
2011 Member Profile Charlotte Regional Report

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Charlotte Regional REALTORS® Association

Prepared by:
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NATIONAL ASSOCIATION OF REALTORS®

The Voice for Real Estate®

2011 Member Profile Charlotte Report

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Introduction

Member Profile

In 2010, REALTOR® members across the country met vastly different market conditions. Some markets saw a boom after the Great Recession; others have continued to be plagued with high unemployment conditions. All markets have been stalled by the tightening of the mortgage market, which has limited potential clients from purchasing a home. Existing home sales declined slightly from 2009 to 2010, to 4.9 million sales from 5.2 million sales. Prices of existing homes remained steady from 2009 to 2010 at \$172,900.

In the winter and spring of 2010, buyers took advantage of favorable conditions provided by the Home Buyer tax credit, record low mortgage rates, and housing affordability at an all-time high. Survey data from the *Profile of Home Buyers and Sellers* show these factors increased the share of first-time buyers from 41 percent of the market in 2008 to 50 percent of the market in 2010. However, after the close of the tax credit deadline of April 2010, home sales slowed throughout the rest of the year.

For commercial real estate, 2010 signaled a leveling-off in previous years' decline. Commercial fundamentalists regained their footing. Demand for space improved and vacancy rates, while still high, began to descend. The combination of a stronger economy and a soft residential housing market made the multifamily sector especially attractive, leading to contracting availability and growing rents.

The combination of spring high demand leveling off and lower prices directly affects REALTOR® income since most real estate agents and brokers are compensated on a commission basis. The median gross income of REALTORS® continued to decline to \$34,100 in 2010 nationally. This is compared to \$28,000 for Charlotte. Residential brokerage specialists reported a median of eight transactions in 2010, which is up slightly from 2008 and 2009; however, the typical sales volume edged down to \$1.1 million. In Charlotte, the median number of transactions was eight and the typical sales volume was \$1.0 million.

REALTOR® member characteristics were largely unchanged from 2009. The typical REALTOR® is an independent contractor affiliated with a firm of 29 agents and brokers catering to local markets. In Charlotte, a typical member is affiliated with a firm of 40 agents and brokers. Members typically have been with their firm for five years and 75 percent of members do not receive benefits at their firm. The typical member in Charlotte has been with their firm for four years and 68 percent do not receive benefits.

The median age of REALTORS® has steadily increased in recent years from 51 years of age in 2007 to 56 in 2011. Similarly, the median age in Charlotte was 54. The majority of members are women with a college education. Experience has also steadily increased in recent years. The typical member has been in the field for 12 years, compared to eight years in 2008, and the trend holds true in Charlotte with the typical member being in the field for 11 years. REALTORS® frequently have had careers in other fields prior to real estate, the most common being in management, business, and financial professions.

REALTORS® are embracing new technologies and marketing strategies that buyers are finding useful in their home search process, including websites, blogs, and social media. In addition to

membership in the NATIONAL ASSOCIATION of REALTORS®, real estate professionals have other ways of distinguishing themselves, including affiliate memberships, professional designations, and certifications. Many REALTORS® took advantage of each of these opportunities. In 2010, representative of market conditions, the certification for Short Sales and Foreclosures grew from 12 percent to 21 percent of the membership. This number compares favorably/contrasts with Charlotte, which saw 23 percent of the membership taking the Short Sales and Foreclosures certification.

Looking forward, 73 percent of REALTORS® are very certain they will remain in the market for two more years, and this trend is reflected in Charlotte as well at 66 percent. Newer members in the business are less certain they will remain in real estate, while more seasoned members are more certain.

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Highlights

Business Characteristics of REALTORS®

- Nationally, fifty-seven percent of REALTORS® were licensed as sales agents, and about eight in 10 members specialize in residential brokerage. In Charlotte, 10 percent of members were licensed as sales agents and about eight in 10 members specialize in residential brokerage.
- The typical REALTOR® has 12 years of experience nationwide, compared with 11 years in Charlotte.
- Three-quarters of all REALTORS® reported daily use of smartphones with wireless email and Internet capability nationwide. This is up from 56 percent in 2009. In Charlotte, the number was reported at 78 percent.
- Nationally, nearly two-thirds of REALTORS® reported having a website for at least five years, one in 10 members reported having a real estate blog, and half of members are using social media. This compares to 59 percent of REALTORS® that reported having a website for at least five years in Charlotte, 14 percent of which also have a real estate blog and just over half of Charlotte regional members are using social media.
- The most commonly found information on websites, among commercial and residential REALTORS®, is the member's own listings.
- Twenty-one percent of REALTORS® have a certification for Short Sales and Foreclosures nationwide, up from 12 percent in 2009. In Charlotte 23 percent of REALTORS® have the certification.
- Nationally, three-quarters of REALTORS® are certain they will remain in the business for two more years. In Charlotte, 66 percent of members are certain they will remain in the business during the next two years.

Business Activity of REALTORS®

- In 2010, the typical agent nationwide had eight transactions —slightly higher than the previous year. In Charlotte agents also had eight transactions typically.
- Commercial specialists also typically had eight transactions in 2010 nationwide, up from 6 in 2009. This number was two in Charlotte.
- For the second year in a row, the difficulty in obtaining mortgage financing was the most cited reason for potential clients being limited nationally. This also held true in Charlotte.
- On a national basis, most REALTORS® worked 40 hours per week in 2010, a trend that has continued for several years. This was also the case in Charlotte where most REALTORS® worked 40 hours per week.
- The typical REALTOR® earned 18 percent of their business from past clients and customers on a national basis. In Charlotte, the typical REALTOR® earned 20 percent of their business from past clients and customers.
- REALTORS® spent a median of \$250 to maintain a website in 2010 nationwide. REALTORS® in Charlotte spent a median of \$350.
- Nationally, members typically brought in three inquiries and 3 percent of their business from their website. Members in Charlotte typically brought in four inquiries and 3 percent of their business from their website.

Income and Expenses of REALTORS®

- On a national basis, percentage split-commission is the prevailing method for REALTOR® compensation, with roughly seven in ten respondents indicating this method of compensation, similar to 2009. In Charlotte, 65 percent of respondents were compensated via this method.
- Nationally the median gross income of REALTORS® was \$34,100 in 2010, down from \$35,700 in 2009. The median gross income for REALTORS® in Charlotte region was \$28,000.
- REALTORS® with 16 years or more experience had a median gross income of \$47,100 compared to REALTORS® with two years or less experience that had a median gross income of \$8,900 nationwide. Comparatively, in Charlotte, REALTORS® with 16 years or more experience had a gross income of \$33,500 and those with two years or less experience had a median gross income of \$6,700.
- The median business expenses fell from \$5,480 in 2009 to \$4,270 in 2010 nationwide. Business expenses added up to \$4,430 in Charlotte in 2010.
- Nationally, the largest single expense category for most REALTORS® was vehicle expenses, which increased from \$1,580 in 2009 to \$1,680 in 2010. In Charlotte the largest single expense category was also vehicle expenses, which was reported as \$01,420 in 2010.

Office and Firm Affiliation of REALTORS®

- Forty-one percent of REALTORS® are affiliated with an independent non-franchised company nationwide. This number was 47 percent in Charlotte.
- On a national level, the typical REALTOR® works at a firm that employs 29 agents and brokers. In Charlotte region, the typical REALTOR® works at a firm that employs 40 agents and brokers.
- Nationally, the median tenure for REALTORS® with their current firm is unchanged at five years. Charlotte's median tenure for REALTORS® was four years.
- More than three-quarters of brokers had some ownership interest in their firm and more than half have sole ownership of their firm nationwide. In Charlotte, just over half of brokers had some ownership interest in their firm and 39 percent had sole ownership.
- Three-quarters of REALTORS® reported receiving no benefits through their firm nationally. In Charlotte, this number was similar, as 68 percent received no benefits through their firm.
- Nationally, eleven percent of REALTORS® worked for a firm that was bought or merged in the past two years. 12 percent worked for a firm that was bought or merged in the past two years in Charlotte.

Demographic Characteristics of REALTORS®

- Nationwide, the typical REALTOR® is a 56 year old white female who attended college and is a homeowner. Similarly the typical REALTOR® is 54 in Charlotte.
- On a national level, fifty-seven percent of all REALTORS® are female, which remains unchanged from 2009. In Charlotte, 60 percent are female.
- Seventy-five percent of REALTORS® said that real estate was their only occupation, and that number jumps to 83 percent among members with 16 or more years of experience, nationwide. In Charlotte the number of REALTORS® reporting real estate as their only occupation is at 78 percent and at 87 percent for those with 16 or more years of experience.
- Nationally, the median gross income of REALTOR® households was \$91,700 in 2010, up from \$89,100 in 2009, which is a nascent reversal of the downward trend observed in previous years. For Charlotte, the median gross income of REALTOR® households is \$91,300 in 2010.

- A substantial majority of REALTORS® - 91 percent - own their primary residence nationwide. 94 percent of REALTORS® own their primary residence in Charlotte.

Methodology

In January 2011, NAR mailed out a question survey to a random sample of 54,758 REALTORS®. An identical questionnaire was also distributed via e-mail to the same members to fill out a Web-based online version if preferred. The Tailored Survey Design Method was used to survey the sample, which includes a pre-postcard mailing, the survey, a follow-up letter and a re-mailing of the survey. Members also received an e-mail letting them know they would be receiving a survey, the survey link via e-mail, and two follow-up reminders. Using this method, a total of 8,303 responses were received, including 6,398 via hard copy mail survey and 1,905 via the Web-based survey. After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 15.3 percent. Charlotte had 280 responses for a response rate of 14 percent.

Survey responses were weighted to be representative of state level NAR membership. Information about compensation, earnings, sales volume and number of transactions is characteristics of calendar year 2010, while all other data are representative of member characteristics in early 2011.

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, REALTOR® information in subgroups based on the license held by members of NAR: a broker, broker-associate or sales agent license. The term “broker” refers to REALTORS® holding a broker or broker associate license unless otherwise noted. In some cases, information is presented by REALTORS® main function within their firm or their real estate specialty regardless of the type of license held.

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 Member Profile publications due to changes in questionnaire design.