

# Constructing Building Integrity: Raising Standards Through Professionalism

## Industry Factsheet: Real Estate Agents

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## Overview

This fact sheet summarises the integrity system framework for real estate agents. The real estate industry is governed by a complex regulatory regime that is comprised of profession-specific Acts, Regulations, statutory codes of conduct, and other property legislation in all of the examined jurisdictions (Queensland, New South Wales, Victoria and Western Australia). The Real Estate Institute of Australia (REIA), its associated state branches, and the Real Estate Institute of Queensland (REIQ) provide education and training and also advocate for their profession.

Despite these strengths, public trust in real estate agents remains low. While the industry has undergone a number of reforms in recent years to enhance qualifications, registration and licencing requirements and to reduce professional misconduct, real estate agents have consistently ranked poorly in the Ray Morgan 'Image of Professions' survey since 1975 (Dickinson, 2017, Roy Morgan 2021) and were ranked last in a recent Governance Institute of Australia Ethics Poll (GIA, 2023). Our research found that real estate agents also deal with a range of profession-specific and industry-wide ethical challenges that pose risks to the established regulatory framework for the real estate industry. These challenges include a hyper-competitive environment, insecure work in a largely commission-based industry, and other commercial drivers, pressures and incentives in a volatile property market.

The fact sheet outlines the goals, values, and professional standards of real estate agents before summarising the various ethical challenges that the profession faces in Australia. It should be read in parallel with the final industry report [\*Constructing Building Integrity: Raising Standards Through Professionalism\*](#), which describes the full scope of this work, methods used and recommendations, as well as the supplementary resource document that outlines the integrity system maps (high-level and detailed) for real estate agents.

## Goals and values of peak professional bodies

The peak professional body for the real estate industry is the Real Estate Institute of Australia (REIA). The association's stated mission is to advance Australia's property industry and support a united and successful Australian real estate industry.

REIA's professional objectives are also enshrined in its Strategic Plan 2022-25 (REIA 2024) and are centred on:

- remaining the recognized authority on real estate issues
- delivering strong advocacy outcomes
- facilitating impactful collaboration between Real Estate institutes
- promoting shared values
- ensuring that all real estate agents can benefit from REIA membership
- delivering value and building capacity
- enhancing public confidence and positive perceptions of real estate agents
- promoting excellence and best practice in real estate
- fostering a healthy and sustainable real estate workforce.

The real estate professional that was interviewed for

this project stated that these values also drive real estate agents' professional standards:

*'Good Real Estate agents place ethics at the centre of their business and they do take things like principles of conduct and continued professional development very, very seriously' – Interviewee 1*

Our research found that while professional associations such as REIA play an important role in providing education and training and lobbying governments on issues of key concern for real estate agents (e.g. housing supply and affordability, skills and training standards), the professional standards framework for real estate agents continues to be under strain. In 2017, REINSW's former president John Cunningham stated that 'consumers judge us on our behaviour and for our industry to rank so low for ethics and honesty means that our behaviour has been well below par for a long time' (Dickinson, 2017). The academic literature similarly found that '[e]ven though an underlying commitment to morality is clearly stated in most professional real estate organization codes of ethics [these] provisions are often ignored, and the common perception of unethical behavior in real estate persists' (Wolverton & Wolverton 1990, 90).

## Integrity system analysis – real estate agents

As outlined above, the integrity system for real estate agents has various strengths and weaknesses that comprise the profession's identity. This section will outline the integrity enablers that promote high ethical and professional standards, and the various ethical tensions that negatively impact real estate agents in various aspects of their work.

### Integrity enablers

**Robust regulatory framework:** The real estate industry in Australia is highly regulated. Real estate agents are governed by profession-specific Acts, Regulations and statutory codes of conduct, as well as dozens of property Acts and Regulations in all examined state jurisdictions (QLD, NSW, VIC & WA).



**Training institutes:** Real estate institutes offer training courses, qualification pathways, Continuing Professional Development (CPD), networking opportunities and awards for professionalism. They also engage in advocacy and promote the interests of real estate agents and the property industry. In addition to membership benefits, REIA, REIQ and the REIA state chapters all offer non-economic incentives such as industry awards to reward professionalism.



**Recent industry reforms:** Recent reforms, including changes to the Construction and Property/Property Services industries (CPP) Property Training Package and changes to NSW's residential tenancy and real estate and property laws, have enhanced ethical and professional standards in the real estate industry.



### Ethical tensions

**Qualification, accreditation and licencing standards:** The prerequisites for becoming a licenced real estate agent are lower than for other building industry professions.



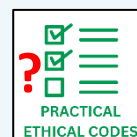
**Hyper-competitive Industry:** Real estate agents operate in a high-pressure commercial environment that is exacerbated by precarious employment conditions and the imbalance between property supply and demand.



**Commission-based employment:** Most real estate agents make money through commissions rather than a fixed salary and many are independent contractors rather than employees, which increases the scope for potential exploitation (e.g. sham contracting).



**Professional Codes of Conduct:** While there are statutory codes of conduct for real estate agents in all examined jurisdictions, the REIA National Principles of Conduct (NPoC) are broadly delineated and only cover some of the ethical values and professional standards that were identified in the research as key integrity system components.



**Professional Standards Scheme:** REIA's 2017-18 'pathway to professionalism' (P2P) program was not pursued to completion and did not lead to the implementation of a professional standards scheme.



**Public trust:** Real Estate Agents were ranked third-last for trustworthiness out of 30 professions in a 2021 Roy Morgan poll, which reflects a broader level of consistent low public trust in the profession.



## Key findings

The desk research of academic and ‘grey’ literature, interviews, and integrity system mapping found that while the real estate industry is governed by a robust regulatory framework, there are a number of ethical challenges that negatively impact the professional standards of real estate agents.

### Commercial factors

First, the profession faces various **commercial drivers, pressures and incentives** during the course of their work, including:

- ethical dilemmas arising from their role as an intermediary between the buyer and seller
- unethical agent tactics (e.g. price baiting and underquoting) to lure in potential buyers and encourage competition
- financial loss for clients due to the provision of poor or inaccurate advice, misrepresentation and/or negligent service
- using unethical tactics to increase rent revenue in a highly volatile renting market
- broader systemic factors that impact the real estate industry and ethical behaviour of agents (e.g. housing supply and affordability, sustainability).

The hyper-competitive and commission-driven property industry can also leave real estate agents vulnerable to a range of ethical tensions including **exploitation** (independent contractors do not have the same legal protections as salaried employees), **work overload** (to maintain clients and increase success rates of property sales), and **aggressive competition** arising from property supply-demand imbalances.

### Education and training

While the required competencies and skill-sets of real estate agents are not as onerous as other construction professionals that are involved in planning, designing and constructing buildings, **qualification standards are comparatively lower**. The average duration of a Certificate IV in Real Estate Practice is 12 months, but courses can range from 13 days to 24 months depending on mode of delivery. Recent education reforms have developed an integrated set of nationally endorsed competency standards and assessment requirements under the Australian Qualifications Framework (AQF) for property professionals, including compulsory ethics

units. REIA, the state branches (REINSW, REIV and REIWA) and REIQ (which is independent of REIA) have incorporated the new training package into their course offerings, but more could be done to ensure that real estate agents remain fully apprised of their professional and statutory obligations.

### Professional associations

In 2017-18, REIA’s *Pathway to Professionalism* (P2P) program was initiated to put mechanisms in place for the real estate industry to qualify for a professional standards scheme that is regulated by the Professional Standards Councils (PSC). While the initiative was discontinued, our research identified several areas where real estate institutes could provide additional guidance to raise professional standards in the industry.

As outlined in our *Final Industry Report*, strong professional associations provide leadership on professional standards as well as additional guardrails for good practice (including policies, processes and practical codes of conduct). As education and training providers, the institutes primarily focus on providing resources for industry professionals to become qualified real estate professionals. However, information on ethical and professional standards is less readily available on the associations’ websites and while the REINSW Code of Practice is relatively detailed (REINSW, 2022), the REIA National Principles of Conduct is more general in scope.

Another key issue that was identified in the research was how to address the **prevailing public perception that real estate agents are unethical and untrustworthy**. Interviewee 1 stated that low public trust in the industry is largely based on misconceptions and ingrained stereotypes and that ‘a lot of people just don’t know the basic facts about real estate agents and customers’. However, they also agreed that professional associations can

*‘definitely do better by continuously improving our industry standards training skills strategy. The second component is an actual trust building program where we have a process to manage whatever actual or perceived view people have so they’ve got that core confidence’.* – Interviewee 1

## Pathways to action

To address these ethical tensions, it is recommended that (1) professional associations place greater emphasis on ethical standard setting, (2) more effective co-regulatory arrangements between professional associations and regulators are put in place, (3) improved monitoring and compliance mechanisms, and (4) more robust professional codes of conduct. These measures can potentially raise professional standards and improve public trust in real estate agents and the industry as a whole.

### RECOMMENDED PATHWAYS TO ACTION

It is recommended that the following actions (which are derived from the main recommendations that are outlined in the *Final Industry Report* and profession-specific findings) are taken to address the ethical tensions and further strengthen the integrity enablers for town planners:

#### **Education, Training & Accreditation (*Final Industry Report* Rec. 3)**

- Continuing to reform the education, training and qualification requirements to ensure that real estate agents have developed a comprehensive understanding of their statutory obligations, associated professional duties, and potential ethical challenges that may arise during the course of their work before they enter the industry.

#### **Regulatory Framework (*Final Industry Report* Rec. 4)**

- Providing further training on relevant legislative provisions and reforms and strengthening CPD requirements to ensure that real estate agents remain fully apprised of their professional and statutory obligations
- Further strengthening accountability mechanisms (such as complaints procedures and disciplinary measures for professional misconduct)
- Creating a statutory body whose primary function is to monitor the real estate industry

#### **Professional Associations (*Final Industry Report* Rec. 5)**

- Reviving the 'Pathway 2 Professionalism' program to enhance real estate associations' ethical standards framework
- Expanding the provisions in the REIA NPoC to provide further guidance on ethical and professional decision-making
- Providing additional guidance/information on how to address challenges posed by economic and non-economic pressures and incentives in real estate to reduce ethical misconduct
- Implementing a risk management framework to address key ethical tensions in the industry
- Enhancing public engagement and advocacy platforms to improve public perception of real estate agents.



## FURTHER READING

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## PROJECT RESEARCH

Additional research arising from the project (including the Final Industry Report) can be found at:  
<https://www.griffith.edu.au/law-futures-centre/institute-ethics-law-governance/our-research/construction-building-integrity>

## CITATION

Cooper, K. & Reid, S. (2024). *Industry Fact Sheet: Real Estate Agents*. Griffith University, October 2024.