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Coping with Stress in Real Estate

Jane E. Machin, PhD, Ann M. Mirabito, PhD, Natalie Ross Adkins, PhD, Elizabeth Crosby, PhD, and Justine Rapp Farrell, PhD

Stomach in knots because you just found out your real-estate transaction might be in trouble? Stress is a national epidemic that has severe consequences for physical and emotional wellbeing (American Psychological Association 2012; Bliese et al. 2017). Stress is especially problematic among real estate professionals (Tracey 2010), manifesting in the second highest rates of anxiety and depression among all occupations (Wulsin et al. 2015). Not only do you work long hours dealing with emotional, tense clients, but you are subject to external events that, while out of your control, determine your ability to complete a transaction. Ultimately, your business depends upon your ability to manage your stress. Our research points to some novel ways to help.

Sources of Real Estate Stress

Real estate professionals typically deal with two broad categories of stressors, according to our research (click to see figure):

- **Industry Stressors**

  **Real estate cycle.** A booming market attracts new agents drawn by the appealing work, attractive compensation, and relatively low licensing barriers to entry. Those new agents increase competition. When the market tanks, there is typically an exodus of agents, but remaining players must work harder to attract clients and maintain their income.

  **Market regulations.** Requirements for independent appraisals have created a new industry of appraisal service companies who may be unfamiliar with local market nuances. Going forward, proposed federal regulations will permit homes up to $400,000 (up from the current $250,000) to be appraised without being evaluated by a licensed human appraiser. The computer algorithms may be cheaper and quicker, but reliability is unknown, potentially threatening transactions (Dezember & Podkul 2018).

  **Infrastructure changes.** New technology-oriented real estate brokerages are offering an alternative to the traditional real estate model, sometimes helping clients skip working
with real estate agents altogether. Websites such as Zillow and Trulia give consumers free access to home values, listings, and recent sales, but sometimes that information is out-of-date or inaccurate and may mislead clients.

**Industry reputation.** Only 20% of consumers give real estate agents high marks for honesty and ethics (Gallup 2016). That puts pressure on ethical agents whose clients may be thinking the worst.

- **Transaction Stressors**

  **Project management.** Tensions from managing all the moving parts in any real estate transaction is a common issue with which most agents struggle, but this is especially true of those working solo. Difficulties scheduling showings and paperwork roadblocks add to the pressure.

  **Client woes.** Personality clashes, mismatched expectations regarding frequency of status updates, and clients who have unrealistic hopes for the value of their property are some of the more common interpersonal issues agents face daily.

  **Showing properties.** Agents depend on sellers to prepare their home for showings. Unexpectedly walking into a messy home can turn off prospective buyers. Some agents have concerns for their personal safety when showing homes or holding open houses.

  **Negotiating and closing.**Agents need sharp negotiating skills to craft appealing agreements. Closings rely on other parties to complete their work carefully and on time. Agents need strong relationships with lenders, appraisers, inspectors, and repair services to avoid hiccups and solve problems as they arrive.

**Coping with Real Estate Stress**

Imagine a home inspection identifies several structural issues that, in hindsight, you could have observed and cautioned your clients about, before they made an offer. Such an event not only threatens the successful outcome of the transaction and your commission, but as our research suggests, also hurts your *self-esteem* (“my clients will think I am incompetent”), *self-efficacy* (“I can’t resolve this”) and/or *self-compassion* (“why am I always missing such things?”) Damage to any of these three aspects of the self directly harms your mental and physical wellbeing (Anusic & Schimmack 2016; Pajares 2003; Paradise & Kernis 2002; Zessin, Dickhäuser, & Garbade 2015). How to cope?

*Improve your self-efficacy.* Self-efficacy refers to the subjective beliefs people hold about their abilities. Those beliefs are important; self-efficacy beliefs predict behavior better than objective assessments of actual ability (Bandura 1986). Many real estate professionals are, at heart, problem-solvers, and so they naturally cope by sharpening their ability. Some take real estate
finance classes or hire coaches to sharpen negotiation skills. Digital time management systems can carve out time for building referral bases and other activities that will build future revenue while balancing urgent matters.

**Strengthen your self-esteem.** Self-esteem is a subjective evaluation of one’s value (Mruk 2006; Neff 2011). It involves feelings of pride and self-worth, generated by comparing *actual* perceptions of oneself with *desired* perceptions (Karanika & Hogg 2016; Neff 2011). Individuals with high self-esteem feel they perform better than others or above a previous personal best (Neff 2011). Like other people, realtors often turn to self-esteem boosting strategies. Consider the popularity of so-called vanity advertising, featuring images of the agent on billboards, for-sale signs, and promotional material extolling their high sales figures. Many agents turn to social media to boost their self-esteem by accruing likes for new listings and closings.

**Boost self-compassion.** Self-compassion is being kind, caring, and understanding to oneself (Neff 2011). It involves seeing oneself as part of a bigger, common humanity and mindfully balancing stressful situations, rather than just fixating on the negative (Neff 2011). Agents we interviewed described meditation to help them mindfully recognize, balance and accept both the positive and the negative aspects of stressful encounters. Others find that understanding each client has a different real-estate “love language” gives them permission to be kinder to themselves (Chapman 2015).

**Where to start?**

Pursuing self-efficacy and self-compassion hold particular promise; self-esteem boosting strategies can often turn out to be a source of stress in their own right (Karanika & Hogg 2015; Neff 2011). Agents appear to intuit this. One agent told us that early in his career he joined multiple civic groups, advertised everywhere, and accepted every client, strategies that boosted his image as a “successful realtor” but left him miserable. Now he has changed his strategy. He carefully manages client expectations, administers an in-take questionnaire, and even refuses clients he perceives may not be a good fit, in the interest of good self-care. Sometimes a coping plan can boost two facets of self-concept. For example, a broker facing competition from a new brokerage responded by carving out a clear market differentiation strategy. Not only did the differentiation strategy boost self-efficacy (they were more capable in the new market), but it also boosted the team’s sense of self-esteem.
The real estate profession, like many other rewarding endeavors, can take a toll on participants. By mindfully attending to ways to build self-efficacy, self-esteem, and self-compassion, real estate players can improve their sense of well-being.

**Recommended Reading**


**References**


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