



## Realtors live close to the edge

By Stephanie Armour, USA TODAY

Jack Jentzen never saw it coming. Four years ago, as a real estate agent in Elgin, Ill., he was enjoying the rewards of the most frenzied U.S. housing market in decades, and money poured in.

Now he's fighting to keep his home.

The real estate slump that hit in 2006 eventually stifled home sales, shrank prices and unleashed a wave of foreclosures. And as it did, the hardest-hit victims included a group of people, such as Jentzen, who never imagined they had anything to fear: real estate agents themselves.

Tens of thousands of Realtors have been forced to quit the industry in the past couple of years. Some are enduring their own agonizing foreclosures. Agents who had staked their fortunes on galloping home sales now struggle to afford health care, utilities and other basics.

Some, like Jentzen, are trying to build new careers. Others are pursuing drastic and aggressive tactics to tough out the housing slump, from embracing new marketing plans to spending thousands to earn advanced designations they hope will help them stand out from the competition. Some say the housing collapse is undermining their professional self-esteem.

"I'm looking at jobs that are way lower than what I was once making," says Jentzen, 43.

He's feeling increasingly desperate. His wife, Laura, a wedding photographer, has multiple sclerosis, and they're spending thousands out of pocket on her prescriptions. He also lives with and cares for his father, who has lung cancer and is on oxygen. Jentzen and his 17-year-old daughter now have no health insurance because they can't afford it.

Jentzen is interviewing for a host of jobs outside of real estate to try to continue making his mortgage payments. But so far, he continues to be turned down as overqualified.

### Disappearing income

"The realty industry is quickly becoming a shadow of what it was," says Mark Zandi, chief economist of Moody's Economy.com. "For those who remain employed, their compensation has plunged. Realtors were also among the most aggressive housing

investors. Many made the error of working and investing with leverage in the same industry, something financial planners counsel strongly against."

That was true for Jentzen. As his business started to wither away, so did his financial security. He took out an equity line on his house. He exhausted most of his savings. The value of his home plummeted, and his lender cut off his equity line. Credit card bills climbed.

"The money in the bank is going to run out. If we lose this house, what do we do? What does my daughter do? My dad? I felt depressed and saw a psychologist. The market's just so tough now."

Signs of the trend:

- Real estate agents are fleeing the business. After steadily rising during the housing boom, the number of real estate agents fell by nearly 25,000 from December 2006 through December 2007, compared with a growth of 12,500 from December 2005 to December 2006, according to the Bureau of Labor Statistics. Overall employment of real estate agents dropped from 1.5 million in 2006 to 1.47 million last year.

- After seeing its membership swell 89% from 1998 to 2006 (hitting nearly 1.4 million), the National Association of Realtors saw its numbers slip 1.5% last year, to 1.34 million. In July this year, the NAR had 1.26 million members.

- Payroll employment of brokers has dropped from a peak of about 380,000 jobs in spring 2006 to 340,000 jobs currently, Zandi says. Many more non-payroll jobs have been lost. And more losses are coming as home sales sink back to levels last seen in the early 1990s.

"Some members are saying there are too many Realtors out there who are bringing additional competition, and a shake-up is expected," says Lawrence Yun, the NAR's chief economist. "We do anticipate lower membership going forward since housing recovery is taking longer."

Ramona Garcia, 38, of Corona, Calif., considers herself one of the lucky ones. She and her husband were Realtors. After the housing market collapsed, she forged a new career selling jewelry through a direct-sales business called Silpada Designs. She took a risk when times were tight and decided to buy a starter kit and some jewelry to sell and began planning parties of friends and neighbors to display the jewelry and try to drum up sales.

It was nerve-racking at first. But she says her business experience and the determination she developed as a Realtor allowed her to turn a side business into a prosperous new career that now helps support her family.

"I consider it a blessing," Garcia says.

Not only that, she says she enjoys the work far more than being a Realtor, which meant having to always make herself available for clients. Throwing jewelry parties, she says, is fun and has renewed her confidence. Her husband found a job as a site-acquisition rep for cellphone companies.

"I love my job, and I didn't love real estate," Garcia says. "Real estate was very stressful. The phone would ring up to midnight. I was always on pins and needles."

Yet the experience, in the long run, turned into an advantage. "Being a Realtor for 10 years and being that responsible for big things in people's lives — it creates a business background. Return phone calls on time. Don't flake out. This is a fun job compared to a necessary job."

But others who are being forced to leave the career, take second jobs or face bankruptcy are feeling frustration. It often takes a personal toll.

Shirley Van Scoyk, a Realtor in West Chester, Pa., spends her days on her farm with the horses she boards and her 80-pound American bulldog puppy. It might sound idyllic, but days with no work feel agonizing to her. At the moment, she has only one listing — her son's house. It's been on the market for three months.

### **Loss of confidence**

"The hardest thing, where it all starts to unravel, is the effect of the difficult market on my self-esteem," Van Scoyk says.

When home sales were booming, she reveled in snagging sales and closing deals, and then snacking on crackers and soda in her car on the way to a settlement she'd struggled to move to the table.

"When the market is challenging like this, all the drama is gone, the hunt is gone, and this eats at your soul," she says. "I love doing business, and there is less business to do. I am in mourning for my work life. ... I worked hard to get to be a Realtor. It made me a professional and a success. That bothers me worse than the income loss. I'm so incredibly depressed by not having work."

**Real estate agents and brokers had the biggest decline in sales of any industry in the past 12 months, according to an analysis by Sageworks, a financial analysis and research services company.**

### **Finding new careers**

Some Realtors who hope to withstand the real estate recession have been flocking to training programs. The number of NAR members who hold at least one professional designation rose by nearly 21,000 over the past year, reaching a total of more than 428,000 — more than one-third of the NAR's membership. Some may receive a

designation such as senior specialist, serving seniors. Others might pursue the rank of CIPS, for certified international property specialist.

Meanwhile, though, pay for Realtors is dwindling. Overall median Realtor income was \$42,600 in 2007, down 10.7% from \$47,700 in 2006, according to the NAR.

That's a far cry from the boom times. In 2005, real estate agent commissions in the USA peaked at 67.1 billion, according to Real Trends, which does research on the residential brokerage and housing industry. It plunged to 49.9 billion in 2007. During the boom time, agents in the higher-end market were easily taking in six-figure incomes, with a few in the luxury market even grossing more than \$1 million a year.

Those fleeing the business the fastest tend to be those newest to real estate, people who have had less time to establish their business. Realtors in the business for two years or less fell to 18% of overall membership in NAR last year, from 23% in 2006.

Some real estate agents, on the hunt for better housing markets, are moving to other areas. Others are willing to take second jobs or pursue careers they feel aren't as reliant on a mercurial housing market.

Robert Millosh, a Realtor for Re/Max in Middlesex County, N.J., says he'll need to find some other job to stay in the area. He used to earn at least \$30,000 annually as a Realtor. Right now, he says, home sales are so dismal that he's looking at a job change or a move to Florida or Pennsylvania.

"I am almost broke and struggling to get by from day to day," says Millosh, who is 45 and single. "I'm having an estate sale for most of the furniture I have that I don't need. My life has been ripped apart."

Milltown, N.J., is a quaint small town, the kind of place families want to move to. They have an all-American Fourth of July celebration, with a parade, fishing, rodeo, a band in the park and fireworks at night. Millosh says it would be a hard place to abandon, but he might not have a choice.

He says he got in over his head after he began caring for his mother. His house was valued at \$411,000 last year when he refinanced, and this year houses in his neighborhood were selling for less than \$300,000. He's trying to sell his home for \$349,000. His grandmother and mother built the house in 1951 for \$18,000, and Millosh took out a mortgage in 2004 when his mother began to have medical problems. The original mortgage was for \$100,000.

Now, he is looking at renting out rooms. Renting out his entire house or selling it, he says, could leave him homeless.

He took a bartending class in hopes of getting a job but says he could find only jobs as a busboy. "I've been looking for a job since October of last year and have yet to find

anything," Millosh says. "I apply for anything, as long as it meets my minimum salary and travel area. I figured real estate would always be there for me."

His situation was worsened, he says, after he opened home-equity lines of credit and took time away from full-time work to stay home for a while and care for his mother, who spent four months in a nursing home before she died in January.

"Part of the reason for the mortgage mess I'm in was my mother's illness," he says. "Now I'm losing everything because I tried to be a good son."

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