

Service bulletin

Real Estate Agents, Brokers, Appraisers and Other Real Estate Activities

2012



Highlights

- Total operating revenue for the real estate agents and brokers industry grew to \$10.6 billion in 2012, up 2.6% from 2011. The industry reported operating expenses of \$8.1 billion, an increase of 2.3% from the previous year. The operating profit margin increased marginally to 23.5% in 2012 from 23.3% in 2011.
- The province of Ontario was the largest real estate market in Canada and accounted for 48.9% of total operating revenue earned by real estate agents and brokers. British Columbia followed in relative importance at 16.1%, while Alberta's share was 13.7% and Quebec's share stood at 13.5%.
- Real estate appraisers reported a 5.0% increase in total operating revenue to \$752.9 million in 2012. Concurrently, operating expenses grew by 4.8% to \$588.8 million. The operating profit margin increased marginally to 21.8% in 2012 from 21.6% in 2011.
- In 2012, the commissions paid to non-employees accounted for 44.0% of operating expenses, followed distantly by salaries, wages and benefits (11.7%).

Statistical tables

Table 1

Summary statistics for real estate agents and brokers, Canada, 2010 to 2012

| | Operating revenue | Operating expenses | Salaries, wages and benefits | Operating profit margin |
|---------------------------|----------------------|-----------------------|------------------------------------|-------------------------------|
| | millions of dollars | | | percent |
| 2012 p | | | | |
| Newfoundland and Labrador | 94.3 | 70.6 | 6.7 | 25.1 |
| Prince Edward Island | 20.0 | 15.3 | 1.3 | 23.4 |
| Nova Scotia | 153.6 | 122.8 | 16.5 | 20.0 |
| New Brunswick | 95.4 | 80.8 | 8.0 | 15.3 |
| Québec | 1,425.5 | 1,021.8 | 99.5 | 28.3 |
| Ontario | 5,164.4 | 4,004.5 | 312.5 | 22.5 |
| Manitoba | 252.1 | 172.5 | 13.6 | 31.6 |
| Saskatchewan | 191.6 | 126.5 | 17.0 | 34.0 |
| Alberta | 1,447.4 | 1,175.9 | 130.4 | 18.8 |
| British Columbia | 1,703.2 | 1,276.9 | 131.8 | 25.0 |
| Yukon | x | x | x | x |
| Northwest Territories | x | x | x | x |
| Nunavut | x | x | x | x |
| Canada | 10,554.8 | 8,074.2 | 741.0 | 23.5 |
| 2011 r | | | | |
| Newfoundland and Labrador | 88.4 | 66.1 | 6.4 | 25.2 |
| Prince Edward Island | 18.6 | 14.8 | 1.3 | 20.5 |
| Nova Scotia | 151.5 | 120.6 | 15.5 | 20.4 |
| New Brunswick | 95.1 | 79.2 | 8.7 | 16.7 |
| Québec | 1,363.6 | 981.1 | 87.8 | 28.1 |
| Ontario | 5,067.1 | 3,958.8 | 316.1 | 21.9 |
| Manitoba | 229.6 | 156.8 | 13.3 | 31.7 |
| Saskatchewan | 170.1 | 111.7 | 16.8 | 34.4 |
| Alberta | 1,251.5 | 1,037.6 | 101.1 | 17.1 |
| British Columbia | 1,843.8 | 1,358.3 | 135.3 | 26.3 |
| Yukon | x | x | x | x |
| Northwest Territories | x | x | x | x |
| Nunavut | x | x | x | x |
| Canada | 10,285.9 | 7,890.9 | 706.8 | 23.3 |
| 2010 | | | | |
| Newfoundland and Labrador | 86.2 | 66.0 | 5.1 | 23.4 |
| Prince Edward Island | 18.7 | 14.7 | 1.2 | 21.2 |
| Nova Scotia | 148.8 | 117.4 | 16.8 | 21.1 |
| New Brunswick | 100.4 | 85.2 | 8.5 | 15.1 |
| Québec | 1,286.8 | 907.0 | 73.3 | 29.5 |
| Ontario | 4,801.8 | 3,737.3 | 318.8 | 22.2 |
| Manitoba | 209.5 | 144.1 | 12.4 | 31.2 |
| Saskatchewan | 165.1 | 110.4 | 16.2 | 33.1 |
| Alberta | 1,170.2 | 966.6 | 108.6 | 17.4 |
| British Columbia | 1,791.9 | 1,339.7 | 126.9 | 25.2 |
| Yukon | x | x | x | x |
| Northwest Territories | x | x | x | x |
| Nunavut | .. | .. | .. | .. |
| Canada | 9,786.0 | 7,494.8 | 691.1 | 23.4 |

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) categories 531211 and 531212. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 2
Summary statistics for real estate appraisers, Canada, 2010 to 2012

| | Operating revenue | Operating expenses | Operating profit margin |
|---------------------------|----------------------|-----------------------|-------------------------------|
| | millions of dollars | | percent |
| 2012 P | | | |
| Newfoundland and Labrador | 7.5 | 5.8 | 22.6 |
| Prince Edward Island | x | x | x |
| Nova Scotia | 14.3 | 11.6 | 19.1 |
| New Brunswick | 9.5 | 8.2 | 14.2 |
| Québec | 139.4 | 114.8 | 17.6 |
| Ontario | 397.6 | 300.0 | 24.6 |
| Manitoba | 14.2 | 11.2 | 21.0 |
| Saskatchewan | 13.8 | 9.7 | 30.1 |
| Alberta | 66.3 | 53.6 | 19.2 |
| British Columbia | 88.2 | 72.7 | 17.6 |
| Yukon | x | x | x |
| Northwest Territories | x | x | x |
| Nunavut | .. | .. | .. |
| Canada | 752.9 | 588.8 | 21.8 |
| 2011 | | | |
| Newfoundland and Labrador | 6.6 | 5.0 | 24.6 |
| Prince Edward Island | x | x | x |
| Nova Scotia | 13.8 | 11.0 | 20.5 |
| New Brunswick | 9.0 | 8.1 | 10.3 |
| Québec | 139.5 | 117.9 | 15.5 |
| Ontario | 365.8 | 273.2 | 25.3 |
| Manitoba | 13.6 | 11.7 | 14.4 |
| Saskatchewan | 13.3 | 9.4 | 29.8 |
| Alberta | 62.4 | 52.0 | 16.7 |
| British Columbia | 91.0 | 72.7 | 20.1 |
| Yukon | x | x | x |
| Northwest Territories | x | x | x |
| Nunavut | .. | .. | .. |
| Canada | 716.8 | 562.1 | 21.6 |
| 2010 | | | |
| Newfoundland and Labrador | 6.1 | 4.9 | 20.4 |
| Prince Edward Island | x | x | x |
| Nova Scotia | 13.1 | 10.5 | 19.7 |
| New Brunswick | 8.5 | 7.5 | 11.0 |
| Québec | 130.1 | 107.8 | 17.1 |
| Ontario | 352.6 | 263.4 | 25.3 |
| Manitoba | 13.1 | 11.1 | 15.1 |
| Saskatchewan | 12.1 | 9.4 | 22.8 |
| Alberta | 66.9 | 57.6 | 13.9 |
| British Columbia | 94.5 | 78.3 | 17.1 |
| Yukon | x | x | x |
| Northwest Territories | x | x | x |
| Nunavut | .. | .. | .. |
| Canada | 698.7 | 551.8 | 21.0 |

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) category 531320. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Table 3
Distribution of operating expenses for real estate agents, brokers, and appraisers, Canada, 2011 and 2012

| | 2011 [†] | 2012 [‡] |
|---|-------------------|-------------------|
| | percent | |
| Salaries, wages and benefits | 11.3 | 11.7 |
| Commissions paid to non-employees | 47.0 | 44.0 |
| Professional and business services fees | 4.0 | 4.6 |
| Subcontract expenses | 2.3 | 3.1 |
| Charges for services provided by head offices | F | F |
| Cost of goods sold | 4.0 | 4.2 |
| Office supplies | 2.9 | 3.0 |
| Rental and leasing | 2.4 | 2.4 |
| Repair and maintenance | 2.0 | 2.4 |
| Insurance | F | F |
| Advertising, marketing and promotions | 4.6 | 4.8 |
| Travel, meals and entertainment | 1.5 | 1.6 |
| Utilities and telecommunications expenses | 1.9 | 1.9 |
| Property and business taxes, licences and permits | 2.2 | 2.2 |
| Royalties, rights, licensing and franchise fees | F | F |
| Delivery, warehousing, postage and courier | F | F |
| Financial services fees | F | F |
| Amortization and depreciation of tangible and intangible assets | 2.2 | 2.2 |
| Bad debts | F | F |
| All other expenses | 10.2 | 10.4 |
| Total operating expenses | 100.0 | 100.0 |

Note(s): The results in this table are for firms classified under the North American Industry Classification System (NAICS) categories 531211, 531212 and 531320. See "Data sources, definitions and methodology" at the end of tables for definition of terms. Due to rounding, components may not add to total. Scaling may also affect the calculation of ratios.

Data sources, definitions and methodology

Description

This annual sample survey collects data required to produce economic statistics for the Real Estate Brokers industry in Canada.

Data collected from businesses are aggregated with information from other sources to produce official estimates of national and provincial economic production for this industry.

Survey estimates are made available to businesses, governments, investors, associations, and the public. The data are used to monitor industry growth, measure performance, and make comparisons to other data sources to better understand this industry.

Target population

The target population consists of all establishments classified to the Real estate agents, brokers, appraisers and other real estate activities industries industry (NAICS 531) according to the North American Industry Classification System (NAICS) during the reference year. This industry comprises establishments primarily engaged in renting, buying and selling real estate for others, on a fee or commission basis.

Sampling

This is a sample survey with a cross-sectional design.

The frame is the list of establishments from which the portion eligible for sampling is determined and the sample is taken. The frame provides basic information about each firm including address, industry classification, and information from administrative data sources. The frame is maintained by Statistics Canada's Business Register Division and is updated using administrative data.

The basic objective of the survey is to produce estimates for the whole industry - incorporated and unincorporated businesses. The data come from two different sources: a sample of all businesses with revenue above or equal to a certain threshold (note: the threshold varies between surveys and sometimes between industries and provinces in the same survey) for which either survey or administrative data may be used; and administrative data only for businesses with revenue below the specified threshold. It should be noted that only financial information is available from businesses below the threshold; e.g., revenue, and expenses such as depreciation and salaries, wages and benefits. Detailed characteristics are collected only for surveyed establishments.

Prior to the selection of a random sample, establishments are classified into homogeneous groups (i.e., groups with the same NAICS codes and same geography). Quality requirements are targeted, and then each group is divided into sub-groups called strata: take-all, must-take, and take-some.

The take-all stratum represents the largest firms in terms of performance (based on revenue) in an industry. The must-take stratum is comprised of units selected based on complex structural characteristics (multi-establishment, multi-legal, multi-NAICS, or multi-province enterprises). All take-all and must-take firms are selected to the sample. Units in the take-some strata are subject to simple random sampling.

The effective sample size for reference year 2012 was 637 collection entities.

Definitions

- **Operating revenue** excludes investment income, capital gains, extraordinary gains and other non-recurring items.
- **Salaries, wages and benefits** include vacation pay and commissions for all employees for whom T4 slips were completed. This category also includes the employer portion of employee benefits for items such as Canada/Québec Pension Plan or Employment Insurance premiums. Salaries and wages do not include working owners' dividends nor do they include the remuneration of owners of unincorporated business. Therefore the relative level of salaries, wages and benefits will be lower in industries where unincorporated businesses are significant contributors.
- **Operating expenses** exclude write-offs, capital losses, extraordinary losses, interest on borrowing, and other non-recurring items.
- **Operating profit margin** is derived as follows: operating revenue minus operating expenses, expressed as a percentage of operating revenue. The derived figure excludes corporation income tax paid by incorporated businesses and individual income tax paid by unincorporated businesses. For unincorporated businesses, operating profit margin includes unpaid remuneration to partners and proprietors, which is not recorded as salaries, wages and benefits. Therefore the profit estimate will be higher in industries where unincorporated proprietorships and partnerships are significant contributors.
- An active **statistical establishment** is one production entity or the smallest grouping of production entities which produces as homogenous a set of goods and/or services as possible; which does not cross provincial boundaries, and for which records provide data on the value of output together with the cost of principal intermediate inputs used and cost and quantity of labour resources used to produce the output.

Quality evaluation

Prior to dissemination, combined survey results are analyzed for overall quality; in general, this includes a detailed review of individual responses (especially for the largest companies), an assessment of the general economic conditions portrayed by the data, historic trends, and comparisons with other data sources.

Disclosure control

Statistics Canada is prohibited by law from releasing any data which would divulge information obtained under the Statistics Act that relates to any identifiable person, business or organization without the prior knowledge or the consent in writing of that person, business or organization. Various confidentiality rules are applied to all data that are released or published to prevent the publication or disclosure of any information deemed confidential. If necessary, data are suppressed to prevent direct or residual disclosure of identifiable data.

Data accuracy

Of the units contributing to the estimate, the (weighted) response rate was 94.6 %. The coefficients of variation (CVs) were calculated for each estimate and are available upon request.

Related products**Selected CANSIM tables from Statistics Canada**

| | |
|----------|--|
| 352-0005 | Real estate agents, brokers, appraisers and other real estate activities, summary statistics, by North American Industry Classification System (NAICS), annual (150 series) |
| 352-0018 | Real estate agents, brokers, appraisers and other real estate activities, operating expenses, by North American Industry Classification System (NAICS), annual (percent) (21 series) |

Survey(s)

Definitions, data sources and methods: survey number 4706 - Annual Survey of Service Industries: Real Estate Agents, Brokers, Appraisers and Other Real Estate Activities

Release date: February 2014

Symbols

The following standard symbols are used in Statistics Canada publications:

| | |
|----------------|--|
| . | not available for any reference period |
| .. | not available for a specific reference period |
| ... | not applicable |
| 0 | true zero or a value rounded to zero |
| 0 ^s | value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded |
| P | preliminary |
| r | revised |
| x | suppressed to meet the confidentiality requirements of the <i>Statistics Act</i> |
| E | use with caution |
| F | too unreliable to be published |
| * | significantly different from reference category ($p < 0.05$) |

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