

What you need to know about owning a real estate franchise

Franchising generates a total of 14% of South Africa's GDP, offering a popular option to entrepreneurs looking to quickly build a lucrative operation under an established brand. However, not all franchises - in all industries - have the same benefits.



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According to Tony Clarke, MD of the Rawson Property Group – one of South Africa's most successful real estate franchisors – few industries can beat property for ease of access and earning potential.

Here's everything you need to know to decide for yourself if real estate is the franchise opportunity for you.

What is a franchise

"Essentially, buying a franchise means buying the right to run your business under an established brand using their proprietary tools, techniques and procedures," says Clarke.

In return for your franchise fee and a small share of your profits, Clarke says franchisees should receive ongoing support from their franchisor.

“The franchisor is responsible for maintaining the brand’s competitive edge and – ideally – helping the franchisees reach their full potential,” he says. “The better the franchise, the better the support – you can tell a lot about a franchisor by talking to their franchisees.”

Why franchises beat start-ups

According to Craig Mott, business development manager for the Rawson Property Group, franchises gain the edge over most start-ups by eliminating the biggest setup challenges.

“No need to spend months – and millions – defining your brand, business model and strategies, or building market presence from scratch,” he says. “With a franchise, you’re buying into an established brand where all the groundwork has been laid for you. That dramatically reduces the time it takes to get up and running and bringing in clients.”

Why choose real estate?

According to Tony Clarke, franchises in real estate, specifically, have even greater benefits than those in other industries.

“For starters, real estate as an industry is thriving,” he says. “A lot of other franchises suffered during Covid, while real estate had two record-breaking years.”

Setup of a real estate franchise is also a lot simpler – and less costly – than other industries, most of which require purchasing stock before you can make your first sale.

“With property, the stock is already out there,” says Mott. “All you need to get selling is your industry certification, a laptop, a cellphone and a go get ‘em attitude.”

Even certification has become easier of late, with updates to the Property Practitioner’s Act (PPA) dramatically reducing the time constraints on agent qualification.

“This is great news for franchisees, because it means new agents can hit the ground running, becoming productive, income-earning members of the team in a fraction of the time,” says Clarke.

What to look for in a real estate brand

Of course, not all real estate franchises are equal. To decide which brand is the right fit for you, Clarke recommends doing some in-depth investigation.

“You obviously want to look at the success of other franchises under the brand,” he says, “and talk to some existing franchisees about their experience, if possible. Weigh up the costs of the franchise against the level of support and training the franchisor provides, and make sure their goals align with your own. The most successful franchise operations are partnerships, not dictatorships. You want a franchisor that is ready to listen, collaborate and support.”