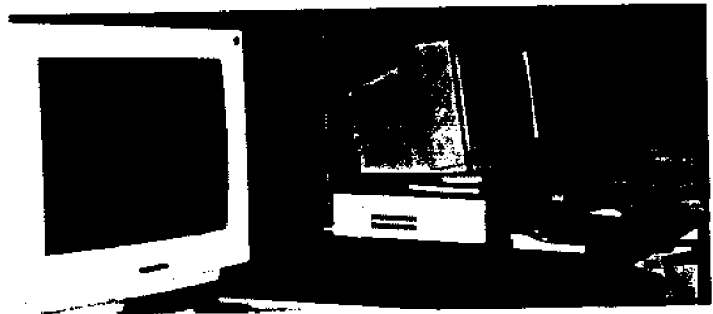
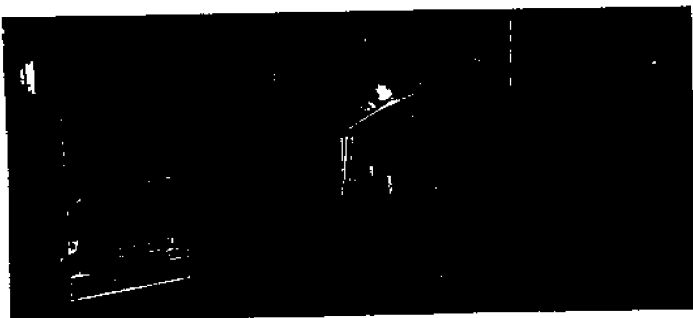


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REAL ESTATE AGENTS INDUSTRY, AUSTRALIA 1992 - 93



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***REAL ESTATE AGENTS INDUSTRY
AUSTRALIA
1992-93***

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Australian Statistician**

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 8663.0

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INQUIRIES

- for further information about statistics in this publication and the availability of related unpublished statistics, contact Dennis Robson, on Melbourne (03) 9615 7634.
- for information about other statistics and services, please refer to the back page of this publication.

INTRODUCTION

The ABS conducted a series of surveys on business services for the 1992-93 financial year. The services comprised legal, accounting, business management, advertising, architecture, market research, surveying, consultant engineering and computer services.

This publication presents statistics for the real estate agents industry.

Information in this publication was collected in a survey of businesses classified to Class 7720, Real Estate Agents, of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC) (see paragraph 4 of the Technical Notes). Class 7720 includes all units mainly engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for others.

This is the second time the ABS has surveyed the real estate agents industry. A survey of the industry was conducted in respect of the 1987-88 financial year, and statistics were released in the publication *Real Estate Agents Industry, Australia, 1987-88* (Catalogue No. 8663.0). This publication contains comparable data from that earlier survey.

In addition to this publication, data from the additional surveys conducted for the 1992-93 financial year will be released in the following publications:

- *Computing Services Industry, Australia, 1992-93* (8669.0)
- *Selected Technical Services, Australia, 1992-93* (8676.0)
- *Selected Business Services, Australia, 1992-93* (8677.0)
- *Legal and Accounting Services, Australia, 1992-93* (8678.0)

These publications contain only a small portion of the information available from the surveys. More detailed information is available from the ABS on request. This includes in-depth statistical analysis in formats tailored to meet the needs of individual clients.

For the 1993-94 reference year the ABS is surveying the film and video production and distribution industries, motion picture exhibition, and television and radio services industries.

The ABS is committed to providing more information on the priority service industries sector of the economy. However, the breadth of activities encompassed in the sector poses the problem of selecting which industries to include. To this end the ABS welcomes comments and suggestions from users recommending industries and data items for inclusion in future surveys. These comments should be addressed to: The Director, Service Industries Surveys, PO Box 10, Belconnen, ACT, 2616.

SECTION 1. AN OVERVIEW

Introduction

The real estate agents industry comprises businesses mainly engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for other people. Statistics relating to this industry were previously collected with respect to the 1987-88 reference year.

Size of the industry

At 30 June 1993, there were 7,265 businesses (management units) in the real estate agents industry employing 51,922 people. These businesses generated \$2,798.7 million from the sales of goods and services, and had an operating profit before tax of \$216 million.

Total industry gross product (IGP) was \$1,435.5 million. This represented 0.7 per cent of IGP for all non-farm industries.

Profitability

The real estate agents industry had an operating profit before tax of \$216 million for 1992-93. This represented an operating profit margin of 7.7 per cent. In comparison, the operating profit margin for all non-farm industries was 5.9 per cent.

For the 1992-93 financial year, almost three quarters of businesses in the real estate agents industry either broke even or made an operating profit before tax.

The size dimension

The real estate agents industry was dominated by small businesses. In particular, 91 per cent of businesses employed fewer than 10 people. These very small businesses accounted for 67 per cent of industry employment, 64 per cent of income from sales of properties, and 53 per cent of income from property management.

The State dimension

Victoria accounts for 26 per cent of Australia's population, yet real estate agents operating in Victoria accounted for only 17 per cent of the industry's gross income. In contrast, the activities of real estate agents operating in Queensland accounted for 22 per cent of the industry's gross income, whereas only 17 per cent of the Australian population resides in Queensland.

Historical comparison

The number of businesses in the real estate agents industry increased by 43 per cent (from 5,091 to 7,265), and industry employment increased by 27 per cent, between 1987-88 and 1992-93. This was significantly higher than the 5 per cent increase in the total private sector employment for all industries in Australia. The increase in employment in the real estate industry was not uniform across all types of employment. Between 1987-88 and 1992-93, the number of working proprietors and partners decreased by 5 per cent, whereas the number of employees increased by 16 per cent.

The biggest change, however, was in the number of staff working solely on commission which almost doubled between June 1988 and June 1993. As a result, the proportion of the industry workforce who were sales staff working solely on commission increased from 13 per cent at the end of June 1988 to 21 per cent at the end of June 1993.

Gross income in the real estate agents industry increased by 31 per cent over the period 1987-88 to 1992-93. This increase was not matched by operating profit before tax, which actually fell by 24 per cent over the same period.

TABLE 1.1 SUMMARY OF OPERATIONS, AUSTRALIA, 1992-93

<i>Item</i>	<i>Unit</i>	<i>1992-93</i>
Businesses at end June 1993	No.	7,265
Employment		
Working proprietors and partners	No.	1,537
Employees	No.	39,408
Staff working solely on commission	No.	10,978
Total	No.	51,922
Income statement		
Sales of goods and services	\$m	2,798.7
<i>Less</i>		
Selected expenses	\$m	1,363.1
Trading profit	\$m	1,435.5
<i>Plus</i>		
Interest income	\$m	7.0
Other non-operating income	\$m	37.1
<i>Less</i>		
Labour costs (a)	\$m	1,061.9
Depreciation	\$m	44.6
Other expenses	\$m	79.7
Earnings before interest and tax	\$m	293.4
<i>Less</i>		
Interest expenses	\$m	77.4
Operating profit before tax	\$m	216.0
Operating profit margin	Per cent	7.7
Industry gross product	\$m	1,435.5

(a) Labour costs excludes payments to sales staff working solely on commission.

More information?

Detailed analyses of the data are available on request, for example:

- income and expenditure by deciles, mean and median values
- regression analysis
- analysis of variance

TABLE 1.2 THE REAL ESTATE INDUSTRY IN 1987-88 AND 1992-93

<i>Item</i>	<i>Unit</i>	<i>1987-88</i>	<i>1992-93</i>	<i>Percentage change</i>
Businesses at end June	No.	5,091	7,265	42.7
Employment				
Working proprietors and partners	No.	1,622	1,537	-5.2
Employees (a)	No.	33,926	39,408	16.2
Staff working solely on commission (b)	No.	5,511	10,978	99.2
Total employment at end June	No.	41,059	51,922	26.5
Gross income	\$m	2,163.1	2,842.8	31.4
Total expenses	\$m	1,880.0	2,626.8	39.7
Operating profit before tax	\$m	283.1	216.0	-23.7

(a) Employees includes working directors of incorporated companies and trusts, employees paid a retainer plus commission and other staff. (b) Staff working solely on commission are not considered to be employees of the business. However, in order to provide information on the complete employment situation in the real estate agents industry, this data item has been included in this table (refer to paragraphs 9 and 10 of the Technical Notes for further information).

CHART 1.1 PERCENTAGE CHANGE IN KEY DATA ITEMS, AUSTRALIA, 1987-88 TO 1992-93



SECTION 2. INCOME AND EXPENDITURE

Sources of income

For the real estate agents industry in 1992-93, income was categorised into two main components, income from sales of property, which accounted for 61 per cent of total income, and income from property management which accounted for 23 per cent of total income.

Sales of real estate comprised sales of property (90 per cent), sales of land (9 per cent), and other sales (1 per cent).

The primary source of income was the sale of residential properties, accounting for 47 per cent of gross income. On the other hand only eight per cent of gross income was derived from the sales of rural, commercial, retail, and industrial properties, etc.

Average income per business

Of the 7,265 businesses in the real estate agents industry, it is estimated that 5,838 derived some portion of their income from the sales of property, and 5,477 derived income from property management. Average income per business from sales of property was \$299,000, while income per business from property management was significantly less (\$121,000).

Although only 713 businesses derived income from conveyancing work, average income per business for conveyancing was \$159,000. In terms of income per business from a single data item, this was second only to sales of residential properties (\$247,000 per business).

CHART 2.1 PROPORTIONS OF INCOME FROM PROPERTY SALES AND MANAGEMENT, AUSTRALIA, 1992-93

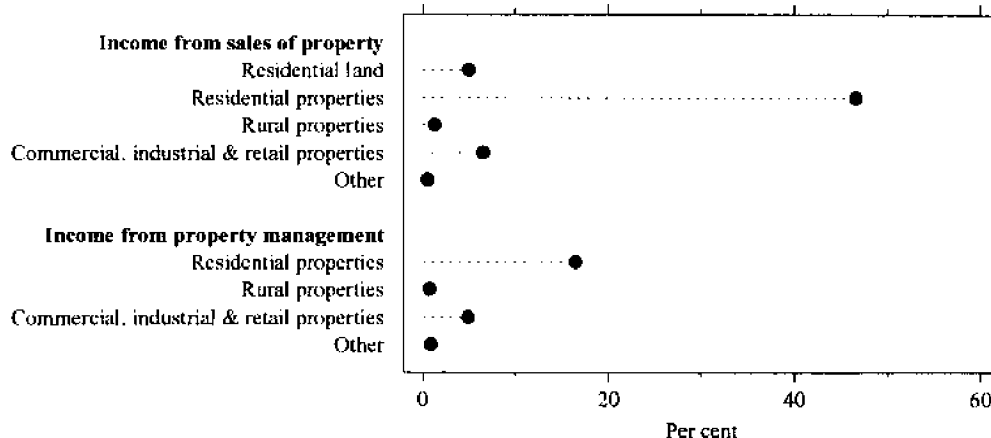


TABLE 2.1 SOURCES OF INCOME, AUSTRALIA, 1992-93

Activity	Businesses at	Value	Percentage of total
	end June		
	No.	\$m	%
Sales of goods and services			
Income from sales of property			
Rural properties	784	37.1	1.3
Residential vacant land	2,405	141.8	5.0
Non-residential vacant land	727	18.5	0.7
Residential properties	5,372	1,324.2	46.6
Commercial and industrial properties	1,728	154.5	5.4
Retail properties	719	30.4	1.1
Other non-residential properties	442	*26.7	0.9
Other	213	12.9	0.5
Total income from sales of property	5,838	1,746.2	61.4
Income from property management			
Rural properties	370	*20.3	0.7
Residential properties	4,916	470.3	16.5
Commercial and industrial properties	1,796	89.3	3.1
Retail properties	689	50.0	1.8
Other non-residential properties	*150	7.4	0.3
Other	371	*26.9	0.9
Total income from property management	5,477	664.2	23.4
Income from property valuations	1,231	153.2	5.4
Income from conveyancing work	713	113.3	4.0
Other operating income	1,895	121.8	4.3
Total sales of goods and services	7,265	2,798.7	98.4
Other sources of income			
Interest income	1,701	7.0	0.2
Other non-operating income (a)	1,038	37.1	1.3
Total other sources of income	2,317	44.1	1.6
Gross income	7,265	2,842.8	100.0

(a) Other non-operating income includes dividends received, income from franchise fees and royalties and other non-operating income.

More information?

Detailed analyses of the data are available on request such as:

- Expense analysis comparing the performance of businesses with and without membership of a Real Estate Institute
- Detailed expense items by employment size groupings
- Wages, salaries, retainers and commissions by employment type

Items of expenditure

The real estate agents industry was labour intensive, with direct labour costs accounting for 40 per cent of total industry expenses. Also, commissions paid to sales staff working solely on commission amounted to a further 12 per cent of expenses. Car allowances paid to staff accounted for a further 3 per cent of total expenses.

Advertising and promotion expenses accounted for 9 per cent of total industry expenses, while rent, leasing and hiring accounted for 7 per cent.

Interest expenses were not a significant cost for real estate agents, accounting for only 3 per cent of total expenses. By way of comparison, interest expenses accounted for 7 per cent of expenses for all non-farm industries in Australia.

Average expenses per business

Average total expenses per business were \$362,000 compared with average gross income per business of \$391,000.

The largest single expense per business was wages, salaries, retainers and commissions. For the 97 per cent of businesses incurring this expense, the average cost of wages, salaries and retainers and commissions per business was \$139,000.

Only 2,689 (37 per cent) of the 7,265 businesses in the real estate agents industry employed sales staff who worked solely on commission. The average commission expense for these businesses was \$112,000.

TABLE 2.2 ITEMS OF EXPENDITURE, AUSTRALIA, 1992-93

<i>Type of expense</i>	<i>Value</i>	<i>Percentage</i>
	\$m	%
Labour costs		
Wages, salaries, retainers and commissions	984.3	37.5
Employer contributions to superannuation costs	69.1	2.6
Workers' compensation costs	8.5	0.3
Total labour costs	1,061.9	40.4
Selected expenses		
Commissions paid to sales staff working solely on commission	301.1	11.5
Advertising and promotion	245.2	9.3
Car allowance paid to staff	79.8	3.0
Rent, leasing and hiring	181.4	6.9
Telecommunication	85.9	3.3
Other expenses	469.7	17.9
Total selected expenses	1,363.1	51.9
Depreciation on buildings and other fixed tangible assets	44.6	1.7
Interest expenses	77.4	2.9
Other expenses	79.7	3.0
Total expenses	2,626.8	100.0

SECTION 3. EMPLOYMENT

Introduction

The 1992-93 survey of real estate agents collected employment information broken down by type of employment, whether those employed worked full-time or part-time, and the sex of persons employed in the industries. The 1987-88 survey included non-employing businesses. For comparative purposes, people working in non-employing businesses (working proprietors and partners, and staff working solely on commission) have been excluded. Employment data for 1987-88 will therefore differ from data previously published by the ABS for that year.

Type of employment

At the end of June 1993, there were 51,922 people working in the real estate agents industry. Males accounted for 53 per cent of total employment. However, there were considerable differences in the proportions of males and females in different types of employment. Working proprietors and partners of unincorporated practices were predominantly male (78 per cent), as were working directors of incorporated companies and trusts (70 per cent), and sales employees (76 per cent). In contrast, 77 per cent of other employees were female.

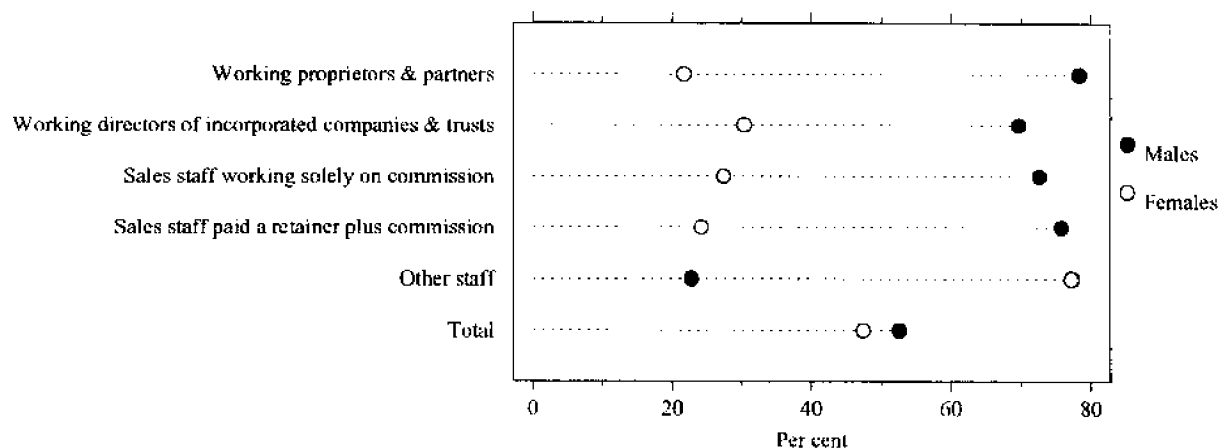
Just under 58 per cent of the sales staff in the real estate agents service industry worked solely on a commission basis. Over 70 per cent of these were male.

Persons working full-time dominated employment in the industry, accounting for 87 per cent of total employment. Ninety-five per cent of males and 77 per cent of females employed in the industry worked full-time. These proportions for full-time employment were the same as in 1987-88.

TABLE 3.1 CHARACTERISTICS OF EMPLOYMENT, AUSTRALIA, END JUNE 1993

Type of Employment	Males			Females			Total		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
(Number)									
Working proprietors and partners	1,141	*62	1,203	288	*46	334	1,429	*108	1,537
Employees									
Working directors of incorporated companies and trusts	6,908	439	7,347	2,201	990	3,191	9,109	1,429	10,538
Sales employees paid a retainer plus commission	5,852	*192	6,044	1,778	*154	1,932	7,631	346	7,977
Other employees	4,253	480	4,734	11,918	4,241	16,159	16,171	4,721	20,893
Total employees	17,013	1,111	18,125	15,897	5,385	21,282	32,911	6,496	39,408
Sales staff working solely on commission	7,751	*217	7,968	2,853	*157	3,010	10,604	374	10,978
Total	25,906	1,390	27,296	19,038	5,588	24,626	44,944	6,978	51,922
Percentage of total	49.9	2.7	52.6	36.7	10.8	47.4	86.6	13.4	100.0

CHART 3.1 PERCENTAGE OF TYPE OF EMPLOYMENT BY SEX, AUSTRALIA, 1992-93



Historical comparison

Between June 1988 and June 1993, total employment in the real estate agents industry increased by 27 per cent from 41,059 to 51,922. The number of females employed in the industry increased by 35 per cent whereas the number of males increased by 19 per cent.

The number of staff working solely on commission almost doubled between June 1988 and June 1993. As a result, the proportion of the industry workforce who were sales staff working solely on commission increased from 14 per cent at the end of June 1988 to 21 per cent at the end of June 1993.

TABLE 3.2 PERCENTAGE CHANGE IN EMPLOYMENT, AUSTRALIA, 1987-88 TO 1992-93

Type of employment (a)	End June 1988	End June 1993	Percentage change
	No.	No.	%
Male			
Full-time	21,737	25,906	19.2
Part-time	1,203	1,390	15.5
Total	22,940	27,296	19.0
Female			
Full-time	14,072	19,038	35.3
Part-time	4,047	5,588	38.1
Total	18,119	24,626	35.9
Total			
Full-time	35,809	44,944	25.5
Part-time	5,250	6,978	32.9
Total	41,059	51,922	26.5

(a) Employment includes staff working solely on commission.

SECTION 4. BUSINESS SIZE

Introduction

Table 4.1 provides key characteristics by business size of the real estate agents industry for 1992-93. The business sizes are defined in terms of the total employment of each individual business. Businesses employing fewer than 20 persons are defined as "small", 20 to 99 persons as "medium", and more than 99 as "large" businesses.

A small business industry

The real estate agents industry was dominated by small businesses with 98 per cent of all businesses in the industry being defined as small. These small real estate businesses accounted for 86 per cent of industry employment, 85 per cent of income from sales of property, and 79 per cent of income from property management.

In particular, 91 per cent of businesses employed fewer than 10 people. These very small businesses accounted for 67 per cent of persons employed in the industry, and accounted for 64 per cent of income from sales of property, and 52 per cent of income from property management.

In contrast, only 10 businesses employed more than 100 people. These large businesses accounted for 4 per cent of industry employment, 3 per cent of income from sales of property, and 6 per cent of income from property management.

TABLE 4.1 KEY CHARACTERISTICS BY BUSINESS SIZE, AUSTRALIA, 1992-93

(Employment size category at end June)

Item	Unit	Small businesses			Total	Medium	Large	All
		0-4	5-9	10-19		businesses	businesses	
Business	No.	4,164	2,352	612	7,128	128	10	7,265
	%	57.3	32.4	8.4	98.1	1.8	0.1	100.0
Employment (a)	No.	15,678	19,122	9,849	44,649	5,413	1,860	51,922
	%	30.2	36.8	19.0	86.0	10.4	3.6	100.0
Income								
from sales of property	\$m	454.6	658.0	378.8	1,491.4	203.5	52.0	1,746.2
	%	26.0	37.7	21.7	85.4	11.7	3.0	100.0
from property management	\$m	137.8	213.4	171.5	522.7	101.8	39.7	664.2
	%	20.7	32.1	25.8	78.7	15.3	6.0	100.0
Operating profit before tax	\$m	78.1	66.0	*47.4	191.5	21.2	3.3	216.0
	%	36.2	30.6	21.9	88.7	9.8	1.5	100.0

(a) Employment includes staff working solely on commission.

SECTION 5. STATE DATA

Introduction

In the 1992-93 real estate agents industry survey, the only data items collected by State were employment, wages and salaries, and selected income. These were the only data items for which multi-State real estate agents businesses were able to accurately supply the data.

State comparisons

Just over one third of all real estate businesses operated in New South Wales at the end of June 1993.

Victoria accounted for only 17 per cent of businesses, 16 per cent of employment and 17 per cent of selected income. This was a small share of selected income relative to the State's share of the Australian population (26 per cent).

Relative significance of Queensland and Western Australia

Twenty-three per cent of real estate businesses had locations in Queensland. These businesses accounted for 25 per cent of total employment and 22 per cent of selected income. By way of comparison, Queensland accounted for 17 per cent of the Australian population.

Western Australia also had a large share of selected income (17 per cent) relative to its share of the Australian population (10 per cent). The relative significance of Queensland and Western Australia was possibly due to the large amount of real estate development being undertaken in these two States.

The relatively few businesses in the other States and Territories (South Australia, Tasmania, Northern Territory, and Australian Capital Territory) accounted for only 12 per cent of selected income.

TABLE 5.1 KEY CHARACTERISTICS BY STATE, 1992-93

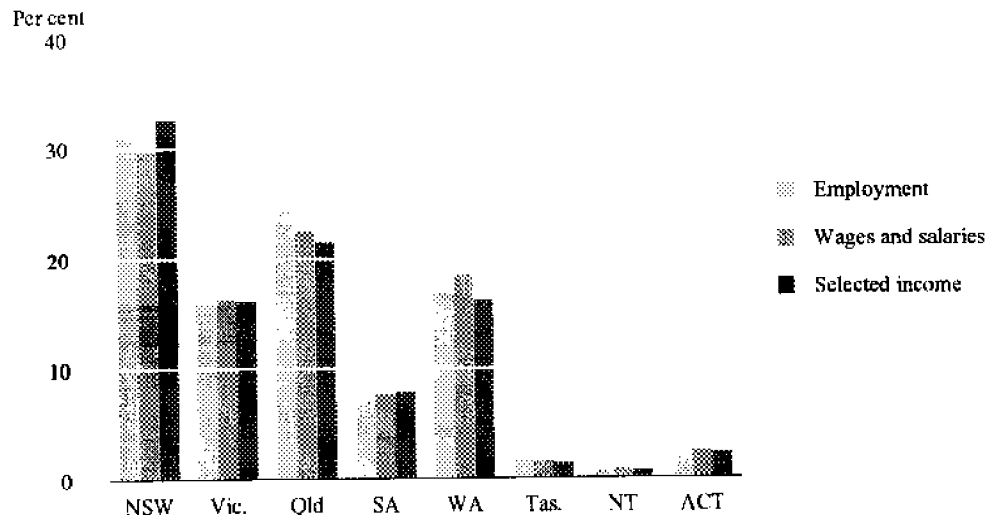
State	Businesses end June 1993 (a)	Employment at end June 1993 (b)	Wages, salaries, commissions, and retainers (c)	Selected income (d)	
				Value	Percentage of total
	No.	No.	\$m	\$m	%
New South Wales	2,638	16,163	381.9	921.9	32.7
Victoria	1,259	8,300	211.3	465.5	16.5
Queensland	1,676	12,741	292.5	617.8	21.9
South Australia	603	3,771	98.4	227.2	8.1
Western Australia	911	8,793	240.7	463.9	16.5
Tasmania	82	772	18.9	37.4	1.3
Northern Territory	22	*281	*10.3	*20.2	0.7
Australian Capital Territory	109	1,100	31.5	65.3	2.3
Australia	7,265	51,922	1,285.5	2,819.3	100.0

(a) Multi-state businesses are counted in each State in which they operate. Hence States do not sum to the total for Australia.

(b) Includes staff paid solely on commission. (c) Includes commissions paid to sales staff working solely on commission.

(d) Selected income is gross income minus interest income, dividends received, and other non-operating income.

CHART 5.1 PERCENTAGE OF SELECTED INCOME, WAGES AND SALARIES AND EMPLOYMENT BY STATE, 1992-93



Key characteristics per business

There were considerable variations between the States with regard to business characteristics. Employment per business ranged from 13 in the Northern Territory to 6 in New South Wales. The Australian average was 7 working persons per business.

Selected income per business was highest in the Northern Territory and the Australian Capital Territory with figures of \$919,900 and \$599,100 respectively, compared with the Australian average of \$388,100.

Wages, salaries, commissions and retainers per working person was highest in the Northern Territory (\$36,400) whilst all other States were close to the Australian average (\$24,800).

TABLE 5.2 KEY CHARACTERISTICS PER BUSINESS AND PER WORKING PERSON BY STATE, 1992-93

State	Per business		Per working person (b)	
	Employment at end June 1993	Selected income (a)	Wages salaries, commissions and retainers	Selected income
	No.	\$'000	\$'000	\$'000
New South Wales	6	349.5	23.6	57.0
Victoria	7	369.8	25.5	56.1
Queensland	8	368.4	23.0	48.5
South Australia	6	376.8	26.1	60.2
Western Australia	10	509.3	27.4	52.8
Tasmania	9	456.4	24.4	48.5
Northern Territory	*13	919.9	36.4	71.9
Australian Capital Territory	10	599.1	28.6	59.4
Australia	7	388.1	24.8	54.3

(a) Selected income is gross income minus interest income, dividends received, and other non-operating income. (b) Includes staff paid solely on commission.

SECTION 6. PERFORMANCE MEASURES

Range of profit/loss

For the 1992-93 financial year, 74 per cent of businesses in the real estate agents industry either broke even or made an operating profit before tax. Of those businesses making a profit, most fell in the \$20,000 to \$99,999 range. Although almost 2,000 businesses (26 per cent) incurred a loss, the industry generated an operating profit before tax of \$246.2 million.

TABLE 6.1 DISTRIBUTION OF BUSINESSES BY RANGE OF OPERATING PROFIT/LOSS, BEFORE TAX, AUSTRALIA, 1992-93

<i>Operating profit/loss before tax</i>	<i>Total number of businesses</i>	<i>Percentage of total</i>
BUSINESSES REPORTING PROFIT		
Greater than \$500,000	*49	0.7
\$100,000 to \$499,999	649	8.9
\$20,000 to \$99,999	2,663	36.7
\$5,000 to \$19,999	1,203	16.6
\$1,000 to \$4,999	418	5.8
Total	4,981	68.6
BUSINESSES BREAKING EVEN		
	369	5.1
BUSINESSES REPORTING LOSSES		
\$1,000 to \$4,999	312	4.3
\$5,000 to \$19,999	678	9.3
\$20,000 to \$99,999	724	10.0
\$100,000 to \$499,999	192	2.6
Greater than \$500,000	*10	0.1
Total	1,916	26.4

Operating profit before tax per person employed

In 1992-93, operating profit before tax per person employed in the real estate agents industry was \$4,200. This ratio was considerably lower than for all non-farm industries where operating profit before tax per person employed was \$12,800 over the same period.

TABLE 6.2 SELECTED PERFORMANCE RATIOS, AUSTRALIA, 1992-93

<i>Ratio</i>	<i>Unit</i>	<i>Small businesses</i>	<i>Other businesses</i>	<i>All businesses</i>
Employment ratios:				
Gross income per person employed (a)	\$'000	51.7	72.7	54.8
Labour costs per employee	\$'000	24.9	37.5	26.9
Operating profit before tax per person employed(a)	\$'000	4.3	3.6	4.2
Financial ratios				
Operating profit margin	Per cent	8.3	4.9	7.7
Interest coverage	Times	3.9	3.3	3.8

(a) Including staff paid solely on commission.

Labour costs per employee

Labour costs per employee were \$26,900. These costs were much lower for small businesses (\$24,900) than for other businesses (\$37,500). Only 3 per cent of total employment was sole proprietors and working partners (who would be included in the small business category) for which no labour costs are recorded. Because the proportion of sole proprietors and partners was so small, it is unlikely to significantly affect the comparisons between business sizes.

Gross income per person employed

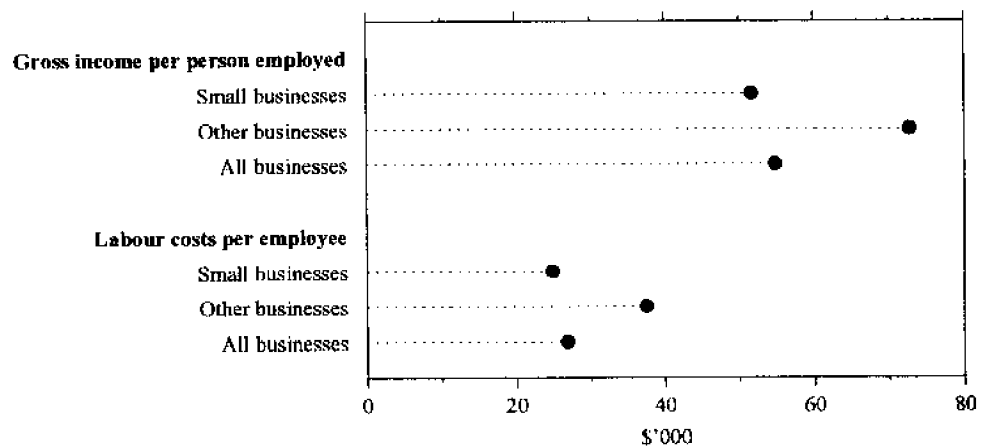
Gross income per person employed was 41 per cent higher for other businesses (\$72,700) than for small businesses (\$51,700). Because the real estate industry was dominated by small businesses, gross income per person employed for all businesses was only marginally lower than for small businesses. The influence of other sized businesses on the performance ratios was small.

Financial ratios

The operating profit margin for the real estate agents industry (7.7 per cent) was higher than the profit margin (5.9 per cent) reported by all non-farm industries during 1992-93. Using operating profit margin as the measure, small businesses (8.3 per cent) were significantly more profitable in 1992-93 than other businesses (4.9 per cent).

The financial stability of the real estate agents industry is shown in its interest coverage ratio (3.8 times). By way of comparison, all non-farm industries had an interest coverage of only 2.2 times.

CHART 6.1 SELECTED PERFORMANCE RATIOS BY BUSINESS SIZE, AUSTRALIA, 1992-93



SECTION 7. OTHER BUSINESS CHARACTERISTICS

Type of business affiliation

Most businesses (64 per cent) were not affiliated in any way. Of the 36 per cent of businesses that were affiliated, franchising was more than twice as popular than marketing groups.

TABLE 7.1 NUMBER OF BUSINESSES BY BUSINESS AFFILIATION, AUSTRALIA, END JUNE 1993

Type of business affiliation	Businesses		Percentage of total	
	No.		No.	%
Franchise	1,823		25.1	
Marketing group	805		11.1	
Total number of affiliated businesses	2,628		36.2	
Not affiliated	4,636		63.8	
Total number of businesses	7,265		100.0	

Real Estate Institute membership

Of the 7,265 real estate agents businesses in Australia, almost 70 per cent were members of a Real Estate Institute (REI). A REI is an industry association for real estate businesses: membership is not compulsory. Some types of businesses classified to ANZSIC class 7720 (e.g. valuers and conveyancers) are not eligible for membership of the REI.

Tasmania and the Northern Territory had the highest membership rates (both were 100 per cent) and Western Australia the lowest (59 per cent).

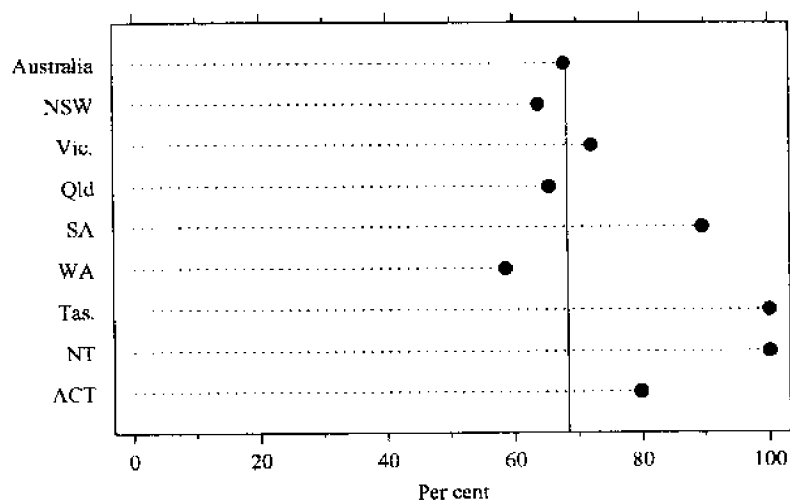
Just over one third of REI members were from New South Wales, and almost one quarter were from Queensland.

TABLE 7.2 NUMBER OF BUSINESSES BY MEMBERSHIP OF A REAL ESTATE INSTITUTE BY STATE, END JUNE 1993

State	Total number of businesses (a)	Members of a Real Estate Institute	
		Number of businesses	Percentage of total
	No.	No.	%
New South Wales	2,638	1,686	63.9
Victoria	1,259	909	72.2
Queensland	1,676	1,097	65.5
South Australia	603	540	89.6
Western Australia	911	535	58.7
Tasmania	82	82	100.0
Northern Territory	22	22	100.0
Australian Capital Territory	109	87	79.8
Australia	7,265	4,937	68.0

(a) Businesses are counted in each State in which they operate. Hence States do not sum to the total for Australia.

CHART 7.1 PERCENTAGE OF BUSINESSES WITH REAL ESTATE INSTITUTE MEMBERSHIP BY STATE, END JUNE 1993



Use of computer technology

Of the 7,265 real estate businesses in Australia, 71 per cent used computer technology and specialised computer software for a range of functions.

The major use of computer technology was in relation to property management. Almost half of businesses in this industry used computers for property management trust accounting, and 43 per cent for other property management record keeping purposes.

There were 5,477 real estate businesses which derived income from property management. Of these businesses, 3,534 (65 per cent) used computer technology for property management trust accounting and record keeping.

TABLE 7.3 USE OF COMPUTER TECHNOLOGY, AUSTRALIA, END JUNE 1993

Types of use of computer technology	Businesses (a)	Percentage of total
	No.	%
General financial accounting	2,686	37.0
Sales trust accounting	2,620	36.1
Property management trust accounting	3,534	48.6
Other property management record keeping	3,100	42.7
Buyer and seller matching (including Multilist)	1,152	15.9
Other	2,662	33.6
Total number of businesses using technology	5,189	71.4
Total number of businesses	7,265	

(a) Businesses are counted each time they use a particular type of technology and hence may be counted more than once. The total number of businesses using technology, therefore, is not the sum of the components.

More information?

Statistics are available comparing the performance of businesses with different business affiliations

EXPLANATORY NOTES

- Survey scope and methodology**
- 1 This publication contains data derived from a survey of the real estate agents industry for 1992-93.
 - 2 The survey excluded businesses which did not have employees at the time the survey population was selected. Non-employing businesses contribute a relatively small proportion of the total economic activity and their exclusion from the survey would not have had a significant impact on the published data.
 - 3 The survey was conducted by mail with full enumeration of the larger businesses and a sample of the smaller businesses.
- Classification by industry**
- 4 The survey was of the real estate agents industry Class 7720 of the 1993 edition of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Class 7720 includes all units mainly engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for others.
- Statistical unit**
- 5 The unit for which statistics were reported in the survey was the *management unit*. The management unit is the highest-level accounting unit within a business, having regard for industry homogeneity, for which accounts are maintained. In nearly all cases it coincides with the legal entity owning the business (i.e. company, partnership trust, sole operator, etc). In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'. A division or line of business is recognised where separate and comprehensive accounts are compiled for it.
- State data**
- 6 Data were collected from the Australia-wide operations of each business. Businesses which operated in more than one State were asked to provide a dissection of total operating income, employment, and wages, salaries and commissions to enable State statistics to be compiled.
- Reference period**
- 7 Data contained in the tables of this publication relate to all businesses which operated in Australia at any time during the year ended 30 June 1993. Counts of businesses include only those businesses that were operating at 30 June 1993.
- Businesses ceased during the year**
- 8 A very small number of businesses ceased business during the 1992-93 reference period. It is normal ABS procedure to include the contributions of these businesses in the survey output.
- Employment**
- 9 Normally employment comprises working proprietors and partners, working directors of incorporated businesses and other employees paid a wage, or retainer and commission. Staff working solely on commission are not considered to be employees of the business. However, because a significant proportion (21 per cent) of persons working in the real estate industry were working solely on commission, it was necessary to include them in total employment in order to provide information on the complete employment situation.

10 Commissions paid to staff working solely on commission are not included with labour costs but are included with selected expenses. However, where a table in this publication includes staff working solely on commission in total employment, commissions paid to those staff working solely on commission have been aggregated with wages, salaries, retainers and commissions paid to staff who are paid both a retainer and commission.

Comparability with previous statistics

11 Due to differences in scope, coverage, and data definitions, statistics presented in this publication are not directly comparable with statistics from the 1987-88 survey of the real estate agents services industry.

Units definitions

12 The standard units definitions employed in the system of integrated economic statistics were revised in 1988-89. Prior to this period, the enterprise (i.e. the legal entity) was the statistical unit for which data was collected. However, for the majority of businesses (particularly smaller businesses), the management unit and enterprise are expected to be one and the same.

Non-employing units

13 The 1987-88 real estate agents industry survey included non-employing units, whereas these were excluded from the 1992-93 survey. (Refer to paragraph 2 for information regarding the treatment of non-employing businesses in the 1992-93 survey). To enable comparisons, the contribution of non-employing units have been excluded from 1987-88 data presented in this publication.

Industry classification

14 The 1987-88 real estate agents industry survey used the 1983 Australian Standard Industrial Classification (ASIC) to classify units. The 1992-93 survey used the 1993 ANZSIC to classify units. The ANZSIC class 7720, Real Estate Agents, was previously included in ASIC class 6310, Real Estate Agents, and part of class 4751, Wool Selling Brokers; Stock and Station Agents. The activities that were previously included in ASIC class 4751 were for services related to agricultural and pastoral properties. As income from the sale and property management of rural properties accounts for only two per cent of income, the compatibility of ANZSIC class 7720 and ASIC class 6310 is not significantly affected by the change in classification implemented between the 1987-88 and 1992-93 surveys.

Data item definitions

15 Changes to data item definitions occurred between the 1987-88 and 1992-93 collections. This was the result of different questions (often at a finer level of detail) being asked on the questionnaire for each survey.

Reliability of estimates

16 The estimates presented in this publication are subject to both sampling and non-sampling error.

Sampling errors

17 Since the estimates in this publication are based on information obtained from a sample drawn from units in the surveyed population, the estimates are subject to sampling variability, i.e. they may differ from figures that would have been obtained if all units had been included in the survey. One measure of the likely difference is given by the standard error, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

18 There are about two chances in three that a sample estimate will differ by less than one standard error from the figure that would have been obtained if all units had been included in the survey, and approximately nineteen chances in twenty that the difference will be less than two standard errors.

19 *Sampling variability* can be measured by the relative standard error (RSE) which is obtained by expressing the standard error as a percentage of the estimate to which it refers. The RSE is a useful measure in that it provides an immediate indication of the percentage errors likely to have occurred due to sampling, and thus avoids the need to refer also to the size of the estimate.

20 The following table contains estimates of RSEs for a selection of statistics presented in this publication.

TABLE 8.1 RELATIVE STANDARD ERRORS FOR SUMMARY OF OPERATIONS, AUSTRALIA, 1992-93

<i>Item</i>	<i>Relative standard error</i>
	%
Businesses at end June 1993	3
Employment	
Working principals and working partners of unincorporated practices	11
Employees	3
Commission staff	7
Total	3
Income statement	
Sales of goods and services	3
<i>Less</i>	
Purchases and selected expenses	4
Trading profit	4
<i>Plus</i>	
Interest income	12
Other non-operating income	9
<i>Less</i>	
Labour costs	3
Depreciation	8
Other expenses	7
Earnings before interest and tax	8
<i>Less</i>	
Interest expenses	7
Operating profit before tax	11
Operating profit margin	10
Industry gross product	4

21 As an example of the above, an estimate of the employment for the real estate industry is 51,922 persons and the RSE is 3 per cent giving a standard error of 1,558 persons. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure within the range of 50,364 persons to 53,480 persons would have been obtained, and nineteen chances in twenty that the figure would have been within the range of 48,806 persons to 55,038 persons (a confidence interval of 95 per cent).

22 Where the RSE of an estimate included in this publication exceeds 25 per cent, it has been annotated with an asterisk (*) as a warning to users.

Non-sampling error

23 Errors other than those due to sampling may occur because of deficiencies in the register of units from which the sample was selected, non-response, and imperfections in reporting by respondents. Inaccuracies of this kind are referred to as non-sampling error and they may occur in any collection, whether it be a census or a sample. Every effort has been made to reduce non-sampling error to a minimum by careful design and testing of questionnaires, efficient operating procedures and systems used to compile the statistics.

Availability of unpublished statistics

24 As well as statistics included in this publication, the ABS has a large range of more detailed data on the real estate services industry. For example, more detailed income and expense data may be made available on request.

25 Inquiries on real estate agents statistics should be made by telephoning Dennis Robson on (03) 9615 7634.

Other publications in this series

26 The 1992-93 series of surveys included several other property and business services industries. Statistics will be released in four separate publications:

- *Computing Services Industry, Australia, 1992-93* (Catalogue No. 8669.0). This publication includes four industries providing computer services: data processing, information storage and retrieval, computer maintenance, and computer consultancy.
- *Selected Technical Services, Australia, 1992-93* (Catalogue No. 8676.0). This publication includes the architectural, surveying, and consultant engineering services industries;
- *Selected Business Services, Australia, 1992-93* (Catalogue No. 8677.0). This publication includes the advertising, market research, and business management services industries; and
- *Legal and Accounting Services, Australia, 1992-93* (Catalogue No. 8678.0).

Symbols and other abbreviations

—	nil or rounded to zero
..	not applicable
n.a.	not available
n.p.	not available for separate publication, but included in totals where applicable
*	subject to sampling variability too high for practical purposes (i.e. relative standard error greater than 25 per cent)

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASIC	Australian Standard Industrial Classification

GLOSSARY OF TERMS

Affiliations	Business affiliations are arrangements such as franchises or marketing groups, between businesses where one business pays another for the eligibility to use a business name and logo, and for services such as advertising arrangements, group training schemes and group referral systems.
Businesses at end June	Count of management units operating at the end of June. A management unit is the highest-level accounting unit within a business, having regard to industry homogeneity, for which accounts are maintained. (Refer to paragraph 4 of Technical Notes for further information regarding management units).
Earnings before interest and tax (EBIT)	A measure of profit prior to the deduction of interest expense and income tax.
Employee	Includes working proprietors, working partners, working directors, sales staff paid a retainer plus commission and other employees working for a business during the last pay period in June each year. Sales staff working solely on commission are excluded.
Employment at the end of June	Includes working proprietors, working partners, working directors, sales staff working solely on commission and persons paid a retainer plus commission and other employees working for a business during the last pay period in June each year. Employees absent on paid or prepaid leave are included.
Franchises	A franchise is a business arrangement where a franchisee pays an on-going franchise fee (usually a percentage of their gross income) to the franchisor. In addition to providing the right to use a name, logo, etc, the franchisor provides on-going services (e.g. group advertising arrangement, group training schemes and referral systems).
Full-time employees	Employees who work 35 hours per week or more.
Gross income	Sum of all income items. Includes income from the provision of real estate services, other operating income, interest income and other non-operating income.
Gross income per person employed	Employed persons includes working proprietors and partners, working directors, persons working solely on commission, persons paid a retainer plus commission, and other staff (e.g. office staff).
Industry gross product	Is a measure of the unduplicated gross product of a businesses derived a follows: $\text{IGP} = \text{Sales of goods and services} \\ - \text{Selected expenses}$
Interest coverage	The number of times over that businesses can meet their interest expenses from their earnings before interest, i.e. EBIT/interest expenses.

Labour costs	Includes wages, salaries, retainers and commissions paid to working director, sales and other staff, employer contribution to superannuation funds and workers' compensation costs. Excludes payments to staff working solely on commission.
Marketing group	A marketing group differs from a franchise arrangement in that members do not pay a fee to the franchisor. Their arrangement is a co-operative one designed to provide members with such benefits as cheaper advertising rates, group referral arrangements, common identity and training schemes. Members all contribute to a central secretariat which administers the group.
Membership of a Real Estate Institute (REI)	The Real Estate Institute of Australia is a national body with several State affiliates. Membership of a REI is not compulsory. Some types of businesses (e.g. valuers and conveyancers) are not eligible for membership.
Operating profit before tax	A measure of profit before extraordinary items are brought to account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
Operating profit before tax per person employed	Employed persons includes working proprietors and partners, working directors, persons working solely on commission, persons paid a retainer plus commission, and other staff (e.g. office staff).
Operating profit margin	The percentage of sales of goods and services available as operating profit, i.e. (operating profit before tax x 100)/sales of goods and services.
Other income from property management	Includes income from strata management, body corporate management and provision of building services.
Other income from sales of property	Includes income from clearing sales and sales of furniture.
Other non-operating income	Includes dividends received and income from net profit (loss) on sale of fixed tangible assets, net profit (loss) on foreign loans as a result of variations in foreign exchange rates/transactions. Does not include extraordinary profit (loss).
Other operating expenses	Includes expenses such as repairs and maintenance expenses, office supplies and printing costs, travelling expenses, telephone and postal charges and other business expenses.
Other operating income	Includes income from government subsidies, rent, leasing and hiring income not included elsewhere, consultancy fees, commissions received on sale of insurance, income from sales of livestock and other goods and auctioneering fees.
Part-time employees	Employees who work less than 35 hours per week.
Persons employed at 30 June 1993	Includes working proprietors and working partners of unincorporated businesses, working directors of incorporated companies and trusts, sales staff working solely on commission and those paid a retainer plus a commission, and other employees working for a business during the last pay period ending in June 1993.

Purchases and selected expenses	Includes purchases of goods for resale, motor vehicle running expenses, rent, leasing and hiring expenses.
Rent, leasing and hiring expenses	Includes operating fleet expenses (e.g. fleet leasing), all expenses paid/payable to landlords and rent paid for premises.
Return on assets	Operating profit before tax as a percentage of the total value of assets, i.e. operating profit before tax/total assets. This ratio indicates the efficiency with which assets are employed to generate profits.
Sales of goods and services	Includes income from sales of property and property management, income from property valuations, conveyancing work and other operating income.
Selected expenses	Includes rent, leasing and hiring expenses, other business expenses, car allowances paid to staff, advertising and promotional expenses, telecommunications expenses and payments to persons working solely on commission.
Selected income	Selected income is gross income minus interest income, dividends received and other non-operating income.
Selected labour costs per employee	Selected labour costs includes wages, salaries, retainers and commissions paid to working directors, persons working solely on commission, and other staff (e.g. office staff); employer contributions to superannuation funds, and workers' compensation costs. Employees includes working directors, persons paid a retainer plus commission, and other staff (e.g. office staff). Excludes working proprietors and partners, and staff working solely on commission.
Small businesses	Are those businesses with employment of less than 20 persons.
Staff working solely on commission	Staff working solely on commission are not considered to be employees of the business. Commissions paid to these staff are not included in wages and salaries, but are included with selected expenses.
Total expenses	Sum of expense items.
Trading profit	A measure of profit directly attributable to trading in goods and services. It is derived by subtracting the purchases and selected expenses from the value of sales of goods and services.
Wages, salaries, retainers and commissions	Are gross earnings of all employees before taxation and other deductions. Drawings of working proprietors and working partners of unincorporated businesses are excluded.



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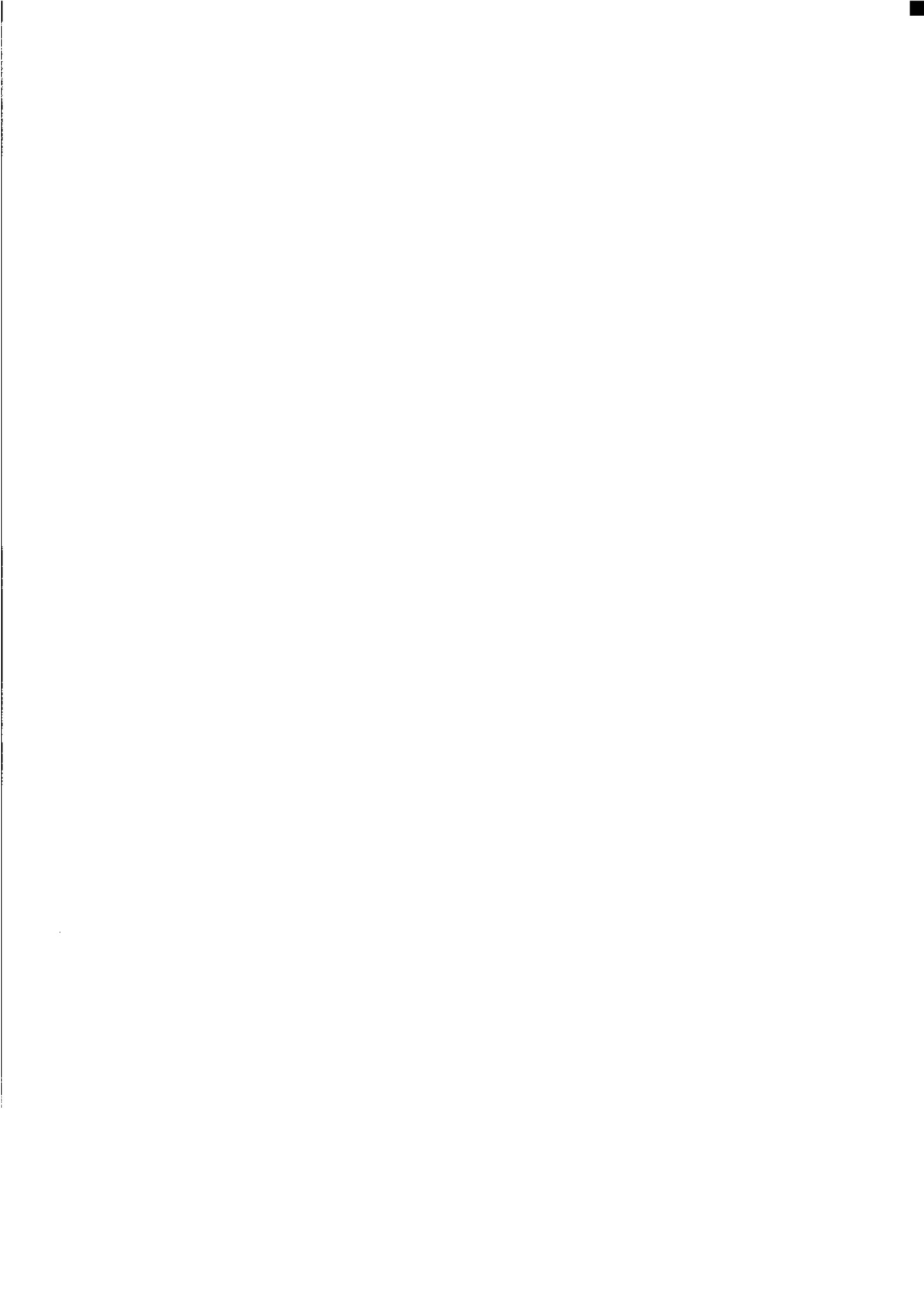
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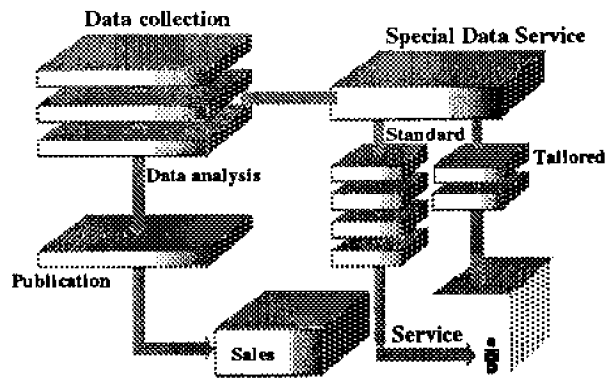


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- For further information on unpublished statistics that can be made available, contact Dennis Robson, on Melbourne (03) 9615 7634.

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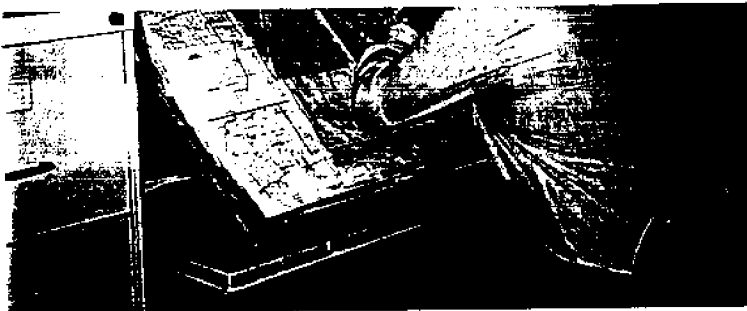
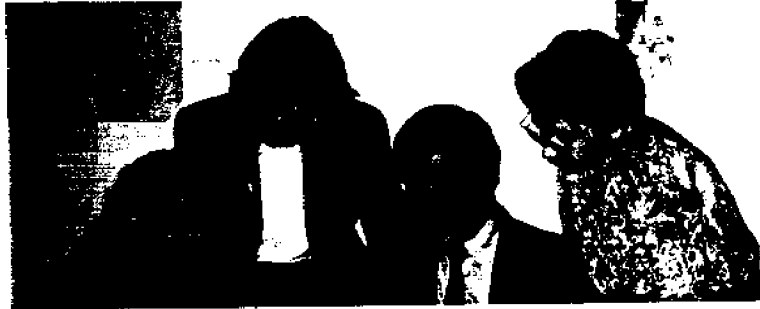
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