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Texas Real Estate Licensees:

Profiles and Perspectives

Center
Survey Results

By Jack C. Harris

Earlier this year, the Real Estate Center surveyed those renewing their real estate licenses. Analysis of the almost 4,000 responses to the poll generated a profile of current license holders.

Survey results indicate that the typical licensee has been selling real estate for more than 15 years, holds an active sales license and considers real estate a full-time profession. Furthermore, a Texas real estate licensee is likely to concentrate on existing home sales, have an e-mail address and be a member of his or her local board or association.

See the related article on the changing face of Texas real estate licensees for more details on today's real estate professional. The information in that article was gleaned from data provided by the Texas Real Estate Commission, whereas the information presented here comes from the survey of licensees conducted by the Real Estate Center.

In General

The licensee. Approximately two-thirds of the sample were licensed as salespersons; the remainder were brokers. Eighty percent were active and 20 percent inactive. The average respondent spends 28 hours per week on real estate activities. Salespeople spend a little more time than brokers on real estate work (35 and 33 hours, respectively).

Board membership. Only 54 percent of respondents said they are members of a local board or association of Realtors. This segment rises to 57 percent for salespersons and 66 percent for active licensees, whereas 52 percent of brokers

are members. Membership runs 94 percent for those who spend all their time selling new or existing homes; it drops to 14 percent for those spending at least half their time in commercial sales.

Experience. More than one-third of respondents reported holding a real estate license for more than 15 years. In contrast, 15 percent have been licensed less than two years. A higher percentage of those identifying themselves as Realtors were highly experienced (46 percent with more than 15 years), but a larger proportion were inexperienced, as well (19 percent with less than two years). Most brokers have a high level of experience (66 percent with 15 plus years), compared to salespeople (19 percent with 15 plus years).

Mandatory continuing education. Licensees expressed a relatively positive opinion of the quality of mandatory continuing education (MCE) courses they had taken. (See the page 7 story on MCE courses and requirements around the country.) The average rating on Texas MCE classes was 7.8 on a scale of 1 to 10, with 10 being the highest rating.

Licensees with less experience in real estate rated the MCE classes higher than those who had been in the field longer. Licensees with less than two years experience gave the courses an 8.2 rating on average; those with two to ten years experience rated the courses 7.8; and ones with more than ten years experience rated the courses about 7.7. Salespeople rated the courses slightly higher (7.9) than did brokers (7.4). Only 29 percent said they had completed all MCE requirements before they received their renewal notice, whereas 58 percent had completed no courses.

Other trends. To determine whether Texas licensees are following the national trend toward doing more business online, the survey asked if the respondent had an e-mail address. Almost two-thirds of the sample said they have e-mail. This percentage did not vary much among the various components of the sample, but those who devote their time to home sales were the most likely to have an address (79 percent).

This year the Texas legislature changed the law to make it legal for a real estate licensee to sell manufactured homes even when they are not classified as real property. Less than 9 percent of respondents indicated they had sold a property with a manufactured home on it in the past year (11 percent among active licensees). Manufactured homes are more common in rural areas than in cities. Accordingly, 34 percent of licensees specializing in farm and ranch sales have sold property with a manufactured home.

Who are active licensees?

Active licensees held sales licenses slightly more often than broker's licenses and were 12 times more likely than inactive licensees to be Realtors. The number of years in the profession for active licensees was close to the breakdown of experience level for all licensees, with more than one-third reporting more than 15 years in the field.

Active licensees were slightly more likely (69 percent) to have an e-mail address than inactive licensees. Furthermore, almost 11 percent of active licensees had sold a manufactured home in the past year, compared to no inactive licensees reporting manufactured home sales.

Allocation of time. Not surprisingly, active licensees spend significantly more time per week on real estate activities than the average time reported for all licensees. Active licensees report an average of 34 hours per week on real estate work, compared to 28 hours per week for licensees overall and 3.5 hours per week by inactive licensees.

Active licensees spent much more time on existing home sales (33.8 percent of their time) than on any other activity. This far out-paced the other most common activities: commercial sales and leasing (11 percent), new home sales (7.2 percent) and farm and ranch sales (4.2 percent).

Full-time vs. part-time active licensees. Almost three-fourths of active licensees consider real estate their full-time profession. Among the remaining 26 percent of active licensees who do not work full-time in real estate, the most often-mentioned professions were:

- retired - 14 percent
- accounting or bookkeeping - 5 percent
- non-real estate sales - 5 percent
- education - 5 percent
- building - 5 percent
- homemaking - 5 percent
- lending - 4 percent
- engineering - 3 percent
- farming or ranching - 3 percent

Who are full-time real estate licensees?

Sixty-two percent of the sample considered real estate their full-time profession; 74 percent of active licensees were full-time, and 8 percent of inactive licensees were full-time. The percentage is 71 percent for all brokers and 82 percent for Realtors.

Texas Licensee Survey Results (3,899 responses in percentage)

Category	Full sample	Active	Inactive	Broker	Salesperson
Average quality rating of MCE courses	7.76	7.74	7.39	7.43	7.94
Broker license	36.4	42.5	7.5	100.0	0.0
Salesperson license	63.6	57.5	92.5	0.0	100.0
Active	80.4	100.0	0.0	96.2	73.6
Inactive	19.6	0.0	100.0	3.8	26.4
Held license for:					
less than 2 years	14.7	16.9	5.5	1.0	22.7
2 to 5 years	16.0	17.1	11.5	4.0	22.9
5 to 10 years	14.7	14.5	15.2	12.1	16.2
10 to 15 years	18.5	15.4	32.6	16.8	19.1
more than 15 years	36.1	36.1	35.2	66.1	19.2
Average hours per week on real estate	28.4	34.4	3.5	32.7	26.5
Consider real estate full-time profession	62.0	73.6	8.1	71.2	57.8
Member of local board or association	54.3	65.5	5.1	51.9	57.2
Sold manufactured home in past year	8.8	10.7	0.0	10.1	8.2
Have an e-mail address	63.6	69.3	41.5	65.3	63.3

Among real estate licensees who consider themselves devoted full-time, those who spend at least half their time on appraisal will work 48 hours per week; commercial brokerage, 43 hours; existing home sales, 42 hours; and 41 hours for farm and ranch brokerage and residential property management.

Full-time real estate professionals were asked to indicate the percentage of time they spend on specific real estate activities. The averages were:

- existing home sales - 44 percent
- commercial sales and leasing - 15 percent
- new home sales - 10 percent
- farm and ranch sales - 5 percent
- single-family property management - 4 percent

- appraisal - 4 percent
- land development - 4 percent
- multi-family property management - 3 percent
- home building - 1 percent

This survey was conducted with the cooperation of the Real Estate Commission. Readers who find this information of interest may receive results of future surveys. Call the Real Estate Center at 800-244-2144 and ask to be on the survey mailing list. ☐

Dr. Harris is a research economist with the Real Estate Center at Texas A&M University.

Texas. Continuing Education vs. Other States

*AN MCE WORKSHOP
on new Fannie Mae programs
attracts real estate licensees to
the Texas A&M campus.*

By Jennifer S. Evans and Shannon Siebert

As with many professions, real estate requires continuing education for professionals to renew their licenses. But how do the real estate requirements and course offerings in Texas compare to other states?

To answer this question, information on licensing requirements and courses offered was solicited from all 50 states, of which 37 responded. The Real Estate Center staff compared this information to the results of a recent survey of Texas real estate licensees.

According to the analysis, Texas is in the median range of classroom hours required. Texas requires a minimum of 15 classroom hours every two years. Vermont has the least number of mandatory continuing education hours, with four every two years. In South Carolina, eight hours are required biennially. Minnesota, Oregon and Wyoming require the most continuing education credits, all the equivalent of 15 per year.

Part of a survey to Texas licensees asked respondents for continuing education topics that deserved more attention. A total of 1,159 responses to that question were received, and the range of responses was enormous.

Contracts was the most requested real estate topic with 21 percent suggesting it. Legal issues came in second with

17 percent of the responses. Commercial real estate represented 14 percent. Other topics mentioned frequently included ethics, farm and ranch, forms, the Internet, financing, leasing and property management.

A number of states offer continuing education classes in topics that are not offered in Texas. A list of courses not offered



in Texas but mentioned by survey respondents follows. States that offer the topics are shown.

- Land development – Florida has a class on developing single-family residential subdivisions. Indiana, Montana and Ohio offer courses on land development.
- Forms – Arkansas offers a course on forms.
- Historic homes – Kansas presents a course on home styles and design.
- How to make money – North Dakota offers a class on sales strategies for residential specialists and a course on the art of negotiating.
- Municipal codes – Montana has a course on land-use planning, subdividing, zoning and ordinances, and Vermont has one on land use and land-use controls.
- Vacation rentals – Colorado and Tennessee offer time-sharing courses.

In addition, some states offer unique classes that were not mentioned by respondents but may be of interest. South Carolina offers a class on how to be a buyer's agent. Ohio has a course on market measurement and evaluation.

North Dakota provides a course on commercial inventory real estate analysis and one on determining rental property value. Kansas offers a class on selling new homes in the late '90s and another on showing homes. Colorado has a course on water and waste management. Arkansas offers a course on environmental and hazardous substance issues.

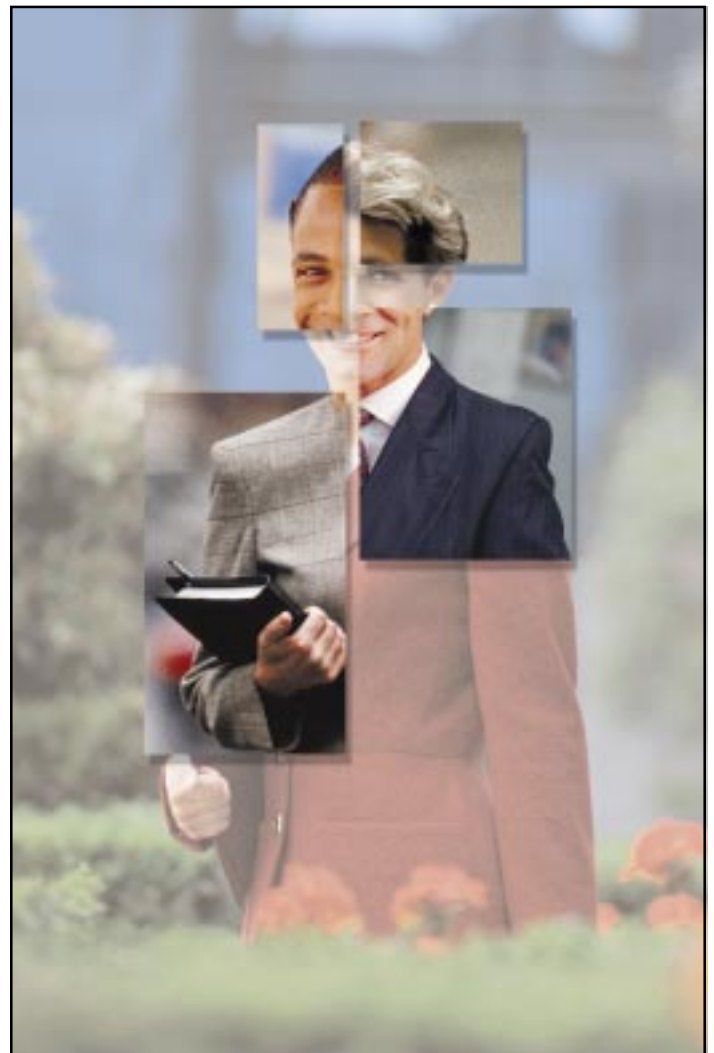
Across Texas, a wide variety of courses are taught. It would appear from the survey results that in some areas of the state, the kinds of classes that real estate licensees want are not being offered or are not covering the material at the depth at which the licensees would like. ☐

Evans is a research associate and Siebert is a former graduate research assistant with the Real Estate Center at Texas A&M University.

The Changing Face of the Licensee

By Jennifer S. Evans
and Shannon Siebert

Over the past five years, Texas has seen an increase in female, black, Hispanic and older real estate licensees but an overall decline in the total number of licensees. These are the primary trends revealed by data gathered from the Texas Real Estate Commission on the number of Texas real estate licensees in 1999.



The Center also obtained demographic data, such as gender, ethnicity and age. Comparing these numbers to 1994 data, analysis shows that the typical licensee today is an older, white female salesperson who lives in an urban area. In 1994, the typical licensee was a 45-year-old white male salesperson.

The total number of reported licensees in Texas fell by 11.7 percent over the past five years, decreasing from 117,236 in

1994 to 103,506 in 1999. Female licensees in 1999 comprise 51.2 percent of the licensees, an increase of 2.1 percent from 1994. Male licensees decreased by 1.5 percent from 1994 to 1999. Males now comprise 48.8 percent of licensees. Graph 1 indicates the percentage of female and male licensees for 1994 and 1999.

The Real Estate Center also compared sales, brokers and inactive licensees. Graph 1 shows the comparison of total licensee categories in 1994 and 1999.

In 1994, the largest percentage of licensees were involved in sales, comprising 37.9 percent of total licensees. Today, the highest percentage of licensees are again in sales, making up 41 percent, an increase of 3.1 percent from 1994. Brokers comprise 33.1 percent of total licensees, a small decrease from 1994. The percentage of inactive licensees in 1999, 25.9 percent, does not vary much from 1994.

In 1994, females comprised 57.2 percent of licensed salespeople. Males, however, comprised 66.5 percent of total brokers. Female inactive members represented 59.5 percent of total inactive licensees.

In contrast, in 1999, females comprised 59.7 percent of licensees involved as salespersons, a 2.5 percent increase from 1994. Males are once again dominant in the broker category, at 66.6 percent of all brokers. Among inactive members, females in 1999 make up 60.9 percent, an increase of 1.4 percent from 1994.

Real estate licensees have become more diverse over the last five years, although whites continue to make up the majority. When comparing licensees by race, whites currently make up 87.6 percent of the market, a drop of 2.5 percent from 1994. Blacks increased by 1 percent, Hispanics increased

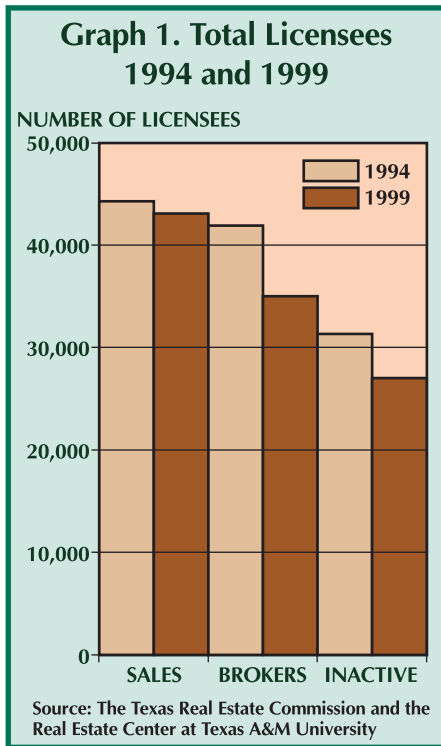


Table 2. Top Ten Counties (by total number of licensees)

Rank	County	Number
1	Harris	21,383
2	Dallas	14,854
3	Travis	7,182
4	Tarrant	6,815
5	Bexar	6,730
6	Collin	3,344
7	Fort Bend	2,323
8	Denton	2,136
9	Ellis	1,835
10	Montgomery	1,665

Source: Real Estate Center at Texas A&M University

Currently, a few Texas counties do not have any licensees, including Borden, Kenedy and King Counties. A small number of Texas counties currently only have one reported licensee. Roberts, Hartley and Hudspeth Counties fall in this group. Table 2 shows the top ten counties, ranked according to the number of reported licensees.

Over the last five years, there has been an increase in the number of older licensees. Those licensees older than age 50 represent 52.8 percent of all licensees today, up 4.6 percent from 1994. Of licensees in 1994 who provided age information, 4.3 percent were younger than 30. Of those licensees who provided age information in 1999, only 4.1 percent were less than 30 years old. In 1999, the largest number of licensees fell in the 50 - 59 age bracket making up 28.7 percent of licensees. Graph 2 shows the age distribution for 1994 and 1999

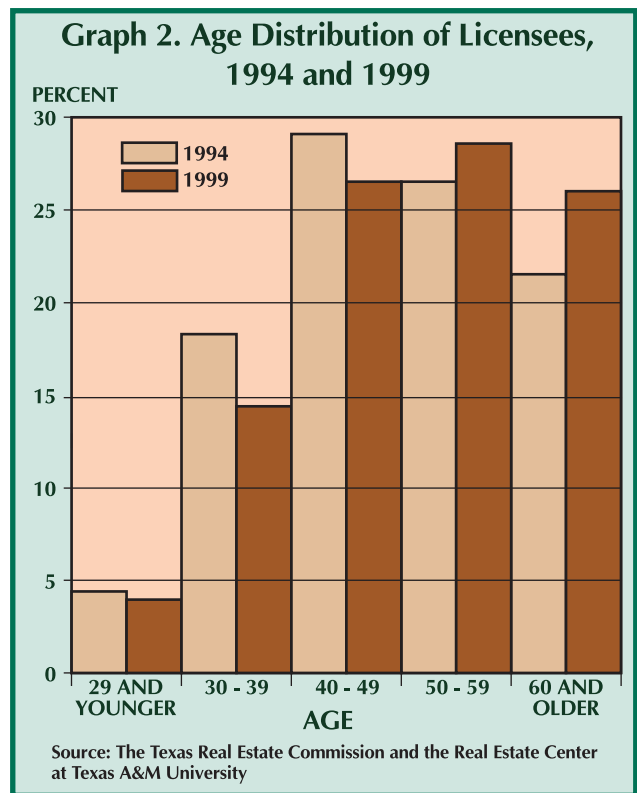


Table 1. Texas Licensee Ethnic Distribution (in percentages)

Year	Black	White	Hispanic	Asian	Other
1994	2.9	90.1	4.6	2.0	0.4
1999	3.9	87.6	5.7	2.3	0.5

Source: The Texas Real Estate Commission and the Real Estate Center at Texas A&M University

by 1.1 percent, and Asians increased by 0.3 percent. Table 1 summarizes the ethnic distribution of licensees.

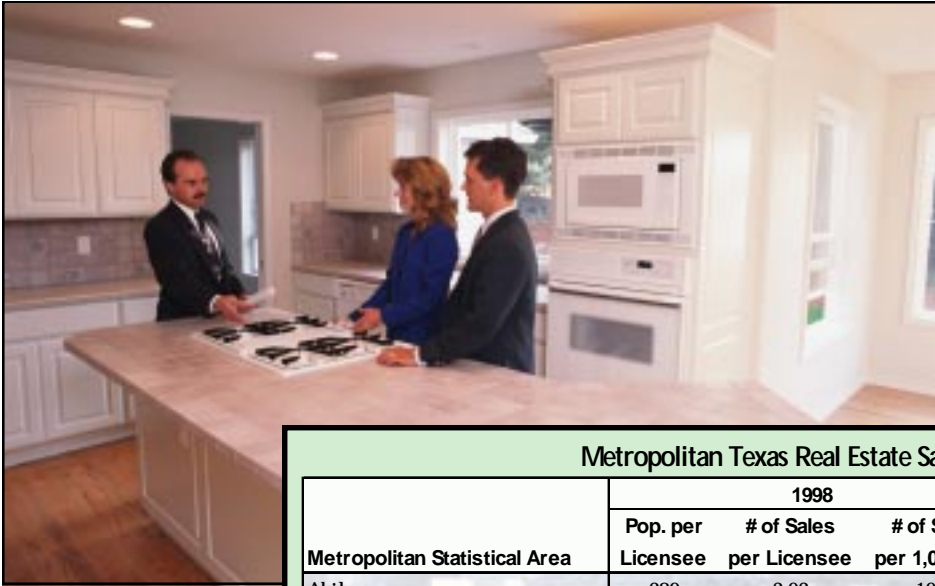
Just three Texas counties have more than 40 percent of the state licensees. The largest number of 1999 licensees are in Harris County. Harris County has 20.6 percent of total Texas licensees; Dallas County has 14.3 percent and Travis County has 7 percent. If Tarrant and Bexar Counties are added, these five counties make up more than 55 percent of all Texas licensees.

1999 for those licensees who reported age information. Overall, the comparison of 1994 data to 1999 data found only slight changes over the five-year period. The greatest change was the 11.7 percent decrease in the number of total licensees in Texas from 1994 to 1999. □

Evans is a research associate and Siebert a graduate research assistant with the Real Estate Center at Texas A&M University.

We Few, We Lucky Urban Few

By Jennifer S. Evans
and Andrew Hendricks



DECLINING LICENSEE NUMBERS, combined with a red-hot market, has led to more sales per Texas licensee.

A decline in real estate licensees combined with a booming urban real estate market has meant a significant increase in the number of sales per licensee and per capita. These findings resulted from an analysis by the Real Estate Center staff who used Texas Real Estate Commission data along with information from the multiple listing services and other Center resources.

The analysis determined that between 1993 and 1998, Texas Metropolitan Statistical Areas (MSAs) lost more than 14,000 licensees, a decline of 16 percent. MSAs are defined as cities of more than 50,000 and their surrounding urban area. For example, the Houston MSA includes Harris, Chambers, Fort Bend, Liberty, Montgomery and Waller counties.

Real estate brokers and salespersons both saw declines in numbers. Brokers declined almost 22 percent, from 42,800

Metropolitan Texas Real Estate Sales, 1993 and 1998

Metropolitan Statistical Area	1998			1993		
	Pop. per Licensee	# of Sales per Licensee	# of Sales per 1,000 Pop.	Pop. per Licensee	# of Sales per Licensee	# of Sales per 1,000 Pop.
Abilene	280	3.02	10.80	210	1.95	8.73
Amarillo	299	3.21	10.71	225	2.44	10.26
Austin-San Marcos**	141	2.02	14.30	122	1.27	10.64
Beaumont-Port Arthur	570	3.63	6.36	511	1.97	4.91
Brazoria County	411	1.77	4.30	282	1.02	3.46
Brownsville-Harlingen-San Benito	462	1.05	2.28	366	1.01	2.50
Bryan-College Station	143	1.55	10.85	237	2.36	9.18
Corpus Christi	257	2.10	8.16	213	1.36	6.72
Dallas***	182	2.89	15.89	158	1.18	8.71
El Paso	385	2.41	6.26	257	2.33	8.54
Fort Worth-Arlington****	288	2.90	10.07	223	1.65	7.83
Galveston-Texas City	244	0.80	3.27	193	0.48	2.28
Houston*****	197	2.96	15.06	145	1.19	8.58
Killeen-Temple	374	3.01	8.04	350	3.54	12.20
Laredo	493	*	*	582	*	*
Longview-Marshall	368	2.31	7.09	404	1.84	5.86
Lubbock	303	3.03	10.02	241	2.31	9.69
McAllen-Edinburg-Mission	869	1.12	1.29	583	1.00	1.61
Odessa-Midland	357	3.58	10.05	234	2.45	9.80
San Angelo	258	2.85	11.05	225	2.33	9.79
San Antonio	248	2.11	8.52	199	1.04	5.34
Sherman-Denison	316	2.50	7.89	236	1.59	6.27
Texarkana	411	*	*	399	2.93	6.98
Tyler	263	2.76	10.46	178	1.56	8.34
Victoria	403	3.31	8.20	296	2.35	7.68
Waco	404	3.50	8.67	296	2.26	7.16
Wichita Falls	378	3.88	10.27	241	2.78	11.17
Totals	345	2.57	8.79	282	1.85	7.47

*Data unavailable

**Total of Austin and San Marcos MLS sales.

***Total of Dallas, Denton, Garland, Irving and Plano MLS sales.

****Total of Arlington, Fort Worth and N.E. Tarrant County MLS sales.

*****Total of Houston, Fort Bend and Montgomery County MLS sales.

Source: Real Estate Center at Texas A&M University

to 33,500. Salespersons declined about 1 percent, from 43,000 in 1993 to 38,500 in 1998.

This decline in licensees, combined with the red-hot market has led to more sales per licensee in the state.

Over the past five years, the number of sales per licensee has grown in metropolitan areas, from 1.85 to 2.57 sales per active licensee, an increase of 39 percent. The smaller metropolitan areas have the largest number of sales per licensee. For example, in 1998, Wichita Falls was at the top, averaging slightly less than four sales per active licensee. Beaumont-Port Arthur and Odessa-Midland were close behind with 3.6 sales. At the other extreme, Galveston-Texas City had the lowest number of sales per active agent with just 0.8 sales.

Another measure of concentration of real estate services is the ratio of population to licensees. In 1998, the Rio Grande Valley had the highest ratio.

McAllen has an average of 869 people for every licensee; Laredo follows with 493 people per licensee. Brownsville has 462 people per licensee. Beaumont-Port Arthur also has a low number of licensees per capita with one per 570 people. The Austin-San Marcos area had the lowest ratio of people per licensee at 141.

In 1993, there were an average of 282 people per licensee in Texas metropolitan areas. By 1998 this number had risen to 345. The trend clearly is toward less concentration of real estate licensees.

Another measure of market activity is the number of homes sold per capita. Specifically, the number of homes sold in a metro area divided by the population. A larger number of sales per capita indicates a high level of turnover of homes in the community. Killeen-Temple, Wichita Falls, Austin-San Marcos, Amarillo and Odessa-Midland had the highest sales per capita for 1993.

By 1998, more larger metro areas had entered the picture. For 1998, Dallas, Houston, Austin-San Marcos, San Angelo and Bryan-College Station were the top five areas in sales per capita. On average, there were 8.8 homes sold per 1,000 population in 1998, up from 7.5 in 1993.

In conclusion, the decline in the number of urban real estate licensees has allowed the number of sales per active licensee to rise. With population growth occurring throughout the state, new homebuyers will continue to enter these urban markets. If the current trend continues, there will be a rising population-to-licensee ratio. Overall, the conditions necessary for agents to succeed in an urban market have improved over the last five years. ☐

Evans is a research associate and Hendricks is a graduate research assistant for the Real Estate Center at Texas A&M University.

REAL ESTATE CENTER

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