

ESTATE AGENTS ARE THEY REAL?



According to the Canadian Real Estate Association, about 160,000 real **'estate'** agents practice in Canada. Where did the term 'estate' come from in the first place?

Looking back to the early years of organized land registry in Britain, properties rarely sold to a third party. They stayed within the family - or the kingdom.

Therefore, upon death of a king or family patriarch it was the 'estate' that took over the property gifting it to the beneficiaries, typically, the oldest son.

If you have watched "The Gentlemen," a Netflix series, you will know about this tradition.

Who managed property transfers?

Barristers.

They assured the orderly transfer of property to the duly named beneficiaries – posthumously.

Make a will and it shall be done sire!

Today, real estate has become a similar, yet completely different industry.

Multitudes of 'agents' are trading vibrantly in residential and commercial properties all over the world.

The most nefarious being private equity funds.

Many of these firms accumulate copious amounts of residential real estate hoping to corner certain markets such that they can elevate rental rates by sucking up supply and artificially stimulate demand.

It is a standard play, and this type of business behaviour has been going on since the dawn of man.

Gold and silver come to mind when certain tycoons tried to corner a market.

Think Eddie Murphy and Dan Aykroyd in the movie Trading Places.

Let's turn our focus back to the real estate "agent".

In Ontario, my license was overseen by the Real Estate and Business Brokers Act - up until recently.

The Ontario government, in its wisdom, realized that the public had little to no trust in the real estate industry, so they renamed it the **Trust in Real Estate Services Act** (TRESA).



In doing so, they eliminated the reference to business brokerage, which is where I practice.

I am operating under a duly authorized license and permitted to say that I trade in business brokerage.

However, the new name of the Act of parliament has completely disrespected me, and several other people who take it very seriously in that we practice in a hyper specialized segment of the trade.

Effectively, an un-recognized specialty.

Sound familiar?

A going-concern business is considered real property under TRESA.

Please know that the Real Estate Council of Ontario (RECO) is the governing body that oversees TRESA.

I have argued about a separation of church and state, and that there should be a real estate Act and there should be a business broker's Act, but the government is too busy wasting our tax dollars to listen to a singular voice like mine.

So, the next time you do business with a real estate agent, and if they are trading in a business, they may have little knowledge about business brokerage.

Business brokerage is a skill that is acquired through time and trial and so much error for most!

I was lucky – my father taught me all he knew.

Real estate agents can get their licence in six months or less.

It is not expensive, and it is not exceedingly difficult to graduate.

To be blunt, it has one of the lowest barriers of entry for one of the services that has the highest impact on the average Canadian family.

Sad but true.

Your lawyer and accountant studied for 5-7 years. Your doctor or dentist 6-8 years.

Your Realtor? 6 months.

FACT: Many agents do not own a home.

Look at the real estate industry with an incredibly careful lens and please, do your due diligence on who you are engaging.

Especially for those buying or selling a professional practice.

In doubt?

Go to www.reco.on.ca and search for a name to see if they are licensed.

You have been forewarned.

A Note from a Subscriber:

My name is Michael Walsh. I'm the President & Broker of Record of [Exclusively Buyers Inc., Real Estate Brokerage](#). We're a residential brokerage, with a specialty in representing home buyers. The government issued license extended to my brokerage is the same license extended to ROI Corporation. The government issued license extended to me personally is the same license extended to the brokers and sales representatives at ROI Corporation. Notwithstanding that these licenses grant the legal authority to represent principals in commercial real estate, and commercial businesses transactions, I do not. Notwithstanding that I hold a master's degree in finance, can calculate an internal rate of return with the best of them, and can make smoke come out of my HP 12C, I simply do not have adequate experience to represent a buyer or seller of commercial property, nor to represent a buyer or seller of a commercial business. So, I don't.



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Written by:



Timothy A. Brown,
FRI, CEO & Broker of
Record

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