

**SIOR**  
**BROKERAGE MANAGEMENT SURVEY**  
**October 12, 2007**  
(Revised)

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1. **How many brokers/salesmen are in your firm? (Exclude any property managers and “non-producing” licensees.) (53 Responses)**

No. of Brokers/Salesman	Total	Percentage
1 – 5	8	15%
6 – 15	28	53%
16+	17	32%

2. **How many staff people do you have providing direct support to these brokers? (79 Responses)**

Size of Firm	Average	Range
1 – 5	2.3	0 – 2.5
6 – 15	3.1	1 – 10
16+	4.2	16 – 250

3. **What is your annual desk cost? (52 Responses)**

Size of Firm	Average	Range
1 – 5	\$57,868	\$29,000 - \$75,000
6 – 15	\$60,710	\$27,000 - \$120,000
16+	\$63,606	\$29,878 - \$100,000

4. Assuming that 2006 gross revenues (brokerage commissions) to your firm (excluding any commissions paid to outside brokers) equals 100, please indicate the percentage of this amount which you spend on the following: (48 Responses)

Gross Commissions	100%		
Company Size	1 – 5	6 – 15	16+
Percentage Paid to the Brokers (Avg.)	<b>60.8%</b>	<b>60.4%</b>	<b>61%</b>
Range	(50 - 70%)	(41.6 - 91%)	(44 - 80%)
Administrative Support Expenses (Avg.)	<b>6.63%</b>	<b>11.17%</b>	<b>10.26%</b>
Range	(0 – 12%)	(2.6 – 32%)	(5 – 16%)
Rent Expenses (Avg.)	<b>4.6%</b>	<b>5.03%</b>	<b>2.68%</b>
Range	(1 – 10%)	(2 – 13%)	(2 – 4.6%)
Marketing Expenses (Avg.)	<b>4.15%</b>	<b>4.79%</b>	<b>6.17%</b>
Range	(.4 – 11%)	(.014 – 11%)	(1 – 15%)
Data/Research Expenses (Avg.)	<b>2.3%</b>	<b>2.56%</b>	<b>1.58%</b>
Range	(0 – 5%)	(.01 – 1%)	(.3 – 2%)
E&O Expenses (for those that carry it) (Avg.)	<b>1.5%</b>	<b>.79%</b>	<b>.71%</b>
Range	(1 – 3%)	(.01 – 1%)	(.06 – 2%)
Miscellaneous (other expenses) (Avg.)	<b>6.68%</b>	<b>6.23%</b>	<b>8.79%</b>
Range	(0 – 15.6%)	(2 – 11.6%)	(2 – 15%)
Net Profit (Avg.)	<b>14%</b>	<b>12.5%</b>	<b>11.32%</b>
Range	(0 – 30%)	(0 – 22.5%)	((10) – 38%)

**5. Have you modified, increased coverage or otherwise changed your firm’s E&O coverage in the last 2 years? (51 Responses)**

<b>Yes</b>	20%
<b>No</b>	80%

**COMMENTS ON E&O COVERAGE**

- Comment #1:** Been with the same provider for about 20 years. Increase deductible whenever possible to lower annual cost - basically self insuring to cover only large claims. Present deductible is \$5,000.
- Comment #2:** We have increased coverage and each agent has coverage.
- Comment #3:** Increased deductible to \$20,000. Continue to carry \$1 mm policy.
- Comment #4:** We've run without E&O for 6+ years but reserve each year \$\$ for defense.
- Comment #5:** We carry a company umbrella policy that we have to recertify each year based on our business, claims, and activities. We have a high deductible for E&O and we cover the first 50K of any claim. We have never had to place a claim on our E&O insurance.
- Comment #6:** Increase in coverage for portfolio valuation work.
- Comment #7:** We increased our coverage from \$1MM- to \$2MM and dropped our first dollar coverage for legal. The overall cost was the same, but we now have \$ 50,000 in exposure as deductible.
- Comment #8:** New carrier with reduced rate with increased coverage.

**6. Are all brokers in your firm on the same commission schedule?**

Size of Firm	YES	NO
<b>1 – 5</b>	83.3%	16.7%
<b>6 – 15</b>	69%	31%
<b>16+</b>	53%	47%

**COMMENTS ON COMMISSION SPLITS**

- Comment #1:** Higher producers are on a graduated split up to 70%.
- Comment #2:** Yes, I am also a selling broker being paid on the same scale as the other agents. Scale increases with production starting at 50- 50 up to \$60,000; 60% \$60,001 to \$150,000; 65% \$150,000 to \$300,000 and 70% above \$300,000 (gross).
- Comment #3:** Fee splits increase as an individual’s earnings increase during the calendar year.
- Comment #4:** We have 2 programs available, one where brokers pay a fixed and variable desk costs and get 85 to 90% fee paid to them and the other, brokers pay a few variable desk costs and get 65 to 70% of the fees.
- Comment #5:** Some 75/25 some 60/40.
- Comment #6:** Intern Broker vs. Senior Broker.
- Comment #7:** Principals of the company have a preferred split.
- Comment #8:** The higher earners get a greater percentage of the entire commission.
- Comment #9:** Different percentage for experienced brokers.
- Comment #10:** We have 3 levels of splits based on experience and production. Everyone begins the year at 50/50 and the top level agents get to 90/10 @ \$200,000 gross production.
- Comment #11:** Experience and expenses dictate the level a broker is on.

- Comment #12:** Yes, at the team level. Brokers on the team will vary based on contribution/role, as determined by lead broker.
- Comment #13:** Some Senior level brokers have elevated splits once they achieve a certain earnings level.
- Comment #14:** Three levels depending upon seniority.
- Comment #15:** Partner/brokers have a different commission split than non-partner brokers.
- Comment #16:** All brokers earn 50% immediately. Only Principal brokers earn a distribution bonus at year end.
- Comment #17:** Principals (owners) have an extra 10% split above \$350k.
- Comment #18:** 0-150k = 50/50, 150-250k = 60/40, 250-450k = 70/30, 450-800k = 75/25 800k+ = 80/20.

**7. Of your sales staff, (a) what percentage are owners and; (b) what percentage of the firm's gross commissions do they contribute?**

Size of Firm	Percentage Owners	Percentage of \$ Generated
1 – 5	20%	45%
6 – 15	27.6%	49.6%
16+	29.4%	51.5%
<b>Overall Average</b>	<b>28.6%</b>	<b>51.5%</b>

**9. Do you utilize formal broker teams?**

Size of Firm	YES	NO
1 – 5	0	100%
6 – 15	46.7%	53.3%
16+	70.6%	29.4%

**COMMENTS ON BROKER TEAMS**

- Comment #1:** We don't have formal teams however we work in an open office. No partitions, no private offices. Assistant is in close proximity to each of the agents so all can be aware of what each agent is doing. Stimulates ideas share between the agents and helps generate ideas by virtue of its inclusiveness.
- Comment #2:** When pursuing an assignment with a national owner, we typically develop a team of agents that work together in order to fulfill the requirement. If the assignment deals with leasing and/or a disposition, we will utilize an agent that specializes in the product type/field as the main contact. We would then surround that lead agent with other agents that can provide the necessary support.
- Comment #3:** We have 1 brokerage team in the office - comprising of three brokers and one admin.
- Comment #4:** We have Retail, Office and Industrial teams.
- Comment #5:** Usually 2 brokers on an assignment.
- Comment #6:** Team chosen by manager.
- Comment #7:** We have one broker/assistant team.
- Comment #8:** Specialize in a product type and market segment. Senior broker partnered with a junior broker.
- Comment #9:** In some cases we do to pitch business.

- Comment #10:** Not mandatory but most agents are working in at least 2-man teams. Some teams are as large as 4.
- Comment #11:** Just one, doing retail.
- Comment #12:** When pursuing an assignment with a national owner, we typically develop a team of agents that work together in order to fulfill the requirement. If the assignment deals with leasing and/or a disposition, we will utilize an agent that specializes in the product type/field as the main contact. We would then surround that lead agent with other agents that can provide the necessary support.
- Comment #13:** 3 teams are at the firm and the team members have separate operating agreements.
- Comment #14:** Very limited.
- Comment #15:** There are 8 broker teams, which consist of lead brokers (1 per team), non-lead brokers, analysts, and assistants.
- Comment #16:** **We believe in the wolf pack mentality.** There are probably 5-6 formal teams.
- Comment #17:** Every broker works on a formal team. These teams are self managed by 1-2 senior level brokers who lead the team. These teams specialize in a particular area of the business and are accountable to one another based on the specific roles they play for the team.
- Comment #18:** Industrial and retail are teams.
- Comment #19:** Brokers generally in teams of 2 senior, 1 junior, 1 support.
- Comment #20:** 2 or more brokers will work together in sharing leads, presenting and split commissions.
- Comment #21:** Various brokers have formed partnerships.
- Comment #22:** Although some brokers work individually, most work in teams of two or three in which they have set splits between themselves, usually in spite of who initiates the business.
- Comment #23:** Typical 2-person teams with a dedicated & licensed admin, sometimes a junior agent rounds out the team.
- Comment #24:** By Group: Retail/Office/Industrial.

**10. If an administrative assistant is on the team, how is she/he compensated? (Do the brokers pay part or all of the assistant's compensation?)**

- (a) Brokers on Team pay all or part of the compensation:** 42%\*
- (b) Company pays all compensation:** 58%\*
- \*Of firms responding to the question.*

**COMMENTS ON COMPENSATING TEAM ASSISTANTS**

- Comment #1:** Salary + bonus.
- Comment #2:** Salary plus \$150.00 per closed transaction. Paid by the in house agent that generated the transaction. Plus she gets a contribution to her SEP thru our SEP Plan.
- Comment #3:** Company pays all.
- Comment #4:** By salary only (or an occasional bonus).
- Comment #5:** Not on the team.
- Comment #6:** Company pays the salary - brokers pay the quarterly bonuses - admin person is also eligible for year-end bonus that is a company bonus. Data support numbers are changing by the day so I may be a little low on that number.
- Comment #7:** Salary, but brokers voluntarily pay bonuses.
- Comment #8:** Salary plus discretionary bonuses paid by agents (not often done).
- Comment #9:** Administrative assistants are compensated from the 50% commission retained by the company.
- Comment #10:** Brokers pay full cost of an assistant.

- Comment #11:** Brokers pay a part of the assistant comp. Amount depends on the productions of the brokers. Maximum from company is \$1800/mo. We are an employee based company.
- Comment #12:** Salary paid 100% by company.
- Comment #13:** 5% of the deal.
- Comment #14:** We offer additional compensation on a case by case basis.
- Comment #15:** Assistant has other duties and is paid salary for that. Also receives percentage of commissions earned by the broker she assists.
- Comment #16:** Company pays; great to have this type of info to share.
- Comment #17:** Salary, no compensation from brokers.
- Comment #18:** \$40,000 base salary paid by team plus 2.5% of team's gross production paid monthly as bonus. We have set up our company to be very lean with the idea that our splits offer the owners a chance to eat what we kill rather than profit from each other's efforts.
- Comment #19:** Company pays salary.
- Comment #20:** Company pays all.
- Comment #21:** Our firm pays 100% of one staff member and 35% of the cost for another.
- Comment #22:** Sometimes...depending on senior agent's production.
- Comment #23:** Brokers pay 50% of the assistant's compensation, which includes 40% overhead factor.
- Comment #24:** Part.
- Comment #25:** Admin assistants support the teams but are not licensed brokers. The company pays for the salary and employer costs of the assistant but the broker team participates in paying half of the admin's bonus up to 10% based on the admin's performance to the team. We are an employee structured shop. It would be interesting to track the responses by Independent contractor model vs. employee model as they will differ greatly between the two.
- Comment #26:** Paid by the house.
- Comment #27:** Admin assts that work directly for a broker or team are paid by the brokers.
- Comment #28:** With one exception, the cost of the admin asst is paid through desk costs.
- Comment #29:** Brokers pay 100%.
- Comment #30:** The admin has a very good base salary and they participate in fees, the fee portion can equal their salary in a good year.

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