
2021 Member Profile Greater Milwaukee Association of REALTORS® Report

Prepared for:
Greater Milwaukee Association of REALTORS®

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2021 Member Profile Greater Milwaukee Report

Introduction

The National Association of REALTORS® has released reports on who members are and the business they are conducting dating back more than five decades. Each year the report is released in varying and unique circumstances. While the report provides timelines of how experiences and transactions have changed, it is also important to remember it is a snapshot of that period of time. This year's *2021 Member Profile* covers a period in which COVID-19 was widespread throughout the United States and world.

This time period was also an incredibly unique time for real estate. As COVID-19 lockdowns emerged in the Spring of 2020, home sales dropped. Quickly real estate was deemed an essential service in nearly every state. The 30-year fixed interest rate for mortgages was just 3.1 percent. The interest rate, coupled with the change in remote work patterns, drove home sales to 14-year highs. However, while buyer demand remained strong, inventory dropped to near 40-year lows. Members embraced technology as a way of doing business during COVID-19 and lived up to their dynamic nature.

In 2020, the rise in new members of the National Association of REALTORS® continued to increase. Membership grew from 1.40 million at the end of 2019 to 1.48 million at the end of 2020. The median years of experience in real estate decreased to eight years from nine in last year's report. Those with two years or less experience increased to 26 percent from 24 percent, while those with 25 years or more experience decreased to 15 percent from 17 percent. Despite the churn and unique real estate market conditions, looking forward, 79 percent of REALTORS® are very certain they will remain in the market for two more years.

Limited inventory continues to plague many housing markets in the U.S. Sixty percent of members who practice as brokerage specialists cited the lack of housing inventory was holding back clients from completing a transaction. Impacted by limited inventory, the typical number of transactions was 10 in 2020, a decrease from the previous year of 12. With the decline in the number of transaction sides, the median sales volume decreased from \$2.3 million to \$2.1 million in 2020.

The median gross income of REALTORS® declined to \$43,300 in 2020 from \$49,700 in 2019. New members entering the field can be noted by the differences in income by experience, function, and hours worked per week. Fifty-nine percent of members who have two years or less experience made less than \$10,000 in 2020 compared to 39 percent of members with more than 16 years of experience who made more than \$100,000 in the same time period. REALTORS® with 16 years or more experience had a median gross income of \$75,000—compared to REALTORS® with 2 years or less experience that had a median gross income of \$8,500.

The typical member was an independent contractor affiliated with an independent company catering to local markets. REALTORS® frequently have had careers in other fields prior to real estate, the most common being in management, business, and financial professions, followed by sales and retail. Only five percent indicated that real estate is their first career. The majority of members were women homeowners with a college education. The share of women in the industry continues to rise and is now at 65 percent—up from 57 percent in 2010. The median age of REALTORS® was 54 in the 2021 survey.

As COVID-19 has shown, technology can bridge the gap when in-person contact was limited and social distancing was essential. While there are older technologies that are embraced on a daily basis such as e-mail, social media, and GPS there are also new emerging technologies such as Photofy and the use of drones. The majority of members have their own website where they promote their own property listings, but many also post information about the buying and selling process to help consumers who may just be in the research part of the process.

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Highlights

Business Characteristics of REALTORS®

- Sixty-eight percent of REALTORS® were licensed sales agents, 20 percent held broker licenses, and 13 percent held broker associate licenses. In Greater Milwaukee, 75 percent of REALTORS® were licensed sales agents, 21 percent held broker licenses, and seven percent held broker associate licenses.
- The typical REALTOR® had eight years of experience, down from nine last year. In Greater Milwaukee, the typical REALTOR® had eight years of experience.
- Fifteen percent of members had at least one personal assistant. In Greater Milwaukee, 14 percent operate with at least one assistant.
- Seventy-nine percent of REALTORS® were very certain they would remain active as a real estate professional for two more years. In Greater Milwaukee, 80 percent of members report they are certain they will remain active for two more years.

Business Activity of REALTORS®

- In 2020, the typical agent had 10 transactions, down from 12 transactions in 2019. In Greater Milwaukee, agents had 14 transactions typically.
- The median sales volume for brokerage specialists decreased to \$2.1 million in 2020 from \$2.3 million in 2019. In Greater Milwaukee, the typical sales volume was \$3.5 million in 2020.
- Lack of inventory was the the most cited reason limiting potential clients from completing transactions, following seven years of difficulty finding the right property being the top factor. In Greater Milwaukee, lack of inventory was also the most cited reason.
- The typical property manager managed 39 properties in 2020, up from 35 properties in 2019. In Greater Milwaukee, the typical property manager managed 80 properties.
- The typical REALTOR® worked 35 hours per week in 2020. In Greater Milwaukee, the typical REALTOR® worked 40 hours per week.
- The typical REALTOR® earned 15 percent of their business from repeat clients and customers and 19 percent through referrals from past clients and customers. In Greater Milwaukee, 19 percent of business came from repeat business and 24 percent through referrals from past clients.

Income and Expenses of REALTORS®

- In 2020, 37 percent of REALTORS® were compensated under a fixed commission split (under 100 percent), followed by 23 percent with a graduated commission split (increases with productivity). In Greater Milwaukee, 34 percent of respondents were compensated under a fixed commission split (under 100%).

- The median gross income of REALTORS® was \$43,330 in 2020, a decrease from \$49,700 in 2019. The median gross income for REALTORS® in Greater Milwaukee was \$52,500.
- REALTORS® with 16 years or more experience had a median gross income of \$75,000—down from \$86,500 in 2019— compared to REALTORS® with two years or less experience that had a median gross income of \$8,500—a slight decrease from \$8,900. In Greater Milwaukee, members with 16 or more years of experience had a median gross income of \$88,900 and those with less than two years had an income of \$9,400.
- The median business expenses were \$5,330, down from \$6,290 in 2019. In Greater Milwaukee, the typical business expenses were \$6,560.
- The largest expense category for most REALTORS® remains vehicle expenses at a median of \$1,200. In Greater Milwaukee, the largest single expense category was also vehicle expenses, which was \$1,250.

Office and Firm Affiliation of REALTORS®

- Fifty-three percent of REALTORS® were affiliated with an independent company. This number was 53 percent of members in Greater Milwaukee.
- Eighty-eight percent of members were independent contractors at their firms. In Greater Milwaukee, that share is 83 percent.
- The median tenure for REALTORS® with their current firm was five years again, an increase from four years last year. The median firm tenure for Greater Milwaukee members was three years.
- Eight percent of REALTORS® worked for a firm that was bought or merged in the past two years. In Greater Milwaukee, this number was four percent.

Technology and REALTORS®

- Fifty-two percent of REALTORS® reported having a website for at least five years, and the typical REALTOR® has had a website for a median of five years. In Greater Milwaukee, 44 percent of REALTORS® reported having a website for at least five years, with a median of four years.
- Seventy-four percent of members were on Facebook and 56 percent on LinkedIn for professional use. In Greater Milwaukee, 78 percent of members are on Facebook and 59 percent on LinkedIn for professional use.
- The most common information found on REALTOR® websites, among all REALTORS®, was the member's own listings and home buying and selling information. The same is true in Greater Milwaukee.

Demographic Characteristics of REALTORS®

- The typical REALTOR® was a 54-year-old white female who attended college and was a homeowner. The typical REALTOR® in Greater Milwaukee was 56 years old and 89 percent attended at least some college.
- Sixty-five percent of all REALTORS® were female, up slightly from 64 percent last year. In Greater Milwaukee, 56 percent of members were female.
- Fifteen percent of REALTORS® had a previous career in management, business, or finance, and 15 percent in sales or retail. Only five percent of REALTORS® reported real estate was their first career. In Greater Milwaukee,

14 percent had a previous career in management, business, or the financial sector, and 13 percent in sales or retail. One percent in Greater Milwaukee reported real estate was their first career.

- Sixty-four percent of REALTORS® said that real estate was their only occupation and was so pre-COVID-19, while 11 percent also had another source of income pre-COVID-19. Sixty-seven percent in Greater Milwaukee reported real estate was their only occupation now and pre-COVID-19, while 13 percent had another source pre-COVID-19.
- The majority of REALTORS®—82 percent—own their primary residence. Eighty-four percent of REALTORS® own their primary residence in Greater Milwaukee.

Methodology

In March 2021, NAR e-mailed a 93-question survey to a random sample of 161,155 REALTORS®. Using this method, a total of 10,643 responses were received. The survey had an adjusted response rate of 6.6 percent. The confidence interval at a 95 percent level of confidence is +/- 0.95 percent based on a population of 1.4 million members. In Greater Milwaukee a random sample of 5,000 members were sent the survey, 412 members took the survey. Greater Milwaukee had a response rate of 8.2 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 2020, while all other data are representative of member characteristics in early 2021.

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.