

# Real estate consulting can increase your income

In the many years I have written for REM, my last article about the *Unbundling of Real Estate Services* generated more mail and calls for information, than any other article. I'll write more about real estate consulting and the fee-for-service concept in the coming months.

Does real estate consulting work? An old friend, a long-time broker, called me about my article. This friend, who I will call Norm, wanted more information about services that a consultant could offer the public. We discussed the concept of assisting a FSBO and providing various services for them. Taking my advice, not only was he successful in contracting with the FSBO for his services, they ended up deciding that he was better equipped to sell their house than they were, so Norm sold the house. He went in as a consultant and the owners decided to switch his role to agent. Now for the bonus: they were so happy about the unbiased services of this professional, he is meeting with their friends who were also going to attempt to sell privately. Does fee-for-service work? The actions of just this one Toronto agent attests to the fact — and he hasn't even taken the upcoming September course as yet!

Julie Garton-Good, the founder of the National Association of Real Estate Consultants (NAREC) has undertaken a great deal of market research. Julie contends that it takes, on average, a residential agent about 83 hours to sell a house. Agents just don't figure their hourly rate in the selling process, based on income earned and weekly real estate time. Commissions continue to decline, while costs escalate. Can this trend continue and with what seems like too many agents drinking from the same watering hole?

Let's look at a simple piece of math. If you pick up just two FSBOs a month as a consultant, that may earn you about \$1,500 per deal (10 hours of work at \$150 per hour) or \$36,000 extra income per year that was unavailable before. This is a gross earning — commission splits with your office have to be considered.

What is your success with FSBOs right now? Even if you are one of the rare breed who can get past the resistance and can list FSBOs, you can't list them all. By offering fee-for-service, your income will increase, your opportunities will increase and your earning power per hour will increase.

The concept of consulting is not just limited to FSBOs and residential real estate. I don't care if you are an industrial or apartment specialist, consulting works. More and more of my business is going toward consulting instead of the traditional brokerage and appraisal services that I had always marketed. A client wants to know if they should or should not accept an industrial lease renewal — that's pure consulting for me and review of appraisal reports prepared by others.

Humour me. Take a blank piece of paper. Write a heading, My Services, and then start a list. What can you offer the public? How about:

- pricing their house
- preparing the house for sale and dealing with trades
- preparing a marketing brochure
- preparing ads
- helping a purchaser get mortgage approval
- negotiating an offer

This is only a partial list. Try to expand it. Notice that I have not listed "find a buyer". There are many ways to get paid in a real estate transaction. Each service item commands a different

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BY BARRY LEBOW

fee. Setting these fees is a matter of figuring what your time is worth.

In my last article I forgot to note the NAREC website, [www.narec.com](http://www.narec.com). If you are interested in how to charge and for what, there are many articles that can be reviewed on this site. I also recommend that you link to [www.gomez.com](http://www.gomez.com), which is filled with many real estate articles, especially those that indicate what the public wants in real estate services today.

I am pleased to announce that I have been able to get Julie Garton-Good to come to Toronto on Sept. 13 and 14 and to put on the first Canadian C-CREC course. Realtors have already registered from as far away as Northern Alberta.

I am thoroughly convinced that the fee-for-service business is probably one of the most significant opportunities for a secure real estate future for experienced sales people.

*Barry Lebow has been a regular contributor to REM since its beginning. He is the first Canadian to earn the C-CREC designation in real estate consulting. (416) 781-5504, fax (416) 781-3333; email [barry@lebow.ca](mailto:barry@lebow.ca); website [www.negotiator.ca](http://www.negotiator.ca)*