

Downturn deals blow to agents' wealth, careers

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It's been a painful downturn for real estate agents.

In a trade where you only get paid if a sale closes, you know it's a serious problem when the number of residences sold in California dropped 27 percent from 2006 through last year, according to DataQuick.

A new survey taken for title insurance company Entitle Direct of 290 Southern California agents - and 800-plus nationwide - found deep financial pain for many real estate salespeople.

The survey shows:

- 12 percent have lost their own property to foreclosure during the housing downturn - a roughly 1-in-8 rate that's one-third higher than a comparable national trend.
- 88 percent of local agents polled say they lost money, are making less money or are depending on savings to supplement their income.
- 32 percent of those surveyed say they've experienced a cut in revenue of 50 percent or more.
- 16 percent of local agents had to get a second job.
- 10 percent of agents from



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the region said they were forced to sell their primary residence.

- 12 percent of local agents told pollsters they've been forced to rent housing, vs. 9 percent nationally.

These statistics likely explain why California has 21 percent fewer people holding a real estate license than it did four years ago - that's when the tally peaked at just under 550,000 licensees, state figures show.

Basically, one out of every five license holders at the peak gave up their California real estate licenses, or allowed it to expire.

The number of people

holding a license has fallen from one month to the next for every month but one in the past four years, according to the state Department of Real Estate.

As of October - the latest month for which numbers were reported - California had 435,865 people with a real estate license.

That compared to 549,244 in November 2007, when the number hit an all-time high. That was equivalent to one person with a license to sell real estate for every 24 households in California.

Since then, the number of license holders dropped

62
PERCENT
SHARE OF SOUTHERN CALIFORNIA REAL ESTATE AGENTS WHO THINK THEY SUFFERED GREATER FINANCIAL DAMAGE THAN PEOPLE IN OTHER INDUSTRIES, ACCORDING TO A SURVEY BY ENTITLE DIRECT

by 113,379, or 21 percent. The latest tally still is equivalent to one license holder for every 31 California households.

There's one good reason for the decline: There's half as many people taking the real estate license exam now than were applying to join this trade four years ago.

Just ponder:

- More than 66,000 people took the real estate test in the 2007-08 fiscal year, compared with 30,406 in 2010-11, the fiscal year completed in June. This year's pace of exams is running slightly lower than previous years.

- Hence, there are almost 36,000 fewer people attempting to enter the ranks of real estate agents to replace those who are letting

their licenses expire.

- The number of real estate tests taken peaked at 185,381 in the 2006-06 fiscal year - equivalent to more than 15,000 exams taken every month, or roughly 750 exams every business day.

If the agents polled by Entitle are correct, tough times may continue. As for the local market itself, the survey found:

- 49 percent of agents polled say the real estate market will get worse.

- 67 percent of agents polled think homeowners are selling because they can no longer afford their homes.

- One positive: 66 percent of agents think low mortgage rates are driving the market.

Entitle's Paula DeLaurentis said: "Both personally and professionally, (real estate agents) have had to make significant sacrifices to adapt to the new environment. ... Although the real estate industry continues to struggle, I remain hopeful that a combination of low interest rates and affordable homes will result in the market bottoming out and then turning up again."