

# Costs, compliance retard transformation in real estate sector

President Jacob Zuma noted on Thursday, 9 February, during his State of the Nation address that less than 5% of the property market in SA is managed by black South Africans.



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“According to available statistics, around 5% of estate agents registered with the Estate Agency Affairs Board (EAAB) are black - the residential sales market is undoubtedly dominated by white agents,” confirms Jan le Roux, chief executive of the Real Estate Business Owners of South Africa (REBOSA).

The industry has work to do in this regard, he says, a task not made easier by the structure of the estate agents industry, i.e. remuneration being entirely commission-based which presents a challenge to any entrant into the market, black or white.

## Incredibly challenging market

“The residential sales market is also not the ‘pot of gold’ that many perceive it to be. Recent statistics from the EAAB indicates that 85% of all real estate agencies in South Africa have a gross turnover of less than R250,000 per month. Many firms have turnovers of less than R25,000 per month. Add to this meagre yield the costs levied by the Estate Agency Affairs Act (EAAA) and the EAAB and it becomes incredibly challenging for both agents and agencies to remain solvent,” says Le Roux.

In terms of the existing EAAA, all agencies must have a trust account which has to be audited by a chartered accountant once a year, even if dormant which is often the case. On top of this, the EAAB demands audited statements by a chartered accountant of the business account as well. The cost of this for small firms and sole proprietors is prohibitive and unnecessary as audit fees could exceed R20,000, explains Le Roux. Rebosa has made numerous presentations to the EAAB to address these challenges.

## Continuous Professional Development programme

In addition, the EAAB also instituted the Continuous Professional Development programme (CPD) in 2015, at an additional cost of R2,000 - R2,500 per agent. The value and content of these courses are doubtful but the cost, especially for sole

operators and startups, once again is prohibitive, he says. Despite making e-learning available since 2016, the CPD fees have not been reduced, to the detriment of many. Added to this is the lacklustre, One Learner - One Estate Agency Youth Brigade Programme, the implementation and execution of which has left much to be desired and the second phase of which was never launched, says Le Roux.

The EAAB has also almost doubled the yearly registration fees; now amounting to R1,200 per principal/sole proprietor.

“All of these costs combined make it very difficult for new entrants to become successful estate agents/agencies,” explains Le Roux. “Rebosa has and will continue to make presentations to the EAAB with regards to these restrictive financial requirements as resolving these issues successfully will do much to improve transformation in the industry.”

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