

Such is life

# Estate agents must get real



Alan Stokes

Meet John Burger – all-American good guy. Fluent in English, Spanish and German; Manhattan born and bred; over 27 years of experience; offering “the highest level of personalised attention”.

John Burger is ... a real estate agent. America's best last year, he notched up \$US279.8 million in sales. That's a million bucks each working day.

Burger doesn't need euphemisms like renovator's delight (it's falling down) or easy access to everything (built on the freeway) to sell his properties.

Dealing in prestige Manhattan apartments for the likes of late-night TV host Conan O'Brien, Burger topped sales value on “The Thousand” list released by *The Wall Street Journal* and Real Trends during the week. On number of sales, the top agents weren't in New York but rather tiptoeing through the detritus in foreclosure-rich states.

“The worst thing I've ever seen was when a family moved out of their house and we found a few dead cats,” Wanda Moon of Central Minnesota REO Properties told *The Briarcliff Daily Dispatch* this week.

Didn't stop Wanda making the sale and pocketing her commission, though. Which only goes to show that, like cockroaches and Craig Thomson, real estate agents can survive almost anything.

Not that the lobby groups representing Australian real estate agents are quite so sure. Tens of thousands of agents have fled the industry as cautious Aussies sit tight and flatten the market.

Those brave enough to wade in have sought better value from the middlemen in their property deals or turned to now easily accessed valuation data and do-it-yourself marketing campaigns. Which means we may never need to pay a real estate agent commission again.

If you can lower your volume of cheering and stop popping champagne corks for just one moment, spare a thought for the Ferrari dealers. The poor agents are also fighting licensing reforms that they insist will dumb them down. Rest assured, that cannot happen.

What might create the biggest headache, though, are websites that let clients rate their real estate agents like they would a hotel or, say, pain levels after haemorrhoid removal.

Everyone in sales knows that one dissatisfied customer tells up to 10

people about the problem, while one happy client tells one friend.

So real estate agents have limited options: quit the industry; shift their sales pitch from simple buy-sell to packaged products for DIY super and other investors; or, why hadn't anyone thought of this before, offer a better service. Apart from taking out full-page newspaper ads for themselves, some Australian agents are trying gimmicks such as string quartets to welcome prospective buyers at open houses. Nice touch.

Esteemed colleague Ben Hurley has found that US data suggests private sales achieve roughly the same price as ones managed by real estate agents, but take on average 20 days longer to complete. That's also a good story Australian agents can try to push.

They could even try the John Burger pitch, which is no frills what you see is what you get. And Century 21 in the US has some clever ads based on “Smarter bolder faster”.

But if Australians put that line into the Fred Dagg memorial real estate euphemism desktop translator, they'd see that Century 21 brazenly pocketed your money quick-smart and even university professors can't work out how they get away with it.

Truth is, many people wouldn't trust a real estate agent more than they'd believe a journalist. Real estate agents need to earn public trust, through a reputable ranking system – effectively a MyAgents league table. But first we'll need some clear definitions for terms used to describe agents:

Stands out from the crowd – his/her bling glistens in glorious north-facing expanse bathed in sunlight.

Good value for money – he/she values your money very highly.

Presents well – bothers to turn up to appointments ... well, unless a richer client rings first.

Straight talker – cuts the small talk and goes straight to the upfront payment.

Refreshingly modest – is clueless but concedes not as clueless as some.

Local expertise – knows where every disgruntled former client and buyer lives, so can avoid driving past.

Great bedside manner – chats up clients in opulent bouidoir with double walk-in robes.

Shares your dream – once wanted to be a lawyer/mechanic/waste disposal technician but realised that meant hard work and didn't have the brains anyway.

Flexible – accepts jewellery, artworks, antiques, cheques and all major credit cards (surcharges apply).

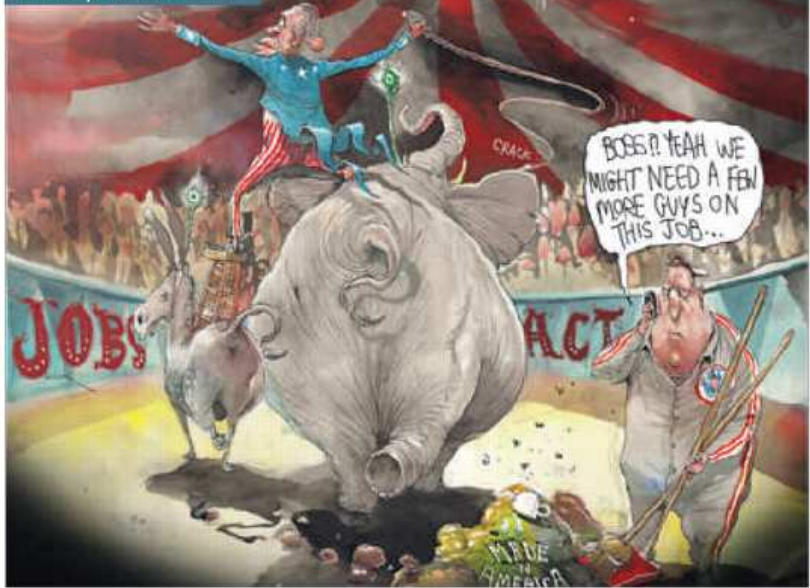
Moves quickly and decisively – his/her red Ferrari goes from 0 to 160 in five seconds when asked to justify his/her commission. [astokes@afr.com.au](mailto:astokes@afr.com.au)

## Choice war

The real price of 9/11 may be opportunity costs: for most of the first decade of this century, as the world economy gradually shifted its centre of gravity toward Asia, the US was preoccupied with a mistaken war of choice in the Middle East.

Joseph Nye, Al Jazeera, Wednesday

Gallery David Rowe



Another voice

# A better way of jobs training



Klaus Zimmermann

Western countries face unprecedented difficulties in creating jobs for their young generation. The basic choice can be summed up quite simply: Do you want to follow the American or the German model of job training?

This debate is of considerable interest in Australia, where the US model is generally held in high regard. That high level of appreciation is justified for high academic achievers, but what about for the young population at large?

In the US, it is assumed the road to job success is via a four-year college course. Given the cost of attending university, some parents begin saving for a child's tuition while he or she is still in nappies.

The impulse is understandable. Doing better than one's parents has long been a way of defining the American dream – if not a universal human right.

But is this really the best path to success for the most people? Recent US data paint a questionable picture. About 70 per cent of high school graduates go on to study at a four-year college. If a large number of these students were earning degrees in chemistry, computer science and electrical engineering, the US would probably not be

looking nervously over its shoulder at the burgeoning economies of China and other emerging markets.

The sad reality is that only about 60 per cent of US university students complete a bachelor's degree in any field within six years of matriculation. So a surprisingly high percentage of young people are entering the labour force armed only with a high school diploma – and little or no work experience.

Not surprisingly, America's youth unemployment is more than double the rate for the overall population. Meanwhile, in countries such as Germany, youth unemployment is 8.8 per cent – less than half the level of the US.

As with the US, the economies of these countries were hit by the global financial crisis – and yet they have not suffered the same kind of spike in youth unemployment.

The stark difference in youth unemployment between the US and these European countries may have quite a lot to do with that high school-to-college transition which Americans have traditionally viewed as leading to good jobs.

Contrast that with Germany, where roughly two-thirds of people under the age of 22 enter into apprenticeships, typically a three-year period of training at a firm. As well as related technical instruction at a vocational school, a young worker learns the skills required for a given occupation.

What the low youth unemployment numbers in these countries indicate is that the best guarantee of ensuring employability lies in obtaining real job skills.

There are those, especially some

prominent American economists, who claim apprenticeships are an insufficient form of preparation given the complex demands of the contemporary economy.

What has happened in the intervening years speaks for itself. Unlike the US, Germany has not deindustrialised. Manufacturing remains a backbone of the economy and apprenticeships increasingly involve a fairly complex course of training, both in trade schools and at company level. Apprentices learn key concepts of technology, business management, applied analysis and an ever higher degree of analytical reasoning. Apprenticeships are therefore far more than on-the-job training.

Any job training strategy will take time to bear real fruit in the workplace and in the broader national economy. A word of caution is warranted: it could well be a decade or two before the real transformational impact is felt.

At least for now, the record would indicate that the German strategy, which mixes academic excellence with plenty of well thought out professional options that do not require attending university, would have the upper hand over the US approach, which overemphasises academic training and, by comparison, almost disregards non-academic training for jobs of the future. That is proving to be a big mistake.

Klaus Zimmermann is director of Germany's Institute for the Study of Labor.