



# 5 ESSENTIAL TIPS: \$100K HOW TO MAKE

YOUR FIRST YEAR AS A REAL ESTATE AGENT & Scale Up  
WITHOUT DOOR KNOCKING YOURSELF *crazy*

FOR SALE  
SOLD

# 5 Essential Tips: How To Make \$100k Your First Year as a Real Estate Agent and Scale Up Without Door Knocking Yourself Crazy

To be a successful real estate agent, ambition is almost a prerequisite to success.

Sure, many agents get pulled in by the flexible schedule or the implicit competitiveness that comes with the job, but the truth is everyone wants that fat commission check.

But does ambition alone always translate into success? The short answer is, no. Yes, ambition is important. Every new agent wants to start out making millions selling real estate their first year.

However, most new agents start out selling in a completely wrong way, setting them up for failure before they even get started.

If you want to become rich selling real estate and make \$100,000 your first year as an agent, you have to change your business model.

Flashy gimmicks and silver tongues may land you one or two deals, but it certainly won't make you wealthy.

Instead, realtors need to embrace a philosophy of regression, but also adaptation, back to the basics and fundamentals that is the underbelly of a successful and efficient business.

Here are a few ways you can change your business model to help you make \$100,000 your first year as a real estate agent.

## Diving into the Data

Landing a large listing can certainly net you a nice commission. Who wouldn't be happy closing on a multi-million-dollar piece of real estate?

Let's say you do end up selling that extravagant villa in Orange County or that luxury penthouse suite overlooking Central Park in New York City. Is that your typical clientele?

The reality is that while sometimes you close on a big deal, it may be an anomaly to your typical book of business.

In fact, professional realtor and expert Kyle Handy notes that "that the average first-year real estate agent earns approximately \$15,000." [1]

According to Inman, "most salary surveys will tell you that the average salary for a real estate agent in the U.S. is just \$39,800 a year." [2]

Understanding your goal of making \$100,000 a year means you need to dive deeper into the data and figure out the metrics required to net about 250% more than the average agent. One great way to do this is to start backwards from your end goal.

You don't want to just throw darts randomly at a dart board, hoping something sticks (in this case a fat listing). Instead be more methodical and strategic. Know your numbers.

## STEP 1: Figuring Out How Much You Need to Sell

Making \$100,000 net profit, after brokerage fees, means you need to sell roughly \$5 million dollars worth of real estate in a given year. This can fluctuate a little since brokers fees can vary, but \$5 million is a good rule of thumb.

Your next step then is to take \$5 million and divide it by the average sales price for homes in your market. That will give you a target for the number of homes you need to sell to make your \$100,000 goal.

Using West Hollywood as an example, that means you may only need to sell one home north of Sunset Blvd. But realistically, if the average price in your market is closer to \$350,000, you would be looking to sell about 14 homes.

## STEP 2: Figuring Out How Many Prospects and Leads You Need to Reach

Don't just stop your calculation at figuring out how much real estate you need to sell. Continue working backwards and move on to the next step which is figuring out how many prospects or leads you need to reach your \$100,000 target.

Real estate professional and coach Graham Stephan notes that in general, on average agents procure 1 sale for every 180 contacts (give or take your industry experience) that they have a meaningful conversation with.

Take 180 contacts and multiply it by the number of homes you need to sell for the given year and that is how many people you need to actively pursue to reach \$100,000 in net commissions.

Using the previous example, that means that you need about 2,520 contacts or 7 contacts per day, which equate to 14 closed sales.

## STEP 3: Implement Strategies to Build Up New Contacts

Once you have your baseline for what metrics you need to target, the next step is figuring out how to meet those contacts, prospects, and leads and convert them into closed sales. It also means more cash in your pocket.

One strategy that several top-tier agents employ is effectively leveraging open houses. Open houses are great because you can meet a lot of new prospects in a short amount of time.

Let's assume you can make, on average, 15 contacts a day hosting a single open house. If you host an open house event twice a weekend, that's 30 contacts in your pocket, primed and ready to go.

Another effective tactic, albeit a bit more grindy, is door knocking. Several successful real estate agents cite door knocking as a great way to meet new prospects, especially when you are new to the industry.

Not only does door knocking allow you to meet people, it can be a great training tool to help newer agents understand client objections and build ways to counter those obstacles when acquiring a new listing.

Then again, you have to take the phrase 'knock on wood' in both the literal and metaphorical sense as it can be a bit of a gamble if no one is home.

Assume for every 3 homes you stop at only 1 person answers, and it takes you about a minute and a half to complete your inquiry (longer if you actually can have a short conversation).

That means that you can approximate meet 13 clients in every hour and a half, translating into 21 hours of door knocking to result in 1 sale (on average).

## Becoming a Tact Tactician

The phrase "work smarter, not harder" has no better application than in real estate. If your goal is to make \$100,000 your first year as a realtor, you have to be willing to think creatively, finding innovative ways to reach your goal.

Let's take a look at a couple of tactics you can utilize to hit it big with your real estate practice. Here are 5 Essential Tips on how to scale up.

## 1. Leverage New Builds and Homes Under Construction

One of the best tactics employed by the top real estate producers in the industry is scouting out new home constructions. Scouting neighborhoods where you want to do business and finding contractors that are currently breaking ground or are framing out a house are great opportunities for an introduction.

Seek out the contractor to reach out to the owner and find out their plans for the property. Are they intending on leasing it, flipping it, or even occupying it? You won't know until you ask. If they are going to list it, you're already in on the ground level and proactively marketing your services.

But let's say they are selling it but don't want to immediately employ your services. No problem. That nearly completed house turns into a perfect pocket listing.

## 2. Partner Up with Pocket Listings

Pocket listing can be your secret weapon to hitting that \$100,000 mark. The reason why pocket listings are so powerful is that you control information that others don't have. It's like the stock market.

General financial theory states that in an efficient market, all consumers have equal access to information that affect market values, thus it's impossible for investors to outperform the market. [3]

Back to real estate, having an implicit pocket listing means you actually do have information unavailable to other realtors. You know that that house may be going on the market and you can leverage that information by bringing buyers to the table before it is even listed.

Pocket listings also offer a more flexible sales process.

Aly J. Yale for Million Acres suggest that "with most pocket listings, sellers aren't in a rush (or else [sellers] would want the home properly marketed and advertised), so you typically have some freedom in how the transaction is handled." [4]

"If [sellers] are not in a rush to sell, a pocket listing can allow them to hold out for the highest price possible." [4]

### 3. Calculated Cold-Calling

While many realtors often phase out cold calling as their real estate practice becomes more tenured, it can still be an effective tactic to help you meet your sales goals.

The most important thing to consider when you implement a cold-calling regime is to tactfully call prospects and leads during the most optimal time frames throughout the day. Cold calling really only works (similar to door knocking) if you can speak with someone.

A 2012 study from Keller Center at Baylor University found that 71.6 percent of cold calls failed to reach a live person. Once a person was on the phone, the conversion rate, while still low, netted an appointment or referral for every 208 calls made on average. [5]

Thus, being strategic about when you call prospective clients is crucial. The best times to call are between 10 am and 2 pm, with the least effective time slot any time after 5pm. [5]

And for reaching folks at the office we've found surprisingly that Wednesdays and Thursdays tend to work better at either the beginning or end of the workday, such as 8 am to 9 am and 4pm to 5pm as times when they are more likely to answer that phone call.

You can also warm first time calls by finding personal nuggets of information in social media, including their passions, favorite charities, and contacts you have in common.

### 4. Farming Expired Listings Bears Fruit

It doesn't sound like the most glamorous way to sell real estate, but farming expired listings can really increase your contact-to-close ratio. The reason why expired listings are so lucrative is because you already know that the homeowner has shown an interest in selling.

Expired listings usually result when a realtor cannot sell a property within an agreed upon timeframe (referenced in the listing agreement). These leads are a great opportunity to follow up and market your services. Honestly, it's low hanging fruit.

The problem with expired listings is that you may have to get creative proving your worth to the seller. Additionally, lots of agents look to expired listings as a way to generate additional sales so they can be highly sought after meaning more competition.

There's also For Sale By Owner (FSBO) leads, owners with delinquent property taxes, probate and estate sale leads for people who recently inherited property, vacant and abandoned homes, community bank REOs, job relocation or moving leads, families going through divorce, or even couples registering for weddings or baby showers.

## 5. Follow-Up, Follow-Up, and Follow-Up Again

Follow-up in real estate is like *Location Location Location!* One of the biggest pitfalls that new and seasoned real estate agents fall into is not following up on their leads. Let's face it, when you call a prospective client they may not be interested, or even ready, to sell that day. Real estate is a waiting game.

Being patient is key, but being smart about staying in touch with your leads is also crucial. Failure to do so will result in missed opportunities and prevent you from reaching that \$100,000 goal.

Successful agents often use a variety of tools to stay informed and track how prospective clients are doing.

Social media in particular is a great tool that is a staple in any modern real estate agent's arsenal. While Older Boomers make up the largest share of sellers at 23%, Millennials and Generation Xers make up 61% of buyers according to the National Association of Realtors. [7]

Those buyers can easily become repeat clients, considering 9 in 10 buyers would use their agent again or recommend their agent to others." Since social media has become heavily ingrained with these generations, overlooking its potential can spell disaster. [7]

In fact, social media provides the perfect no pressure opportunity to increase touch points across multiple platforms while making your practice appear more modern and innovative.

With technology new strategies like micro niching for a particular target market regardless of neighborhood become possible. Tools like minichat to leverage Facebook Messenger, LinkedIn messaging, and new targeted automated SMS text marketing tools make it easier than ever to connect.

Other tools to consider are customer relationship management (CRM) technologies. CRM platforms digitize the way to track and communicate with your growing list of leads, while consolidating your book of business into one database.

Overall, following up with leads will make you seem more genuine and proactive, allowing you to scale up your business through repeat business and referrals.

## 6. Bonus Tip: Expand Your Network

It cannot be stressed enough that networking is the number one essential skill to becoming a successful real estate agent (aside from your work ethic). But many real estate agents limit their network exclusively to the the typical centers of influence (accountants, lawyers, etc.).

Consider expanding your network and engaging in other fruitful partnerships. Add atypical or overlooked businesses to your preferred referral sources.

While moving companies and credit repair businesses are not accountants or loan officers, they service clients with needs that closely align with your interest.

Remember, the more contacts you make means more referrals and appointments, which translate into more sales putting you on the road to \$100,000 in your first year.

## Sources

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