

REAL ESTATE SERVICES

AUSTRALIA

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Marie Apostolou on Melbourne (03) 9615 7465.

NOTES

INTRODUCTION

This publication presents results from an Australian Bureau of Statistics (ABS) survey of businesses involved in real estate services. The survey was conducted in respect of the 2002–03 financial year.

The 2002–03 Real Estate Services Survey is the fifth ABS survey on this topic, with previous collections being conducted in respect of the 1998–99, 1995–96, 1992–93 and 1987–88 financial years. The 2002–03 survey has expanded its content to include information on franchised and non-franchised real estate agents.

COMPARISONS WITH PREVIOUS SURVEY RESULTS

This survey has been designed to provide a measure of the financial and business structure of real estate services businesses operating in Australia. While comparisons are made between 2002–03 survey results and the earlier iterations of the Real Estate Services Survey, the survey has not been designed to provide highly accurate estimates of change, so any comparisons made to the previous surveys should be used with caution. For further information, see paragraphs 21–23 of the Explanatory Notes.

MORE INFORMATION ON ABS SERVICE INDUSTRIES STATISTICS

Information about ABS activities in the field of service industries statistics is available from the Service Industries Statistics theme page on the ABS web site <<http://www.abs.gov.au>>. To access the theme page, select 'Themes' from the menu on the home page.

COMMENTS

The ABS welcomes comments and suggestions from users regarding future surveys of Service Industries. These comments should be addressed to the Director, Service Industries Business Statistics Centre, Australian Bureau of Statistics, GPO Box 2796Y, Melbourne, Vic. 3001.

ROUNDING

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

Dennis Trewin
Australian Statistician

MAIN FEATURES

INTRODUCTION

This publication presents the results of the 2002–03 Real Estate Services Survey. This survey is conducted periodically by the ABS to provide a detailed measure of the performance and structure of real estate services businesses operating in Australia. The main focus of the survey was on understanding the composition of the income earned by these businesses, details of expenses incurred and the characteristics of the workforce. A state dimension is also presented.

The survey scope included employing businesses in Australia that generated income predominantly from real estate services. Real estate services included: valuing, purchasing, selling (by auction or private treaty), and managing or renting real estate for others.

Table 1 contains summary information for all businesses undertaking real estate services. Tables 2–9 present statistics on real estate agents.

REAL ESTATE SERVICES BUSINESSES

Summary of findings

At the end of June 2003 there were 10,001 real estate services businesses operating in Australia, comprising 3,639 franchised real estate agents, 4,545 non-franchised agents and 1,818 other real estate services businesses. These businesses combined had employment of 76,599 persons.

During 2002–03, income generated by these businesses was \$7,524.7m, representing an average of \$98,200 per person employed. Franchised real estate agents generated \$3,672.9m in income, while non-franchised agents generated \$3,145.7m.

Total expenses incurred for this same period by all real estate services businesses were \$6,634.6m.

The total industry value added (IVA) by real estate services businesses was \$4,784.1m, contributing the equivalent of 0.6% to Australian Gross Domestic Product (GDP) for 2002–03. Equivalent contribution to Property and Business Services industry gross value added was 6%.

Historical comparison

Comparisons with results from earlier surveys are useful as an indication of the extent of change over time. However, the survey was not designed to provide highly accurate estimates of change, so any comparisons to results from previous surveys should be made with caution. Estimates of change can be subject to changes to scope and coverage or question wording, or high levels of sampling error. Further information can be found in paragraphs 21–23 in the Explanatory Notes.

Taking into consideration these limitations, the 2002–03 survey results suggest that real estate services experienced a period of significant growth between 1998–99 and 2002–03.

Total income had an average growth rate of 17.8% per annum since 1998–99. This increase can be largely attributed to the property boom experienced across Australia. The main source of income was income from property sales and leasing commissions which grew at an average annual rate of 20.9%. Income from property management commissions also experienced growth (average annual rate of 8.3%), but not as strong as property sales.

MAIN FEATURES *continued*

Historical comparison continued

The number of real estate services businesses increased from 7,589 at the end of June 1999 to 10,001 at the end of June 2003; an average annual percentage change of 7.1%.

The average annual percentage change for employment was 10.1%. Employment grew from 52,079 persons in 1998–99 to 76,599 persons in 2002–03.

Labour costs rose by an annual average of 18.4%.

REAL ESTATE AGENT BUSINESSES

The following information presents the results for real estate agent businesses only. New to the survey are data on franchised and non-franchised real estate agency businesses.

Income

Real estate agents generated \$6,818.7m in income during 2002–03. Franchised agents contributed \$3,672.9m (53.9%) to the total, while non-franchised agents contributed \$3,145.7m (46.1%).

Income from property sales commissions was the major source of income generating \$5,000.6m in income (73.3% of total income). This mainly comprised: residential properties (\$4,162.7m), commercial, industrial and retail properties (\$523.8m) and residential vacant land (\$231.3m).

Income from property management commissions accounted for the second highest source of income, \$1,135.2m (or 16.6% of total income). This total was generated through sales commissions for residential properties (\$801.7m) and non-residential properties (\$290.2m) and body corporate management fees (\$43.3m).

Private treaty was the most common type of sale of property in Australia, with 78% of all income from property sales commissions generated this way. Sales commission income generated through sale by auction comprised 19.3% of the total.

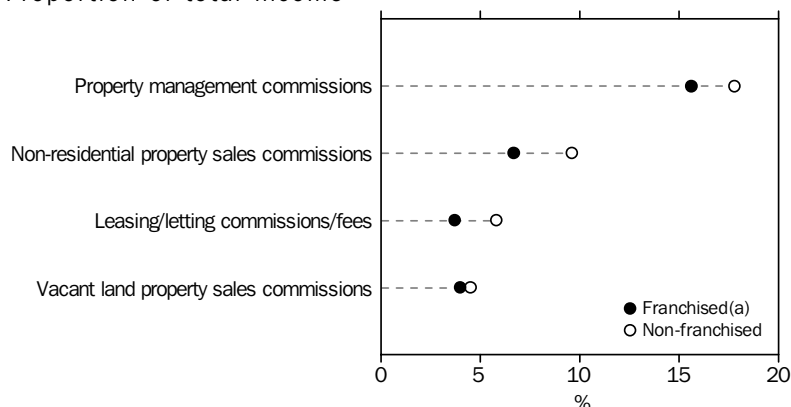
The sources of income for franchised and non-franchised agents did not differ substantially, however there were some variations in the level of income generated as a proportion of total income for all sources. The majority of income for both franchised and non-franchised agents was generated from residential property sales commissions. Franchised agents generated a higher proportion of their total income from this source (65.6%) than non-franchised agents (55.7%).

The graph below shows that non-franchised agents accounted for a higher proportion of income from the following sources: income from property management commissions (17.8%), property sales commissions for non-residential properties (9.6%) and vacant land (4.5%) and leasing/letting commissions/fees (5.8%). The same values for these sources for franchised agents were: 15.6%, 6.7%, 4%, and 3.7% respectively.

MAIN FEATURES *continued*

Income continued

SELECTED SOURCES OF INCOME BY TYPE OF REAL ESTATE AGENT,
Proportion of total income



(a) Included real estate agents who were either part of a franchise, marketing group or cooperative

Size of business

Real estate agents tended to be small employers: 39% had 4 or fewer persons employed, 34.1% had 5–9 persons and 20.6% had 10–19 persons. Only 0.6% of businesses had employment of 50 or more persons.

Micro businesses (those with 0–4 persons) generated 11.4% of total income, and had an average income of \$95,000 per person employed. Businesses with employment of 10–19 persons generated the highest income as a proportion of total income, 33.9% (\$2309.8m), averaging \$106,500 per person employed. Large employers (those with 100 or more persons) comprised 0.2% of total businesses in Australia and generated \$526.9m in income. These businesses had an average income of \$111,800 per person employed.

Profit margins were fairly similar across most business sizes ranging from 10.2% for businesses with 5–9 persons employed to 14.4% for those with 0–4 persons. Larger businesses (100 or more persons) had the lowest profit margin at 6.3%. A contributing factor to the higher profit margin for micro businesses was the fact that some of these businesses were operated by sole proprietors and partners; the drawings of these persons were excluded from business expenses, and thus profit calculations.

Employment

At the end of June 2003, real estate agents had total employment of 67,934 persons, comprising 35,988 persons in franchised agencies and 31,946 persons in non-franchised agencies.

The majority of employment comprised permanent full-time employees (43,527 persons or 64.1%). Permanent part-time and casual employment was less prevalent at 5,978 persons (8.8%) and 5,454 persons (8%) respectively.

There were 9,426 working directors of incorporated businesses and 3,549 working proprietors and partners of unincorporated businesses at the end of June 2003, accounting for 19.1% of total employment.

Females represented 55% (37,341) of total employment in real estate agencies.

There were more females in most types of employment status. Females accounted for 56.5% of all permanent full-time, 79.6% of all permanent part-time and 74.4% of all casual employees. Males accounted for the majority of working proprietors/partners and directors (69.8%).

MAIN FEATURES *continued*

Employment continued

Staff were more likely to be employed as real estate salespersons (25,910 persons or 38.1%), while property managers were the next highest occupation group with 13,301 staff (19.6%), followed by real estate agency managers (9,120 or 13.4%).

There were more females in property management, 73.7% (9,797 staff), while males largely occupied real estate agency manager (74.2% or 6,770 staff) and real estate sales positions (66.7% or 17,291 staff).

Expenditure

Total expenses for real estate agents for 2002–03 were \$6,054.9m. Labour costs were the highest single expense item, \$3,299.2m representing 54.5% of total expenditure. The average labour costs per employee was \$51,200.

Other key expenses were: advertising and promotional expenses, \$585.8m (9.7%), rent, leasing and hiring, \$283.9m (4.7%) and other contract, subcontract and commission expenses, \$274.4m (4.5%). Advertising and promotional expenses should be used with caution as not all advertising on behalf of clients is expensed through a business's statement of financial performance.

Insurance premiums comprised 1.4% (\$82.7m) of total expenditure. Professional indemnity insurance is the most common form of insurance for real estate agents. Over 7,000 businesses paid \$52.5m (63.5% of total insurance expenses) in professional indemnity insurance during 2002–03.

Total insurance premium expenses for real estate agents increased from \$27.1m in 1998–99 to \$52.3m in 2001–02, and \$82.7m in 2002–03.

The average professional indemnity insurance premium per business (for real estate agents with this type of insurance) during 2002–03 was \$7,400 compared to an average of \$5,000 per business in 2001–02.

The predominant expense item for non-franchised businesses was labour costs, comprising 55% of total expenditure for these businesses. Other key expenditure items were advertising and promotional expenses (8.8%), other contract, subcontract and commission expenses (4.8%) and rent, leasing and hiring (4.5%).

Key expenditure for franchised businesses was very similar to that of non-franchised businesses. Labour costs were also the dominant expense for franchised businesses, comprising 54% of total expenditure. Advertising and promotional expenses accounted for a higher proportion of total expenses (10.4%) than for non-franchised businesses, as did rent, leasing and hiring (4.8%).

Profit margin

Operating profit before tax was \$753.8m for real estate agents resulting in an operating profit margin of 11.1%. The profit margin for non-franchised agents was 12% during 2002–03, while franchised businesses recorded 10.3%.

States and territories

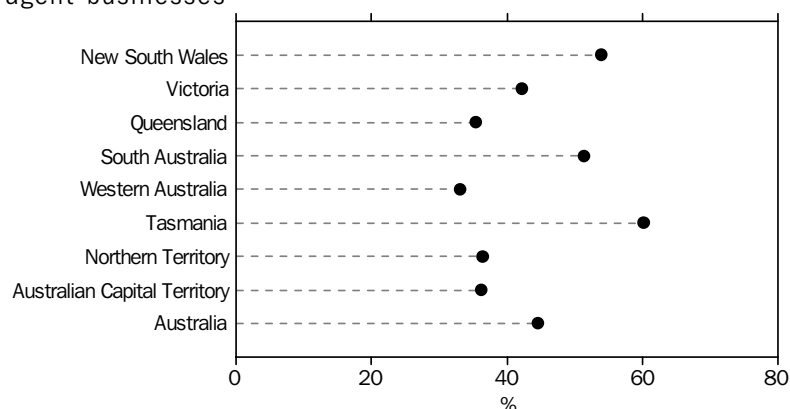
New South Wales accounted for the highest share of total number of locations, employment and total income (35.8%, 38.6% and 40.1% respectively). Queensland had the next highest share of locations (25%) and total income (21.6%), but had a slightly lower share of employment than Victoria (21.4% for Queensland and 21.9% for Victoria). Victoria's income share was 20.1% and locations 19.6%.

MAIN FEATURES *continued*

States and territories continued

At the end of June 2003, there were 3,639 (44.5%) franchised real estate agent businesses out of a total of 8,184 real estate agency businesses. The following graph shows that Tasmania had the highest proportion of franchised businesses to total Tasmanian real estate businesses, with 60.2%. There were also more franchised businesses in New South Wales (53.9%), and South Australia (51.3%). Western Australia had the lowest concentration of franchised agents with 33.1%, followed by the Australian Capital Territory (36.2%) and Northern Territory (36.4%).

FRANCHISED(a) REAL ESTATE AGENTS, Proportion of total real estate agent businesses



(a) Included real estate agents who were either part of a franchise, marketing group or cooperative

Franchised agents contributed a slightly higher proportion of income to total income (53.9%) across Australia than non-franchised agents (46.1%).

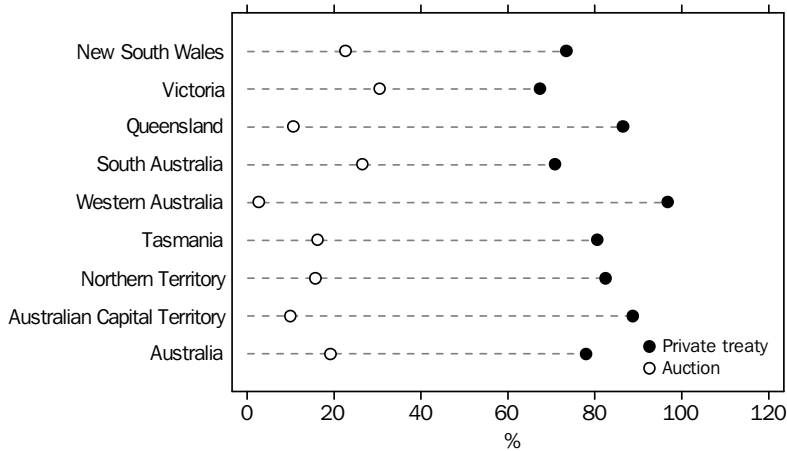
Despite having a smaller percentage of franchised businesses (36.4%), Northern Territory franchised agents generated a higher proportion of income to total Northern Territory income (68.1%). Queensland also followed this trend with 35.4% of franchised businesses generating 51.8% of total Queensland income.

The following chart shows that property sales commission income is predominantly generated through private treaty rather than auction across Australia. Western Australia had the highest proportion of property sales income through private treaty (96.8%), followed by the Australian Capital Territory (88.9%) and Queensland (86.5%). Income generated through auction was highest in Victoria (30.6%), South Australia (26.5%) and New South Wales (22.7%).

MAIN FEATURES *continued*

States and territories *continued*

REAL ESTATE AGENTS, Income from property sales commissions by type of sale



Web presence

Franchised businesses had a higher prevalence of web presence than non-franchised businesses at the end of June 2003 (98.2% and 65.1% respectively).

Most businesses with a web presence advertised the majority of their properties (80% or more of their listings) via the web. There was only a marginal difference between franchised and non-franchised agents (77.9% and 75.5% respectively).

Tenancies

In Australia there were 6,495 real estate agent businesses managing a total of 1,208,217 residential and 169,492 non-residential tenancies at the end of June 2003. The average number of tenancies managed per business was 212, for those businesses which undertook this activity.

For those businesses that undertook management of tenancies, the size of a business influenced the number of tenancies managed per business. The larger businesses (100 or more persons) managed 2,200 tenancies per business during 2002–03, while micro businesses (less than 5 persons) managed 125 tenancies per business.

SUMMARY OF OPERATIONS, Real estate services

		1998-99	2002-03				Average annual percentage change 1998-99 to 2002-03
		Total	Franchised real estate agents(a)	Non-franchised real estate agents	Other real estate services	Total	
Businesses at end June	no.	7 589	3 639	4 545	^ 1 818	10 001	7.1
Offices/locations at end June							
Capital city and suburbs	no.	6 102	^ 3 082	3 535	^ 1640	8 257	7.9
Other	no.	2 559	^ 1 264	^ 1 666	*535	3 465	7.9
Total	no.	8 661	4 346	5 201	^ 2 176	11 722	7.9
Employment at end June	no.	52 079	35 988	31 946	^ 8 665	76 599	10.1
Income							
Property sales and leasing commissions	\$m	2 502.8	2 939.1	2 380.2	*34.1	5 353.4	20.9
Property management commissions	\$m	925.0	^ 574.8	560.3	*136.2	1 271.4	8.3
Other	\$m	475.0	^ 159.1	205.2	^ 535.8	^ 900.0	17.3
Total	\$m	3 902.7	3 672.9	3 145.7	^ 706.1	7 524.7	17.8
Expenses							
Labour costs	\$m	1 847.5	1 776.4	1 522.8	^ 326.0	3 625.2	18.4
Other	\$m	1 590.2	1 512.3	1 243.5	^ 253.6	3 009.3	17.3
Total	\$m	3 437.7	3 288.7	2 766.3	^ 579.6	6 634.6	17.9
Operating profit before tax	\$m	465.0	^ 379.1	^ 374.7	*124.9	878.7	17.2
Operating profit margin	%	12.0	^ 10.3	12.0	^ 17.8	11.7	. .
Industry value added	\$m	2 442.4	2 260.8	2 032.3	^ 490.9	4 784.1	18.3
Businesses with a web presence at end June	%	na	98.2	65.1	^ 27.7	70.4	. .
Proportion of businesses advertising 80% or more of their property listings via a web presence(b)	%	na	77.9	75.5	np	71.7	. .

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

. . not applicable

na not available

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Included real estate agents who were either part of a franchise, marketing group or cooperative.

(b) Proportions were of businesses with a web presence. Of the 79.8% of real estate agent businesses with a web presence, 5.7% did not advertise any properties for sale via the web.

SOURCES OF INCOME, Real estate agents

	FRANCHISED REAL ESTATE AGENTS (a)	NON-FRANCHISED REAL ESTATE AGENTS	TOTAL		
	Income	Income	Businesses at end June (b)	Income	Proportion of total income
	\$m	\$m	no.	\$m	%
Income from property sales commissions					
Vacant land					
Residential	^ 110.6	^ 120.7	2 511	^ 231.3	3.4
Non-residential	* 37.3	* 21.5	^ 833	* 58.8	0.9
Total	^ 147.9	^ 142.2	2 694	^ 290.1	4.3
Residential properties	2 409.1	1 753.6	6 832	4 162.7	61.0
Non-residential properties					
Commercial, industrial and retail	^ 245.0	^ 278.9	2 514	^ 523.8	7.7
Other non-residential	^ 1.9	* 22.0	* 205	* 24.0	0.4
Total	^ 246.9	^ 300.9	2 550	^ 547.8	8.0
Total	2 803.9	2 196.7	7 503	5 000.6	73.3
Income from property management commissions					
Residential properties	^ 447.7	^ 354.0	5 924	801.7	11.8
Non-residential properties	114.0	^ 176.2	3 134	290.2	4.3
Body corporate management fees	13.1	^ 30.1	^ 700	^ 43.3	0.6
Total	^ 574.8	560.3	6 543	1 135.2	16.6
Leasing/letting commissions/fees					
Residential	65.3	^ 55.6	4 459	120.9	1.8
Non-residential	* 69.9	* 127.9	^ 1 941	^ 197.8	2.9
Total	^ 135.2	^ 183.5	5 027	^ 318.7	4.7
Other rent, leasing and hiring income	^ 13.1	* 11.6	^ 939	^ 24.7	0.4
Income from consulting fees	^ 8.5	^ 49.2	^ 720	^ 57.7	0.8
Income from property valuations	^ 13.0	^ 53.5	^ 584	^ 66.6	1.0
Income from conveyancing work	** 2.2	** 1.6	* 155	** 3.8	0.1
Interest income	^ 5.3	* 11.4	2 902	^ 16.6	0.2
Other income	^ 116.9	^ 77.9	2 717	^ 194.8	2.9
Total	3 672.9	3 145.7	8 184	6 818.7	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Included real estate agents who were either part of a franchise, marketing group or cooperative.

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

ITEMS OF EXPENDITURE, Real estate agents

	FRANCHISED REAL ESTATE AGENTS(a)	NON-FRANCHISED REAL ESTATE AGENTS	TOTAL		
	Expenditure	Expenditure	Businesses at end June(b)	Expenditure	Proportion of total expenses
	\$m	\$m	no.	\$m	%
Labour costs					
Wages and salaries					
Salespersons	953.3	771.5	6 663	1 724.9	28.5
Property managers	229.5	221.8	5 484	451.4	7.5
Other staff	383.4	331.1	6 334	714.5	11.8
Total	1 566.3	1 324.5	7 879	2 890.8	47.7
Employer contributions to superannuation funds(c)	162.8	147.0	7 495	309.8	5.1
Workers compensation costs	^ 10.3	8.8	6 233	19.1	0.3
Fringe benefits tax	^ 4.6	^ 8.3	^ 831	12.9	0.2
Payroll tax	^ 32.5	^ 34.3	1 494	66.7	1.1
Total	1 776.4	1 522.8	8 011	3 299.2	54.5
Advertising and promotional expenses					
Corporate advertising and promotion	^ 114.4	^ 106.0	5 744	220.5	3.6
Advertising on behalf of clients(d)	^ 226.8	^ 138.5	5 113	365.3	6.0
Total	341.2	244.5	7 586	585.8	9.7
Rent, leasing and hiring expenses					
Land, buildings and other structures	118.3	91.9	5 798	210.3	3.5
Motor vehicles	^ 24.6	^ 21.7	3 358	46.3	0.8
Other rent, leasing and hiring expenses	^ 16.5	^ 10.8	2 219	^ 27.3	0.5
Total	159.4	124.4	6 741	283.9	4.7
Insurance premiums					
Professional indemnity insurance	24.8	^ 27.7	7 084	52.5	0.9
Other insurance	14.1	16.1	6 832	30.2	0.5
Total	38.9	43.8	7 771	82.7	1.4
Repair and maintenance expenses					
On property managed by the business(e)	^ 10.1	* 8.6	3 040	^ 18.7	0.3
Other repair and maintenance expenses	^ 23.8	^ 18.6	4 917	42.4	0.7
Total	^ 33.9	^ 27.2	7 055	61.1	1.0
Franchise fees and royalties	128.8	. .	2 763	128.8	2.1
Marketing group/cooperative fees	^ 15.5	. .	^ 1 194	^ 15.5	0.3
Multi list fees	^ 27.4	^ 26.4	^ 1 662	^ 53.8	0.9
Telecommunication services	92.9	83.1	8 047	176.0	2.9
Car allowances paid to staff	65.2	^ 36.7	3 592	101.9	1.7
Training services provided by other businesses	^ 23.7	^ 16.2	4 581	40.0	0.7
Other contract, subcontract and commission expenses	^ 142.9	^ 131.5	3 104	^ 274.4	4.5
Payments to employment agencies for staff	^ 4.2	^ 5.7	^ 924	^ 9.9	0.2
Motor vehicle running expenses	^ 32.8	^ 34.7	6 137	67.5	1.1
Travelling, accommodation and entertainment expenses	^ 14.9	^ 22.2	4 510	^ 37.1	0.6
Paper, printing and stationery expenses	59.2	54.6	7 701	113.8	1.9
Computer software expensed	^ 29.0	25.4	6 673	54.4	0.9
Interest expenses	^ 34.7	^ 43.6	4 757	78.3	1.3
Depreciation and amortisation	^ 36.0	^ 53.4	5 141	89.4	1.5
Bad and doubtful debts	^ 5.7	^ 2.8	^ 1 099	^ 8.5	0.1
Other expenses	^ 225.7	^ 267.3	6 550	493.0	8.1
Total	3 288.7	2 766.3	8 184	6 054.9	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

. . not applicable

(a) Included real estate agents who were either part of a franchise, marketing group or cooperative.

(b) Businesses may have had more than one type of expenditure. Hence, the counts of businesses for each item of expenditure do not sum to the total.

(c) Included salary sacrifice that was paid as employer contributions to superannuation funds. Other salary sacrifice was included with the relevant expense item.

(d) The total advertising costs on behalf of clients was \$572.9m which comprised \$365.3m recorded in the accounts of businesses and a further \$207.6m which was not recorded in accounts.

(e) Of the 8,184 businesses, 36% maintained a repair and maintenance register.

CHARACTERISTICS OF EMPLOYMENT, Real estate agents

	Males		Females		Persons	
	no.	%	no.	%	no.	%
FRANCHISED REAL ESTATE AGENTS (a)						
Working proprietors and working partners of unincorporated businesses	^ 1 082	6.9	*607	3.0	^ 1 688	4.7
Employees						
Permanent employees						
Working directors of incorporated businesses	^ 3 308	21.1	^ 1 351	6.7	4 659	12.9
Permanent full-time	10 100	64.4	14 046	69.1	24 145	67.1
Permanent part-time	*593	3.8	^ 2 264	11.1	^ 2 856	7.9
Total	14 000	89.3	17 661	86.9	31 661	88.0
Casuals	*592	3.8	^ 2 047	10.1	^ 2 639	7.3
Total	14 592	93.1	19 708	97.0	34 300	95.3
Total employment at end June 2003	15 674	100.0	20 315	100.0	35 988	100.0
NON-FRANCHISED REAL ESTATE AGENTS						
Working proprietors and working partners of unincorporated businesses	^ 1 106	7.4	^ 754	4.4	^ 1 860	5.8
Employees						
Permanent employees						
Working directors of incorporated businesses	3 558	23.8	^ 1 209	7.1	4 767	14.9
Permanent full-time	8 822	59.1	10 560	62.0	19 382	60.7
Permanent part-time	^ 630	4.2	^ 2 492	14.6	^ 3 122	9.8
Total	13 010	87.2	14 261	83.8	27 271	85.4
Casuals	^ 804	5.4	^ 2 010	11.8	^ 2 815	8.8
Total	13 814	92.6	16 272	95.6	30 086	94.2
Total employment at end June 2003	14 920	100.0	17 026	100.0	31 946	100.0
TOTAL						
Working proprietors and working partners of unincorporated businesses	^ 2 188	7.2	^ 1 361	3.6	^ 3 549	5.2
Employees						
Permanent employees						
Working directors of incorporated businesses	6 866	22.4	^ 2 561	6.9	9 426	13.9
Permanent full-time	18 922	61.8	24 605	65.9	43 527	64.1
Permanent part-time	^ 1 222	4.0	4 756	12.7	5 978	8.8
Total	27 010	88.3	31 922	85.5	58 932	86.7
Casuals	^ 1 396	4.6	4 058	10.9	5 454	8.0
Total	28 406	92.8	35 980	96.4	64 386	94.8
Total employment at end June 2003	30 594	100.0	37 341	100.0	67 934	100.0
Total employment at end June 1999	21 288	. .	24 914	. .	46 202	. .
^ estimate has a relative standard error of 10% to less than 25% and should be used with caution * estimate has a relative standard error of 25% to 50% and should be used with caution . . not applicable (a) Included real estate agents who were either part of a franchise, marketing group, or cooperative.						

MAIN OCCUPATION OF PERSONS EMPLOYED, Real estate agents

	Males		Females		Persons	
	no.	%	no.	%	no.	%
FRANCHISED REAL ESTATE AGENTS (a)						
Real estate agency managers	3 286	21.0	^ 1 157	5.7	4 443	12.3
Real estate salespersons						
Residential properties	8 201	52.3	^ 4 828	23.8	13 029	36.2
Commercial properties	^ 1 171	7.5	^ 142	0.7	^ 1 313	3.6
Total	9 372	59.8	^ 4 970	24.5	14 342	39.9
Property managers						
Residential properties	^ 1 048	6.7	4 541	22.4	5 590	15.5
Commercial properties	^ 358	2.3	^ 502	2.5	^ 859	2.4
Total	^ 1 406	9.0	5 043	24.8	6 449	17.9
Valuers/land economists	np	np	np	np	*88	0.2
Other	np	np	np	np	10 666	29.6
Total	15 674	100.0	20 315	100.0	35 988	100.0
NON-FRANCHISED REAL ESTATE AGENTS						
Real estate agency managers	3 484	23.4	^ 1 193	7.0	4 677	14.6
Real estate salespersons						
Residential properties	6 235	41.8	^ 3 317	19.5	9 552	29.9
Commercial properties	^ 1 684	11.3	^ 332	1.9	^ 2 016	6.3
Total	7 919	53.1	^ 3 648	21.4	11 568	36.2
Property managers						
Residential properties	^ 1 011	6.8	^ 3 542	20.8	^ 4 553	14.3
Commercial properties	1 088	7.3	^ 1 212	7.1	^ 2 300	7.2
Total	2 099	14.1	4 753	27.9	6 852	21.4
Valuers/land economists	np	np	np	np	^ 229	0.7
Other	np	np	np	np	8 620	27.0
Total	14 920	100.0	17 026	100.0	31 946	100.0
TOTAL						
Real estate agency managers	6 770	22.1	^ 2 351	6.3	9 120	13.4
Real estate salespersons						
Residential properties	14 436	47.2	8 145	21.8	22 581	33.2
Commercial properties	^ 2 855	9.3	^ 474	1.3	^ 3 329	4.9
Total	17 291	56.5	8 618	23.1	25 910	38.1
Property managers						
Residential properties	^ 2 059	6.7	8 083	21.6	10 142	14.9
Commercial properties	1 446	4.7	^ 1 713	4.6	3 159	4.7
Total	3 505	11.5	9 797	26.2	13 301	19.6
Valuers/land economists	^ 249	0.8	67	0.2	^ 316	0.5
Other	^ 2 779	9.1	16 508	44.2	19 287	28.4
Total	30 594	100.0	37 341	100.0	67 934	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

np not available for publication but included in totals where applicable, unless otherwise indicated

(a) Included real estate agents who were either part of a franchise, marketing group or cooperative.

STATES AND TERRITORIES, Real estate agents(a)

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
FRANCHISED REAL ESTATE AGENTS (b)										
Businesses at end June	no.	^ 1 613	^ 610	^ 717	^ 283	*309	^ 53	^ 12	^ 42	3 639
	%	44.3	16.8	19.7	7.8	8.5	1.5	0.3	1.2	100.0
Locations at end June	no.	^ 1 787	^ 809	*991	^ 305	*336	^ 60	^ 14	^ 44	4 346
	%	41.1	18.6	22.8	7.0	7.7	1.4	0.3	1.0	100.0
Employment at end June	no.	15 777	^ 6 565	^ 7 250	^ 1 983	*3 283	^ 556	212	^ 362	35 988
	%	43.8	18.2	20.1	5.5	9.1	1.5	0.6	1.0	100.0
Wages and salaries	\$m	667.9	^ 290.0	^ 325.5	^ 73.8	^ 160.1	^ 25.8	9.1	^ 14.1	1 566.3
	%	42.6	18.5	20.8	4.7	10.2	1.6	0.6	0.9	100.0
Total income	\$m	1 648.8	^ 653.7	^ 762.9	^ 156.5	^ 309.4	^ 52.9	22.0	^ 66.7	3 672.9
	%	44.9	17.8	20.8	4.3	8.4	1.4	0.6	1.8	100.0
NON-FRANCHISED REAL ESTATE AGENTS										
Businesses at end June	no.	^ 1 377	^ 836	^ 1 309	^ 269	^ 623	*35	*21	^ 74	4 545
	%	30.3	18.4	28.8	5.9	13.7	0.8	0.5	1.6	100.0
Locations at end June	no.	^ 1 633	^ 1 063	^ 1 391	^ 269	^ 659	^ 66	*23	^ 97	5 201
	%	31.4	20.4	26.7	5.2	12.7	1.3	0.4	1.9	100.0
Employment at end June	no.	10 421	^ 8 310	^ 7 315	*1 579	^ 3 260	^ 400	^ 101	^ 559	31 946
	%	32.6	26.0	22.9	4.9	10.2	1.3	0.3	1.8	100.0
Wages and salaries	\$m	^ 432.9	^ 319.6	^ 313.0	*66.2	^ 146.4	^ 16.8	^ 4.2	^ 25.4	1 324.5
	%	32.7	24.1	23.6	5.0	11.1	1.3	0.3	1.9	100.0
Total income	\$m	^ 1 084.0	^ 718.6	^ 709.8	*143.6	^ 369.0	^ 37.2	^ 10.3	^ 73.2	3 145.7
	%	34.5	22.8	22.6	4.6	11.7	1.2	0.3	2.3	100.0
TOTAL										
Businesses at end June	no.	2 990	1 446	2 026	^ 552	^ 933	^ 88	^ 33	116	8 184
	%	36.5	17.7	24.8	6.8	11.4	1.1	0.4	1.4	100.0
Locations at end June	no.	3 420	1 873	^ 2 382	^ 575	^ 995	^ 126	^ 36	^ 141	9 547
	%	35.8	19.6	25.0	6.0	10.4	1.3	0.4	1.5	100.0
Employment at end June	no.	26 197	14 876	^ 14 565	^ 3 563	^ 6 543	957	313	^ 921	67 934
	%	38.6	21.9	21.4	5.2	9.6	1.4	0.5	1.4	100.0
Wages and salaries	\$m	1 100.8	609.6	^ 638.5	^ 140.0	^ 306.5	42.5	13.3	^ 39.5	2 890.8
	%	38.1	21.1	22.1	4.8	10.6	1.5	0.5	1.4	100.0
Total income	\$m	2 732.8	1 372.3	1 472.8	^ 300.2	^ 678.5	90.1	32.3	^ 139.9	6 818.7
	%	40.1	20.1	21.6	4.4	10.0	1.3	0.5	2.1	100.0

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Data for multi-state businesses has been assigned to the state of predominant employment for ABS maintained businesses, while the head office address was used for ATO maintained businesses. Refer to paragraphs 6, 7 and 23 of the Explanatory Notes for more information.

(b) Included real estate agents who were either part of a franchise, marketing group or cooperative.

SUMMARY OF OPERATIONS BY EMPLOYMENT SIZE, Real estate agents

		0-4 persons	5-9 persons	10-19 persons	20-49 persons	50-99 persons	100 or more persons	Total
Businesses at end June	no.	3 188	2 792	1 685	^ 472	^ 34	13	8 184
Employment at end June	no.	^ 8 205	18 709	21 692	^ 12 358	^ 2 258	4 712	67 934
Income								
Property sales and leasing commissions	\$m	^ 565.1	1 382.5	1 942.5	^ 969.5	153.5	306.2	5 319.3
Property management commissions	\$m	*169.6	^ 308.4	^ 293.3	^ 179.6	*47.4	136.8	1 135.2
Other	\$m	^ 44.5	^ 58.6	^ 74.0	^ 70.2	33.1	83.9	364.2
Total	\$m	^ 779.2	1 749.4	2 309.8	^ 1 219.3	^ 234.0	526.9	6 818.7
Wages and salaries	\$m	^ 251.0	745.9	995.0	^ 529.9	^ 103.8	265.1	2 890.8
Operating profit before tax	\$m	^ 111.4	^ 178.4	^ 262.9	^ 142.3	25.9	33.1	753.8
Operating profit margin	%	^ 14.4	^ 10.2	^ 11.4	^ 11.7	11.1	6.3	11.1
Tenancies								
Residential								
Businesses managing tenancies	no.	^ 1 728	2 433	^ 1 359	^ 400	^ 30	6	5 955
Tenancies managed	no.	*238 034	^ 354 998	^ 367 402	^ 186 025	*51 896	9 862	1 208 217
Non-residential								
Businesses managing tenancies	no.	^ 905	^ 1 550	^ 844	^ 277	15	10	3 601
Tenancies managed	no.	*16 672	^ 53 354	^ 47 294	^ 34 026	4 007	14 140	^ 169 492
Total								
Businesses managing tenancies(a)	no.	^ 2 035	2 622	1 387	^ 407	^ 34	11	6 495
Tenancies managed	no.	*254 706	^ 408 352	^ 414 696	^ 220 050	*55 903	24 002	1 377 710
Businesses with a web presence at end June	%	60.4	90.4	93.0	99.4	100.0	100.0	79.8

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Businesses may have managed both residential and non-residential tenancies. Hence, the counts of businesses managing tenancies do not sum to the total.

INCOME FROM PROPERTY SALES COMMISSIONS BY TYPE OF SALE, Real estate agents(a)

		New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Private treaty	%	73.5	67.4	86.5	70.9	96.8	80.7	82.5	88.9	78.0
Auction	%	^ 22.7	^ 30.6	^ 10.7	^ 26.5	*2.8	^ 16.3	^ 15.8	^ 10.0	19.3
Other property sales	%	**3.9	*2.0	**2.7	**2.6	*0.4	**2.9	^ 1.7	*1.1	*2.7
Income from property sales commissions	\$m	1 844.5	1 051.9	^ 1 139.0	^ 227.7	^ 536.0	75.6	19.3	^ 106.6	5 000.6
Total income	\$m	2 732.8	1 372.3	1 472.8	^ 300.2	^ 678.5	90.1	32.3	^ 139.9	6 818.7

^ estimate has a relative standard error of 10% to less than 25% and should be used with caution

* estimate has a relative standard error of 25% to 50% and should be used with caution

** estimate has a relative standard error greater than 50% and is considered too unreliable for general use

(a) Data for multi-state businesses has been assigned to the state of predominant employment for ABS maintained businesses, while the head office address was used for ATO maintained businesses. Refer to paragraphs 6, 7 and 23 of the Explanatory Notes for more information.

INSURANCE PREMIUM EXPENSES, Real estate agents

		1998-99	2001-02	2002-03	Percentage change 2001-02 to 2002-03
Type of insurance					
Professional indemnity	\$m	na	30.9	52.5	69.9
Other	\$m	na	21.3	30.2	41.8
Total	\$m	27.1	52.3	82.7	58.1
Businesses with professional indemnity insurance	no.	na	6 181	7 084	14.6
na not available					

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents results from a survey of real estate services businesses for the reference year 2002–03. This is the fifth time the ABS has conducted this survey. Previous statistics were released for 1998–99, 1995–96, 1992–93 and 1987–88.

SCOPE

2 The scope of the survey was all employing units on the ABS Business Register, classified to class 7720 – REAL ESTATE AGENTS – of the Australian and New Zealand Standard Industrial Classification (ANZSIC). ANZSIC class 7720 consists of businesses mainly engaged in valuing, purchasing, selling (by auction or private treaty), managing or renting real estate for others.

3 Government valuer generals organisations were excluded from the scope of this survey.

STATISTICAL UNITS DEFINED ON THE ABS REGISTER

4 The ABS uses an economic statistics model on the ABS Business Register to describe the characteristics of businesses, and the structural relationships between related businesses. The units model is also used to break groups of related businesses into relatively homogeneous components that can provide data to the ABS.

5 In mid-2002, to better use the information available as a result of The New Tax System (TNTS), the ABS changed its economic statistics units model. The new units model allocates businesses to one of two sub-populations. The vast majority of businesses are in what is called the Australian Taxation Office (ATO) Maintained Population, while the remaining businesses are in the ABS Maintained Population. Together, these two sub-populations make up the ABS Business Register population.

ATO Maintained Population

6 Most businesses and organisations in Australia need to obtain an Australian Business Number (ABN), and are then included on the ATO Australian Business Register. Most of these businesses have simple structures; therefore the unit registered for an ABN will satisfy ABS statistical requirements. For these businesses, the ABS is aligning its statistical units structure with the ABN unit. The businesses with simple structures constitute the ATO Maintained Population, and the ABN unit will be used as the economic statistics unit for all economic collections.

ABS Maintained Population

7 For the population of businesses where the ABN unit is not suitable for ABS statistical requirements, the ABS will maintain its own units structure through direct contact with the business. These businesses constitute the ABS Maintained Population. This population consists mainly of large, complex and diverse businesses. The new statistical units model described below has been introduced to cover such businesses:

- *Enterprise Group*: This is a unit covering all the operations in Australia of one or more legal entities under common ownership and/or control. It covers all the operations in Australia of legal entities which are related in terms of the current Corporations Law (as amended by the *Corporations Legislation Amendment Act 1991*), including legal entities such as companies, trusts, and partnerships. Majority ownership is not required for control to be exercised.
- *Enterprise*: The enterprise is an institutional unit comprising (i) a single legal entity or business entity, or (ii) more than one legal entity or business entity within the same Enterprise Group and in the same institutional sub-sector (i.e. they are all classified to a single Standard Institutional Sector Classification of Australia sub-sector).

EXPLANATORY NOTES *continued*

ABS Maintained Population *continued*

- **Type of Activity Unit (TAU):** The TAU is comprised of one or more business entities, sub-entities or branches of a business entity within an Enterprise Group that can report production and employment data for similar activities. When a minimum set of data items are available, a TAU will be created which covers all the operations within an industry subdivision (and the TAU will be classified to the relevant subdivision of the ANZSIC). Where a business cannot supply adequate data for each industry, a TAU will be formed which contains activity in more than one industry subdivision.

8 For more information on the impacts of the introduction of the new economic statistics units model, refer to *Information Paper: Improvements in ABS Economic Statistics [Arising from the New Tax System]* (cat. no. 1372.0).

9 Prior to the 2002–03 cycle, the Real Estate Services Survey used the management unit as the statistical unit. For issues of this publication relating to 2002–03 onwards, the statistical unit in the Real Estate Services Survey is the ABN unit for businesses with simple structures, and the TAU for businesses with complex structures. In most cases, ABN/TAU units concord with the management units used in the 1998–99 cycle.

COVERAGE

10 The frame used for the Real Estate Services Survey, like most ABS economic surveys, was taken from the ABS Business Register. The ABS Business Register is primarily based on registrations to the Australian Taxation Office's Pay As You Go Withholding (PAYGW) scheme (and prior to 1 July 2000, the Group Employer (GE) scheme). The frame is updated quarterly to take account of new businesses and businesses which have ceased employing.

11 Businesses which have ceased employing are identified when the Australian Taxation Office cancels their PAYGW registration (or previously their GE registration). In addition, from July 1999 to the end of June 2000, businesses which did not remit under the GE scheme for the previous five quarters were removed from the frame. A similar process has recently been adopted to remove businesses which do not remit under the PAYGW scheme.

12 The introduction of The New Tax System has a number of significant implications for ABS business statistics, and these are discussed in: *Information Paper: ABS Statistics and The New Tax System* (cat. no. 1358.0) and *Information Paper: Improvements in ABS Economic Statistics [Arising from The New Tax System]* (cat. no. 1372.0).

IMPROVEMENTS TO COVERAGE

13 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 register. The majority of businesses affected, and to which the adjustments apply, are small in size.

14 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 ABS Business Register. Adjustments of this type will continue to be applied in future periods.

15 For more information on these adjustments, please refer to the ABS publication *Information Paper: Improvements to ABS Economic Statistics, 1997* (cat. no. 1357.0).

COMPARISON WITH OTHER ABS STATISTICS

16 Annual data for the real estate agents industry is published in *Australian Industry* (cat. no. 8155.0). There are important differences between the statistics published in the *Australian Industry* and *Real Estate Services* publications and users should exercise caution when making comparisons between the two sets of estimates.

EXPLANATORY NOTES *continued*

COMPARISON WITH OTHER ABS STATISTICS *continued*

17 The *Australian Industry* publication presents annual summary statistics at the ANZSIC class level. It shows the relative performance of each industry class, and allows patterns of change or growth to be analysed across particular segments of the Australian economy. The industry estimates presented in *Australian Industry* are used in the compilation of the National Accounts, and in the derivation of economy-wide indicators such as gross domestic product (GDP).

18 The *Real Estate Services* publication supplements the annual industry summary statistics with a detailed examination of the structure and performance of businesses involved in real estate services for the reference year of the survey.

19 One reason the two sets of estimates are different relates to the use of varied industry coding practices. For the *Australian Industry* publication, businesses are coded to ANZSIC industry classes on the basis of the activity reported to the ATO when they registered for an ABN, or for more complex businesses, information reported directly to the ABS (see paragraphs 4–7). On the other hand, *Real Estate Services* presents estimates for industry classes based on detailed financial data reported in the survey. Approximately 21% of businesses in the Real Estate Services Survey, which were originally coded to ANZSIC Class 7720, were found to have predominant activity outside the scope of the collection (see paragraphs 2–3), and have consequently been excluded from the results presented in this publication.

20 Other differences in results relate to further scope and coverage variations between the two surveys. Non-employing units were included in the scope of *Australian Industry*, but generally excluded from *Real Estate Services*.

HISTORICAL COMPARISONS

21 While comparisons are made between 2002–03 survey results and the earlier iteration of the Real Estate Services Survey, the reader should bear in mind that the survey has not been designed to support accurate estimates of change, and should exercise caution when comparing 2002–03 results to 1998–99 results.

22 Occupation definitions have been redefined to align as closely as possible to the Australian Standard Classification of Occupations (ASCO) and are therefore not directly comparable with the 1998–99 survey.

23 For the purposes of this survey, estimates for multi-state businesses were compiled differently. For the ABS maintained multi-state businesses, the state with the largest employment was defined as the main state. For ATO maintained businesses, there was no state employment breakdown, therefore the business address of the lead unit was defined as the main state. That is, data for multi-state units were assigned to the state with predominant employment for that business or the main business address of that business rather than the state of actual operations. During 1998–99, data for multi-state businesses was assigned according to actual state of operations, known as State of Location.

RELIABILITY OF THE DATA

24 When interpreting the results of a survey it is important to take into account factors that may affect the reliability of estimates. Such factors can be classified as either sampling or non-sampling error.

25 The estimates are based on information obtained from a randomly selected stratified sample of real estate services businesses in the Australian business 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, that is if a census was conducted. 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.

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA *continued*

26 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 was conducted and approximately 19 chances in 20 that the difference will be less than two SEs.

27 Sampling variability can also 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 sampling error in percentage terms, and this avoids the need to refer also to the size of the estimate.

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

RELATIVE STANDARD ERRORS FOR TABLE 1 SUMMARY OF OPERATIONS, Real estate services

	2002-03			
	Franchised real estate agents	Non-franchised real estate agents	Other real estate services	Total
	%	%	%	%
Businesses at end June	7.3	6.8	12.7	3.2
Offices/locations at end June				
Capital city and suburbs	11.1	8.3	14.9	5.3
Other	15.0	12.8	27.3	8.6
Total	8.7	6.6	12.8	3.7
Employment at end June	6.8	6.0	15.2	3.3
Income				
Property sales and leasing commissions	6.9	6.8	39.8	3.9
Property management commissions	10.0	7.8	28.6	5.8
Other	11.5	9.5	16.9	10.2
Total	6.5	6.1	15.1	3.1
Expenses				
Labour costs	6.6	5.9	14.6	3.1
Other	7.4	7.1	17.7	4.0
Total	6.6	6.0	15.2	3.2
Operating profit before tax	13.3	11.5	25.0	7.7
Operating profit margin	11.5	8.9	19.2	6.8
Industry value added	6.6	6.1	15.0	3.1
Businesses with a web presence at end June	1.3	6.2	22.5	3.6
Proportion of businesses advertising 80% or more of their property listings via a web presence	4.4	5.7	np	4.0

29 As an example of the above, an estimate of total income for real estate services businesses in 2002-03 was \$7,524.7m and the RSE was estimated to be 3.1%, giving a SE of approximately \$233.3m. Therefore, there would be two chances in three that, if all units had been included in the survey, a figure in the range of \$7,291.4m to \$7,758m 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 \$7,058.1m to \$7,991.3m.

EXPLANATORY NOTES *continued*

RELIABILITY OF THE DATA *continued*

30 The sampling variability for estimates at the state/territory level was higher than for Australian level aggregates. Within states/territories, the sampling variability, and therefore the RSEs of estimates for smaller states and territories are higher than for the larger states. Survey estimates for the smaller states and territories should therefore be viewed with more caution than those for other states. RSEs for New South Wales, Victoria and Queensland are typically 1.4 to 2.8 times greater than the corresponding national figure for employment and financial estimates, and 1.7 to 2.3 times higher for estimates of numbers of businesses. RSEs in the other states and territories are typically 2 to 4 times greater than the corresponding national figure for employment and financial estimates, and 2.4 to 4 times higher for estimates of numbers of businesses (the wide range of values is a result of the different market shares of small and large businesses in each state/territory).

31 Errors other than those due to sampling may occur in any type of collection and are referred to as non-sampling error. For this survey, non-sampling error may result from such things as deficiencies in the register of businesses from which the sample was drawn, non-response, imperfections in reporting and/or errors made in compiling results. The extent to which non-sampling error affects the results of the survey is not precisely quantifiable. Every effort was made to minimise non-sampling error by careful design and testing of the questionnaire, efficient operating procedures and systems and the use of appropriate methodology. Survey estimates subject to a high level of non-sampling error have been suppressed or provided with relevant cautions.

32 Estimates that have an estimated relative standard error between 10% and 25% are annotated with the symbol '^'. These estimates should be used with caution as they are subject to sampling variability too high for some purposes. Estimates with an RSE between 25% and 50% are annotated with the symbol '*', indicating that the estimate should be used with caution as it is subject to sampling variability too high for most practical purposes. Estimates with an RSE greater than 50% are annotated with the symbol '**' indicating that the sampling variability causes the estimates to be considered too unreliable for general use.

33 Where figures have been rounded, discrepancies may occur between the sum of the components and the total. Similar discrepancies may occur between a proportion or ratio, and the ratio of the separate components.

REFERENCE PERIOD

34 Data contained in the tables in this publication related to all real estate services businesses, including real estate agents, in Australia during the year ended June 2003. Financial estimates included the activity of any business that ceased or commenced operations during the year. Counts of businesses and locations included only those that were operating at 30 June 2003. Employment included only those persons working for a real estate services business or agent during the last pay period ending in June 2003.

ACKNOWLEDGMENT

35 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*.

DATA AVAILABLE ON REQUEST

36 Inquiries about these statistics and more detailed statistics than those presented in this publication should be made by telephoning the contact shown on the front page.

EXPLANATORY NOTES *continued*

ABBREVIATIONS

\$m	million dollars
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
GDP	gross domestic product
GE	group employer
IVA	industry value added
OPBT	operating profit before tax
PAYGW	pay-as-you-go withholding
RSE	relative standard error
SE	standard error
TAU	type of activity unit
TNTS	The New Tax System

GLOSSARY

Advertising and promotional expenses	This item includes all costs incurred by a business for promotional and publicity campaigns aimed at bringing the activities and services of the business to the attention of consumers for the purpose of increasing sales.
Advertising on behalf of clients	This item represents the total cost of advertising clients' properties. This comprises costs recorded in the business's profit and loss account and costs recorded in separate trust accounts.
Auction	An auction refers to the process where land and properties are sold via a public sale at which the property is sold to the highest bidder and is mediated by a third party called an auctioneer.
Average annual percentage change	<p>A percentage change, p, from 1998–99 to 2002–03 is converted into an average annual change, a, as follows:</p> $a = (1 + p)^{1/4} - 1$ <p>The average annual percentage change is not an arithmetic average of the actual percentage changes from year to year. It is labelled the 'average' change because if any value increases by $a\%$ every year for four years, then at the end of the four years it will have grown by a total $p\%$.</p>
Bad and doubtful debts	Bad and doubtful debts is the amount of accounts receivable that are either written off, or estimated to be uncollectible during an accounting period, that are expensed in a period's profit calculations.
Body corporate	This refers to a residents' or owners' committee whose responsibility is to manage common areas, resolve conflict between tenants and look after any other issues that affect tenants or owners.
Body corporate management fees	This refers to income derived from administering body corporates.
Capital city and suburbs	Capital city and suburbs refers to the greater metropolitan area of the capital city of each state and territory in Australia.
Car allowances paid to staff	These are payments made by businesses to staff for motor vehicle expenses. They are a reimbursement for motor vehicle expenses incurred by staff in using their own vehicle for business purposes.
Casuals	Casual employees are those persons directly employed by the business who are not entitled to paid leave.
Computer software expensed	Computer software expensed is the cost of computer software that has been fully charged to profit as an expense in the current accounting period.
Corporate advertising and promotional expenses	These are advertising expenses relating to the promotion of the business as distinct from the promotion of clients' properties.
Depreciation and amortisation	Depreciation and amortisation are financial charges made in 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. Depreciation generally refers to physical (tangible) non-current assets, and amortisation generally refers to intangible non-current assets.
Employees	Employees are all persons working for this business who receive remuneration in any part of the reference period, excluding working proprietors and partners.
Employer contributions to superannuation funds	Employer contributions to superannuation funds are the cost of the employer's contributions during the reference period made on behalf of employees including salary sacrificed amounts.

GLOSSARY *continued*

Employment at end June	Employment represents all employees and working proprietors and partners on the payroll for the last pay period ending in June. Employees absent on paid or prepaid leave are included. Non-salaried directors, subcontractors and persons solely paid by commission without a retainer are excluded.
Franchise	These are businesses which operate under a franchise agreement. Franchisees typically trade solely under the franchise name and benefit from centrally provided advertising and training programs.
Franchise fees and royalties expenses	This includes payments made under licensing agreements. It excludes management fees, advertising expenses and marketing/training group fees.
Franchised real estate agents	This includes real estate agents who are either part of a franchise, marketing group or cooperative.
Fringe benefits tax	Fringe benefits tax is payable by employers when certain benefits in excess of normal wages or salaries (e.g. free or discounted goods or services) are received by their employees (or associates of employees) in connection with their employment.
Income from consulting fees	This includes income from providing advisory services to individuals or businesses with regard to real estate issues.
Income from conveyancing work	This is income received on a fee for service basis relating primarily to facilitating the legal transfer of property titles.
Income from property management commissions	This item primarily represents income received for managing a residential or non-residential rental property on behalf of a property owner. Also included in this item is income from body corporate management fees.
Income from property sales commissions	This is income a business receives for selling land and property on behalf of another business or individual.
Income from property sales and leasing commissions	This item is the sum of income from property sales commissions and leasing/letting commissions/fees.
Income from property valuations	This is income received for the provision of property valuations by a property valuer.
Industry value added (IVA)	Industry value added for market producers is an estimate of the difference between the value of the output of an industry and the purchases of materials and selected expenses incurred in the production of that output. For market producers, it has been derived by determining the income associated with the production (in this case sales of goods and services, changes in level of trading stock inventories, operational funding from government and capital work done by own employees for own use or for rental or lease), and subtracting the direct costs of producing these outputs (purchases of goods and services used in production of goods for resale and selective expenses related to the sale of goods and administrative expenses, exclusive of indirect taxes such as payroll tax, fringe benefits tax, land tax and land rates).
Insurance premiums	Insurance premiums are expenses incurred by an organisation in respect of different types of insurance policies but excluding workers' compensation and compulsory third party motor vehicle insurance.
Interest expenses	Interest expenses are outflows of funds related to the cost of borrowing money.
Interest income	Interest income is income earned through the lending out of funds owned by the entity.
Labour costs	These include staff related costs such as wages and salaries, fringe benefits tax and payroll tax, employer contributions to superannuation, workers' compensation premiums, and provision expenses for employee entitlements.
Leasing/letting commissions/fees	This item refers to fees paid to agents when they have successfully signed a tenant to a property.

GLOSSARY *continued*

Marketing group or cooperative	These are businesses which operate under a marketing group agreement. These businesses benefit from common advertising and other assistance. They typically use a trading name consisting of the individual entity and suffixed with the marketing group name.
Marketing group/cooperative fees	These are fees paid by independent agencies for affiliation with a marketing group or cooperative.
Motor vehicle running expenses	Motor vehicle running expenses are the costs incurred using 'on-road' motor vehicles owned by the business for business purposes.
Multi-list fees	This refers to fees paid on behalf of clients to other real estate agents when a property has been sold by more than one real estate agent business.
Non-franchised real estate agents	These are real estate agent businesses that do not operate under a franchise, marketing group or cooperative agreement.
Non-residential properties	This refers to property that is predominantly used for commercial purposes and is not usually utilised for residential activity.
Offices/locations at end June	An office or location is a physical site from which the business provides real estate services on a regular basis.
Operating profit before tax	This item is a measure of profit (or loss), during the reference period, taken before extraordinary items are brought into account and prior to the deduction of income tax and appropriations to owners (i.e. dividends paid, drawings). It is generally derived by subtracting total expenses from total income, and adding the difference between closing inventory and opening inventory for the period.
Operating profit margin	This represents the percentage of a business's sales of goods and services which becomes profit after all operating expenses have been deducted. It is derived by expressing total operating profit before tax (OPBT) as a percentage of total sales of goods and services.
Other contract, subcontract and commission expenses	These include payments to other businesses and self-employed persons for work done or sales made on a contract or commission basis and payments to persons paid by commission without a retainer. Payments to contractors and consultants for repair and maintenance are excluded, as are commissions paid to employees or persons receiving a retainer.
Other expenses	This includes title search fees, land taxes, bank charges, electricity, gas and water charges, postal and subscriptions to business and professional organisations.
Other income	This item includes commissions received on sale of insurance, auctioneering fees (other than real estate), income from franchise fees, funding from Federal, state and local government, royalties, 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. It excludes extraordinary profit (loss), i.e. not associated with the normal operations of the business and of a non-recurring nature.
Other insurance	This item includes optional third-party and comprehensive motor vehicle insurance premiums, fire, general, accident and public liability and income maintenance insurance premiums.
Other property sales	This refers to the sale of land and properties by tender i.e. where offers are submitted by potential purchasers by a set date. This excludes sales by auction and by private treaty.
Other real estate services	This refers to businesses whose main activity involves non real estate agent services, for example, property valuation, conveyancing, auctioneering, and body corporate management.
Other rent, leasing and hiring income	This includes income from operating leases, sub-leases and from the rent, leasing or hiring of property owned by a real estate agent business.

GLOSSARY *continued*

Paper, printing and stationery expenses	Paper, printing and stationery expenses are costs incurred for office supplies and printing carried out by or for the business.
Payments to employment agencies for staff	These are payments made to an employment agency for the supply or recruitment of staff.
Payroll tax	Payroll tax is a tax levied by state and territory governments upon the amount of wages and salaries paid by a business.
Permanent full-time employees	Permanent full-time employees are those who work 35 hours or more per week, and are entitled to paid leave.
Permanent part-time employees	Permanent part-time employees are those who work less than 35 hours per week, and are entitled to paid leave.
Private treaty	This refers to the sale of land and properties where the sale price is set by the vendor and offers are submitted by potential purchasers via a tender-like system.
Professional indemnity insurance	Professional indemnity is a general insurance which covers the practice against a third party's financial loss as a result of advice provided to the third party.
Property listings	This refers to lists of properties on the market for sale or lease. It can relate to either web listings which are virtual lists of properties that can be accessed via the web or hardcopy lists available via printed media.
Property manager (commercial)	This refers to a real estate occupation where the main duties include supervising the leasing of commercial rental properties on behalf of owners.
Property manager (residential)	This refers to a real estate occupation where the main duties include supervising the leasing of residential rental properties on behalf of owners.
Property valuation service	This is a service provided by qualified property valuers on a fee for service basis. It involves calculating the market rate for land and/or dwellings.
Real estate agency manager	This refers to a real estate occupation where the main duties include coordinating the activities of agency salespersons in selling and leasing real estate.
Real estate agent	A real estate agent is a business whose main activity is selling (e.g. by auction or private treaty), purchasing, managing or renting real estate on behalf of third parties.
Real estate salesperson (commercial properties)	This refers to a real estate occupation where the main duties include arranging the sale and lease of commercial properties and assisting buyers to find suitable properties.
Real estate salesperson (residential properties)	This refers to a real estate occupation where the main duties include arranging the sale and lease of residential properties and assisting buyers to find suitable properties.
Rent, leasing and hiring expenses	Rent, leasing and hiring expenses are those costs for the rent, leasing (excluding finance leases) and hiring of vehicles, land, buildings, machinery, equipment and any other property from other businesses or individuals.
Repair and maintenance expenses	Repair and maintenance expenses are costs associated with work undertaken on property and equipment to maintain normal business operations. This includes repair and maintenance on properties managed by the business where incurred as an operating expense.
Repair and maintenance register	This refers to a consolidated register of all managed properties that lists repair and maintenance carried out on these properties.
Residential property	This refers to property that contains at least one dwelling and usually has restrictions on commercial activity.
Telecommunication services	Telecommunication services are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission. They include the costs of fixed and mobile telephone services, facsimile services, Internet services and leased lines for computers.

GLOSSARY *continued*

Tenancies managed	This is the number of residential and non-residential tenancies under management at the end of June 2003.
Training services provided by other businesses	Payments to consultants, institutions or other businesses for the provision of staff training and education services.
Travelling, accommodation and entertainment expenses	Travelling and accommodation expenses are costs incurred for transportation services or in providing accommodation to staff when business activities occur away from the normal place of business. Entertainment expenses are the costs incurred for the provision of entertainment activities, either for staff of the business or clients.
Valuers/land economists	These refer to real estate occupations where the main duties include: for valuers, assessing the value of land, property, commercial equipment and merchandise, and for land economists, providing advice on the administration, commercial and operational use of land and property.
Wages and salaries	This item refers to the gross wages and salaries (including capitalised wages and salaries) of all employees of the business. The item includes severance, termination and redundancy payments, salaries and fees of directors and executives, retainers and commissions of persons who received a retainer, bonuses, and annual and other types of leave. Provision expenses for employee entitlements (e.g. provisions for annual leave and leave bonus, long service leave, sick leave, and severance, termination and redundancy payments) are also included. Payments related to salary sacrifice and payments to self-employed persons such as consultants, contractors and persons paid solely by commission without a retainer are excluded.
Working proprietors and working partners of unincorporated businesses	A working proprietor operates his or her own business (a sole proprietorship), while a working partner, along with one or more other partners, operates a partnership. Working proprietors and working partners are the owners of their business and as such, they are not considered to be employees of that business.
Web presence	Web presence includes a web site, home page or a presence on another entity's web site. A web site or home page is an electronic document that is accessed via a unique address on the World Wide Web. The document provides information in a textual, graphical or multimedia format.
Workers' compensation costs	Workers' compensation is a compulsory insurance cover taken out by all employers, except for self-insured workers, according to legislative schemes to cover employees suffering injury or disease in the course of or arising out of employment.

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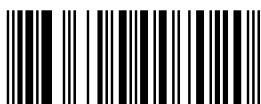
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