Associate or Sales Agent license. The term “broker” refers to REALTORS® holding broker or broker -associate licenses unless otherwise noted. In some cases, information is presented by the REALTORS® main function within their firm or their real estate specialty regardless of their licensure. The primary measure of central tendency used throughout this report is the median, the middle point in the distribution of responses to a particular question or, equivalently, the point at which half of the responses are above and below a particular value. Data may not be comparable to previous NAR Member Profile reports due to changes in questionnaire design.

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HIGHLIGHTS

REALTORS® SERVE THEIR CLIENTS IN A VARIETY OF WAYS. FROM PROPERTY BROKERAGE to property management—from appraisal to relocation—and from market analysis to finalizing the deal—members of the National Association of REALTORS® harness the dynamics of the competitive real estate marketplace. By leveraging

their knowledge about local markets, by using the latest technology, and by evolving with the industry as it finds new ways of doing business, REALTORS® enhance the services they can offer to America's property owners.

The 2005 NATIONAL ASSOCIATION OF REALTORS® Member Profile describes the business and demographic characteristics of REALTORS®. More importantly, information from this report illustrates how REALTORS®, and the real estate businesses they manage, have evolved over time and how they have responded to the needs of clients.

BUSINESS CHARACTERISTICS OF REALTORS®

- About one third of REALTORS® hold only a sales license. Just over 40 percent are licensed as associate brokers and about one in five are broker licensees.
- Seventy-four percent of REALTORS® specialize in residential real estate brokerage.
- Six in ten REALTORS® have been in the real estate business for at least five years while 24 percent of sales agent licensees have one year or less experience.
- One in five REALTORS® has at least one personal assistant. Although personal assistants perform a number of tasks, nearly 80 percent of REALTORS® who have personal assistants report that those assistants process new listings and enter them in the MLS.
- Forty-four percent of REALTORS® communicate with their clients by e-mail at least 50 percent of the time.
- The typical REALTOR® has had a Web site for business use for two years.

BUSINESS ACTIVITY OF REALTORS®

- The typical sales and leasing volume of brokerage specialists in 2004 was \$2.2 million; 24 percent report they sold or leased at least \$5 million worth of property.
- Among property management specialists, 71 percent manage single-family residential properties; 59 percent also manage multi-family properties.
- Three quarters of REALTOR®-appraisers report that they appraise 1 to 4 unit residential properties.

NATIONAL ASSOCIATION OF REALTORS®

- The typical REALTOR® works 46 hours per week; one in five report a workweek of at least 60 hours.
- The median number of customer inquiries from REALTOR® Web sites is ten.
- The typical REALTOR® had business expenses of \$8,200 in 2004.

- In 2004, the median personal income for all REALTORS® was \$49,300.

OFFICE AND FIRM AFFILIATION OF REALTORS®

- Fifty percent of REALTORS® are affiliated with an independent, non-franchised firm.
- Nine of ten REALTORS® are independent contractors rather than employees of the firm with which they are affiliated.
- The typical REALTOR® has been with her firm for four years.
- Ten percent of REALTORS® report that they have worked for a firm that was bought by or merged with another firm since January 2003.

DEMOGRAPHIC CHARACTERISTICS OF REALTORS®

- Fifty-four percent of REALTORS® are female; among part-time sales agents, 59 percent are female.
- The typical REALTOR® is 52 years old; one quarter of sales agent licensees are under 40 years of age.
- Forty-six percent of REALTORS® have earned a bachelor's degree or higher.
- Eighty-one percent of REALTORS® report that real estate is their only occupation.
- Ninety-four percent of REALTORS® are registered to vote and 91 percent report that they voted in the last national election.

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