

Real Estate Commissions: 2009

Compensation in a Time of Transition

An Inman News Case Study
March 2, 2009



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TABLE OF CONTENTS

1. Executive Summary.....	page 2
2. Agent-Broker Commission Splits.....	page 4
3. Commission Rates	page 13
4. 2008 Gross Commissions	page 20
5. 2008 Transactions.....	page 25
6. Other Findings.....	page 31
7. 2009 Forecasts	page 35
8. Appendix.....	page 38

Executive Summary

The latest Inman News survey on real estate compensation revealed an industry in transition, with some stark contrasts compared to the results from a previous survey conducted in 2006. As real estate professionals well know, the housing market and economy have changed substantially in the past two years.

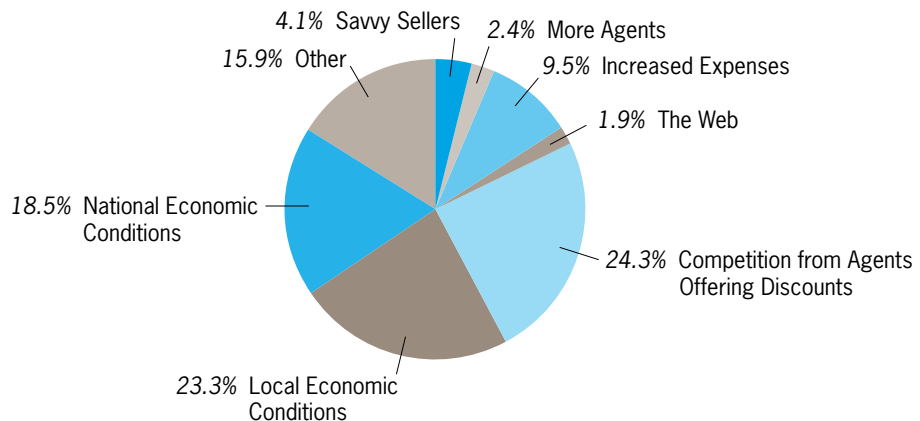
The survey was conducted online from Nov. 24, 2008, to Feb. 6, 2009, and collected 1,556 responses. Of those who responded: 626 self-identified as agents, 123 as brokers, 331 as broker associates, 231 as broker-owners, 172 as sales associates and 72 as sales managers. Inman News conducted a similar survey in June 2006 that gathered 1,006 responses.

One of the stark contrasts between the 2006 and 2009 surveys involved the freedom of sales associates to establish commission rates: 49.4 percent of respondents in the 2009 survey said the broker does not require a specific commission level, down sharply from 73.6 percent in the 2006 survey who said the broker does not require a minimum commission level or specify a range.

With the plummeting economy, 41.8 percent of respondents to the 2009 survey cited local and national economic conditions as having a major impact on commission rates — 23.3 percent of respondents cited local economic conditions and 18.5 percent of respondents cited the national economy.

In both the 2009 and 2006 surveys, respondents cited competition from agents offering discounts as a major factor impacting commission rates — 67.3 percent of respondents to the 2006 survey cited this factor as having the largest effect on rates, while only 24.3 percent of professionals in the 2009 survey agreed.

Figure 1: In 2008, what has the most impact on your commission rate?



Less than half (47.8 percent) of participants in the 2009 survey said sellers will be more