



# **REAL ESTATE SERVICES INDUSTRY**

AUSTRALIA

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## **C O N T E N T S**

	<i>page</i>
Notes .....	2
Summary of findings .....	3
TABLES	
<b>1</b> Key figures .....	5
<b>2</b> Characteristics of real estate agency businesses .....	5
<b>3</b> Sources of income. ....	7
<b>4</b> Items of expenditure .....	9
<b>5</b> Characteristics of employment .....	10
<b>6</b> Main occupations of persons employed .....	10
<b>7</b> State and Territory comparisons .....	11
<b>8</b> Business size .....	13
<b>9</b> Selected performance ratios. ....	13
<b>10</b> Technology usage .....	14
<b>11</b> Employment of government valuer general organisations .....	15
<b>12</b> Income and expenditure of government valuer general organisations. ....	15
ADDITIONAL INFORMATION	
Explanatory Notes .....	16
Glossary. ....	19

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## NOTES

### INTRODUCTION

This publication presents results, in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of businesses in the real estate services industry. It is the fourth ABS survey of the industry with previous surveys being conducted in respect of 1995–96, 1992–93 and 1987–88.

This publication is one of a series to be issued in respect of 1998–99 for a range of property and business services industries. Other publications in this series, are:

*Cleaning Services Industry, Australia, 1998–99* (Cat. no. 8672.0)  
*Computing Services Industry, Australia, 1998–99* (Cat. no. 8669.0)  
*Employment Services, Australia, 1998–99* (Cat. no. 8558.0)  
*Legal Services Industry, Australia, 1998–99* (Cat. no. 8667.0)  
*Market Research Services, Australia, 1998–99* (Cat. no. 8556.0)  
*Security Services, Australia, 1998–99* (Cat. no. 8557.0)

### COMMENTS ON THIS PUBLICATION

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, Australian Bureau of Statistics, PO Box 10 Belconnen, ACT, 2616.

### SYMBOLS AND OTHER USAGES

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
n.a.	not available
n.p.	not available for publication but included in totals where applicable
*	relative standard error greater than 25%—subject to sampling variability too high for most practical purposes
. .	not applicable
—	nil or rounded to zero (including null cells)

### ROUNDING

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

W. McLennan  
Australian Statistician

## SUMMARY OF FINDINGS

### INTRODUCTION

This publication presents results, in respect of the 1998–99 financial year, from an Australian Bureau of Statistics (ABS) survey of businesses and organisations in the real estate services industry. Businesses and organisations in this industry are classified to Class 7720 (Real Estate Agents) of the Australian and New Zealand Standard Industrial Classification (ANZSIC) which includes businesses and organisations mainly engaged in valuing, selling (by auction or private treaty), managing or renting real estate for other people.

Tables 1–10 of this publication contain statistics on private sector real estate agents, valuing and conveyancing businesses and Tables 11–12 contain statistics on government valuer general organisations.

### SIZE OF INDUSTRY

At the end of June 1999, there were 7,589 private sector businesses in the real estate services industry. This represented a 6% decrease since June 1996.

The industry comprised 6,216 businesses mainly undertaking real estate agency activities, 429 businesses mainly undertaking property valuation services, 463 businesses mainly undertaking conveyancing services and 481 other businesses mainly undertaking such activities as body corporate management services, time-share apartment management services, real estate auctioning services and real estate broking services.

Of the 6,216 real estate agency businesses, 2,833 (46%) had franchise or marketing group/cooperative affiliation at the end of June 1999. At the end of June 1999, 3,986 (64%) real estate agency businesses were members of a State or Territory real estate institute.

There were nine government valuer general organisations at the end of June 1999. These organisations employed 979 persons, of which 602 were valuers. Total income for these organisations in 1998–99 was \$131 million.

### SOURCES OF INCOME

During 1998–99, private sector businesses in the real estate services industry generated \$3,903 million in income, which was a 19% increase on the industry income generated in 1995–96. Most (64%) income was generated from property sales and leasing commissions, a marginal increase from the 61% recorded in 1995–96. The other major source of income was property management commissions which accounted for \$925 million (24%) of total income.

### EXPENDITURE

Total expenses of private sector businesses in the real estate services industry during 1998–99 were \$3,438 million. Labour costs were the highest single expense (\$1,848 million) representing 54% of total expenses, which was almost the same as recorded in 1995–96. Labour costs per employee for the industry during 1998–99 were \$36,500 compared to \$30,600 in 1995–96.

EXPENDITURE *continued*

The industry recorded an operating profit before tax of \$465 million, which represented an operating profit margin of 12.0%, a significant increase on the operating profit margin of 8.2% recorded in 1995–96.

EMPLOYMENT

At the end of June 1999, there were 52,079 persons working in the real estate services industry. This represented a 5% decrease since June 1996. There were 21,276 sales staff employed in the industry which accounted for 41% of total employment.

Female staff (28,167) accounted for 54% of total industry employment at the end of June 1999, which compared with 49% of industry employment at the end of June 1996.

STATE DIMENSION

Businesses in the real estate services industry were concentrated in four States. Businesses operating in New South Wales accounted for 34% of industry income, with Victoria (26%), Queensland (19%) and Western Australia (12%) being the other major contributors to total industry income. While these industry income shares generally align closely with their respective population proportions, Western Australia's proportion of the Australian population was 10%, which was below their industry income proportion of 12%. In contrast, South Australia accounted for 6% of industry income but accounts for 8% of the Australian population.

BUSINESS SIZE

The real estate services industry was dominated by small businesses with 96% of businesses having employment of less than 20 persons. These small businesses accounted for 77% of industry employment and 72% of industry income. Businesses with employment of less than five persons, represented 47% of all businesses in the industry and accounted for 17% of industry employment and 15% of industry income.

At the end of June 1999, there were only nine businesses in the real estate services industry with employment of 100 persons or more. These large businesses accounted for 4% of industry employment and 5% of industry income.

## 1 KEY FIGURES

	<i>Units</i>	<i>1995-96</i>	<i>1998-99</i>
<b>Businesses at end June</b>			
Real estate agency	no.	n.a.	6 216
Property valuation service	no.	n.a.	429
Conveyancing	no.	n.a.	463
Other	no.	n.a.	481
<i>Total</i>	<i>no.</i>	<i>8 079</i>	<i>7 589</i>
<b>Offices/locations at end June</b>			
Capital city and suburbs	no.	n.a.	6 102
Other	no.	n.a.	2 559
<i>Total</i>	<i>no.</i>	<i>n.a.</i>	<i>8 661</i>
Employment at end June	no.	54 817	52 079
<b>Income</b>			
Income from property sales and leasing commissions	\$m	2 018.8	2 502.8
Income from property management commissions	\$m	855.7	925.0
Other income	\$m	412.9	475.0
<i>Total</i>	<i>\$m</i>	<i>3 287.5</i>	<i>3 902.7</i>
<b>Expenses</b>			
Labour costs	\$m	1 600.1	1 847.5
Other expenses	\$m	1 422.9	1 590.2
<i>Total</i>	<i>\$m</i>	<i>3 023.1</i>	<i>3 437.7</i>
Operating profit before tax	\$m	264.4	465.0
Operating profit margin	%	8.2	12.0

## 2 CHARACTERISTICS OF REAL ESTATE AGENCY BUSINESSES

	<i>Businesses at end June</i>	<i>Percentage contribution</i>
	<i>no.</i>	<i>%</i>
<b>Businesses at end June</b>		
Franchise affiliation	2 043	32.9
Marketing group/cooperative affiliation	790	12.7
Not affiliated	3 383	54.4
<i>Total</i>	<i>6 216</i>	<i>100.0</i>
<b>Real estate institute membership</b>		
Member of a real estate institute	3 986	64.1
Non-member of a real estate institute	2 229	35.9
<i>Total</i>	<i>6 216</i>	<i>100.0</i>

## SOURCES OF INCOME

During 1998–99, businesses in the real estate services industry generated \$3,903 million in income. The main components of this income were property sales commissions of \$2,285 million (59% of total income), property management commissions of \$925 million (24%), leasing/letting commissions of \$218 million (6%) and property valuations of \$206 million (5%).

During 1998–99, 5,856 businesses (77% of all businesses) received income from property sales commissions. Of this income, 78% (\$1,773 million) was accounted for by sales commissions on residential properties. The remaining income from sales commissions is mainly attributed to commercial, industrial and retail properties (\$247 million) and residential vacant land (\$170 million).

The average commission income from property sales per sales staff during 1998–99 was \$107,400. This average was higher for larger businesses with employment between 20–99 persons and businesses with employment of 100 persons or more having an average commission income per sales staff of \$152,300 and \$171,500 respectively. In comparison, the average for businesses with employment of 4 persons or less was \$92,500 and businesses with employment between 5–9 persons was \$95,200.

There were 5,702 businesses (75% of all businesses) which received income during 1998–99 from property management commissions. Of the \$925 million in income from this source, the main components were \$615 million from residential properties (excluding holiday rentals) and \$265 million from commercial, industrial and retail properties. In 1998–99 the average management commission per residential property and non-residential property managed was \$600 and \$1,600 respectively.

The average annual income from property sales commissions was \$390,100 for businesses involved in this activity. In contrast, the average annual income from property management commissions was \$162,200 for businesses involved in this activity.

	<i>Businesses at end June(a)</i>	<i>Value</i>	<i>Percentage contribution</i>
	<i>no.</i>	<i>\$m</i>	<i>%</i>
<b>Sales of goods and services</b>			
Income from property sales commissions			
Vacant land			
Residential vacant land	2 431	170.4	4.4
Non-residential vacant land	583	17.7	0.5
<i>Total vacant land</i>	<i>2 509</i>	<i>188.1</i>	<i>4.8</i>
Rural properties land for agriculture	968	65.1	1.7
Residential properties	5 157	1 772.5	45.4
Non-residential properties			
Commercial, industrial and retail properties	1 817	246.7	6.3
Other non-residential properties	226	12.3	0.3
<i>Total non-residential properties</i>	<i>1 901</i>	<i>258.9</i>	<i>6.6</i>
<i>Total</i>	<i>5 856</i>	<i>2 284.7</i>	<i>58.5</i>
Income from property management commissions			
Residential properties			
Short-term holiday rental properties	603	43.6	1.1
Other residential properties	5 093	614.9	15.8
<i>Total residential properties</i>	<i>5 251</i>	<i>658.4</i>	<i>16.9</i>
Non-residential properties			
Commercial, industrial and retail properties	2 842	264.5	6.8
Other non-residential properties	362	*2.1	0.1
<i>Total non-residential properties</i>	<i>3 046</i>	<i>266.6</i>	<i>6.8</i>
<i>Total</i>	<i>5 702</i>	<i>925.0</i>	<i>23.7</i>
Leasing/letting commissions/fees			
Residential			
Residential	3 323	84.0	2.2
Non-residential			
Non-residential	1 336	134.1	3.4
<i>Total</i>	<i>3 846</i>	<i>218.1</i>	<i>5.6</i>
Other rent, leasing and hiring income	624	12.5	0.3
Income from consulting fees	767	43.6	1.1
Income from property valuations	922	206.1	5.3
Income from conveyancing work	561	94.7	2.4
Other operating income	2 380	84.4	2.2
<i>Total sales of goods and services</i>	<i>7 589</i>	<i>3 869.1</i>	<i>99.1</i>
Other sources of income			
Interest income			
Interest income	2 245	*9.9	0.3
Other non-operating income			
Other non-operating income	2 138	23.8	0.6
<i>Total</i>	<i>3 456</i>	<i>33.7</i>	<i>0.9</i>
<b>Total</b>	<b>7 589</b>	<b>3 902.7</b>	<b>100.0</b>

(a) Businesses may have more than one source of income. Hence, the counts of businesses for each income source do not sum to the total.

## EXPENDITURE

The total expenditure of businesses in the real estate services industry during 1998–99 was \$3,438 million.

Labour costs were the highest single expense (\$1,848 million) representing 54% of total expenses, compared with 53% of total expenses in 1995-96. Labour costs per employee for the industry during 1998–99 was \$36,500. Labour costs included wages and salaries and associated on-costs as well as sales commissions paid to employees.

Total advertising and promotional costs on behalf of clients was \$390 million in 1998–99. As these costs are fully reimbursed by the client it is not necessary to record it as an expense, with a corresponding amount in income, in the financial accounts of the real estate business. Only \$221 million of advertising and promotional costs on behalf of clients was treated in this manner. The remaining \$169 million was not recorded as an expense in the financial accounts of the business and hence is not included in table 4.

Other major expense items were rent, leasing and hiring (\$200 million), telecommunication expenses (\$120 million), car allowances paid to staff (\$77 million) and paper, printing and stationery expenses (\$75 million).



	<i>Value</i>	<i>Percentage contribution</i>
	<i>\$m</i>	<i>%</i>
<b>Labour costs</b>		
Wages and salaries		
Sales staff	841.7	24.5
Property managers	320.0	9.3
Other staff	527.3	15.3
<i>Total</i>	<i>1 689.0</i>	<i>49.1</i>
Employer contributions to superannuation funds	146.7	4.3
Workers' compensation costs	11.8	0.3
<i>Total</i>	<i>1 847.5</i>	<i>53.7</i>
<b>Selected expenses</b>		
Franchise fees and royalties	54.5	1.6
Marketing group/cooperative fees	9.0	0.3
Motor vehicle running expenses	57.9	1.7
Car allowances paid to staff	76.9	2.2
Travelling, accommodation and entertainment expenses	28.0	0.8
Rent, leasing and hiring expenses	200.0	5.8
Advertising and promotional expenses		
Corporate advertising and promotion	90.3	2.6
Advertising on behalf of clients(a)	221.2	6.4
<i>Total advertising and promotional expenses</i>	<i>311.5</i>	<i>9.1</i>
Paper, printing and stationery expenses	74.6	2.2
Telecommunication services	119.5	3.5
Training services provided by other organisations	16.6	0.5
Other operating expenses	478.3	13.9
<i>Total</i>	<i>1 426.6</i>	<i>41.5</i>
<b>Other costs</b>		
Insurance premiums	34.5	1.0
Interest expenses	66.3	1.9
Depreciation and amortisation	54.4	1.6
Bad and doubtful debts	8.3	0.2
<i>Total</i>	<i>163.6</i>	<i>4.8</i>
<b>Total</b>	<b>3 437.7</b>	<b>100.0</b>

(a) The total advertising costs on behalf of clients was \$389.9 million which comprised \$221.2 million recorded in accounts of businesses and a further \$168.7 million which was not recorded in accounts.

## EMPLOYMENT

At the end of June 1999, there were 52,079 persons working for businesses in the real estate services industry, which was a 5% decrease since June 1996.

The industry employment consisted of 1,500 working proprietors and partners and 50,578 employees. A high proportion of employment was employees working on a permanent full-time basis (81%), while 9% worked on a permanent part-time basis and 7% worked as casuals.

In terms of occupations, the industry comprised 21,276 sales staff (41% of total employment), 9,439 property managers (18%), 2,399 leasing staff (5%), 1,581 valuers (3%) and 17,384 other staff, which were mainly administrative staff (33%). Sales staff were primarily males with 72% of this occupation being male.

Female staff (28,167) accounted for 54% of total industry employment at the end of June 1999, compared to 49% in June 1996. While the proportion of males and females was relatively equal for permanent full-time employees, 83% of permanent part-time employees and 85% of casual employees were females. The occupational categories where females were the most dominant were administrative duties (82%) and property management (68%).

### 5 CHARACTERISTICS OF EMPLOYMENT AT END JUNE

	Males		Females		Persons	
	<i>no.</i>	%	<i>no.</i>	%	<i>no.</i>	%
Working proprietors and working partners of unincorporated businesses	1 006	4.2	494	1.8	1 500	2.9
Employees						
Permanent full-time	21 574	90.2	20 829	73.9	42 403	81.4
Permanent part-time	789	3.3	3 772	13.4	4 561	8.8
<i>Total permanent</i>	22 363	93.5	24 601	87.3	46 964	90.2
Casual/temporary	543	2.3	3 071	10.9	3 614	6.9
<i>Total</i>	22 905	95.8	27 673	98.2	50 578	97.1
<b>Total employment at end June 1999</b>	<b>23 911</b>	<b>100.0</b>	<b>28 167</b>	<b>100.0</b>	<b>52 079</b>	<b>100.0</b>
Percentage of total	..	45.9	..	54.1	..	100.0
Total employment at end June 1996	28 183	51.4	26 634	48.6	54 817	100.0

### 6 MAIN OCCUPATION OF PERSONS EMPLOYED AT END JUNE 1999

	Males		Females		Persons	
	<i>no.</i>	%	<i>no.</i>	%	<i>no.</i>	%
Sales staff	15 327	64.1	5 948	21.1	21 276	40.9
Leasing staff	1 048	4.4	1 351	4.8	2 399	4.6
Property managers	3 035	12.7	6 404	22.7	9 439	18.1
Valuers	1 394	5.8	187	0.7	1 581	3.0
Other	3 106	13.0	14 277	50.7	17 384	33.4
<b>Total</b>	<b>23 911</b>	<b>100.0</b>	<b>28 167</b>	<b>100.0</b>	<b>52 079</b>	<b>100.0</b>

## STATE AND TERRITORY DIMENSION

A high proportion (90%) of industry income was generated by businesses operating in New South Wales (34% of industry income), Victoria (26%), Queensland (19%) and Western Australia (12%). While these industry income shares generally aligned closely with their respective population proportions, Western Australia's proportion of the Australian population was 10%, which was below their industry income proportion. In contrast, South Australia accounted for 6% of industry income but accounts for 8% of the Australian population.

The industry average income per business was \$514,300. Businesses operating in South Australia (\$358,100 per business) and Queensland (\$405,500 per business) had the lowest average income per business. The highest average income per business was recorded by businesses operating in Victoria (\$830,600) and Northern Territory (\$654,500).

The distribution of industry employment by State and Territory generally aligned with the industry income distribution. However, businesses in Victoria contributed 22% to the industry employment compared to its 26% proportion of the Australian population. Businesses operating in Victoria also averaged 9.3 persons working per business, the highest employment average per business of any State. In contrast, businesses operating in Queensland contributed 23% to industry employment, well above its 18% proportion of the Australian population. The average number of persons working in Queensland businesses was 6.6 persons, compared the Australian average of 6.9 persons.

### 7 STATE AND TERRITORY COMPARISONS

	<i>Businesses at end June(a)</i>		<i>Locations at end June</i>		<i>Employment at end June</i>		<i>Wages and salaries</i>		<i>Total income</i>	
	<i>no.</i>	<i>no.</i>	<i>%</i>	<i>no.</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	<i>\$m</i>	<i>%</i>	
New South Wales	2 904	3 174	36.6	17 392	33.4	539.3	31.9	1 336.8	34.3	
Victoria	1 214	1 586	18.3	11 262	21.6	419.4	24.8	1 008.4	25.8	
Queensland	1 788	1 933	22.3	11 750	22.6	346.6	20.5	725.0	18.6	
South Australia	642	747	8.6	3 295	6.3	103.9	6.2	229.9	5.9	
Western Australia	831	926	10.7	6 341	12.2	214.9	12.7	461.6	11.8	
Tasmania	109	143	1.7	859	1.6	24.3	1.4	53.7	1.4	
Northern Territory	44	48	0.6	372	0.7	14.8	0.9	28.8	0.7	
Australian Capital Territory	97	105	1.2	807	1.5	26.0	1.5	58.5	1.5	
<b>Australia</b>	<b>7 589</b>	<b>8 661</b>	<b>100.0</b>	<b>52 079</b>	<b>100.0</b>	<b>1 689.0</b>	<b>100.0</b>	<b>3 902.7</b>	<b>100.0</b>	

(a) Multi-State organisations are counted in each State in which they operate, hence the counts of businesses for States and Territories do not sum to the total for Australia.

## BUSINESS SIZE

The real estate services industry was dominated by small businesses during 1998–99, with 96% of businesses having fewer than 20 persons employed. These small businesses accounted for 77% of industry employment and 72% of industry income. Businesses with four or less persons employed, represented 47% of all businesses in the industry and accounted for 17% of industry employment and 15% of industry income.

At the end of June 1999, there were only nine businesses in the real estate services industry which employed 100 persons or more. These nine large businesses accounted for 4% of industry employment and 5% of industry income. These nine large businesses received 41% of their income from the property management commissions (compared to the industry average of 24%) and this property management income accounted for 9% (\$84 million) of the industry income from property management.

Income from property sales commissions (59% of industry income) was the main income stream of businesses in all size ranges, except for businesses which employed 100 or more persons (29% of their total income). The proportions of income from property sales commissions varied from 48% for businesses with employment of four or less persons to 64% for businesses with employment between 10–19 persons.

The operating profit margin of the real estate services industry was 12.0%. However, the operating profit margin varied by size of business. Businesses with employment of four or less persons recorded an operating profit margin of 13.9% and businesses which employed 100 or more persons recorded an operating profit margin of 5.2%. A contributing factor to the operating profit margin of smaller businesses was the fact that some of these businesses are operated by sole proprietors, and the drawings of these persons are not included in business expenses, and thus profit calculations.

The average labour cost per employee in the industry was \$36,500. The larger businesses tended to have higher average labour costs with businesses employing 100 or more persons having an average labour cost of \$49,400 compared to businesses with employment of four or less persons being \$31,300 and businesses with employment between 5–9 persons being \$33,400. Even though this average labour cost for large businesses is higher than the industry average, the proportion of labour costs to total expenses was 52% for large businesses, which was less than the industry average of 54%.

	<i>Units</i>	<i>0–4 persons</i>	<i>5–9 persons</i>	<i>10–19 persons</i>	<i>20–99 persons</i>	<i>100 or more persons</i>	<i>Total</i>
Businesses at end June	no.	3 603	2 671	1 022	285	9	7 589
Tenancies under management							
Residential							
Businesses with tenancies	no.	1 773	2 220	894	248	3	5 138
Tenancies	no.	142 741	399 845	256 380	n.p.	n.p.	990 311
Non-residential							
Businesses with tenancies	no.	974	1 289	549	189	8	3 009
Tenancies	no.	24 262	48 453	26 985	40 045	19 886	159 632
Employment at end June							
Working proprietors and partners	no.	865	535	n.p.	n.p.	—	1 500
Employees	no.	8 055	17 795	n.p.	n.p.	2 018	50 578
<i>Total</i>	no.	8 920	18 330	13 008	9 803	2 018	52 079
Income from property sales commissions	\$m	282.1	786.4	620.3	537.4	58.5	2 284.7
Income from property management commissions	\$m	150.5	291.3	207.1	191.8	84.4	925.0
Total income	\$m	587.3	1 243.3	969.8	898.5	203.9	3 902.7
Operating profit before tax	\$m	81.5	148.1	118.9	106.2	10.3	465.0

	<i>Units</i>	<i>0–4 persons</i>	<i>5–9 persons</i>	<i>10–19 persons</i>	<i>20–99 persons</i>	<i>100 or more persons</i>	<i>Total</i>
Total income per person employed	\$'000	65.8	67.8	74.5	91.7	101.0	74.9
Labour costs per employee	\$'000	31.3	33.4	n.p.	n.p.	49.4	36.5
Labour costs to total expenses	%	49.8	54.3	53.4	56.4	51.5	53.7
Operating profit before tax per person employed	\$'000	9.1	8.1	9.1	10.8	5.1	8.9
Operating profit margin	%	13.9	12.0	12.4	11.9	5.2	12.0
Income from property sales commissions to total income	%	48.0	63.3	64.0	59.8	28.7	58.5
Income from property management commissions to total income	%	25.6	23.4	21.4	21.4	41.4	23.7
Income from property sales commissions per number of sales staff	\$'000	92.5	95.2	101.7	152.3	171.5	107.4
Residential property management commissions per residential tenancy	\$'000	0.6	0.6	0.7	n.p.	n.p.	0.6
Non-residential property management commissions per non-residential tenancy	\$'000	2.2	1.0	1.4	1.3	3.6	1.6

## TECHNOLOGY USAGE

At the end of June 1999, 94% of businesses in the real estate services industry were computerised in some form.

The most widely used computer technology was general financial accounting computer packages (69%), internet (67%) and property management trust accounting computer packages (64%). Only 2,040 (27%) businesses used buyer/seller matching (including multi-list) computer packages.

### 10 TECHNOLOGY USAGE

<i>System</i>	<i>Businesses with computer facilities</i>  <i>no.</i>	<i>Percentage with computer facilities</i>  <i>%</i>
Internet access	5 073	66.8
General financial accounting computer package	5 229	68.9
Sales trust accounting computer package	3 976	52.4
Property management trust accounting computer package	4 824	63.6
Other property management record keeping computer package	4 162	54.8
Buyer/seller matching (including Multilist) computer package	2 040	26.9
Other computerised systems	4 317	56.9
<b>Total computerised businesses</b>	<b>7 101</b>	<b>93.6</b>

## GOVERNMENT VALUER GENERAL ORGANISATIONS

As at the end of June 1999, there were nine government valuer general organisations.

These organisations employed 979 persons of which 88% worked on a permanent full-time basis. There were 602 valuers working for these organisations.

The total income for these organisations was \$131 million during 1998–99. The large majority (96%) of this income came from property valuations, which also included government funding for this valuation activity.

Of the total expenses of \$126 million, 42% was attributable to labour costs. The average labour costs per employee being \$54,500. Other major expenses were contract payments to private sector valuers (\$23 million) and corporate overhead payments (\$19 million).

### 11 EMPLOYMENT OF GOVERNMENT VALUER GENERAL ORGANISATIONS

	<i>no.</i>	<i>%</i>
Organisations at end June	9	..
Employment at end June		
Permanent full-time	865	88.4
Permanent part-time	37	3.8
<i>Total permanent</i>	<i>902</i>	<i>92.1</i>
Casual/temporary	77	7.9
<b>Total</b>	<b>979</b>	<b>100.0</b>
Main occupation of persons employed		
Valuers	602	61.5
Other employees	377	38.5
<b>Total</b>	<b>979</b>	<b>100.0</b>

### 12 INCOME AND EXPENDITURE OF GOVERNMENT VALUER GENERAL ORGANISATIONS

	<i>\$m</i>	<i>%</i>
Sources of income		
Income from property valuations	125.5	95.9
Other income	5.4	4.1
<b>Total income</b>	<b>130.9</b>	<b>100.0</b>
Items of expenditure		
Labour costs		
Wages and salaries	47.6	37.8
Employer contributions to superannuation funds	5.4	4.3
Workers' compensation costs	0.4	0.3
<i>Total</i>	<i>53.4</i>	<i>42.4</i>
Other costs		
Contract payments to valuers	22.8	18.1
Depreciation and amortisation	2.2	1.7
Motor vehicle running expenses	2.3	1.8
Rent, leasing and hiring expenses	6.5	5.2
Telecommunications services	2.2	1.7
Travelling, accommodation and entertainment expenses	1.4	1.1
Paper, printing and stationery expenses	1.0	0.8
Corporate overheads payments	18.9	15.0
Other operating expenses	15.3	12.1
<i>Total</i>	<i>72.6</i>	<i>57.6</i>
<b>Total expenditure</b>	<b>126.0</b>	<b>100.0</b>

## EXPLANATORY NOTES

- INTRODUCTION** **1** This publication presents results, in respect of 1998–99, from an Australian Bureau of Statistics (ABS) survey of 1,170 businesses and organisations mainly engaged in providing real estate services.
- SCOPE** **2** The scope of the survey was all employing businesses recorded on the ABS business register and classified to Class 7720, Real Estate Agents, of the Australian and New Zealand Standard Industrial Classification (ANZSIC). Class 7720 includes businesses mainly engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for other people.
- IMPROVEMENTS TO COVERAGE** **3** Data in this publication have been adjusted to allow for lags in processing new businesses to the ABS business register, and the omission of some businesses from the business register. The majority of businesses affected and to which the adjustments apply are small in size.
- 4** Adjustments have been made to include new businesses in the estimates in the periods in which they commenced operations, rather than when they were processed to the business register. Adjustments of this type will continue to be applied in future periods.
- 5** Further adjustments have been made for businesses which had been in existence for several years, but, for various reasons, were not previously added to the ABS register. The ABS is remedying these omissions.
- 6** For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (Cat. no. 1357.0).
- STATISTICAL UNIT** **7** 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 or organisation, having regard to the required level of industry homogeneity, for which a set of accounts is maintained. In most cases it coincides with the legal entity owning the business (i.e. company, partnership, trust, etc.). However, in the case of large diversified businesses, there may be more than one management unit, with 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.
- REFERENCE PERIOD** **8** Data contained in the tables in this publication relate to all real estate services businesses and organisations which operated in Australia at any time during the year ended June 1999. Counts of businesses include only those businesses that were operating at 30 June 1999.
- RELIABILITY OF THE DATA** **9** The estimates in this publication are subject to sampling and non-sampling error.
- 10** The estimates in this publication are based on information obtained from a sample of businesses in the surveyed population. Consequently,



the estimates in this publication are subject to sampling variability, that is, they may differ from the 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 (SE), which indicates the extent to which an estimate might have varied by chance because only a sample of units was included.

**11** There are about two chances in three that a sample estimate will differ by less than one SE from the figure that would have been obtained if a census had been conducted, and approximately 19 chances in 20 that the difference will be less than two SEs.

**12** Sampling variability can be measured by the relative standard error (RSE) which is obtained by expressing the SE 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 this avoids the need to refer also to the size of the estimate.

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

RELATIVE STANDARD ERRORS FOR TABLE 1, KEY FIGURES

	1995-96	1998-99
	%	%
Businesses at end June		
Real estate agency	n.a.	3
Property valuation service	n.a.	17
Conveyancing	n.a.	16
Other	n.a.	17
<i>Total</i>	3	3
Offices/locations at end June		
Capital city and suburbs	n.a.	4
Other	n.a.	7
<i>Total</i>	n.a.	3
Employment at end June	3	3
Income		
Income from property sales and leasing commissions	4	4
Income from property management commissions	4	5
Other income	9	8
<i>Total</i>	3	3
Expenses		
Labour costs	3	3
Other expenses	3	3
<i>Total</i>	3	3
Operating profit before tax	11	8
Operating profit margin	10	6

**14** As an example of the above, an estimate of total income for the real estate industry is \$3,902.7 million and the RSE is 3%, giving a SE of \$117.1 million. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$3785.6 million to \$4,019.8 million would have been obtained, and 19 chances in 20 (i.e. a confidence interval of 95%) that the figure would have been within the range of \$3,668.5 million to \$4,136.9 million.

**15** 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 errors 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, and appropriate methodology.

#### ACKNOWLEDGMENT

**16** ABS publications draw extensively on information provided freely by individuals, businesses, governments and other organisations. Their continued cooperation is very much appreciated; without it, the wide range of statistics published by the ABS would not be available. Information received by the ABS is treated in strict confidence as required by the *Census and Statistics Act 1905*.

## GLOSSARY

<b>Advertising and promotional expenses</b>	Advertising expenses are those expenses incurred in advertising property on behalf of clients and on promotional and publicity campaigns relating to the business activities of the organisation, e.g. billboards, business directories, fliers, Yellow Pages, etc.
<b>Advertising on behalf of clients</b>	This item represents the total cost of advertising clients' properties. This comprises costs recorded in the business' profit and loss account and costs recorded in separate trust accounts.
<b>Bad and doubtful debts</b>	Bad and doubtful debts is the amount of accounts receivable that are either written off, or estimated to be uncollectable during an accounting period, that are expensed in a period's profit calculations.
<b>Capital city and suburbs</b>	Capital city and suburbs are the metropolitan areas of Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Canberra and Darwin.
<b>Car allowances paid to staff</b>	These are payments made by businesses to staff for motor vehicle expenses. They are effectively a reimbursement for motor vehicle expenses incurred by staff in using their own vehicle for business purposes.
<b>Casual/temporary employees</b>	This includes employees not entitled to take paid holidays.
<b>Contract payments to valuers</b>	This item relates solely to valuers-general and other government valuation agencies. It applies in situations in which the agency contracts out the provision of some, or all, valuation services.
<b>Corporate advertising and promotional expenses</b>	These are advertising expenses relating to the promotion of the business as distinct from the promotion of clients' properties.
<b>Corporate overhead payments</b>	This item relates to valuers-general and other government valuation agencies. Some of these agencies are required to make payments to an umbrella department for the use of shared accommodation and other running costs. Some agencies are required to remit all surplus funds to their respective State Treasury.
<b>Depreciation and amortisation</b>	These are the financial charges made to the accounts to reflect that part of the value of the asset which may be regarded as having been used up in producing revenue in a particular accounting period.
<b>Employees</b>	This item includes working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included. Also included are employees being paid a retainer plus commission. This item excludes working proprietors and partners of unincorporated businesses.
<b>Employer contributions to superannuation funds</b>	This item includes all employer contributions to superannuation schemes (including the employer productivity contribution).

<b>Employment at end June</b>	This item includes working proprietors and partners, working directors, and other employees working for a business during the last pay period in June. Employees absent on paid or prepaid leave are included.
<b>Franchise affiliation</b>	These are businesses which operate under a franchise agreement. These businesses typically trade solely under the franchise name and benefit from centrally provided corporate advertising and training programs.
<b>Franchise fees and royalties expenses</b>	This includes payments made under licensing agreements. It excludes management fees, advertising expenses and marketing/training group fees.
<b>Income from consulting fees</b>	This includes income from providing advice or training to others, or finding properties for tenants.
<b>Income from conveyancing work</b>	This is income received on a fee for service basis relating primarily to facilitating the legal transfer of property titles.
<b>Income from property management commissions</b>	This item primarily represents income received for managing a rental property on behalf of a property owner. Also included in this item is income from strata management, body corporate management and management of time-share holiday accommodation.
<b>Income from property valuations</b>	This is income received for the provision of property valuations by a qualified property valuer.
<b>Income from property sales commissions</b>	Sales commissions are receipts for selling land and property on behalf of someone else.
<b>Insurance premiums</b>	This item refers to expenses incurred by a business in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
<b>Interest expenses</b>	This item includes interest on bank loans, loans made from related as well as unrelated businesses/organisations, and interest in respect of finance leases, interest paid to loans from partners, interest equivalents, such as hedging costs, and expenses associated with discounted bills. It excludes bank charges and capital repayments.
<b>Interest income</b>	This item includes interest from deposits in banks and non-bank financial institutions, loans and advances made to other businesses, interest on finance leases, and earnings on discounted bills. It excludes capital repayments received.
<b>Labour costs</b>	This item includes wages and salaries, employers' contributions to superannuation, and workers compensation and excludes payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer and payments to proprietors/partners of unincorporated businesses.
<b>Leasing/letting commissions/fees</b>	A letting fee is a once-off fee to the real estate agent for finding a tenant for a residential property. A leasing commission/fee is a commission paid to a real estate agent for contracting a tenant for a commercial property.

<b>Leasing staff</b>	This is staff mainly involved in arranging leasing/letting contracts for commercial properties.
<b>Marketing group/cooperative affiliation</b>	These are businesses which operate under a marketing group agreement. These businesses benefit from common corporate advertising and other assistance. They typically use a trading name consisting of the individual entity and suffixed with the marketing group name.
<b>Marketing group/cooperative fees</b>	These are fees paid by independent agencies for affiliation with a marketing group.
<b>Motor vehicle running expenses</b>	This item includes the costs incurred when using motor vehicles owned by the business for business purposes.
<b>Operating profit before tax (OPBT)</b>	A measure of profit before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (e.g. dividends paid).
<b>Operating profit margin</b>	The percentage of sales of goods and services available as operating profit, i.e. OPBT times 100 divided by sales of goods and services.
<b>Other non-operating income</b>	This includes net profit (loss) on sales of fixed tangible assets, dividend income, net profit (loss) on share trading, and net profit (loss) on foreign loans as a result of variation in foreign exchange rates/transactions. Excludes extraordinary profit (loss), i.e. not associated with the normal operations of the business and of a non-recurring nature.
<b>Other operating expenses</b>	This includes title search fees, management fees paid to related businesses, fringe benefit, payroll and land taxes, bank charges, electricity, gas and water charges, postal and courier services, repair and maintenance expenses, audit and other accounting expenses, legal expenses, payments for cleaning services, subscriptions to business and professional organisations and waste management and environment protection expenses.
<b>Other operating income</b>	Includes commissions received on sale of insurance, auctioneering fees (other than real estate), funding from Federal, State and Local government and income from franchise fees and royalties.
<b>Other rent, leasing and hiring income</b>	This is revenue derived from the ownership of land, buildings, vehicles, machinery or equipment rented out for use by those other than the owners.
<b>Permanent full-time employees</b>	Permanent full-time employees are those who are entitled to take paid holidays and who normally work the agreed or award hours for a full-time employee in their occupation; employees should be regarded as full-time if they ordinarily work 35 hours or more a week.
<b>Permanent part-time employees</b>	Permanent part-time employees are those who are entitled to take paid holidays and who are not full-time as defined above, i.e. ordinarily work less than 35 hours per week.

<b>Property managers</b>	Property managers are staff who spend the majority of their time organising rental contracts, collecting rent and dealing with all issues in relation to rental properties, on behalf of the property owners.
<b>Property valuation service</b>	This is a service provided by qualified property valuers on a fee for service basis.
<b>Rent, leasing and hiring expenses</b>	This item includes operating lease payments and all expenses paid/payable to landlords for the rent, leasing and hiring of land; buildings and structures; and facilities and equipment. This item excludes expenses in respect of finance leases and other business loans; vehicles or equipment hired with a driver/operator; interest expenses; and depreciation and amortisation.
<b>Sales staff</b>	Those staff who spent the majority of their time in the sale of properties.
<b>Telecommunication services</b>	Includes charges on fixed and mobile phones, facsimiles and leased lines for computers.
<b>Tenancies under management</b>	This is the number of residential and non-residential tenancies under management at the end of June 1999.
<b>Training services provided by other organisations</b>	This is the amount spent on the provision of formal training to workers. Formal training is defined as all training activities which have a structured plan and format designed to develop job related skills and competence. It excludes informal on-the-job training.
<b>Wages and salaries</b>	This item includes severance, termination and redundancy payments and provision expenses for employee entitlements. For employees receiving a retainer plus commission, the total payment is included in the wages and salary item. It excludes drawings of working proprietors and partners of unincorporated businesses.
<b>Workers' compensation costs</b>	Includes insurance premiums/levies and non-payroll costs incurred by a business and not reimbursed by an insurance company.



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