



## Real Estate Sector Skills Summary



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## Hinonga Kōkiri/Head Start Project

**The Hinonga Kōkiri/Head Start Project is an initiative from ServiceIQ that brings together service sector stakeholders from industry, employers, schools, tertiary education providers, and iwi throughout Aotearoa New Zealand to reflect on the impacts of COVID-19.**

The purpose of the project is to hear stakeholder perspectives on:

- ▶ how COVID-19 has reshaped vocational pathways and business, and
- ▶ what people and skills, training, and learning pathways are needed to get a head start to COVID-19 recovery.

The stakeholder consultation began in August 2021 and concluded in October 2021 via industry focus groups. Their perspectives shaped the creation of this sector skills summary, and what support is needed for recovery.

The consultation results have been combined with industry insights, data and forecasting to produce

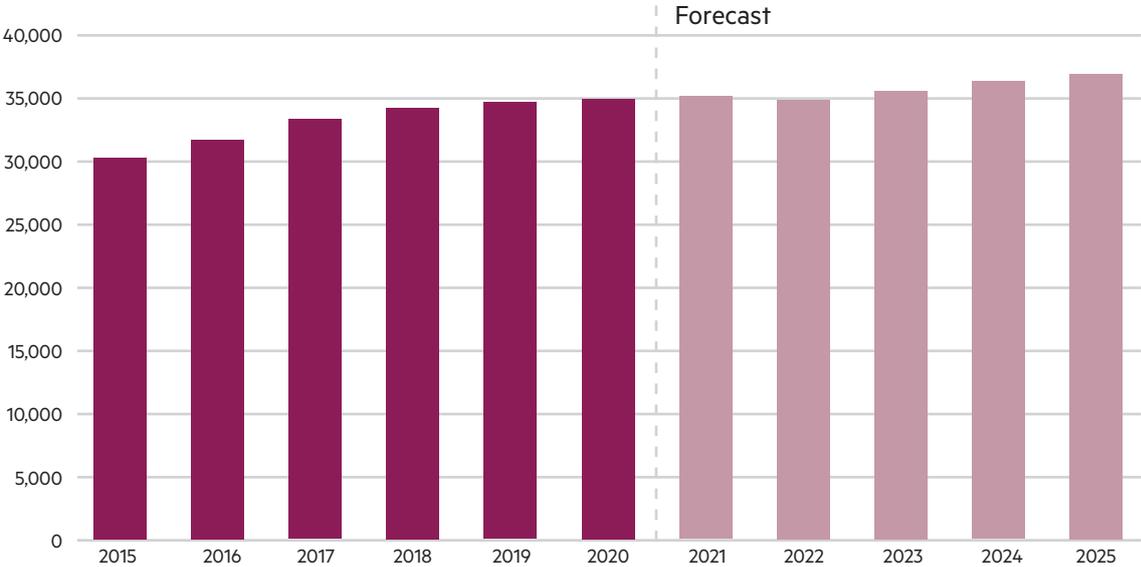
sixteen sector skills summaries, one for each sector represented by Ringa Hora Services Workforce Development Council. This skills summary is for the Real Estate sector. There are 15 other summaries for the accommodation, aviation; cafés, bars and restaurants; catering; cleaning services; clubs; contact centres; financial services; local government; public services; quick service restaurants; retail and retail supply chain; security services; travel; and tourism sectors.

From this research ServiceIQ will produce a workforce strategy for Ringa Hora Services Workforce Development Council. The strategy will include industry, employer, schools, provider, and iwi voices. In this way the project gives service sector stakeholders an opportunity to shape vocational education in Aotearoa New Zealand.

The report is structured into five main areas to show what impacts COVID-19 has had on the sector; the sector response to COVID-19; key drivers of future success; skills needed to support sector recovery; and skills initiatives and strategies.

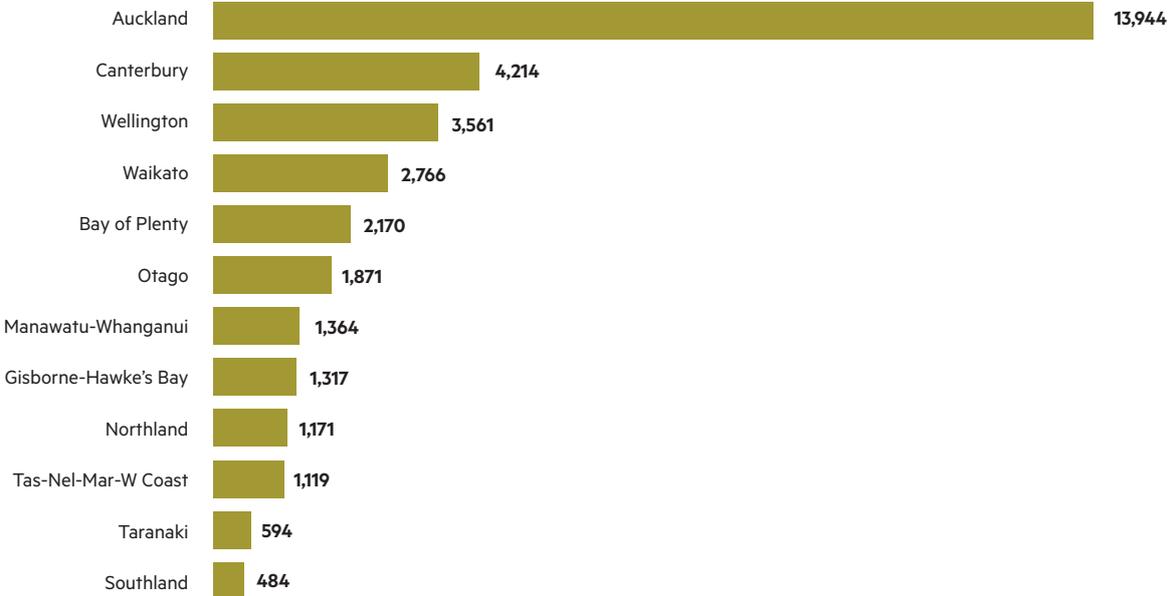
# Real Estate Sector Snapshot

## Real Estate sector jobs



- Prior to COVID-19 the real estate sector workforce was forecast to grow by 3.9% between 2020 and 2025. Infometrics now forecasts an increase of 177 jobs or 0.5% increase of the sector workforce in the year to March 2021 but a decline of 0.7% (247 jobs) the following year. The real estate sector is forecast to reach pre COVID-19 levels in 2023 and grow to 36,514 jobs by 2025.

## 2020 Regional employment

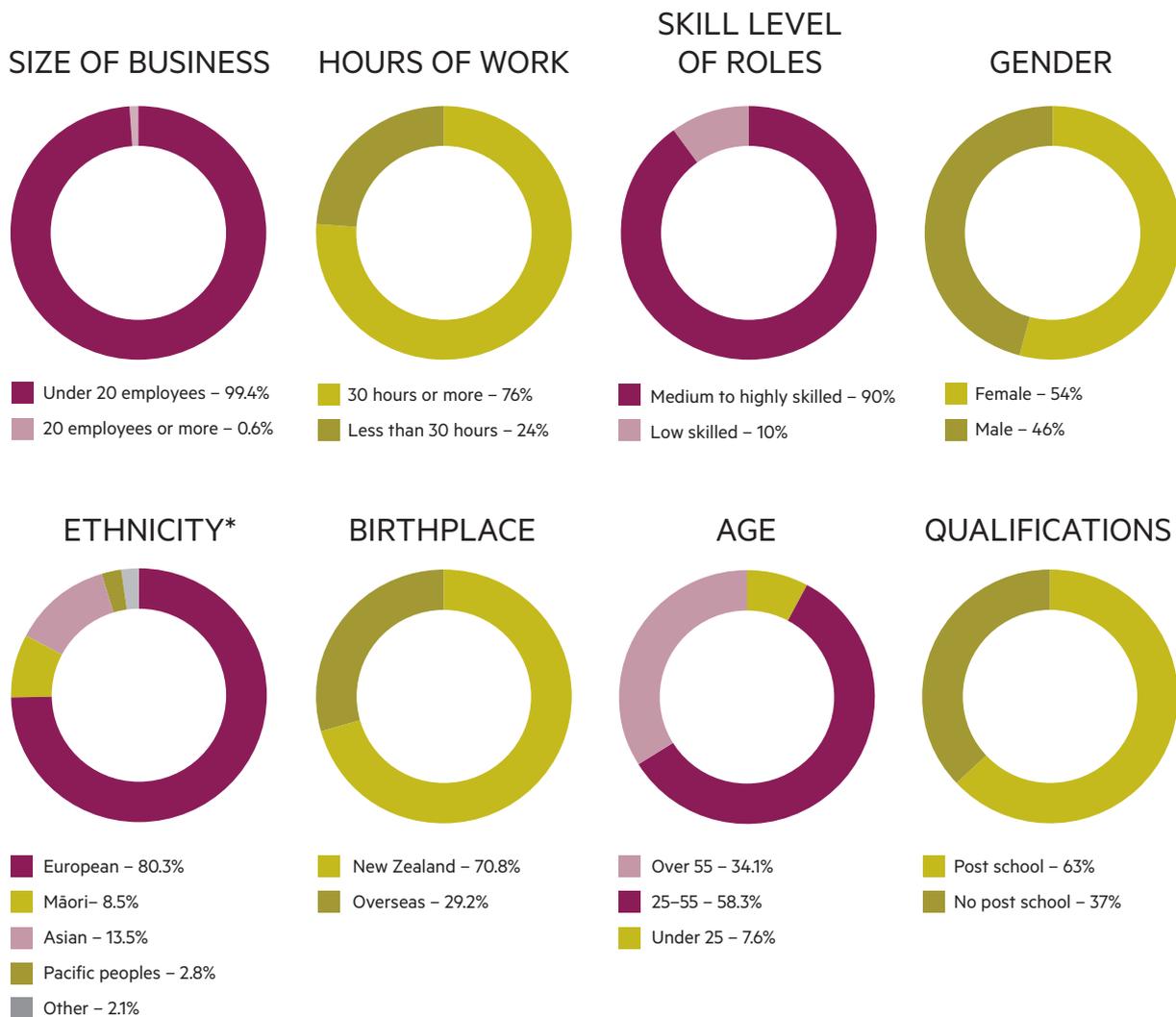


- In 2020 property managers made up 25.8% of roles in the real estate sector. Other roles include real estate agents, real estate representatives, facilities managers, and valuers.
- The real estate sector self-employment rate in 2020 was 46.5%; higher than the overall economy which was 16.8%.

2020 Real Estate Sector data



► GDP per FTE (full time equivalent) was \$357,245; higher than the GDP per FTE for the overall economy which was \$139,983.



\*Ethnicity percentages may add up to more than 100% as people may identify with more than one ethnicity.

- In the 2018 Census, 29.2% of the sector workforce was born overseas, an increase of 3.8% from 2013. Workers born in Asia increased by 1,777 over a five year period from 7.3% in 2013 to 11.2% in 2018.
- 45.8% of the sector is over the age of 50 years old compared to 33.6% of the overall workforce.



# Real Estate Sector Skills Summary

## Introduction

This sector skills summary is based on an environmental scan, key informant interviews and several focus groups with industry participants.

## Context

### The real estate industry

The information provided in the preceding Real Estate Sector Snapshot covers all those who work in the real estate sector, just under 35,000 people. Around half of this workforce is regulated under the the Real Estate Agents Act 2008,<sup>1</sup> which states that all real estate salespersons, branch managers and agents are required to be licensed. As part of that licence, individuals must have the prescribed qualifications as set out in the Real Estate Agents (Licensing) Regulations 2009.

The Real Estate Authority (REA) is the independent government agency that regulates the New Zealand real estate industry. Its purpose is to promote and protect the interests of consumers buying and selling real estate, and to promote public confidence in the performance of real estate agency work.<sup>2</sup> The REA also contributes to the real estate qualification development process and looks forward to active engagement with the Services Workforce Development Council.

The REA provides detailed statistics about the licenced real estate workforce. A selection of these are presented in Appendix 1, pages 19–21. These show that as at 31 July 2021 there were over 15,000 active licenced salespersons, agents and branch managers, and over 900 active licenced companies.<sup>3</sup> There has been strong growth in the number of approved licence applications over the last year.

<sup>1</sup> <https://www.legislation.govt.nz/act/public/2008/0066/latest/DLM1151921.html>

<sup>2</sup> <https://www.rea.govt.nz/the-real-estate-authority/>

<sup>3</sup> <https://www.rea.govt.nz/news/licensing-statistics/>

The Real Estate Institute of New Zealand (REINZ) is a membership organisation representing more than 16,000+ real estate professionals nationwide. REINZ specialises in all facets of real estate including residential sales, rural, auctioneers, business brokers, commercial and industrial sales and leasing, and residential property managers.

## Property management

The property management sub-sector has a different profile from the real estate sector with the property manager demographic tending to be women aged over 40. Property managers are salaried, rather than working on commission, and it is a less competitive environment than real estate. Property management is not regulated and property managers do not have to be licenced. There is, however, a move towards regulation both from the government and the sector itself. Many property managers are members of REINZ, who estimate that around 20 percent of those members have completed the New Zealand Certificate in Residential Property Management (Level 4).

## Training

### Formal qualifications

The **New Zealand Certificate in Real Estate (Salesperson) (Level 4)** is the base qualification to become licenced to sell property in New Zealand. Successful completion of the qualification allows the graduate to apply for a Salesperson's licence through the Real Estate Authority (REA). Applicants must be over 18 years of age and a 'fit and proper person' (this means having no criminal convictions). The REA carries out a police check for all licence applications.<sup>4</sup> There are currently six organisations delivering this qualification: one industry training organisation, four subsidiaries of Te Pūkenga, and one Private Training Establishment.

### Qualification review

A new real estate qualification suite is currently under development, which may include revision of the current Level 4 qualification to 'ensure a true alignment of the pathway from Level 4 through to Level 6' (Skills Consultation Report, 26 February 2021, p.3).<sup>5</sup> Other key themes from the consultation included: the detailed industry-specific content required, REA's legislation and licensing regulations, the impacts of the Trans-Tasman Mutual Recognition Act,<sup>6</sup> the length of time to complete the qualifications, and content for non-residential sectors (ibid., p.2). The new Level 5 and 6 qualifications have NZQA approval, with training programmes now under development, with the aim for programmes to be available for enrolment in early 2022.<sup>7</sup> Detailed information about the timeline and transitional arrangements are available on the REA website.<sup>8</sup>



*The property management sub-sector has a different profile from the real estate sector with the property manager demographic tending to be women aged over 40.*

<sup>4</sup> <https://skills.org.nz/careers-and-courses/real-estate/>

<sup>5</sup> <https://skills.org.nz/blog/real-estate-review-consultation-report/>

<sup>6</sup> <https://www.rea.govt.nz/real-estate-professionals/apply-for-your-licence/if-you-have-an-australian-licence-or-registration/>

<sup>7</sup> <https://www.rea.govt.nz/news/qualifications-review/>

<sup>8</sup> <https://www.rea.govt.nz/news/qualifications-review/real-estate-qualification-review-and-redesign/>

### Continuing professional development (CPD)

Licensed real estate professionals must complete at least 20 hours of CPD each year by 31 December. This consists of:

- ▶ 10 hours of verifiable education delivered by approved education providers. In 2021, the 10 hours of verifiable education is made up of four hours of mandatory topics and six hours of elective topics.

Plus

- ▶ 10 hours of non-verifiable education on other topics and types of learning.<sup>9</sup>

The verifiable topics are set by the REA, and are often based on areas where the most complaints have been received, for example, disclosure requirements. Non-verifiable education is organised via events, workshops and sector meetings, where a variety of topics are presented. Some providers now offer many of these topics online.

### Māori employment in the real estate sector

According to census data, while overall employment in the real estate sector increased by 22.8 percent between 2013 and 2018, the increase in those identifying as Māori employed in the real estate sector was 54.1 percent. Māori in 2018 accounted for 8.5 percent of the real estate sector workforce, compared with 6.8 percent in 2013 (Māori accounted for 13.5 percent of the total workforce in 2018). Please see the Real Estate Sector Snapshot (p.2) for post-COVID-19 workforce forecasts.

Figure 1: Employment by ethnicity in the Real Estate Sector in New Zealand

Ethnicity	Security				Growth
	Employment		Share of total		
	2013	2018	2013	2018	
European	23,254	27,202	84.3%	80.3%	17.0%
Asian	2,522	4,559	9.1%	13.5%	80.8%
Māori	1,863	2,871	6.8%	8.5%	54.1%
Pasifika	642	951	2.3%	2.8%	48.1%
MELAA	156	316	0.6%	0.9%	102.6%
Not elsewhere included	109	0	0.4%	0.0%	
Other	584	405	2.1%	1.2%	-30.7%

*Ethnicity percentages may add up to more than 100% as people may identify with more than one ethnicity.*

The increase of the number of Māori in the real estate sector reflects the overall growth of nearly 50 percent in the number of working Māori between 2013 and 2018, which accounted for more than a quarter of the growth across the total labour market. The total Māori population also grew substantially, with 180,000 additional Māori living in Aotearoa New Zealand. BERL suggests some possible explanations for the level of growth: Māori returning from overseas; actions taken by Statistics New Zealand to remedy the low response rates of Māori in the 2018 census; and the possibility that more people chose to identify as Māori in 2018 (BERL, 2020).

<sup>9</sup> <https://www.rea.govt.nz/real-estate-professionals/education-and-obligations/understanding-your-cpd-requirements/>



# Sector consultation insights

## 1. The impacts of COVID-19 on the Real Estate Sector

This section discusses the immediate impacts of COVID-19 on the real estate sector. We consider the property management sector separately as the impacts were quite different.

The immediate impact of COVID-19 and the lockdown was essentially that business stopped – it became very difficult to promote and sell real estate, especially as open homes were not possible. However, many in the industry were quickly able to ‘pivot’, swiftly adapting business models and rolling out digital tools that allowed business to continue. The Level 4 hiatus gave many a chance to become accustomed to working more independently and to become more familiar with new technology.

### Training

#### *Verifiable/non-verifiable training*

While face-to-face training had to be cancelled, there was a significant uptake in online training as agencies encouraged their licensees to use the down time to complete any training requirements. Providers who could move quickly to offering online training were extremely busy; with one provider reporting that they now have a catalogue of over 200 webinars on different topics. Providers also had to swiftly become accustomed to online delivery and the range of communication platforms, and to develop online resources.

#### *Upskilling for new technology*

Greater reliance on existing technology, and the introduction of new technology, was a challenge for many in the real estate sector: ‘digital skills is the Achilles’ heel for many salespeople’. Agencies spoke of the ‘massive’ amount of learning required to support many to first overcome their fear of technology, and then to become adept at using it.

*'Our industry has a problem and that's because of the age group, there has always been an issue with digital literacy. And there was a bit of a lag in people converting. Well they've had to convert very quickly...'*

**- FOCUS GROUP PARTICIPANT**

*'I like to think I'm a reasonably competent woman, but I thought, bloody hell, how am I going to do this? How am I going to learn the system?... And as soon as fear kicks in... it's a big, big battle overcoming that fear, which is the reality, because whether that fear is justified or not, it's the reality. And in my case, it actually wasn't justified. But nonetheless, it was very real, it can be debilitating.'*

**- FOCUS GROUP PARTICIPANT**

## Well-being

The uncertainty and rapidly changing situation impacted on many in the real estate sector. As well as having to upskill to meet the challenges of new technology, many in the the workforce had to cope with personal situations, such as isolation, home-schooling children, or partners being made redundant. The last issue was particularly concerning for those whose income was solely commission-based, the majority of real estate salespeople. REINZ played an important role in keeping businesses updated and explaining the impacts as New Zealand moved to different response levels. They also provide mental health modules that could be undertaken in short 40 minute blocks.

## Property management

While the above factors impacted on property managers as well, there was a different set of issues for them to face, especially in regions and towns that bore the brunt of the short-term impact of the lockdown, and of the broader impacts of restrictions and closed borders. In Queenstown, for example, the impact has been 'horrific', with many properties being removed from management contracts and often sold, while the partners of some property managers were made redundant or had businesses close.

*'Health and well-being have become high on my agenda – I've gone from being the boss to being 'mum' ... we've had to go back to the drawing board and attend to mental health issues and stress with staff... that loss of income and that loss of tourists coming into the town filters down through and spreads out into the community.'*

**- FOCUS GROUP PARTICIPANT**

Interestingly, property managers also reported more compassion and understanding from both tenants and landlords over the height of lockdown.



## 2. The response to date as a result of COVID-19

In this section we consider the ways in which the real estate sector has responded to the impacts of COVID-19. There is a strong sense that the pandemic accelerated, or was a catalyst for, changes that were already underway or brewing. As significantly, the months immediately after lockdown saw the property market ‘go through the roof’.

### Recruitment / talent supply

Driven by the burgeoning property market,<sup>10</sup> the second half of 2020 saw significant growth in the number of people studying towards the real estate qualifications, many of whom came from industries where there were similar people-focused skills sets (and large numbers of redundancies), like tourism and hospitality. This has translated to an increase in people entering the real estate workforce, with the REA reporting a 45 percent increase in the number of new salesperson applications in the last 12 months. Table 2, on page 19, shows an increase of seven percent in the number of active licences from 31 July 2020 to 31 July 2021. While this ‘influx’ may help address the demographic reality of an aging real estate workforce, it has raised several issues.

### The realities of the industry

There was a strong message from the focus groups that while real estate can be a great career for some, the realities of the industry need to be made clear to aspiring salespeople, for example, the practicalities of commission-based earnings.

*‘I just tell people, if you haven’t got enough money in the bank to pay the grocery bill and the rent for the next 12 months, you shouldn’t be getting into real estate.’*

– FOCUS GROUP PARTICIPANT

<sup>10</sup> Much of this growth has occurred in the residential sector of this industry.



**Salespeople are now more adept at working flexibly: 'it's almost more normal to just grab your laptop and basically work from anywhere.'**

Some businesses are providing more support to people who are working towards the qualification via, for example, setting up study groups facilitated by a manager.

## Supervision

While all licensees holding a salesperson's class of licence must be supervised<sup>11</sup> when doing real estate agency work regardless of how long they have been working in the industry, there are particular requirements for new salespeople. They may not prepare sale and purchase agreements or give advice about them until they have had at least six months' experience as a salesperson.<sup>12</sup> Some concerns were raised about the quality of supervision in some workplaces, in an essentially competitive environment, and particularly with the move to more remote working practices. On the other hand, we also heard about businesses who are taking the supervisory responsibilities more seriously, including providing more robust induction training.

The current increase in the number of salespeople, and the online environment, is challenging some of the traditional aspects of supervision. There is also no longer a mandated ratio of salespeople to supervisors.

*'We're thinking about what remote supervision might look like... and how do we ensure there's no additional risk posed to consumers with that sort of operating model.'*

– KEY INFORMANT INTERVIEW

## Business models and processes

Many of the processes that were implemented shortly after lockdown, as real estate businesses began to operate face-to-face again, have been retained. This has helped with wider health and safety responsibilities, making businesses more mindful of good protocols around open homes, for example. The technological skills that were learnt with online training are now being used for team meetings and with customers, as well as for training. Salespeople are now more adept at working flexibly: *'it's almost more normal to just grab your laptop and basically work from anywhere.'*

The greater reliance on technology exposed 'clunky' systems in some businesses. This may have required upgrading of hardware or purchasing new software packages. Often, however, it was more about better utilisation of existing tools:

*'And I think through that period, we just found that we all learnt a whole lot about it [technology] and we learnt a lot about using Zoom and all those sorts of things too.'*

– FOCUS GROUP PARTICIPANT

<sup>11</sup> NB: Currently, supervisors must be experienced, but are not required to be qualified.

<sup>12</sup> <https://www.rea.govt.nz/real-estate-professionals/education-and-obligations/supervision/>

Some in the industry are compensating for lack of (or lack of interest in developing) technical skills by setting up teams, with assistants who focus on digital areas, leaving the salesperson to continue to focus on the ‘people’ side of the business. Technology may also enable the growth of smaller real estate businesses as the administration support provided by big corporate offices becomes less relevant. The REA notes the emergence of ‘hybrid’ models, which may have an element of ‘do it yourself’ selling, supported by a licenced professional, providing a challenge to the boundaries of the current legislation. The pandemic has also reinforced the need for business continuity planning, including ensuring that staff are equipped with, and confident to use, digital tools.

## Training

It seems likely that the preference for online training will continue, as people’s comfort levels and ability with the technology has increased. The ease of accessing training, and the time and money saved from not having to physically attend are valued, as is the ability to access international speakers.

It was noted, however, that real estate tends to attract ‘people-centric’ people, who may prefer face-to-face learning. There is also value in the cross-group learning and debate that happens in a training room, although one trainer spoke of the use of online chat facilities to support this sort of interaction. For some learners, there is still value in physical resources to support online learning, with a call for accessible study guides, for example.

There were concerns about some learners’ level of engagement in online learning. Improving engagement requires good facilitation skills (as opposed to solely ‘training’ skills) and a high level of knowledge of, and comfort with, the platform being used and its capabilities to enhance engagement. There is also the need for recognition that some learners may have different learning needs, such as dyslexia, that must be taken into account when new training environments are developed.

*It seems likely that the preference for online training will continue, as people’s comfort levels and ability with the technology has increased.*





### 3. Key drivers of future success for the Real Estate Sector

There are three interconnected keys drivers for future success for the real estate sector.

#### Technology

While some in the real estate workforce have struggled to swiftly adopt new technology imposed on them by COVID-19, there is no doubt that the future shape of the industry will be driven in part by technology. The face-to-face customer experience will still be important, given the emotional investment in buying property, but technology is likely to enhance and ease those transactions. Some examples are:

#### *Customer knowledge and expectations*

There are now many ways for customers to arm themselves with information about potential properties and the real estate market as a whole. Salespeople have to recognise this and be one step ahead of customer knowledge:

*'The agencies used to be the holder of all the information and the only way to access that information was via them ... that information is now so widespread. You know, you've got things at home where people can look up, where they can do their own research. They can look into things.'*

**- FOCUS GROUP PARTICIPANT**

Many customers are now digitally-savvy and expect that the bulk of any real estate transaction, from searching and viewing to purchasing, will be conducted online.

## E-marketing

Print media is gradually becoming less important as internet channels replace physical advertising. Buying property 'sight unseen' is becoming more common, encouraging (for example) the use of video links to 'virtually' show people properties.

*'It's not just the camera going through the house. You might have children on a scooter going down to the beach because it's two blocks from the beach, that sort of thing... so we tell a story with our videos to sell the lifestyle rather than just show the property.'*

– FOCUS GROUP PARTICIPANT

## Communication with customers

At open homes, customer information is directly loaded to a data-base, generating follow-up emails and analytics that allow the salesperson to direct future information. Text messaging is also being used much more frequently.

## Legal processes

Uptake of use of the DocuSign e-signature product was mentioned as a good example of technology adopted more fully since the pandemic:

*'I was using DocuSign with the office that I was helping run previously. And it was a slow adoption. Some people would see the advantage of using it and others just couldn't get their head around it. 'Why would you do that when you could just scan and send it?' But I think the catalyst of COVID was a good thing because it's such a good time saving exercise and it doesn't have to remove the people element that is still so important.'*

## Recruitment and retention of suitable people:

Crucially, though, successful adoption and use of technology requires the right mindset; an openness to change and flexibility. Technological change and other significant regulatory changes to the industry, like the new property tax regime and the Anti-Money Laundering legislation, have proven too challenging for some in the industry.

*'I was talking with someone last night who's been in the industry for twenty-five years and she got an award for it and she said, 'I've seen huge changes, but in the last five years I've seen changes that I can't cope with anymore ... I won't be up for a 30-year award...'*

– FOCUS GROUP PARTICIPANT

It is acknowledged that there has always been a high turnover rate in the real estate workforce, with around 33 percent of new licencees leaving within the first two years. There are several well-acknowledged retention 'danger points':

*'We lose an awful lot after the first 12 months ... and then after the second year. And then after four years, there's something called the four-year itch and people get burnt out. If they don't pace themselves to start, then it can actually consume you, can actually affect your balance of life quite substantially. And then another one at seven years.'*

– FOCUS GROUP PARTICIPANT

There is also a high turnover in the property management sector, especially in the first few months, as people discover the intense emotional side of the business.

While there is certainly awareness of the need to better support people already in the industry, there is also a call for a greater focus on recruiting the 'right' people – not just aiming for 'bums on seats' and accepting the high turnover rate as collateral damage. As previously discussed, part of the recruitment equation is being forthright about the realities of industry so that people can 'self-qualify': *I think we need to be open about what the industry is like along with its challenges. I don't think a lot of people really understand what it's all about and just how difficult it can be.*

The second part of the equation is selecting recruits who have the desired attitude and a bit of 'life experience': *they need to be a 'people' person and be able to cope with rejection.* It is also acknowledged that there is a need to bring 'talent' into businesses who can be comfortable with, and advance the use, of technology. To facilitate this, there are examples of larger agents starting to partner with new and/or younger agents.

### Raising the image and professionalisation of the workforce

An important component of being able to recruit and retain the 'right' people is attending to the image of the industry and promoting it as a viable and satisfying career option. There is a need to present the 'friendlier face' of real estate: *'because we still have this misconception that we're all going round in slick suits, slick cars, and we're all dodgy.'* Particularly in the current housing market, real estate agents can be seen as part of reason for high house prices and stories about 'dodgy' practices gain media attention. Property managers are also connected 'by association' with illegal tenancy arrangement, shortages of rental properties and increasing rents.

The regulatory regime, and changes to the qualification and continuing professional development suites, appear to be working, with a drop in the number of misconduct charges laid by the REA from 2013.<sup>13</sup> In addition, aspects of the training now cover corporate social responsibility and sustainability.

<sup>13</sup> <https://www.rea.govt.nz/news/compliance-statistics/>

***There is a need to present the 'friendlier face' of real estate: 'because we still have this misconception that we're all going round in slick suits, slick cars, and we're all dodgy'.***





## 4. Skills needed to develop to support the Real Estate Sector recovery

In this section, we discuss the skills that have come to the forefront since the onset of COVID-19. These are generally skill sets that were already identified and valued but the pandemic has shone a spotlight on their importance and intensified the need for greater development.

### Digital skills

The preceding section discussed at length the sea-change for the real estate sector being brought about by technology. While many of the skills needed to support this change will be learned 'on-job', there may be a place for an overarching digital skills framework to guide the upskilling required. There is also potentially a need for some good practice guidelines and protocols, particularly in the area of social media.

### Social media skills

Many in the real estate sector began to engage more thoroughly with social media during the lockdown: *'if you didn't have a presence you were lost'*. Upskilling is required both in the mechanics of social media and in appropriate usage. For example, the 'right tone' is important for social media and for other communication channels, like text messages.

### Resilience and well-being

The need to better equip the real estate workforce with resilience and emotional well-being skills was a common theme, both in terms of the salespeople themselves and the competitive industry in which they work, but also to better understand and support their customers' needs.

*'There's the mental health of the people doing the training within the profession, but there's also [the customer] ... when you're separating from a property, for whatever reason, be it a business, a farm, an industrial site or a residential home, it always comes with some sort of emotional issue. So it's a divorce. It's a death. It's a handing down a family business...'*

– FOCUS GROUP PARTICIPANT

Mental health was particularly important in the property management sector, where property managers are dealing with customers who may be experiencing high levels of stress regarding their living arrangements. Property managers also have an ongoing relationship with both landlords and tenants, rather than the shorter-term arc of a sale or purchase transaction.

*'Because we don't know long term how the behaviours of people will be impacted from COVID, we are often dealing with quite people with quite serious issues and it's not even about the property. We need to learn some new skills and how to use these skills, with difficult situations that if we don't deal with them properly, we carry them with us and you carry them home and it's unhealthy...'*

– FOCUS GROUP PARTICIPANT

### Soft skills

In line with the emphasis on well-being and resilience, the importance of developing soft skills was mentioned. Communication skills, like active listening and understanding body language, are important both in the workplace and for customer-focused engagement. For property managers, managing both landlord and tenant expectations requires skilled communication and empathy, and conflict resolution skills are also important.

### Legal/regulatory skills

The COVID-19 real estate environment includes the need for a greater understanding of and attention to regulatory requirements. The increase in online auctions and 'sight unseen' purchases require salespeople to be scrupulous about disclosing all relevant details to prospective purchasers. All conversations must be recorded as evidence of due diligence, reinforcing the need for good technology to enable this. There are also 'COVID-19 clauses' that must be added to sale and purchase agreements. Some of the larger agencies now have dedicated compliance officers and managers. Changes to tenancy laws and rental property requirements have also increased the level of legal complexity for property managers.

### Management skills

While technical training is required for some aspects of the skills listed above, how they are developed, fostered, and deployed is a function of robust management and leadership practices. On-job learning reinforces formal training and requires coaching and mentoring skills. Developing and supporting good supervisors, branch managers and business leaders is vital for the ongoing success of the real estate industry, both in terms of people management and for running viable and efficient businesses.

*'Managers need more training on how to recruit, how to coach and how to retain. So if there is going to be a qualification that's looked at, it probably should be the manager's qualification more than anything, because people leave because of people or go where they go because of people. And maybe if we start there, the attrition rate wouldn't be as high...'*

– FOCUS GROUP PARTICIPANT



## 5. Skills initiatives and solutions to support the sector over the next two years

In addition to the key drivers and the new and enhanced skills needed to deliver them, there are several other considerations required to support the real estate sector over the next two years. These will help cement the gains made in some areas since beginning of the pandemic, especially with adopting technology, and continue to professionalise and lift the profile of the real estate industry.

### Developing and promoting career pathways

At the entry level, work is being done on streamlining a pathway into the industry via education. Consideration also needs to be given to offering a wider range of training modes; the ability to recognise and stack smaller chunks of learning; and supporting career pathways through more supervision and leadership training options.

The Australian model was discussed in this context. The average age of the real estate workforce is significantly younger than in New Zealand and real estate is positioned as a viable career where you can progress quickly and well. Salespeople are paid a retainer, compared with New Zealand's commission-based model.

Of particular concern to the REA is the low number of salespeople coming through the system to become branch managers and agents. It is hoped that the new qualification suite will help to address this issue, although some form of incentivisation may need to be explored.

### Multicultural Aotearoa New Zealand

New Zealand is an increasingly diverse society and the real estate industry is moving to recognise this with, for example, the development of multi-lingual resources and workshops. There was some discussion about English language requirements to enter qualifications, acknowledging the level of English required to grapple with the legislation but also the need to be able to service a diverse customer base.



## Property management

As mentioned previously, the property management sector is moving towards regulation and the sector is currently being surveyed to enable the development of a future strategy. It is felt that regulation will enhance the reputation of the sector and enable property management to be recognised in its own right, not just as a sub-sector of real estate. This may also aid with recruitment, leading to a broadening out of the demographic profile of the sector.

Regulation is likely to mean the need to complete the property management qualification. This may be daunting for those already in the industry and the ability to do the qualification in more 'bite-sized' modules would be appreciated. This could also allow the development of a short module aimed at university students, outlining the sector and career options within it, to aid with recruitment. It was also noted that many iwi are developing into huge property-owning organisations and the idea of specific iwi property management qualification was suggested.

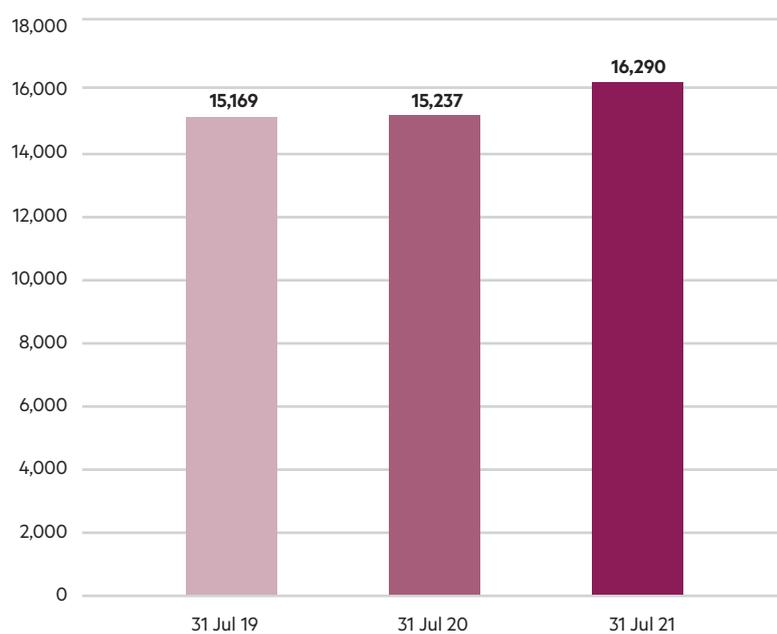
## Appendix 1: The regulated Real Estate industry

The REA provides detailed statistics about the licenced real estate workforce, which are available on their website.<sup>14</sup>

**Table 1: Real estate licence numbers (as at 31 July 2021)**

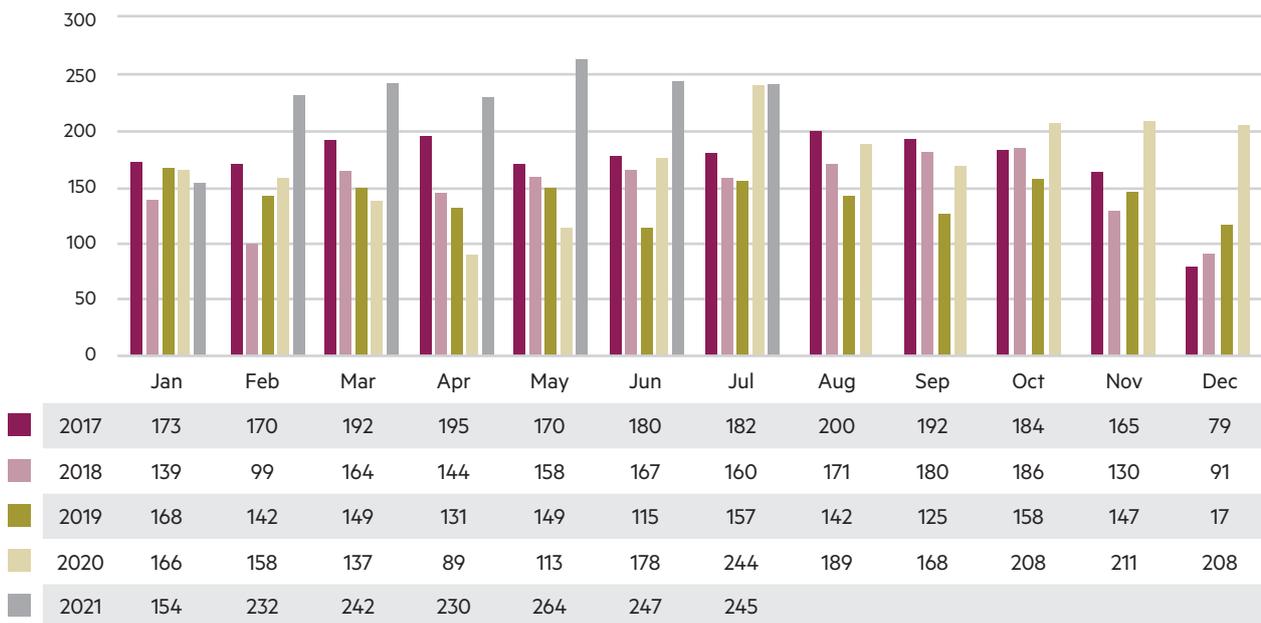
Licence numbers (31 July 2021)	Active	Inactive	Total
Agent	2,093	257	2,350
Branch Manager	347	48	395
Salesperson	12,943	2,846	15,789
<b>Total individual</b>	<b>15,383</b>	<b>3,151</b>	<b>18,534</b>
Company	907	91	998
<b>Total</b>	<b>16,290</b>	<b>3,242</b>	<b>19,532</b>

**Table 2: Active licences by year (as at 31 July 2019–2021)**



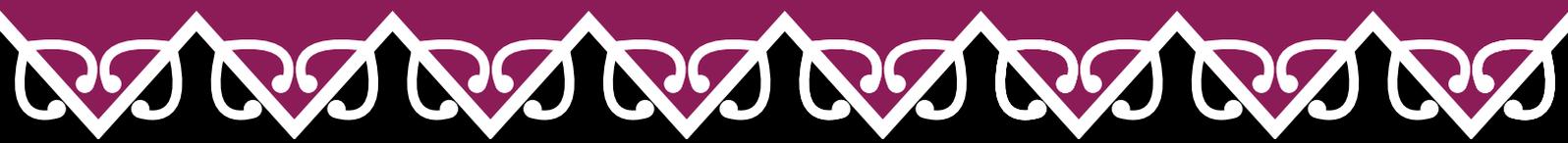
<sup>14</sup> <https://www.rea.govt.nz/news/licensing-statistics/>

**Table 3: Approved licence applications, by month, 2017–2021**



## Regional distribution of licences (as at 31 July 2021)

Region	Active	Inactive	Total
<b>Individual licences</b>			
Auckland	6,886	1,450	8,336
Bay of Plenty	1,041	225	1,266
Canterbury/West Coast	1,813	388	2,201
Gisborne/Hawkes Bay	496	97	593
Nelson/Marlborough	415	100	515
Northland	534	113	647
Not specified	38	70	108
Otago/Southland	936	172	1,108
Taranaki/Wanganui/Manawatu	716	124	840
Waikato	1,300	226	1,526
Wellington/Wairarapa	1,209	189	1,398
<b>Individual: Total</b>	<b>15,384</b>	<b>3,154</b>	<b>18,538</b>
<b>Company licences</b>			
Auckland	354	40	394
Bay of Plenty	60	6	66
Canterbury/West Coast	102	20	122
Gisborne/Hawkes Bay	28		28
Nelson/Marlborough	33		33
Northland	43	5	48
Otago/Southland	67	5	72
Taranaki/Wanganui/Manawatu	45	6	51
Waikato	82	3	85
Wellington/Wairarapa	94	6	100
<b>Company: Total</b>	<b>908</b>	<b>91</b>	<b>999</b>



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