

Module 1: Introduction

- What is an Estate Agent?
- Requirements for the job
- History of the Estate Agent
- The Real Estate Industry

Topics covered in this module:

- What is an Estate Agent?
- Requirements for the job
- History of the Estate Agent
- The Real Estate Industry
- What do Estate Agents do (jobs)?
- Careers and the Industry
- Selling and the Estate Agent
- Competitiveness within the industry
- Your Local Market

The videos in this course summarise the information in each module, as well as including additional content, but you will need to read the text to be able to complete any worksheets and final test.

1.1 Introduction

In the United Kingdom, there are no barriers to becoming an estate agent.

While there are several bodies seeking to apply some form of uniformity to the industry, there is no obligation on an estate agent or estate agent company to belong to one of these bodies.

In many ways this is a good thing. A lack of barriers means that a person can begin at a level that suits them and work their way up as they develop skills and build their knowledge of the industry.

By growing into a job, a person is far more likely to develop a career that suits their skills as opposed to qualifying in an area only to find that it doesn't suit them in the least.

1.2 Basic Requirements for the Job

If you are thinking of becoming an estate agent, there are several questions you need to ask yourself before you make a final decision.

Being honest with yourself will save you a lot of time and disappointment. The requirements are more to do with personal aptitudes and skill sets as opposed to qualifications. Because these are skills that can be developed, if you feel that you lack a particular skill, it may just mean that you have to work on that area. A negative response is not a clear signal that the estate agency business is not for you.

For many young people, the property business is seen as a way to make a lot of money quickly. A few lucky people may have made a fortune overnight, but they are the exception, not the rule. As with most things in life, hard, focused work in the property business will pay dividends in the long run. If you have or feel that you can develop the skills required to be a successful estate agent, then patience and hard work will be rewarded.

Bearing in mind that estate agency is very sales orientated, here are the basics that you will need. They are listed in a rough order of importance:

- On a personal level, you need to be confident, personable and reasonably outgoing. While you don't have to be an 'A type' personality, a shrinking violet will not succeed as an estate agent. Many people say that they "like dealing with people" without having any clue about HOW to deal with people.
- You must have, or be prepared to develop, sales skills. In a nutshell, this means that you must learn the arts of negotiation and persuasion. Because property transactions are complicated and lengthy, developing solid negotiating skills is of paramount importance. You will not succeed in the long term if you try devious or quick-sell techniques.
- A large part of being a good negotiator is good communication. Excellent communication skills are an essential part of the successful estate agent's skill set.
- A large part of your income as an estate agent will be the commission you earn on the sales you complete. You have to be deadline and target driven to succeed in the long term.
- Be commercially aware or have the aptitude to learn how commerce, industry, banking and the home loan market function.
- A basic understanding of the property market is a must. Everything you learn as a beginner in this industry relates to the buying and selling of property. You will need to develop your grasp of economics, national legislation and local by-laws, government incentives and housing programmes. This is essential as they will all impact on your understanding of what is driving the property market and what motivates your clients to buy or sell at any given time. This is an area that must be constantly updated throughout your career as an estate agent.
- IT skills are a must. Businesses have been fully computerised for many years. Added to this, the internet now dominates many marketing areas. Virtually all estate agents have sophisticated websites which they constantly have to update as their stock moves. In 2010 somewhere in the region of 85% of properties sold were discovered by the buyers on the internet.
- Successful salespeople have a well-developed sense of customer service. They see their goal more in terms of customer satisfaction as opposed to pushing as many sales as possible. This is a wise approach. A happy client who feels that an estate agent has their interests at heart will be more inclined to voice their opinions during the sales process, making a positive outcome more likely; they will refer other buyers and sellers to the agent and will probably bring repeat business at a later stage. You must have a keen sense of what the customer needs and have the ability to make the client feel relaxed and in control of what is happening during your interactions with them.

- A working knowledge of marketing techniques is vital to the sales process. Whereas, you don't want the client to feel pressured or hoodwinked into buying a property they might not otherwise have bought, there are very clear ways of moving the client towards a buying decision without employing devious techniques.
- While all the above attributes and knowledge are essential, they will not make a sale happen automatically. Estate agents work very hard and patiently with most of their clients. It is a rare thing to have a client who knows exactly what they want and will make an offer on a house after only one viewing. Good, career estate agents have patience, determination and perseverance. They do not allow themselves to become despondent when business is not running as smoothly as they would like it to. They know that a client who feels pressured will probably cause problems and delays further along in the process. They constantly check to ensure that all aspects of the negotiations and sales process are in order and they take pains to ensure that the purchaser and seller are aware of all aspects of the process as they unfold.

While many of these aspects and traits will be learnt or developed once you embark on a career as an estate agent, you have to feel certain that you have the basic acumen to start with. As an estate agent, you are first and foremost a salesperson.

All the attributes that you need to be an estate agent go towards ensuring that, at the end of the day, you sell houses.

FACT

Average salaries - Estate Agents:

Starter: £12,000 to £16,000

Experienced: £20,000 to £35,000

You can also earn commission on sales.

Source: nationalcareersservice.direct.gov.uk

1.3 The History of the Real Estate Industry

Although the real estate industries in the United States and the United Kingdom seem similar at first glance, there are many differences in the legislation and codes of practice that govern them.

The similarities are mainly in the way agents market themselves and their stock and probably in the way some agents tend to describe the houses they are selling in over-optimistic terms! The differences that exist are rooted in how the industry of real estate marketing and management evolved in each country. We will take a brief look at the history of estate agents in the United Kingdom.

The industry gradually developed from the functions performed by estate managers who managed landed property and estates for the owners and saw to it that rents were paid by tenants and that taxes and expenses incurred on the property were paid on time. These people have been known by different titles through the ages. Estate Agent, Bailiff, Factor and Steward are all terms that have been and sometimes are still used to refer to people who manage a portfolio of property owned by one private individual.

The social and economic structures in the United Kingdom began to change during the industrial revolution. Large estates and landed property began to fall away and people who were once tenant farmers and agricultural workers migrated to the cities in pursuit of work. They all needed housing and those houses needed marketing and managing.

A distinction was then required between people who managed estates for the owners and people engaged in the buying, selling and renting of houses. Managers of estates retained the title of "estate agent", the people dealing with the buying, selling and renting of homes became known as "house agents" and people selling land as opposed to managing estates or selling houses were given the title "land agent".

This trend lasted into the 20th century. With the ever increasing urbanisation of the population, the boundaries between the three clearly defined functions probably became less and less clear until they were eventually conflated into one and everyone dealing in property of any sort became known as estate agents.

The business of being an estate agent was originally governed by the English law of Agency, but there is now a batch of legislation governing what the duties and liabilities of estate agents are.

While the Industrial Revolution saw the migration of rural populations to the cities, it also saw the beginning of the adaptation of the banking industry. Not many people have available funds with

which to buy a house, and need to borrow money from a bank or building society. Mortgage loans are not a new phenomenon, having been around since banking was invented.

The word "mortgage" came into the English language in the Middle Ages from Law French, a language used by the English legal system at the time. A literal translation is "death pledge". It referenced a specific mechanism where the property for which the loan was raised became the security for the loan. The death referred to the fact that the pledge to repay the loan would die when the full amount was paid up or, in the case of a default, the amount was recouped from the forfeiture and sale of the property.

Take a Quick Recap Test

[viralQuiz id=200]

1.4 Different Jobs in an Estate Agency

As a business, estate agencies usually cover sales, rentals and property management services.

Smaller businesses may only cover rentals or sales, depending on their focus. The word "property" covers domestic, business, industrial and agricultural property, with business and industrial property falling under the "commercial property" banner. While it is common for the larger estate agencies to have domestic and commercial departments, it is highly unusual to find an agent dealing in both domestic and industrial property at the same time. Although domestic and commercial agents operate in very similar frameworks, it is more usual for agents to specialise because they serve very different markets.

The roles of both domestic and commercial estate agencies can be placed into three broad categories: Sales, Rentals and Property Management. Unless the agency is quite a large operation, it is unlikely that they will have their own property maintenance division. While the focus of rentals and sales are similar, with many interchangeable skill sets, property maintenance is divergent and requires skill sets that are not required anywhere else in the context of an estate agent's operation.

The functions are quite different and usually the personnel required for one are not suited to the other.

The functions of the rental staff are administrative. From time to time, they may require problem solving and diplomacy skills if they are expected to be the liaison between tenants and landlords. They are not required to have marketing and sales skills and their pay structure is often entirely salary based as opposed to salary and commission. The people handling rentals are referred to as Rental Agents to differentiate them from the salespeople.

Having a good working knowledge of how the rental side of an estate agency functions is recommended. In their search for houses to sell, estate agents will come across people with houses to let and people who need to rent houses to live in. They will need to pass these on to the rental agents so that the business can be kept within the agency.

The sales department of an estate agency is where we find estate agents. The agents are the people who actually spend most of their time out and about, or "in the field" as they like to say. The people who handle the administrative side of property sales are not referred to as estate agents.

Estate agents working for an agency will most probably be paid a fairly small basic salary plus commission from the properties they sell. This is a classic sales environment structure where sales targets are set and have to be reached. As a motivating element, it is usual for the agent to be paid a basic salary that will cover quite literally the bare essentials for him or her to be able to get to work. Money for actually living on has to be earned by meeting targets and earning commission.

In some estate agencies you will find a Property Negotiator. They also deal in the sale of houses, but the critical difference between an estate agent and a negotiator is that the estate agent deals in houses that have already been owned. No matter if the house is one or one hundred years old, if ownership has been passed to someone other than the person or company that built it, then an estate agent will handle the marketing and sale of the house.

Negotiators on the other hand, deal with houses that are going onto the market for the first time. Whereas the estate agent is selling houses as they stand, the negotiator works with the new buyer to decide on details like fittings, tiling, painting, paving, flooring, carpeting and drapery. This includes outside areas like patios and gardens and everything that the buyer of the new home requires.

The negotiators work with their buyers for far longer than the estate agent does and is the home owner's point of contact should anything go wrong with the house or its fittings in the first two years of ownership.

The skill sets that a negotiator needs are virtually identical to those of the estate agent and it would not be too great a leap to move from one job to the other or to wear the two hats in one agency.

While the skill sets are the same, the people the negotiator works with are a little more varied. The people who will be selling houses that are coming onto the market for the first time will be property developers or people who have subdivided land they own and have built a dwelling on the subdivision. The negotiator will work with the seller of the property and be the middle man in the dealings between the two parties.

1.5 What do Estate Agents do?

While we are all familiar with estate agent boards and shop window

displays of the properties they have for sale, not many people have a clear idea of what estate agents do with their time.

Let's take a timeline through what would most likely constitute an average day for an estate agent and then we will take a look at what they need to do to stay on top of their game.

An estate agent's day will start between 08:00 and 09:00 like the rest of the business world, but in all likelihood, it will only end well after everyone else has gone home. The day will usually start with a meeting of the staff of the agency. It is a rare opportunity for everyone to get onto the same page.

The secretarial staff will have messages and information to pass on to the agents and the people who deal with the conveyancing and transferal aspects of the business. There will also be information about enquiries from people wishing to either buy or sell property.

If the agency is multi-tiered with domestic, commercial and negotiation departments, then it is likely that a joint meeting of all the branches will take place once or twice a month only. There is not much common ground between these disciplines when it comes to the day to day running of the business.

After the meeting, the estate agent will go to their office or workstation and follow up on any calls that they need to make and make appointments for later in the week or fortnight. They will be making appointments to see houses that are coming onto the market and appointments to show buyers houses they might be interested in. These appointments usually take place after hours when the people are home from work.

Correspondence will be the next thing on the list with the reading and responding to e-mails. If any new stock has been listed, the agent will have to update the company's records. This will include loading relevant details onto the company's website along with any photographs of the property. In larger companies, there will probably be an admin person tasked with keeping the website up to date, so all the details will have to be handed over to them.

An important part of being an estate agent is being well up to date on what is happening in the community and local government circles. They need to know what developments are afoot and what the likely impact will be on the housing market in their area. For instance, there may be major road upgrades in the pipeline that will eventually boost the value of property in the area. However, while the work is being done, property in the vicinity of the work might be difficult to market.

Other factors, such as the closure of a factory in the next town or the planning of a new industrial park in the area, are all vital intelligence. Similarly, if there is something like the opening of a new road that eases access to regional hubs, airports and the like, the estate agent will need to research the development and decide what effect it might have on property prices in their area.

Developments and improvements of any kind will always affect the value and marketability of property to some degree, positively or negatively.

An estate agent with their ear to the ground will probably have several names of people who might be looking to sell or buy houses. In sales parlance, these people are "prospects" and the agent will not waste any time in contacting them to arrange a meeting with them at their earliest convenience. There are two types of prospect in the sales industry: unqualified and qualified.

Unqualified prospects are nothing more than a name and address with unconfirmed details of what the person might need an estate agent's services for. Such a prospect will become qualified or drop off the list.

It is up to the estate agent to qualify the prospect as quickly as possible. To do this, they need to meet with the person and draw as much information as possible from them. The more information they have, the more likely it is that they will be able to help them either find their ideal house or find a buyer for the house they are wanting to sell.

The other half of the equation in the property market is having stock - or houses - to offer to your qualified prospects. Finding homes to sell is also a labour of constant searching. There are many sources through which an agent can find people who are thinking of buying or selling a house, he or she has to be constantly working through sources to find the people as they are ready to put their house on the market.

The average Briton will live in about sixteen homes in their lifetime. This includes rented accommodation like student housing and flats shared with mates when starting out in life.

Once people start to settle, have families and so on, they will probably live in three or four homes which they own.

There are people who want to climb the property ladder by buying homes that need repair. They renovate them, put them on the market and move on to their next project, so they will move every two to three years.

These areas are of greatest interest to our estate agents, but how do they tap into these markets? The short answer: networking.

While a healthy list of qualified prospects and a nice full stock book are oxygen to the estate agent, networking is the pipe that delivers that oxygen. An estate agent without a network is a failure waiting to happen.

Networking is a vital part of any salesperson's life and is something that must be constantly looked after.

There is a distinction between effective networking and random socialising, just as there is between a useful network member and a social contact.

While salespeople are, by definition, gregarious beings, the truly effective sales and marketing people blend their social lives with building a network of contacts that will help them in their mission to build their customer base. It all goes to the bottom line of meeting their sales targets.

The classic picture most people have of what networking is, is people at a cheese and wine party, all happily chatting, sipping wine and swapping contact details. It is not quite that easy. A useful network is a group of people that has your interests at heart, on the unspoken understanding that you have their interests at heart. You will be the first person they think of when your area of expertise comes up.

So where would an estate agent start with building a network?

The best way to start is to think of what people who are planning to sell their home do. Developing friends who own or work at hardware stores, garden centres, paint and interior decorating shops and the like would be a good start. And, okay, the occasional cheese and wine party wouldn't hurt!

As they do with their prospects, estate agents need to qualify their network members. This is

business, so people who are not likely to lead an agent to prospects will just be a friend, not a useful member of a network.

Networks take cultivation, so part of the estate agent's day is spent contacting people in their network. As most of life is a two way street, one should always be on the lookout for leads that will be of interest to members of the network. Contacting people to let them know that you are thinking of them and that you have some useful information for them will keep you at the top of their minds.

1.6 The Competitiveness of Being an Estate Agent

Wherever there is money to be made, there will be a lot of people trying for a slice of it.

The property business is one of those sectors of the economy that has a tremendous amount of capital flowing through it. It is an area where 1% of a purchase price represents a lot of money.

There is a lot of money to be made in all sectors of the property industry, in domestic rentals and sales, commercial and property management, but as with everything in life, when one looks at the achievements of a person or company, one must look at the hard work, planning and sacrifice that went into achieving that success.

One of the hallmarks of the property industry is the level of competition one encounters in virtually every area - particularly when times are good and there is a booming economy

If you decide that being an estate agent is the path you wish to follow, then you must take a long view and plan for there to always be competition. It will come in one of two forms: When times are good, you will face competition from the floods of people looking to make a quick buck. When times are tough and the property market is slow to the point of stagnation, your competition will be from the market conditions and the estate agents who know how to survive tough times.

There is only one way to deal with competition, whether it be from a flood of newbies or difficult market conditions. You have to plan for the long term and ensure that you are the best that you can possibly be in all areas of your job.

Once you have set your mind to learning as much as you can about all aspects of your career. You will need a clear plan of how you are going to grow and improve in each area combined with a clear set of goals with realistic deadlines. With this in place, you will soon realise that the real competition for the commission you need to earn to survive will be coming from the estate agents who have similar goals and structured plans for their careers.

In time you will also see that the people who have been in the industry for a long time are the people who are your major competition. They have built up a wealth of knowledge and will have a network

of contacts that reflects their time in the industry. You will also probably find that most of the people who have stayed in the industry are trusted by their clients who do business with them over and over again.

1.7 Find Out Information About Your Local Markets

Acquiring knowledge about the local market can often seem easier said than done. Here are some solid steps you could take to understand the factors involved.

Focus on employment statistics and trends

If employment is increasing in the area, for example, it will attract more job seekers and generate more interest in property rentals and purchase.

Rising salaries often indicates an upcoming real estate boom due to increased affordability. On the other hand, layoffs and shutting downs of factories and industries could mean demand in the area could reduce drastically.

Also pay attention to the general demographics in your area. Are people moving in or out? Read the local newspapers and visit local councils and government offices for the latest information.

You can consider reading up these links to keep a watch on employment trends in the UK on sites such as Glassdoor and Statista.

Specialise in a Niche Property Market

Houses – or properties in general - can be segmented into price ranges. Most new builders, for example, are constructing luxury-range houses priced at higher ranges. There are much fewer affordable homes available for first time buyers, for example. This could represent a niche market.

A generous supply of houses for the next six months usually indicates a surplus and stable prices. A shortage could signal an increase in price while over-supply could cause a price drop. Read the monthly reports of other realtors in your area and determine if your market is ripe for long term or short term gains.

Alternatively, you could specialise in providing rentals to office workers who may be positioned in the area for one or two years. Find a niche market and specialise in it to become an authority.

Local Affordability

The local market could be an upscale area but if affordability is low, the real estate market will tend to be sluggish.

The three main factors that help determine affordability are:

1. Household income: You can google for local average incomes which again is closely tied to employment
2. House price: House prices may rise or fall according to supply
3. House loan interest rates: Current mortgage and loan interest rates also determine affordability

You can use online rent affordability calculators to help understand local trends.

Summary

If you are determined to succeed in the estate agency industry as an estate agent, you will have to make sure that you have the right personal attributes which are:

- confident, personable and outgoing
- a good negotiator
- have the ability to persuade people to make a commitment
- an excellent communicator
- be deadline and target driven
- be commercially aware and develop your business acumen
- understand what makes the property market work
- have good IT skills
- realise that a stellar career in property marketing is built over time with patience, determination and perseverance.

Once you have started your career in the property market, you might find that you are better suited to the commercial area. There will be nothing preventing you from moving across as experience in one discipline will be relevant in the other.

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