

THE REAL DEAL

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Real estate losing career luster

Growth in new agents drops to a five-year low

By Lauren Elkies

| Licensed agents in New York City | | |
|----------------------------------|--------|--------|
| Month | Agents | Change |
| April 2005 | 37,386 | - |
| October 2005 | 39,873 | +2,487 |
| April 2006 | 40,877 | +1,004 |
| October 2006 | 41,575 | +698 |

Source: NY Department of State)

Fewer people are going into the real estate business, dropping the number of newly licensed agents in the city to the lowest level since the terrorist attacks of Sept. 11, 2001.

The New York Department of State, which oversees licensing of real estate agents, recorded 698 new agents in the five boroughs certified between April 2006 and October 2006. That was the smallest six-month increase since the period between October 2001 and April 2002, when the number grew by 614.

There are still plenty of people who are making a living in the field, though -- the department shows 41,575 licensed agents in the city.

Gordon Golub, a senior managing director for Citi Habitats, said that the real estate business has lost some of its allure in the last six to eight months. When the market's not hot, neither is the profession.

"Not everybody's meant to be a sales person," said Kathy Mayer Braddock of real estate consulting firm Braddock + Purcell. "You've got to be able to sell the Brooklyn Bridge and support yourself."

Along with the declining growth in new agents comes a drop in the growth of the ranks of brokers.

The number of brokers in the city increased by 337 to 24,209 between April 2006 and October 2006, the smallest rise for any six-month stretch since April 2002 to October 2002, when the growth was 267, according to the state.

As the rate of people going into the real estate industry drops, the number of agents getting out of the business is increasing, real estate professionals say.

Braddock said that since 10,000 to 12,000 homes sell in New York City each year and there are more than 20,000 real estate brokers, "there's always a huge group of brokers that are not doing any business."

Of the young people that have entered the business over the last several years, Braddock said, "the core group of successful people are doing great. People that never got up and running are thinking about alternative career choices."

Problems that new agents run into that may cause them to leave the field -- besides, of course, not doing deals -- include managing their money, handling a commission-only job, and/or not being able to afford mounting marketing expenses in a slower market.

Former real estate agent Scott Sperling escaped the stress of the real estate industry by returning to day trading. He left the now Century 21 NY Metro-owned Dwelling Quest in December 2005 after a year as an agent when he managed to close one deal.

"I thought from there it'd be simple," he said, but his luck had run out. Going into the office day after day,

Sperling said he felt like he "was wasting my time."

Other agents with a few years of experience are also finding the pressures overwhelming.

Susan Forrest-Reynolds, an agent at CitySites until mid-October, wrestled with the idea of fleeing the industry because she was having difficulty making ends meet as a single mom of two. She suffered sleepless nights when the market hit a lull, which was compounded by the fact that she did not have a nest egg.

She resolved her dilemma by accepting a job at a real estate firm that pays a larger share of the sales commission to the agents.

"It would have pained me to leave real estate," Forrest-Reynolds said. She recently started working for Charles Rutenberg Realty, which pays employees 100 percent of the sales commission, though agents are required to pay monthly fees to the brokerage (see Rutenberg seeks to upend New York commission model). "This will allow me to stay in the industry," Forrest-Reynolds maintained. "It doubles what I make."

Jeffrey Rothstein, an executive vice president at Prudential Douglas Elliman that runs the West Side office, said in two unrelated cases agents in his office returned to their 9 to 5 jobs for the health benefits and regular paychecks. Ironically, since their departure, both have closed deals and one has since begun working part-time at Douglas Elliman in his off hours.

Some real estate companies are trying to combat employee departures by offering more training.

Halstead, for one, puts potential hires through a lengthy interview process and provides a year of training for its rental and sales agents, the company says.

Citi Habitats holds a five-day intensive training program for rental agents and, along with the Corcoran Group, its sister company, provides extensive training for sales agents.

Also helping stem departures is the fact that real estate has become a more serious business in recent years, shedding its image as a professional refuge for bored housewives. Those who got into the industry during the just-ended boom were more likely to be high-caliber professionals than during previous boom periods, brokers say. More people consider real estate their first career choice.

Esther Muller, president and CEO of Esther Muller Consultants, said her continuing education classes for real estate are filled to capacity.

"I see more of the agents feeling that they want to become more professional," Muller said. And, more agents want to become brokers, she added.

With more high-caliber agents entering and staying in the business, the days of order-taking are over and the days of brokering are back, said Darren Sukenik, executive vice president of luxury sales at Prudential Douglas Elliman.

"It's back to Broker 101," Sukenik said. "If you don't know what that is, you shouldn't be in the market."

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